



ELIZABETH BUENROSTRO GINSBERG
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES
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Board of Supervisors

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Fifth District

September 29, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF ISSUANCE AND SALE OF COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) IMPROVEMENT AREA NO. 3 SPECIAL TAX BONDS, SERIES 2026; APPROVAL OF AMENDED AND RESTATED ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT FOR COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES); ADOPTION OF A REIMBURSEMENT RESOLUTION; AND ANNEXATION OF CERTAIN PARCELS INTO COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-02 (VALENCIA-SERVICES) (FIFTH DISTRICT) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector (Treasurer) and Public Works (Public Works), as applicable, are requesting the Board of Supervisors (Board) to: 1. Adopt a resolution authorizing the issuance and sale of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) Improvement Area No. 3 Special Tax Bonds, Series 2026 (2026 Bonds) in a par amount not to exceed \$40 million to finance certain public improvements benefiting the property within the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Facilities CFD); 2. Execute and deliver the Amended and Restated Acquisition, Funding and Disclosure Agreement (Amended Acquisition Agreement) by and among the County of Los Angeles (County), the Facilities CFD, and The Newhall Land and Farming Company, a California limited partnership (Developer); 3. Adopt a reimbursement resolution related to the County's construction of Old Road (Reimbursement Resolution); and 4. Adopt an annexation resolution (Annexation Resolution) accepting the unanimous consent and approval of the Developer to annex certain parcels into the County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) (Services CFD).

IT IS RECOMMENDED THAT THE BOARD:

Acting As the Legislative Body of the Facilities CFD

1. Find that the proposed action is not a project under the California Environmental Quality Act for the reasons stated in this Board letter and the record. Alternatively, for that portion of the proposed action that relates to the Mission Village Project, Project No. 04-181, acting as a responsible agency, consider the Recirculated Environmental Impact Report prepared and certified by the County as lead agency for the project; certify that the Board has independently reviewed and considered the information contained in the Recirculated Environmental Impact Report and reached its own conclusions regarding the environmental effects of the Facilities CFD's approvals related to the project as shown in the Recirculated Environmental Report; adopt the mitigation monitoring and reporting program as applicable, finding that the mitigation monitoring and reporting program is adequately designed to ensure compliance with the mitigation measures during project implementation; and determine that the significant adverse effects of the project have either been reduced to an acceptable level or are outweighed by the specific considerations of the project, as outlined in the Environmental Findings of Fact and Statement of Overriding Considerations, which findings and statement are adopted and incorporated herein by reference as applicable.

2. Adopt the resolution authorizing: a) the issuance and sale of the 2026 Bonds in an aggregate principal amount not to exceed \$40 million to finance certain public improvements benefiting the property within the Facilities CFD; b) the execution and delivery of a Bond Purchase Agreement, a Continuing Disclosure Certificate, a Bond Indenture, and other legal documents required to issue the 2026 Bonds; and c) the distribution of a Preliminary Official Statement and Final Official Statement in connection with the sale of the 2026 Bonds.

3. Authorize and direct the Chair of the Board to execute and deliver the Amended Acquisition Agreement.

Acting as the Board

1. Find that the proposed action is not a project under the California Environmental Quality Act for the reasons stated in this Board letter and the record. Alternatively, for that portion of the proposed actions that provide funding for the Mission Village Project, Project No. 04-181, which was approved by the Board on July 18, 2017, determine that the recommended action is within the scope of the Mission Village Project impacts analyzed in a Recirculated Environmental Impact Report previously certified by the Board.

2. Authorize and direct the Chair of the Board to execute and deliver the Amended Acquisition Agreement.

3. Adopt the Reimbursement Resolution, making a declaration of official intent to reimburse certain project expenditures with proceeds from special tax bonds issued by the Facilities CFD.

Acting as the Legislative Body of the Services CFD

1. Adopt the Annexation Resolution and accept the unanimous consent and approval of the owners of the parcels to be annexed into the Services CFD.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommended actions will authorize the issuance and sale of the 2026 Bonds, the proceeds of which will be used to acquire from the Developer certain public improvements

benefiting property in the Facilities CFD; execute and deliver the Amended Acquisition Agreement; allow for reimbursement of costs to Old Road from bond proceeds; and annex lots into the Services CFD.

2026 Bonds

Debt service on the 2026 Bonds will be secured solely from special taxes levied within Improvement Area No. 3 of the Facilities CFD. Improvement Area No. 3 is planned for a total of 511 residential units. As of May 1, 2026, the property within Improvement Area No. 3 was in various stages of development, ranging from finished lots owned by merchant builders and the Developer to 155 completed sold homes conveyed to individual owners.

Amended Acquisition Agreement

Pursuant to the Entrada South and Valencia Commerce Center Project Development Agreement (Entrada South Development Agreement), the County and the Developer agreed to make certain changes to the Acquisition, Funding and Disclosure Agreement dated as of October 1, 2023, by and among the County, the Facilities CFD and the Developer. The Amended Acquisition Agreement will establish the terms and conditions governing the acquisition of certain public improvements by Facilities CFD from the Developer from available bond proceeds.

Reimbursement Resolution

The Reimbursement Resolution is intended to satisfy applicable federal tax requirements relating to the reimbursement of expenditures from proceeds of tax-exempt obligations to allow the County to reimburse itself from future Facilities CFD bond proceeds for the costs of constructing Old Road as set forth in the Entrada South Development Agreement.

Annexation Resolution

In connection with the mapping of a future phase of development, the Developer and the County determined that seven lots that were intended to be included in the Services CFD were either outside the boundaries of the Services CFD or were bifurcated by the Services CFD boundaries. The formation proceedings related to the Services CFD allow for the Developer to annex property into the Services CFD with the approval of the County. Adoption of the Annexation Resolution will annex these seven lots into the Services CFD such that the seven lots pay their fair share of special taxes for services.

Implementation of Strategic Plan Goals

This action supports the County North Star 1: Make investments that transform lives; Focus Area Goal – Housing and Homelessness, Strategy – Homeownership.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund. Debt service on the 2026 Bonds will be paid from the special tax which has been authorized to be levied within Improvement Area No. 3 of the Facilities CFD. A portion of the annual special tax levy will be used to fund the County's costs of administering the Facilities CFD.

Based on current market conditions, the County expects to issue the 2026 Bonds with a par amount

of approximately \$35.55 million. The proceeds are expected to provide approximately \$33 million to fund project costs and pay the costs of issuance. The Bond Resolution limits the principal amount of 2026 Bonds to a maximum of \$40 million and the true interest cost to a maximum of 6.00%. The current true interest cost is estimated to be approximately 4.89%. The final maturity of the 2026 Bonds will be on September 1, 2056. The actual interest cost from the sale of the 2026 Bonds will depend on market conditions at the time of sale.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The 2026 Bonds will be issued pursuant to the Mello-Roos Community Facilities Act of 1982, the Bond Resolution adopted by the Board acting as the legislative body of the Facilities CFD, and a Bond Indenture, by and between the Facilities CFD and U.S. Bank Trust Company, National Association, as trustee. The Treasurer is recommending that the sale of the 2026 Bonds be conducted on a negotiated basis. Stifel, Nicolaus & Company, Incorporated will be the underwriter, with Fieldman, Rolapp & Associates, Inc., as municipal advisor. Stradling Yocca Carlson & Rauth LLP will serve as Bond Counsel and Disclosure Counsel.

The 2026 Bonds will be secured by annual special taxes levied on taxable property within Improvement Area No. 3 of the Facilities CFD. Pursuant to the rate and method of apportionment of the special tax for Improvement Area No. 3, the annual special taxes on each parcel of developed property range from \$2,403 to \$7,461 per residential unit in fiscal year 2025-26, depending on the unit type (e.g. attached or detached property) and unit square footage. The maximum annual special tax rates escalate at 2.0% per fiscal year.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The issuance and sale of the 2026 Bonds will help provide cost-effective financing for public facilities and improvements, which will serve to enhance and facilitate the delivery of vital government services.

Annexation of the seven lots into the Services CFD will ensure that such lots pay their fare share of service costs.

The Honorable Board of Supervisors

9/29/2026

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Respectfully submitted,



ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector



MARK PESTRELLA, PE
Director

EBG:MP:SD:JP:JW:ad

Enclosures

c: Sheriff
Chief Executive Office
Executive Officer, Board of Supervisors
County Counsel
Fire Department
Health Services
Los Angeles County Development Authority
Los Angeles County Library
Parks and Recreation
Public Works
Regional Planning

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) AUTHORIZING THE ISSUANCE OF ITS IMPROVEMENT AREA NO. 3 SPECIAL TAX BONDS, SERIES 2026 IN A PRINCIPAL AMOUNT NOT TO EXCEED FORTY MILLION DOLLARS (\$40,000,000), APPROVING AN AMENDED AND RESTATED ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT, AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles (the “County”), has heretofore undertaken proceedings to establish County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) and designate territory proposed for annexation to the District in the future as one or more future improvement areas, subject to the receipt of the unanimous consent and approval of the owner or owners of the parcel or parcels at the time of annexation and approval by the Board of Supervisors, acting as the legislative body of the District (“Legislative Body”) in accordance with the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to a resolution adopted by the Legislative Body on October 17, 2023, the Legislative Body accepted the unanimous consents and approvals of the property owners to annex property to the District as Improvement Area No. 3, which unanimous consents and approvals authorized the issuance of bonds for Improvement Area No. 3; and

WHEREAS, the Legislative Body desires to issue a first series of bonds for Improvement Area No. 3 at this time under the Act to finance certain public facilities which the District is authorized to finance (the “Facilities”); and

WHEREAS, the District desires to finance certain Facilities through the issuance of bonds in an aggregate principal amount not to exceed \$40,000,000 designated as the “County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026” (the “Bonds”); and

WHEREAS, in order to effect the issuance of the Bonds, the District desires to enter into various agreements and approve certain documents in substantially the forms presented herein; and

WHEREAS, based on the appraisal of real property prepared by Integra Realty Resources (the “Appraisal”) of property within Improvement Area No. 3, the value of the real property in Improvement Area No. 3 subject to the special tax to pay debt service on the Bonds is more than three times the sum of the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 3 as calculated in the manner set forth in Section 53345.8(a) of the Act; and

WHEREAS, the Legislative Body has determined in accordance with Section 53360.4 of the Act that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Incorporated (the

“Underwriter”) in accordance with the terms of the Bond Purchase Agreement for the Bonds to be entered into by the District and the Underwriter (the “Bond Purchase Agreement”) approved as to form by this Board of Supervisors herein will result in a lower overall cost to the District than a public sale; and

WHEREAS, in order to facilitate the funding of the Facilities, this County previously entered into an Acquisition, Funding and Disclosure Agreement (the “Original Acquisition Agreement”) with the District and The Newhall Land and Farming Company (a California Limited Partnership), a California limited partnership; and

WHEREAS, the Board of Supervisors now finds and determines that it is necessary and desirable to enter into an Amended and Restated Acquisition, Funding and Disclosure Agreement (the “Acquisition Agreement”) with the District and the Developer, amending and restating the Original Acquisition Agreement, in substantially the form presented herein; and

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles acting in its capacity as the legislative body of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The issuance of the Bonds is hereby authorized in an aggregate principal amount not to exceed \$40,000,000, with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 5 below. The Board of Supervisors hereby determines that it is prudent in the management of the District’s fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. All other provisions of the Bonds shall be governed by the terms and conditions of the Bond Indenture (the “Indenture”), which Indenture is hereby approved in substantially the form presented at this meeting, with such additions thereto and changes therein (including, but not limited to, changes in the amount to be maintained in the Reserve Account (as defined in the Indenture)) as the officer or officers executing the same deem necessary to enhance the security for the Bonds, to cure any ambiguity or defect therein, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 5 hereof or to conform any provisions therein to the Bond Purchase Agreement or the Official Statement delivered to the Underwriter. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Indenture by one of the following: the Chair of the Board of Supervisors, the Treasurer and Tax Collector of the County or deputy or assistant thereof, and such other officers of the County as the Treasurer and Tax Collector of the County may designate, or their written designees (each, an “Authorized Officer” and collectively, the “Authorized Officers”), each of whom is authorized to execute the Indenture. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Indenture.

SECTION 3. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chair of the Board of Supervisors of the County or his or her written designee and be attested by the manual or facsimile signature of the Executive Officer-Clerk or any deputy appointed Deputy Clerk. U.S. Bank Trust Company, National Association is hereby appointed to act as trustee, registrar and transfer agent for the Bonds.

SECTION 4. The covenants set forth in the Indenture to be executed in accordance with Section 2 above are hereby approved, shall be deemed to be covenants of the Board of Supervisors and shall be complied with by the District and its officers. The Indenture shall constitute a contract between the District and the Owners of the Bonds.

SECTION 5. The form of the Bond Purchase Agreement presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the Bonds as of the sale date. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement by such Authorized Officers; provided, however, that the Bond Purchase Agreement shall be signed only if the Underwriter's discount does not exceed 1.00% of the principal amount of the Bonds and only if the true interest cost on the Bonds does not exceed 6.00%. Each of the Authorized Officers is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

SECTION 6. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved and each of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions therein and changes thereto as the officer or officers executing the same deem necessary to cure any defect or ambiguity therein, with such approval to be conclusively evidenced by the execution and delivery of such certificate.

SECTION 7. The form of the Preliminary Official Statement presented at this meeting is hereby approved and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Authorized Officers to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Authorized Officers, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers of the Bonds upon the execution of the final Official Statement as described above.

SECTION 8. In accordance with the requirements of Section 53345.8 of the Act, based on the Appraisal, the legislative body of the District hereby determines that the value of the real property in Improvement Area No. 3 subject to the special tax to pay debt service on the Bonds is more than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 3, all as calculated in the manner provided in Section 53345.8(a) of the Act.

SECTION 9. This Board of Supervisors hereby approves of the Acquisition Agreement substantially in the form presented at this meeting, and the Chair of the Board of Supervisors, and its designees, for and on behalf of the County and the District, are authorized and directed to execute the Acquisition Agreement in substantially the form presented at this meeting, together with such changes as are approved by the officer executing the same, with the approval of such changes to be conclusively

evidenced by the execution and delivery thereof.

SECTION 10. Each Authorized Officer is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, printing the Bonds, obtaining legal services, trustee and paying agent services, and any other services deemed appropriate as set forth in a certificate of such Authorized Officer. Each Authorized Officer is authorized to pay for the cost of such services, together with other costs of issuance, from Bond proceeds deposited pursuant to the Indenture.

SECTION 11. The Authorized Officers, the Executive Officer-Clerk and the other officers and staff of the County and the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Indenture, including, in the discretion of any of the Authorized Officers, the execution and delivery of a letter of credit or cash depository agreement with respect to the special taxes to be levied on property owned by developers within the District, and providing certificates to the Underwriter as to the accuracy of any information relating to the District which is included within the Official Statement. Any document authorized herein to be signed by the Executive Officer-Clerk may be signed by a duly appointed deputy clerk.

SECTION 12. The Board of Supervisors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are attached to this resolution.

SECTION 13. The Board of Supervisors hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

SECTION 14. This Resolution shall be effective upon its adoption.

The foregoing resolution was adopted on the ____ day of _____, 2026, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN, Executive Officer-Clerk of the
Board of Supervisors of the County of Los Angeles

By: _____
DEPUTY

APPROVED AS TO FORM:

DAWYN HARRISON
County Counsel

By:  _____
Senior Deputy County Counsel

EXHIBIT A

SB 450 GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “Bonds”) in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Board of Supervisors of the County of Los Angeles, as legislative body for the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) at the District’s request, by Fieldman Rolapp & Associates, the District’s municipal advisor under Section 15B of the Securities Exchange Act of 1934 (the “Municipal Advisor”), and by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), as underwriter of the Bonds.

Principal Amount. The Municipal Advisor and the Underwriter have informed the District that, based on the District’s financing plan and current market conditions, their good faith estimate of the aggregate principal amount of the Bonds to be sold in a public offering is \$36,000,000 (the “Estimated Principal Amount”).

True Interest Cost of the Bonds. The Municipal Advisor and the Underwriter have informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 4.91%.

Finance Charge of the Bonds. The Municipal Advisor and the Underwriter have informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties, is \$722,160.

Amount of Proceeds to be Received. The Municipal Advisor and the Underwriter have informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the District from the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$32,832,398.

Total Payment Amount. The Municipal Advisor and the Underwriter have informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market conditions prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all principal and interest payments the District will make to pay debt service on the Bonds, plus the estimated finance charge for the Bonds, as described above, not paid with the respective proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$74,981,480.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. No representation or warranty is made by the Underwriter as to the achievability of any estimates contained herein. The actual principal

amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of the sale of the Bonds being different than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of preparing the estimates contained herein, (d) the actual interest rates at which the Bonds are sold being different than those estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on various factors. The actual interest rates borne by the Bonds will depend on market conditions at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the District, the Municipal Advisor or the Underwriter. The good faith estimates contained here were prepared exclusively for the information of the District in accordance with California Government Code Section 5852.1, and should not be used or relied on by the District or any other party or for any other purpose. The Underwriter shall not be liable to any person for information provided to the District in accordance with California Government Code Section 5852.1.

BOND INDENTURE

Between

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

Relating to

**[\$Par]
COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

Dated as of [September 1, 2026]

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BOND INDENTURE

THIS BOND INDENTURE dated as of [September 1, 2026], by and between COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) (the “District”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the “Trustee”), governs the terms of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 and any Parity Bonds issued in accordance herewith from time to time.

RECITALS :

A. The Board of Supervisors of the County of Los Angeles, California (the “Board of Supervisors”), has undertaken proceedings and declared the necessity to issue bonds on behalf of the District for the Improvement Area (as defined herein) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”).

B. Based upon resolutions adopted by the Board of Supervisors on March 9, 2021 and October 17, 2023, and the unanimous consents and approvals of the property owners authorizing the levy of a special tax and the issuance of bonds, the District is authorized to issue bonds for the Improvement Area in one or more series pursuant to the Act, in an aggregate principal amount not to exceed \$50,000,000.

C. The District intends to finance various Project Costs (as defined herein) through the first issuance of bonds in an aggregate principal amount of \$[Par] designated as the “County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026” (the “Bonds”); and

D. The District has determined that all requirements of the Act for the issuance of the Bonds have been satisfied.

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds (as defined herein) which may be issued hereunder from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

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

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.

Acquisition Agreement. The term “Acquisition Agreement” means that certain Acquisition, Funding and Disclosure Agreement, dated as of June 1, 2022, by and between the County and the Developer, as amended from time to time.

Acquisition and Construction Fund. The term “Acquisition and Construction Fund” means the fund by that name established pursuant to Section 3.1 hereof.

Administrative Expense Account. The term “Administrative Expense Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

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 and other costs related thereto, 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, any Parity Bonds and the District, and any other costs otherwise incurred by County 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 hereunder.

Administrative Expenses Cap. The term “Administrative Expenses Cap” means \$79,600, which amount shall escalate at 2.00% per Fiscal Year, commencing July 1, 2027.

Alternate Penalty Account. The term “Alternate Penalty Account” means the account by that name created and established in the Rebate Fund pursuant to Section 3.1 hereof.

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);

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

(j) the County of Los Angeles Treasury Pool.

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

(a) for the purpose of determining the amount in any fund, all Authorized Investments credited to such fund shall be valued at market value. The Trustee shall determine the market value based on accepted industry standards, including the Trustee’s internal systems, and from accepted industry providers. Accepted industry providers shall 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 herein, in making any valuation of investments hereunder, 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 County and the Trustee.

Authorized Representative of the District. The term “Authorized Representative of the District” means the Chair of the Board of Supervisors, the Treasurer and Tax Collector or deputy or assistant thereof, and any other officer or employee of the County as the Treasurer and Tax Collector of the County may designate or by an Authorized Representative of the District to undertake the action referenced in this Indenture as required to be undertaken by an Authorized Representative of the District.

Board of Supervisors. The term “Board of Supervisors” means the Board of Supervisors of the County.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth LLP, 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 shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

Bonds. The term “Bonds” means the District’s (Improvement Area No. 3) Special Tax Bonds, Series 2026 issued on [September 30, 2026] in the aggregate principal amount of \$[Par].

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 shall 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 in New York, New York, Los Angeles, California, or the city where the corporate trust 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.

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 as of [September 1, 2026], 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 Section 3.1 hereof.

County. The term “County” means the County of Los Angeles, State of California.

County Facilities Account. The term “County Facilities Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to Section 3.1 hereof.

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 Article II hereof.

Developer. The term “Developer” means The Newhall Land and Farming Company (A California Limited Partnership).

Direct Debt for Improvement Area Property. The term “Direct Debt for Improvement Area Property” means that portion of the aggregate principal amount of the Outstanding Bonds and Parity Bonds which is allocable to the property in the Improvement Area.

District. The term “District” means County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) established pursuant to the Act and resolutions adopted by the Board of Supervisors of the County on March 9, 2021.

Event of Default. The term “Event of Default” means an event described in Section 8.1 hereof.

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

Flood Control Facilities Account. The term “Flood Control Facilities Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to Section 3.1 hereof.

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.

Improvement Area. The term “Improvement Area” means Improvement Area No. 3 of the District designated pursuant to the Act and the Resolution of Formation.

Indenture. The term “Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article VI hereof.

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 County; (2) does not have any substantial interest, direct or indirect, in the District or the County; and (3) is not connected with the District or the County as a member, officer or employee of the District or the County, but who may be regularly retained to make annual or other reports to the District or the County.

Interest Account. The term “Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

Interest Payment Date. The term “Interest Payment Date” means March 1, 2027 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 herein.

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 pursuant to Section 2.16 hereof.

Ordinance. The term "Ordinance" means the Ordinance No. 2021-0015, adopted by the Board of Supervisors on March 23, 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 in accordance with Section 10.1 hereof; (ii) Bonds and Parity Bonds for payment or redemption of which monies shall 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 shall have been given as provided in this 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 Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

Overlapping Debt. The term "Overlapping Debt" means with respect to any property within the Improvement Area, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of other community facilities districts which are payable at least partially from special taxes to be levied on such property (the "Other CFD Bonds") determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on such property and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of property which are subject to the levy of such special taxes, based upon information which is available for the then current Fiscal Year.

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 hereafter issued, payable out of the Net Taxes and which, as provided in this 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 Improvement Area 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 Section 3.1 hereof.

Principal Office of the Trustee. The term “Principal Office of the Trustee” means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

Project. The term “Project” means those public facilities described in the Resolution of Formation 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 Section 3.1 hereof.

Rebate Fund. The term “Rebate Fund” means the fund by that name established pursuant to Section 3.1 hereof in which there are established the Accounts described in Section 3.1 hereof.

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 Section 3.1 hereof.

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 Section 2.13 hereof.

Reserve Account. The term “Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

Reserve Policy The term “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 “Aa2” 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 Reserve Requirement for Bonds and Parity Bonds.

Reserve Requirement. The term “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 and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds; provided, however, that the Reserve Requirement shall not exceed \$[] except in connection with the issuance of Parity Bonds.

Resolution of Formation. The term “Resolution of Formation” means the resolutions adopted by the Board of Supervisors on March 9, 2021 and on October 17, 2023, pursuant to which the Board of Supervisors established the District and annexed the property in the Improvement Area to the District.

RMA. The term “RMA” means the Rate and Method of Apportionment of Special Tax for the Improvement Area approved by the property owners within the Improvement Area, which approvals were accepted by the Board of Supervisors on October 17, 2023.

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

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 Section 4.1(b) hereof 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 County 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 Section 3.1 hereof.

Special Taxes. The term “Special Taxes” means the taxes authorized to be levied by the District on property within the Improvement Area in accordance with the Ordinance, the Resolution of Formation, the Act and the approval of the property owners in the Improvement Area which approvals were accepted by the Board of Supervisors on October 17, 2023, 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 County for 100% of the delinquent amount shall no longer be pledged hereunder to the payment of the Bonds or Parity Bonds.

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

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

Surplus Fund. The term “Surplus Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

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, 20__ and September 1, 20__ and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, 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 Sections 7.2 or 7.3, and any successor thereto.

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.

Value of Improvement Area Property. The term “Value of Improvement Area Property” means for all parcels of property in the Improvement Area which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below of such parcels, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the County’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property (as defined in the RMA); or (ii) the full cash value of any or all of such parcels, including with respect to such parcels the value of

the improvements thereon, as set forth on the last equalized assessment roll of the County Assessor of the County of Los Angeles.

ARTICLE II

GENERAL AUTHORIZATION AND BOND TERMS

Section 2.1. Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$[Par], together with any Parity Bonds authorized by the Board of Supervisors in accordance with Section 9.2 hereof, shall be issued for the purposes of financing and/or refinancing the Project, paying Costs of Issuance and funding the Reserve Account; provided that the aggregate principal amount of the Bonds and any Parity Bonds shall not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors within the Improvement Area in accordance with the Act. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expense Account of the Special Tax Fund).

Section 2.2. Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the County, 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 County 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 herein. 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 County 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 County, 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 this 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 Board of Supervisors 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 this Indenture, the District shall not be 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 herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.3. Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall 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, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are hereby 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 County for 100% of the delinquent amount shall no longer be pledged hereunder to the payment of the Bonds or Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall 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, shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall 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 (and its subaccounts) or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, 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 hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

Section 2.4. Description of Bonds; Interest Rates. The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Trustee.

The Bonds shall be designated “County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026.” The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on March 1, 2027 and each Interest Payment Date thereafter:

<i>Maturity Date September 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

*
*

***Term Bond**

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of such Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.5. Place and Form of Payment. The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. If the Nominee of the Bonds or Parity Bonds is registered to Cede & Co., payment of principal and any premiums shall be made without presentment. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of such Bond or Parity Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall 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 or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on such Bond or Parity Bond shall 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 or Parity Bond, interest on such Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Owner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Section 2.6. Form of Bonds and Parity Bonds. The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby

approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, shall be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.7. Execution and Authentication. The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and attested by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, or any duly appointed Deputy Clerk, in their capacity as officers of the District, and the seal of the County or the District (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed and sealed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

Section 2.8. 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 shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the Trustee shall, 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 herein provided.

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 shall 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 shall be the duty of the Owner to give written notice to the Trustee of any change in the Owner's address so that the Bond Register may be revised accordingly.

Section 2.9. 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 shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall 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 shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall 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 shall not be 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.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall 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 shall be cancelled by the Trustee pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be 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 shall be given, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall 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 shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or 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 hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, 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.

Section 2.11. Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds shall 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 shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his 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 shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System. The Bonds shall 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 shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall 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 herein, in which case the references in Sections 2.12 through 2.15 to “Bonds” shall be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall 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 shall 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 shall 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 shall 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, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this 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 herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

Section 2.13. 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 hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 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 hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.14. 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 shall 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 shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

Section 2.15. Payments to the Nominee. Notwithstanding any other provisions of this 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 shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.16. Initial Depository and Nominee. The initial Depository under this Indenture shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

ARTICLE III

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Section 3.1. Creation of Funds; Application of Proceeds.

(a) There are hereby created and established and shall be maintained by the Trustee the following funds and accounts:

(1) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account, and an Administrative Expense Account).

(2) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Rebate Fund (the "Rebate Fund") (in which there shall be established a Rebate Account and an Alternate Penalty Account).

(3) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there shall be established a County Facilities Account, a Flood Control Facilities Account, and a Costs of Issuance Account).

(4) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee. The Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article III and shall disburse investment earnings thereon in accordance with the provisions of Section 3.10 hereof.

In connection with the issuance of any Parity Bonds as described in Section 9.2, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or 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.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as follows:

(1) \$[] shall be transferred to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement as of the Delivery Date of the Bonds;

(2) \$[] shall be transferred to the Interest Account of the Special Tax Fund;
and

(3) \$[] shall be transferred to the Acquisition and Construction Fund of which \$[] shall be deposited in the County Facilities Account, \$[] shall be deposited in the Flood Control Facilities Account, and \$[] shall be deposited in the Costs of Issuance Account.

The Trustee may, in its discretion, establish temporary funds or accounts in its books and records to facilitate such transfers.

Section 3.2. Deposits to and Disbursements from Special Tax Fund.

(a) Except for Prepayments, which shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, 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 shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, 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 Reserve Account of the Special Tax Fund;

(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.

Section 3.3. Administrative Expense Account of the Special Tax Fund. The Trustee shall 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 shall 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 Reserve Account to the 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. 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 shall be disbursed as directed in a Certificate of an Authorized Representative.

Section 3.4. 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, shall 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 Section 3.3, at least one Business Day prior to each March 1 and September 1, the Trustee shall 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 shall be made up by transfers from 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 shall be 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 shall 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, 2027, shall 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.

Section 3.5. 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 Sections 3.3 and 3.4 hereof, the Trustee shall 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 shall be made up by an immediate transfer from the Reserve Account, if funded, pursuant to Section 3.6 below. Moneys so deposited in the Redemption Account shall be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedules set forth in Section 4.1(b) hereof, 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 pursuant to Sections 3.3 and 3.4 above and to the Redemption Account for Sinking Fund Payments then due pursuant to subparagraph (a) of this Section, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall 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 Reserve Account will equal the Reserve Requirement.

(c) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to Section 4.1(c) hereof 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 shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall 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 a special mandatory 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 hereinafter provided. 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 a special mandatory redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) or 4.1(c) hereof, 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.

Section 3.6. Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The Reserve Requirement may be satisfied in whole or in part by cash, a Reserve Policy, or a combination thereof. The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any 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 pursuant to Section 3.7 hereof 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 Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from 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 the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Trustee shall transfer to 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, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement by first, repaying any amounts due under the Reserve Policy, and second to fund the Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines 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 Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, including any amounts necessary to pay costs related to the Reserve Policy, if any, then the District shall include the amount necessary to restore the Reserve Account to the Reserve Requirement, 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 Section 4.1(a) or 4.1(c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in 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 Bonds or Parity Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this Section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Acquisition and Construction Fund or an Account therein, as directed by an Authorized Representative of the District, 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.

Section 3.7. Rebate Fund.

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund and shall 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 shall 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 shall 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 shall be governed by this Section 3.7 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 shall 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 shall calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of Parity Bonds to which this Section 3.7 is 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 shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(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 shall 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 shall equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with clause (i) of this subsection (a)(1) with respect to the Bonds and each issue of Parity Bonds to which this Section 3.7 is 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 shall 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 shall 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 this Section 3.7 is 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 shall 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 subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall 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 shall 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 shall 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, shall deposit an amount in the appropriate subaccounts of the Alternate Penalty Account from any source of funds held by the Trustee pursuant to this 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 shall 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 shall 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 this 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 subsection (a)(2) shall be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T or shall 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 subsections (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), 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 in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall 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. This Section 3.7 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 shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this Section and shall be deemed constructively to have complied with its obligations hereunder if it follows the written instructions of the District given pursuant to this Section.

Section 3.8. Surplus Fund. After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, 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 pursuant to Section 5.2(b) hereof. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District: (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 Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the 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 as required by the Acquisition Agreement; or (v) after all Project Costs have been paid, to the District, for any other lawful purpose of the District. The Surplus Fund shall be considered a PayGo Account within the meaning of the Acquisition Agreement.

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, subject to the Acquisition Agreement. 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 shall notify the Trustee in a Certificate of an Authorized Representative and the Trustee shall segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall 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. All amounts disbursed from the Surplus Fund shall be disbursed as directed by an Authorized Representative of the District.

Section 3.9. Acquisition and Construction Fund.

(a) The moneys in the Costs of Issuance Account shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance remaining therein after 180 days shall be transferred by the Trustee to an 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 shall be closed.

(b) The moneys in the Acquisition and Construction Fund and the Accounts therein (other than the Costs of Issuance Account) shall be applied exclusively to pay the Project Costs. Amounts for Project Costs shall 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 Request for Disbursement of Project Costs, substantially in the form of Exhibit B-1 attached hereto. A properly executed Request 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.

(c) When the District determines that 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 District shall send written notice to the Developer at least 60 days prior to the date of any transfer notifying the Developer of the District's findings. 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 shall: (i) transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund or the Accounts therein (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 shall have been 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.

Section 3.10. Investments. Moneys held in any of the Funds, Accounts and Subaccounts under this Indenture shall be invested at the written direction of the District upon at least two (2) Business Days' notice in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall 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 shall 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 Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds, Accounts and Subaccounts; and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the Funds, Accounts and Subaccounts held under this Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments 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 shall 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 herein 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 shall 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 shall 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 Reserve Account of the Special Tax Fund 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 or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.6 hereof; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(d) Moneys in the Rebate Fund shall 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 and in such amounts as are needed to be paid to the United States Government pursuant to Section 3.7 hereof 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 shall invest solely in Authorized Investments specified in clause (2)(e) of the definition thereof.

The Trustee shall 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 herein to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture. Any Authorized Investments that are registrable securities shall be registered in the name of the Trustee.

The Trustee may act as principal or agent in the making or disposing of any investment and shall 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 shall 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 the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, 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 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 hereunder.

ARTICLE IV

REDEMPTION OF BONDS AND PARITY BONDS

Section 4.1. Redemption of Bonds.

(a) Optional Redemption. The Bonds may be redeemed at the option of the District from any source of funds on any date on or after September 1, 20__, 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, 20__ through and including August 31, 20__	103%
September 1, 20__ through and including August 31, 20__	102
September 1, 20__ through and including August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District shall 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 shall 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.

(b) Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established hereunder, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)

Sinking Fund Payments

\$

20__ *

* Maturity.

The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established hereunder, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term

Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Fund Payments

\$

20__*

* Maturity.

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District shall notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased shall 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 Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

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 shall be reduced, as nearly as practicable, on a pro rata basis.

(c) Special Mandatory Redemption. 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 March 1, 2027 and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), 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 March 1, 2027 through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with 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 in the Bond Year that begins in such Fiscal Year.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

Section 4.2. Selection of Bonds and Parity Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds or Parity Bonds for redemption, the Trustee shall treat such Bonds or Parity Bonds, as applicable, as representing that number of Bonds or Parity Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds or Parity 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 shall promptly notify the District in writing of the Bonds or Parity Bonds, or portions thereof, selected for redemption.

Section 4.3. Notice of Redemption. When Bonds or Parity Bonds are due for redemption under Section 4.1 above or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds. Such notice of redemption shall: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all of the Bonds or Parity 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 or Parity Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds or Parity Bonds are to be redeemed; (v) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (vi) state the date of issue of the Bonds or Parity Bonds as originally issued; (vii) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity 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 shall cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall 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 or Parity Bonds; provided, however, so long as the Bonds and Parity 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 or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall 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 shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date that notice of redemption is given to the Owners pursuant to the first paragraph of this Section 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 Parity Bonds as determined by the Trustee and to one or more of the national information services that the Trustee determines are in the business of disseminating notice of redemption of obligations such as the Bonds and Parity Bonds.

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

With respect to any notice of optional redemption of Bonds or Parity Bonds, such notice may state that such redemption shall be 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 or Parity 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 or Parity 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 or Parity 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.

Section 4.4. Partial Redemption of Bonds or Parity Bonds. Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity 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 or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

Section 4.5. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.3 hereof, 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:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental 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.

ARTICLE V

COVENANTS AND WARRANTY

Section 5.1. Warranty. The District shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

Section 5.2. Covenants. So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and this 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 deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

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 hereunder, 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 this Indenture to the extent that Net Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created hereunder will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in this 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 herein shall prevent 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 2026-27 and so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, 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; (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement, including any amounts to pay costs related to the Reserve Policy, if any, and (4) any other amounts for the direct payment of Project Costs pursuant to the RMA and the Acquisition Agreement. 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 shall: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$5,000 by the October 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 October 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 Reserve Account is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to the County 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 Reserve Account up to the 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 herein contained shall require the District to make any such payments so long as the District in good faith shall contest 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 shall 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 shall 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 this 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 herein.

(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 LLP, where such opinion is required in connection with a change or amendment to this 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 LLP, that interest on the Bonds is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community

facilities districts in Southern 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, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the Improvement Area below the levels provided in this Section 5.2(g) 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 hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the Improvement Area, 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 Improvement Area 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 Improvement Area which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, 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 hereby covenants 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 shall have 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 shall not be considered an event of default hereunder and the Owners shall be limited to enforcing the terms thereof in accordance with the terms of the Continuing Disclosure Certificate.

(k) Further Assurances. The District shall 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 this 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 this Indenture.

ARTICLE VI

AMENDMENTS TO INDENTURE

Section 6.1. 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 herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this 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 this Indenture other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this 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 this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter 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 shall 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 Improvement Area 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 then current development plan for parcels within the Improvement Area, do not reduce the maximum Special Taxes which could be levied upon Taxable Property within the Improvement Area 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 this Indenture in any other respect which is not materially adverse to the Owners; or

(g) to modify, alter, amend or supplement this Indenture in any other respect, as may be required to fund all or a portion of the Reserve Requirement with a Reserve Policy.

Section 6.2. Supplemental Indentures or Orders Requiring Owner Consent. Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent

to and approve the adoption by the District of such Supplemental Indentures as shall be 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 this Indenture; provided, however, that nothing herein shall permit, or 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 shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Owners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice 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 shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Owners. The failure of any Owners to receive such notice shall 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 this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive 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 shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve 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, shall 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, shall be disregarded and shall 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 of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 6.3. Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as hereinabove provided, 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 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 shall be made on such Bonds or Parity Bonds. If

the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall 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 shall be exchanged at the 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 shall have 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.

ARTICLE VII

TRUSTEE

Section 7.1. Trustee. U.S. Bank Trust Company, National Association shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The Trustee represents that it has (or is a member of a bank holding company system whose bank holding company 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 of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Owners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee is hereby 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 this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to pay and redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, timely pay to the Trustee following demand therefor compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees, costs and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees, costs and expenses of its attorneys (not arising from its own gross negligence or willful misconduct) which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee or the discharge of the Bonds and Parity Bonds.

Section 7.2. Removal of Trustee. The District may at any time at its sole discretion, upon 30 days' notice, 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 shall be a bank or trust company having (or whose parent bank holding company has) 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 shall 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 Section the combined capital and surplus of such bank or trust company shall 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 shall become effective only upon acceptance of appointment by the successor Trustee and notice of the successor Trustee's identity and address being sent by the successor Trustee to the Owners.

Section 7.3. Resignation of Trustee. The Trustee may at any time resign and be discharged from its duties and obligations hereunder by giving written notice to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed by the District within thirty (30) days of giving such notice or removal or resignation, then the Trustee, or any Owner may petition, at the sole expense of the District, a court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint a successor Trustee under the Indenture.

Section 7.4. Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility or liability for the correctness of the same and makes no representations whatsoever as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility or liability in respect thereof, other than in connection with its express duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall not have nor be under any responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it or any of its officers, employees or agents in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

The Trustee shall be entitled to request and receive written instructions from the District and/or Owners and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity 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 this Indenture.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of an Owner and/or the District, pursuant to the provisions of this Indenture, unless such party shall have 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.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be 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 employee, nor shall 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 shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person. The Trustee shall be conclusively protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document signed or presented by the proper party or parties as provided hereunder. The Trustee may, at the expense of the District, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

The Trustee shall 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 title thereto is satisfactorily established to the Trustee, if disputed.

Whenever in the administration of its express obligations under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may but shall not be obligated to accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. It is understood and agreed that no such act shall broaden or imply the Trustee's acceptance of a broadening of the scope of the Trustee's duties and obligations hereunder unless the Trustee shall provide written acceptance thereof.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it actually receives. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of any default or event of default under this Indenture until an officer at the Trustee's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and any Parity Bonds.

Before taking any action under Article VIII hereof the Trustee may require indemnity and security satisfactory to the Trustee be furnished to it for and from any expenses and liabilities and to protect it against any liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents (including its counsel).

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Owners of 25% (or other percentage provided for herein) in aggregate principal amount of Bonds and Parity Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee. In the event of conflicting instructions hereunder, the Trustee shall have the right to decide the appropriate course of action and will be protected in so doing.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty or in any way expand or impliedly expand the scope of the Trustee's duties hereunder, and, with respect to such permissive rights, the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee may become the Owner or pledgee of the Bonds and Parity Bonds with the same rights it would have if it were not Trustee.

The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person.

The District shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project; (ii) any breach or default on the part of the District in the performance of any of its obligations under this Indenture and any other agreement made and entered into for purposes of the Bonds and Parity Bonds; (iii) any act of the County, the District or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (iv) any act of any assignee of, or purchaser from, the County, the District or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (v) the construction or acquisition of the Project or the expenditure of Project Costs; (vi)

the exercise and performance by the Trustee of its powers and duties hereunder or any related document; (vii) the sale of the Bonds and Parity Bonds and the carrying out of any of the transactions contemplated by the Bonds and Parity Bonds or this Indenture; or (viii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale or marketing of the Bonds and Parity Bonds. The indemnification set forth in this Section shall extend to the Trustee's officers, agents, employees, successors and assigns. No indemnification will be made under this Section or elsewhere in this Indenture or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The District's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Bonds and Parity Bonds, or the resignation or removal of the Trustee.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners, the District and the County, having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds and any Parity Bonds.

THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROJECT, OR ANY PORTION THEREOF. In no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), in connection with or arising out of the Project or this Indenture for the existence, furnishing, functioning or use and possession of the Project, 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 shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of *force majeure*. The term "*force majeure*" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. *Force majeure* shall include, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, quarantine restrictions, or other similar occurrences.

The Trustee shall have the right to accept and act upon directions given pursuant to this Indenture and delivered using electronic notice; provided, however, that the District shall provide to the Trustee an incumbency certificate listing each Authorized Representative of the District with the authority to provide such directions and containing specimen signatures of such authorized officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee directions using electronic notice and the Trustee in its discretion elects to act upon such directions, the Trustee's understanding of such directions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions and that the Trustee shall 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 Representative of the District. The District shall be responsible for ensuring that only an Authorized Representative of the District shall transmit such

directions to the Trustee and that each Authorized Representative of the District treat applicable user and authorization codes, passwords and/or authentication keys with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and a compliance with such directions, notwithstanding such directions conflict or are inconsistent with a subsequent written direction. The District agrees (i) to assume all risks arising out of the use of electronic notice to submit directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized directions, 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 directions to the Trustee and that there may be more secure methods of transmitting directions than the method(s) selected by the District; and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Section 7.5. 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 shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. Any one or more of the following events shall 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 shall become 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 shall become 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 this 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 30 days of the Trustee's actual knowledge of an Event of Default under subsection (c) above.

Section 8.2. Remedies of Owners. Upon the occurrence of an Event of Default, any Owner 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 this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his 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 this 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 shall have occurred and be 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 shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter 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.

Section 8.3. Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Owners under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the costs, fees and expenses of the Trustee in declaring such Event of Default and in performing its duties and obligations hereunder, including reasonable compensation to its agents, attorneys and counsel;

Second, to the payment of the fees, costs and expenses of the Owners in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Third, 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 shall be insufficient to pay the full amount of such interest and principal, then such amounts shall 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.

Section 8.4. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its obligations hereunder, 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 shall 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 shall 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 hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder 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 hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall 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.

Section 8.5. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall 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 hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.6. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair 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 herein provided, or to pay the Trustee its fees and expenses as provided in Section 8.3 hereof, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall 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 shall impair any such right or power or shall 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 this Article VIII

may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

Section 8.7. Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless: (a) such Owner shall have 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 shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity and security reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity and security shall have been made to, the Trustee.

Such notification, request, tender of indemnity and security and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided 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 herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 8.8. Termination of Proceedings. In case any Owner shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Owners shall continue as if no such proceedings had been taken.

ARTICLE IX

DEFEASANCE AND PARITY BONDS

Section 9.1. Defeasance. If the District shall pay or cause to be paid, or there shall 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 this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall 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 this Indenture and any Supplemental Indenture relating to such Parity Bond shall 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 this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to this 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 shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section 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, money 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 shall 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 shall 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 shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall 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 covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall 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 (c) above, there shall 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 in accordance with this Section, as and when the same shall become due and payable, and in connection with a defeasance under (b) or (c) above, 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 this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this 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 hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall 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 shall, at the written direction 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.

Section 9.2. 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 hereunder 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 hereunder 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, or for other purposes of the District in a principal amount not to exceed \$[_____]. Parity Bonds may be issued subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall 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 shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly authorized, executed and delivered by the District which shall specify 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 shall fall on a September 1; (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number; (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates; and (iv) the maturity of any Parity Bonds issued for refunding purposes shall not exceed the maturity of the Bonds 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 Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have 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 shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified resolution of the Board of Supervisors, 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 this 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) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this 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 this Indenture and the Supplemental Indenture executed and delivered in connection with such Parity Bonds and are entitled to the benefits of this 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 this Indenture and such Supplemental Indenture; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) where the Parity Bonds are issued to refund the Bonds or other Parity Bonds, 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;

(6) where the Parity Bonds are being issued other than to refund the Bonds or other Parity Bonds, a Certificate of the Special Tax Administrator certifying that (i) the maximum Special Taxes that may be levied in each Fiscal Year is not less than 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year; and (ii) the Value of Improvement Area Property is not less than six times the sum of Direct Debt for Improvement Area Property plus Overlapping Debt allocable to all property in the Improvement Area subject to the Special Tax. For purposes of the foregoing Certificate of the Special Tax Administrator, all calculations shall consider the Parity Bonds proposed to be issued to be Outstanding; and

(7) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

ARTICLE X

MISCELLANEOUS

Section 10.1. Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Section 10.2. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this 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. 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 shall be sufficient for the purposes of this Indenture (except as otherwise herein 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 shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall 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, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall 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 shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall 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 herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall 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.

Section 10.3. Unclaimed Moneys. Anything in this 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, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall 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 expense of the District, shall 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 shall 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.

Section 10.4. Provisions Constitute Contract. The provisions of this Indenture shall constitute a contract between the District and the Owners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall 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 shall 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, this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 10.5. Future Contracts. Nothing herein contained shall 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 hereunder, 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 hereunder.

Section 10.6. 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 this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

Section 10.7. Entire Agreement; Severability. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes

all prior agreements and understandings, oral or written. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Owners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

Section 10.8. Notices. Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, or personally delivered to the Treasurer and Tax Collector of the County of Los Angeles, Kenneth Hahn Hall of Administration, 500 W Temple Street, Los Angeles, CA 90012, all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, or personally delivered to the Trustee, U.S. Bank Trust Company, National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071 Attention: Global Corporate Trust.

IN WITNESS WHEREOF, COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) has caused this Indenture to be signed by an Authorized Representative of the District and U.S. Bank Trust Company, National Association in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

COUNTY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 2021-01 (VALENCIA-
FACILITIES)

By: _____
ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector County of Los
Angeles

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

EXHIBIT A

FORM OF SPECIAL TAX BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE DISTRICT OR TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

R-_____

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

**COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BOND, SERIES 2026**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
_____ % September 1, 20__ [September 30, 2026] _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) (the "District") which was formed by the County of Los Angeles (the "County") and is situated in the County, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless: (i) the date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall 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, in which event interest shall be payable from the Dated Date set forth above.

Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall 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, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1, 2027 and each March 1 and September 1 thereafter (each an “Interest Payment Date”), at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture), initially U.S. Bank Trust Company, National Association (the “Trustee”). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Owner hereof as of the close of business on the fifteenth day of the month preceding the month in which the Interest Payment Date occurs (the “Record Date”) at such Owner’s address as it appears on the registration books maintained by the Trustee.

This Bond is one of a duly authorized issue of “County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026” (the “Bonds”) issued in the aggregate principal amount of \$[Par] pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 *et seq.* of the California Government Code (the “Act”) for the purpose of financing public improvements, funding capitalized interest on the Bonds, funding a reserve account and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the Board of Supervisors of the County, acting in its capacity as the legislative body of the District (the “Legislative Body”), on [Approval Date], and a Bond Indenture executed in connection therewith dated as of [September 1, 2026] (the “Indenture”), by and between the District and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the Owner of this Bond assents to said terms and conditions. The Indenture is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within Improvement Area No. 3 of the District (the “Special Taxes”) and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Net Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture, except to the extent that other provision for payment has been made by the Legislative Body, as may be permitted by law. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence and diligently pursue to completion appropriate foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds.

The Bonds may be redeemed at the option of the District from any source of funds on any date on or after September 1, 20__, 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, 20__ through and including August 31, 20__	103%
September 1, 20__ through and including August 31, 20__	102
September 1, 20__ through and including August 31, 20__	101
September 1, 20__ and any date thereafter	100

The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) shall 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Fund Payments

\$

20__ *

* Maturity.

The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) shall 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Fund Payments

\$

20__ *

* Maturity.

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 March 1,

20__, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account in connection with such transfers, 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 March 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books; 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. Neither a failure of the Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of: (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE COUNTY OR OF THE DISTRICT. NEITHER THE COUNTY NOR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES AND OTHER

AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) has caused this Bond to be dated the Dated Date, to be signed on behalf of the District by the Chair of the Board of Supervisors of the County by her facsimile signature and attested by the facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County.

Chair of the Board of Supervisors of the County of Los Angeles, acting as the legislative body of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)

ATTEST:

Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles, acting as the legislative body of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)

[FORM OF TRUSTEE'S CERTIFICATE
OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-defined Indenture.

Dated: [September 30, 2026]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth LLP, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Executive Officer-Clerk of the Board of
Supervisors

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

whose tax identification number is _____,
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)

attorney to transfer the same on the books of the Trustee with full power of substitution in the
premises.

Dated:_____

Signature guaranteed:

NOTE: Signature(s) must be guaranteed by an
eligible guarantor institution.

NOTE: The signatures(s) on this Assignment
must correspond with the name(s) as written on
the face of the within Bond in every particular
without alteration or enlargement or any change
whatsoever.

EXHIBIT B-1

FORM OF REQUISITION FOR DISBURSEMENT OF PROJECT COSTS

**\$[Par]
COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

U.S. Bank Trust Company, National Association (the “Trustee”), is hereby requested to pay from the _____ Facilities Account of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) Acquisition and Construction Fund, established by the Bond Indenture, dated as of [September 1, 2026], by and between the Trustee and County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”), the amount specified to the payee named below for payment of the Project Costs set forth in Attachment No. 1 hereto.

Payee:

Address:

Purpose:

Amount: \$

The amount is due and payable under purchase order, contract or other authorization and has not formed the basis of any prior request for payment. The conditions for the release of this amount from the _____ Facilities Account, including those conditions in Section 3.9(b) of the Indenture have been satisfied.

There has not been filed with nor served upon the District notice of any lien, right to lien or attachment upon, or stop notice or claim affecting the right to receive payment of the amount specified above which has not been released or will not be released simultaneously with the payment of such amount, other than materialmen’s or mechanic’s liens accruing by mere operation of law.

Dated: _____

COUNTY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 2021-01 (VALENCIA-
FACILITIES)

By: _____

Name: _____

Title: _____

\$(PAR)
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026

BOND PURCHASE AGREEMENT

[Pricing Date]

County of Los Angeles
Community Facilities District No. 2021-01
(Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “Community Facilities District”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon it under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of September 1, 2026 (the “Indenture”), by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$(PAR) aggregate principal amount of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “Bonds”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the

Bonds shall be \$ _____ (being 100% of the aggregate principal amount thereof, plus original issue premium of \$ _____ and less an Underwriter's discount of \$ _____).

2. The Bonds. The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes and certain other funds pledged therefor as provided in, the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California (the "State")) (the "Community Facilities District Act"). The issuance of the Bonds has been duly authorized by the Board of Supervisors ("Board of Supervisors") of the County of Los Angeles (the "County"), as the legislative body for the Community Facilities District, pursuant to a resolution adopted on [September 1, 2026] (the "Resolution of Issuance").

The proceeds of the Bonds will be used to (i) finance certain public improvements needed with respect to the development of property located within the Community Facilities District; (ii) fund a reserve account for the Bonds; (iii) fund capitalized interest on a portion of the Bonds through September 1, 2028; and (iv) pay costs of issuance for the Bonds

3. Public Offering and Establishment of Issue Price.

A. The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to this Section 3, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds will be offered and sold to certain dealers at prices lower than such initial offering prices.

The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that with respect to the transaction contemplated hereby: (i) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended; (ii) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Community Facilities District and the Underwriter and the Underwriter has financial and other interests that differ from those of the Community Facilities District; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Community Facilities District and has not assumed any advisory or fiduciary responsibility to the Community Facilities District (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Community Facilities District on other matters); (iv) the only obligations the Underwriter has to the Community Facilities District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; and (v) the Community Facilities District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate. The

Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District further acknowledges and represents that it has engaged Fieldman, Rolapp & Associates, Inc. (the “Municipal Advisor”) as its municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, and will rely solely on the financial advice of the Municipal Advisor with respect to the Bonds.

B. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing (as defined below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form set forth in Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel (as such term is defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Community Facilities District under this section to establish the issue price of the Bonds may be taken on behalf of the Community Facilities District by the Municipal Advisor and any notice or report to be provided to the Community Facilities District may be provided to the Municipal Advisor.

C. Except as otherwise set forth in Exhibit A, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either: (i) the Underwriter has sold all of the Bonds of that maturity; or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon the request of the Community Facilities District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds. For clarity, and notwithstanding any other condition to Closing set forth in this Purchase Agreement, the sale of 10% of each maturity of the Bonds to the public prior to the Closing Date shall not be a condition to Closing.

D. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Community Facilities District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

E. The Underwriter confirms that:

(1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter; (B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public; and

(2) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

F. The Community Facilities District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth

in the third-party distribution agreement and the related pricing wires. The Community Facilities District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

G. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. “public” means any person other than an underwriter or a related party;
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the public);
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
4. “sale date” means the date of execution of this Purchase Agreement by all parties.

4. The Official Statement.

A. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated [POS Date], relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “Preliminary Official Statement.” By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the “Official Statement”) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth LLP, as Bond Counsel (“Bond Counsel”), and as Disclosure Counsel (“Disclosure Counsel”), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the

Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds, in the form attached as Appendix F to the Official Statement (the “Continuing Disclosure Certificate”), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement. This Purchase Agreement, the Indenture, the Bonds, the Continuing Disclosure Certificate and the hereinafter defined Acquisition Agreement are collectively referred to herein as the “Community Facilities District Documents.”

B. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), the Community Facilities District will undertake pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

5. Closing. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:30 a.m. California time, on [Closing Date] (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC. The Bonds shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

6. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the County that:

A. The County is a political subdivision of the State, duly organized and validly existing under the Constitution and laws of the State and has duly authorized the formation of the Community Facilities District, Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (“Improvement Area No. 3”), and the incurring of bonded indebtedness thereby pursuant to resolutions duly adopted by the Board of Supervisors (collectively, the “Formation Resolutions” and, together with the Resolution of Issuance, the “Community Facilities District Resolutions”) and the Community Facilities District Act. The Board of Supervisors, as the legislative body of the County and the Community Facilities District, has duly adopted the Formation Resolutions and Ordinance No. 2021-0015 authorizing the levy of Special Taxes within Improvement Area No. 1 of the Community Facilities District and in improvement areas annexed to the Community Facilities District, including Improvement Area No. 3 (the “Ordinance”), and has caused to be recorded in the real property records of the County, a notice of special tax lien, and any required amendments thereof (collectively, the “Notice of Special Tax Lien” and, together with the Formation Resolutions and the Ordinance, the “Formation Documents”), and has duly adopted

the Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended or rescinded. The Community Facilities District is duly organized and validly existing as a community facilities district under the laws of the State. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under the Community Facilities District Documents, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Acquisition, Funding and Disclosure Agreement dated as of June 1, 2022 (the "Acquisition Agreement"), between the County, the Community Facilities District and The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership (the "Master Developer"), the other Community Facilities District Documents and the Official Statement.

B. The Community Facilities District and the County, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the County, if any, will not impair the ability of the Community Facilities District and the County, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District, Improvement Area No. 3, and the Bonds (other than statements pertaining to the book-entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period, the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Net Taxes of Improvement Area No. 3, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Taxes within Improvement Area No. 3 will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes or in such other manner as the Board of Supervisors shall determine.

I. The Indenture creates a valid first pledge of and lien on the Net Taxes, and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), including the Reserve Account therein (the “Reserve Account”), established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District’s knowledge, no entities with outstanding assessment liens against any of the properties within Improvement Area No. 3 or which are senior to or on a parity with the Special Taxes of Improvement Area No. 3.

K. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to the DTC and its book-entry system, as to which no view is expressed) is true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with the Rule, rules of the MSRB and to meet potential customer requests for copies of the Official Statement.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the County or the Community Facilities District) or to the best knowledge of the Community Facilities District or the County, threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or Improvement Area No. 3 or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix F to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the County and its related entities, including the Community Facilities District, have not failed to comply in all material respects with any

previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and the Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

S. The County, on behalf of the Community Facilities District, has adopted local debt policies in accordance with Section 8855(i) of the California Government Code.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the County or the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 6 with respect to the Community Facilities District and the County are true as of the date hereof.

7. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of its obligations to be performed hereunder at or prior to the Closing Date, and in reliance upon the representations and covenants of the Master Developer, Lennar Homes of California, LLC, a California limited liability company ("Lennar Homes"), Toll West Coast LLC, a [California] limited liability company ("Toll West"), and Richmond American Homes of Maryland, Inc., a Maryland corporation ("Richmond" and together with Lennar Homes and Toll West, the

“Merchant Builders”) contained in the certificate(s) delivered as of the Closing Date, and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the County shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Community Facilities District Resolutions, the Community Facilities District Documents, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all

material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the time for Closing, this Purchase Agreement shall have not been terminated by the Underwriter pursuant to Section 8 hereof.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Community Facilities District Documents, each duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter;

3. A certificate of the Clerk of the Board of Supervisors to the effect that the Community Facilities District Resolutions and the Formation Documents have not been amended, modified or rescinded since the date of their adoption and remain in full force and effect as of the Closing Date;

4. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State, in substantially the form included as Appendix C to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion was addressed to it;

5. A supplemental opinion or opinions of Bond Counsel dated the Closing Date and addressed to the Underwriter to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid and binding obligations of the Community Facilities District, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(iii) the statements contained in the Official Statement under the captions “INTRODUCTION – Sources of Payment for the Bonds,” “INTRODUCTION – Description of the Bonds,” “INTRODUCTION – Tax Exemption,” “INTRODUCTION – Parity Bonds,” “THE BONDS,” “SOURCES OF PAYMENT FOR THE BONDS,” (except information under the caption “– Special Taxes” as to which no opinion is expressed), “TAX EXEMPTION,” Appendix C – “FORM OF OPINION OF BOND COUNSEL” and Appendix E – “SUMMARY OF THE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture and Bond Counsel’s final approving opinion, are accurate in all material respects.

6. A letter, dated the Closing Date and addressed to the Underwriter, of Disclosure Counsel, to the effect that such counsel is not passing upon and has not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or in the Official Statement, and is, therefore, unable to make any representation to the Underwriter in that regard, but on the basis of its participation in conferences with representatives of the County, the County Counsel, as issuer’s counsel, Bond Counsel, the appraisal of the taxable properties within Improvement Area No. 3 with a date of value as of May 6, 2026 (the “Appraisal Report”) prepared by Integra Realty Resources (the “Appraiser”), DTA, Irvine, California (the “Special Tax Consultant”), Empire Economics, Inc., the Municipal Advisor, representatives of the Underwriter and others, during which conferences the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, and its examination of certain documents, and, in reliance thereon and based on the information made available to it in its role as Disclosure Counsel and its understanding of applicable law, Disclosure Counsel advises the Underwriter as a matter of fact, but not opinion, that no information has come to the attention of the attorneys in the firm working on such matter which has led them to believe that the Preliminary Official Statement as of its date and the date hereof and the Official Statement as of its date and as of the Closing Date (in each case excluding therefrom the financial and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Preliminary Official Statement and the Official Statement, information regarding DTC and its book entry system and the information set forth in Appendices A, B, C, D, E, F, G, H, and I, as to all of which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

7. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Community Facilities District Documents have been duly authorized and executed and are in full force and effect; (iii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iv) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, and the Community Facilities District Documents at or prior to the Closing Date; and (v) all information in the Official Statement relating to the Community

Facilities District (other than information therein provided by the Special Tax Consultant) is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

8. An opinion of County Counsel, as counsel to the Community Facilities District, dated the date of Closing and addressed to the Underwriter, the Trustee and the Community Facilities District, substantially in the form attached hereto as Exhibit D;

9. A certificate dated the Closing Date from the Appraiser addressed to the Community Facilities District and the Underwriter substantially to the effect that (i) the assumptions made in the Appraisal Report are reasonable; (ii) the Appraisal Report fairly and accurately described, as of the stated date of value, the market values of the properties in Improvement Area No. 3 that are subject to the Special Taxes; (iii) the Appraiser is not aware of any event or act which occurred since the date of the Appraisal Report which, in its opinion, would materially and adversely affect the conclusions as to the market value of the appraised property in Improvement Area No. 3; (iv) the Appraiser consents to the reproduction of the Appraisal Report as Appendix D to the Preliminary Official Statement and the final Official Statement, each with respect to the Bonds, and to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement; (v) the Appraisal Report complies with the Appraisal Standards for Land-Secured Financings issued by the California Debt and Investment Advisory Commission dated July, 2004; (vi) a true and correct copy of the Appraisal Report is attached as Appendix D to the Preliminary Official Statement and the Official Statement; (vii) neither the Appraisal Report nor the information in the Preliminary Official Statement or the Official Statement referring to it contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (viii) no events or occurrences have been ascertained by the Appraiser or have come to the Appraiser's attention that, in the Appraiser's opinion, would substantially and adversely impact the estimated market values of the properties in the Community Facilities District that are subject to the Special Taxes set forth in the Appraisal Report;

10. A certificate dated the Closing Date from the Special Tax Consultant addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Taxes, if levied and collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Tax for Improvement Area No. 3, as of the Closing Date, would generate at least 110% of the annual debt service payable with respect to the Bonds plus the Administrative Expenses Cap, provided that the project development information provided by the Master Developer and its consultant, and estimated absorption provided by Empire Economics, Inc., which were relied upon by the Special Tax Consultant, are substantially true and correct and acceptable to the Underwriter (no representation is made herein as to actual amounts that will be collected in future years); (ii) the statements in the Preliminary Official Statement and the Official Statement provided by the Special Tax Consultant concerning the Special Taxes and all information supplied by it for use in the Official Statement were as of the date of the Preliminary Official Statement, the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) all information supplied by the Special Tax Consultant to the Appraiser is true and correct as of the date of the Preliminary Official Statement and the date of the Official Statement and as of the Closing Date, based on such assumptions as may have been supplied by it; and (iv) the information contained in the Appraisal Report with respect to taxes and tax rates applicable, and projected to be applicable, to the property in Improvement Area No. 3 is consistent with such information provided by the Special Tax Consultant to the Appraiser,

which information so provided was based on information obtained by the Special Tax Consultant from the Community Facilities District, the Master Developer, the Merchant Builders and the County;

11. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

12. A certificate of the Trustee, addressed to the Underwriter, and the Community Facilities District dated the Closing Date, to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriter; (b) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture; (c) when delivered to and paid for by the Underwriter at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (e) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriter;

13. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate power to execute and deliver the Indenture, (ii) the execution and delivery by the Trustee of the Indenture, and its performance of its obligations under the Indenture, have been and are as of the date hereof duly authorized by all necessary corporate action, (iii) no approval, authorization or other action by, or filing with, any governmental body or regulatory authority (which has not been obtained) is required in connection with the due execution, delivery and performance by the Trustee of the Indenture, (iv) the Indenture has been duly executed and delivered and constitutes the valid and legally binding obligation of the Trustee enforceable against it in

accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law), and (v) the Bonds have been duly authenticated and delivered by the Trustee;

14. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

15. The Continuing Disclosure Certificate executed and delivered by the Community Facilities District, and the Continuing Disclosure Certificate dated the Closing Date (the "Lennar Homes Continuing Disclosure Certificate"), executed and delivered by Lennar Homes, substantially in the form attached as Appendix G to the Official Statement;

16. An opinion of counsel to Lennar Homes, addressed to the Underwriter and the Community Facilities District, dated the date of the Closing, to the effect that the Lennar Homes Continuing Disclosure Certificate has been duly authorized, executed and delivered by Lennar Homes, and otherwise in form and substance acceptable to the Underwriter and Bond Counsel;

17. Negative assurance letters from counsel to the Master Developer and the Merchant Builders, addressed to the Underwriter and the Community Facilities District, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel;

18. (i) A Letter of Representations from the Master Developer dated the date of printing the Preliminary Official Statement, substantially in the form attached hereto as Exhibit B-1; and (ii) a Letter of Representations from each Merchant Builder dated the date of printing the Preliminary Official Statement, substantially in the form attached hereto as Exhibit B-2;

19. (i) A Closing Certificate from the Master Developer dated the Closing Date, substantially in the form attached hereto as Exhibit C-1 or as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel; (ii) a Closing Certificate from each Merchant Builder dated the Closing Date, substantially in the form attached hereto as Exhibit C-2 or as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel; and (iii) a Closing Certificate from AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership, dated the Closing Date, substantially in the form attached hereto as Exhibit C-3 or as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel;

20. An opinion of Anzel Galvan LLP, San Francisco, California, counsel to the Underwriter, dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

21. A copy of the Community Facilities District's executed Blanket Letter of Representation to DTC;

22. A certificate dated the Closing Date from Empire Economics, Inc. addressed to the Community Facilities District and the Underwriter to the effect that the statements in the Preliminary Official Statement and the Official Statement provided by Empire Economics, Inc. and all information supplied by it for use in the Preliminary Official Statement and the Official Statement

were as of the respective dates of the Preliminary Official Statement and the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

23. A copy of the Blue Sky Survey with respect to the Bonds; and

24. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Agreement will be deemed to be in compliance with the provisions of this Purchase Agreement if, but only if, they are in form and substance satisfactory to the Underwriter. If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 9 hereof shall continue in full force and effect.

8. Termination Events. In recognition of the desire of the Community Facilities District and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the discretion of the Underwriter by notification, in writing, to the Community Facilities District prior to delivery of and payment for the Bonds, if between the date hereof and the time of Closing, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

A. the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

1. legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Bonds;

2. there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

3. a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of U.S. Securities and Exchange Commission ("SEC") or any other governmental authority having jurisdiction; or

4. legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, or the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

5. except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Community Facilities District shall have occurred; or

6. any rating of the Bonds or the rating of any obligations of the Community Facilities District payable from Special Taxes shall have been downgraded, withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

B. any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

C. a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

D. a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

E. any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New

York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

F. a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939; or

G. the commencement of one or more Actions described in clauses (i) through (iv) of Section 6(M) of this Purchase Agreement.

Subject to Section 9, upon the occurrence of a Termination Event and the termination of this Purchase Agreement by the Underwriter, all obligations of the Community Facilities District and the Underwriter under this Purchase Agreement shall terminate, without further liability.

9. Expenses. Whether or not the Bonds are sold to the Underwriter as set forth herein:

A. The Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Community Facilities District hereunder. If the Bonds are delivered by the Community Facilities District, the Community Facilities District shall pay, from the proceeds of the Bonds or from other funds of the Community Facilities District, the following expenses: (a) the cost of preparing, duplicating or printing, mailing and delivering the Community Facilities District Documents, the Preliminary Official Statement, the Official Statement and all other agreements and documents that are contemplated hereby (and drafts of any thereof); (b) the cost of preparation and printing of the definitive Bonds; (c) the fees and expenses of the Community Facilities District, the Trustee, Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Special Tax Consultant, the Appraiser, any entity performing continuing disclosure compliance research or providing continuing disclosure compliance reports and any other experts or consultants retained by the Community Facilities District; (d) the charges of any rating agency with respect to the Bonds; (e) reimbursement to the Underwriter for payment of any fees and expenses reasonably incurred in connection with the initial offering, sale and delivery of the Bonds, including but not limited to industry fees (e.g., DTC, DAC, IPREO, CUSIP and Day Loan fees) only if the Community Facilities District and Underwriter have previously discussed and approved the allocation of proceeds towards these fees, and meal and travel expenses of the personnel of the Community Facilities District, but not including entertainment expenses or those to be paid by the Underwriter pursuant to the last paragraph of this Section 9, and (f) all other fees and expenses, not including entertainment expenses, reasonably incurred in connection with the preparation of the Community Facilities District Documents, the Preliminary Official Statement, the Official Statement and all other agreements and documents that are contemplated hereby (and drafts of any thereof) and/or the initial offering, sale and delivery of the Bonds. The Community Facilities District has authorized, and does hereby authorize, the Underwriter to pay such expenses on behalf of the Community Facilities District from proceeds of the Bonds at Closing as further described in the closing memorandum relating to the Bonds.

B. If the Bonds are sold to the Underwriter by the Community Facilities District, the Community Facilities District shall pay out of the proceeds of the Bonds the discount of the Underwriter or the purchase price paid for the Bonds shall reflect such discount.

Except as otherwise provided in this Section 9, the Underwriter shall pay the cost, if any, of qualifying the Bonds for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, not described above.

10. Use of Documents. The Community Facilities District hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Community Facilities District Documents, and the information contained herein and therein.

11. Qualification of Bonds. The Community Facilities District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualification; *provided, however*, that the Community Facilities District will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

12. Notices. Any notice or other communication to be given to the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the County of Los Angeles, Kenneth Hahn Hall of Administration, 500 W. Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, Public Finance Division; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2121 Avenue of the Stars, Suite 2150, Los Angeles, California 90067, Attention: Jake Campos.

13. Benefit. This Purchase Agreement is made solely for the benefit of the Community Facilities District and the Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

15. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

16. No Prior Agreements. This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

17. Governing Law. This Purchase Agreement shall be governed by the laws of the State.

[Signature Page Follows]

18. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Its: Managing Director

The foregoing is hereby agreed to and
accepted as of the date first above written:

COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO.
2021-01 (VALENCIA-FACILITIES)

By: _____
ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector
County of Los Angeles

Time of Execution: _____ California time

APPROVED AS TO FORM

DAWYN R. HARRISON
County Counsel

By: _____
Senior Deputy County Counsel

EXHIBIT A

MATURITY SCHEDULE

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Used</u>	<u>10% Test Met</u>	<u>Hold-The- Offering- Price Used</u>
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T: Term Bond.

C: Priced to optional redemption date of September 1, 20__, at ____.

REDEMPTION PROVISIONS

Optional Redemption. The Bonds may be redeemed at the option of the Community Facilities District from any source of funds on any date on or after September 1, 20__, in whole or in part, from such maturities as are selected by the Community Facilities 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, 20__ through and including August 31, 20__	103%
September 1, 20__ through and including August 31, 20__	102
September 1, 20__ through and including August 31, 20__	101
September 1, 20__ and any date thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ (the “20__ 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ 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 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Fund Payments

\$

*

* Maturity.

The Bonds maturing on September 1, 20__ (the “20__ 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ 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 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

***Sinking Fund Redemption Date
(September 1)***

Sinking Fund Payments

\$

*

* Maturity.

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 March 1, 2027, and will be redeemed by the Trustee, from any amounts paid by the Community Facilities District to the Trustee and designated by the Community Facilities District as a prepayment of Special Taxes for one or more parcels in Improvement Area No. 3 made in accordance with the Rate and Method (the “Prepayments”) deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account 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 March 1, 2027 through March 1, 20__	103%
September 1, 203__ and March 1, 20__	102
September 1, 203__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

EXHIBIT B-1

FORM OF MASTER DEVELOPER LETTER OF REPRESENTATIONS

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

**LETTER OF REPRESENTATIONS OF
THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP)**

[POS Date]

County of Los Angeles Community Facilities District
No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Bond Purchase Agreement**”). This Letter of Representations of The Newhall Land and Farming Company (A California Limited Partnership) (the “**Letter of Representations**”) is delivered pursuant to and in satisfaction of Section 7(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership (the “**Master Developer**”), certifies that the undersigned are authorized officers or representatives of the Master Developer and that they are familiar with the facts herein certified, as follows:

1. As set forth in the Preliminary Official Statement, the Master Developer is the master developer of the Valencia Project (as defined in the Preliminary Official Statement) and has conveyed all but 18 of the lots within Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (“**Improvement Area No. 3**”) of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “**Community Facilities District**”) planned for residential development (the “Property”) to three different builders (collectively,

the “**Merchant Builders**”). The Master Developer makes the representations herein with respect to all the Property.

2. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Master Developer (with proper service of process to the Master Developer having been accomplished) or, to the Actual Knowledge of the Master Developer,¹ is pending against any current Affiliate² (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Master Developer is overtly threatened in writing against the Master Developer or any such Affiliate (a) to restrain or enjoin the collection of special taxes levied on the Property by the Community Facilities District (the “**Special Taxes**”) or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the “**Reserve Account**”)), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, or (c) in any way contesting or affecting the validity of the Special Taxes.

3. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Master Developer, the information contained therein solely with respect to the Master Developer, its Affiliates, the status of environmental approvals for the Property, the status of subdivision maps of the Property, the status of construction of the backbone infrastructure for Improvement Area No. 3 and related information, the sales by the Master Developer of the Property to the Merchant Builders, the proposed development of the Property, and the ownership of the Property as set forth under the sections of the Preliminary Official Statement captioned “INTRODUCTION – The District and Improvement Area No. 3 – General” (as to the first paragraph and the first sentence of the second paragraph only), “THE DISTRICT AND IMPROVEMENT AREA NO. 3 – General Description of the District and Improvement Area No. 3” (as to the first paragraph, the second paragraph, the first sentence of the third paragraph, and the fourth, fifth, sixth, and seventh paragraphs only), “PROPERTY OWNERSHIP AND THE DEVELOPMENT – The Master Developer,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT – The Valencia Project,” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Improvement Area No. 3” (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report (as hereinafter defined), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Master Developer), is true and correct in all material respects and did not contain any untrue

1 “**Actual Knowledge of the Master Developer**” means the actual (as opposed to constructive) knowledge that the individuals signing on behalf of the Master Developer currently have as of the date of this Letter of Representations or have obtained through (i) interviews with such current officers and responsible employees of the Master Developer and its Affiliates as the undersigned have determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned have reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned have not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Master Developer’s current business and operations. Individuals who are no longer employees of the Master Developer and its Affiliates have not been contacted.

2 “**Affiliate**” means, with respect to the Master Developer, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Master Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Community Facilities District and investment decision regarding the Bonds. “**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. To the Actual Knowledge of the Master Developer, other than as disclosed in the Preliminary Official Statement, the Master Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species that would prevent the development of the Property as described in the Preliminary Official Statement.

5. The Master Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Master Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District or Improvement Area No. 3, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within Improvement Area No. 3, to invalidate the Community Facilities District, Improvement Area No. 3 or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Master Developer or any Affiliate in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment for Improvement Area No. 3 of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected, or (c) an action or suit to enforce the obligations of the County and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Master Developer, an Affiliate, the County and/or the Community Facilities District or to which the Master Developer or an Affiliate is a party or beneficiary.

6. The Master Developer consents to the issuance of the Bonds. The Master Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

7. An appraisal of the taxable properties within Improvement Area No. 3, dated June 17, 2026 (the “**Appraisal Report**”), was prepared by Integra Realty Resources (the “Appraiser”). The Appraisal Report estimates the market value of the taxable properties within Improvement Area No. 3 as of May 6, 2026 (the “**Date of Value**”). To the Actual Knowledge of the Master Developer, all information submitted by, or on behalf of and authorized by, the Master Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

8. Solely as to the limited information described in the sections of the Preliminary Official Statement indicated in Paragraph 3 herein (and subject to the limitations and exclusions set forth in Paragraph 3), the Master Developer agrees to indemnify and hold harmless, to the extent permitted by law, the County, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of

1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an “**Indemnified Party**” and, collectively, the “**Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable third-party legal fees or expenses incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Master Developer in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Master Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Master Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Master Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Master Developer in writing; provided that the failure to notify the Master Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been prejudiced by such failure; and provided, further, that the failure to notify the Master Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Master Developer thereof, the Master Developer shall retain counsel reasonably satisfactory to the Indemnified Party (who may be counsel to the Master Developer) and approved thereby to represent the Indemnified Party in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Master Developer and the Indemnified Party shall have mutually agreed (in writing) to the contrary; (ii) the Master Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; or (iii) the named parties in any such proceeding (including any impleaded parties) include the Master Developer and the Indemnified Party and representation of both parties by the same counsel is determined by Master Developer's counsel to be impermissible under applicable California laws, rules or regulations due to an actual conflict of interest between them. It is understood and agreed that the Master Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Master Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Master Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Master Developer shall, after receiving timely notice of a properly tendered indemnification obligation of the Master Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, for the account of and at the risk of, the Master Developer. The Master Developer shall not, without the written consent of the Indemnified Party, effect any settlement

of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

9. If between the date hereof and the Closing Date any event relating to the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 hereof (and subject to the limitations and exclusions contained in Paragraph 3 hereof) shall occur of which the Master Developer has actual knowledge which would cause such information to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Master Developer shall notify the County, the Community Facilities District and the Underwriter and if in the opinion of counsel to the County or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Master Developer shall reasonably cooperate with the County and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the County, the Community Facilities District and to the Underwriter.

10. The Master Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-1 to the Bond Purchase Agreement. If any event related to or affecting the Master Developer, its Affiliates, or the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 hereof (and subject to the limitations and exclusions contained in Paragraph 3 hereof) occurs, as a result of which it is necessary to modify the form of Closing Certificate, the Master Developer agrees to deliver at the time of issuance of the Bonds a new form of Closing Certificate revised to reflect such event.

11. The Master Developer has reviewed the contents of this Letter of Representations and has had the opportunity to discuss with counsel to the Master Developer the meaning of the contents of this Letter of Representations. The Master Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Master Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Master Developer under such securities laws.

The undersigned have executed this Letter of Representations solely in their capacity as authorized officers or representatives of the Master Developer and they will have no personal liability

arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Master Developer.

THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP),
a California limited partnership

By: NWHL GP LLC,
a Delaware limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

[EXECUTION PAGE OF THE LETTER OF REPRESENTATIONS]

EXHIBIT A

To

**LETTER OF REPRESENTATIONS
THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP)**

MASTER DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT B-2

FORM OF MERCHANT BUILDER LETTER OF REPRESENTATIONS

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

**LETTER OF REPRESENTATIONS OF
[INSERT NAME OF MERCHANT BUILDER]**

[POS Date]

County of Los Angeles Community Facilities District
No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Bond Purchase Agreement**”). This Letter of Representations of [Lennar Homes of California, LLC]/[Toll West Coast LLC]/[Richmond American Homes of Maryland, Inc.] (the “**Letter of Representations**”) is delivered pursuant to and in satisfaction of Section 7(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of [Lennar Homes of California, LLC, a California limited liability company]/[Toll West Coast LLC, a [California] limited liability company]/[Richmond American Homes of Maryland, Inc., a Maryland corporation] (the “**Merchant Builder**”), and the undersigned, on behalf of the Merchant Builder, further certifies as follows:

1. The Merchant Builder is duly organized and validly existing under the laws of the State of _____ and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to develop its property in Improvement Area No. 3 (“**Improvement Area No. 3**”) of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)

(the “**Community Facilities District**”) as described in the Preliminary Official Statement relating to the Bonds (the “**Preliminary Official Statement**”).

2. [FOR TOLL WEST AND RICHMOND AMERICAN: As set forth in the Preliminary Official Statement, title to a certain portion of the property within Improvement Area No. 3 is held in the name of the Merchant Builder (herein, the “**Property**”). The undersigned, on behalf of the Merchant Builder, makes the representations herein with respect to all the Property. Except as otherwise described in the Preliminary Official Statement, the Merchant Builder’s current expectation is that the Merchant Builder shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement, the Merchant Builder has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Merchant Builder’s development plan as are entered into in the ordinary course of business.]

[FOR LENNAR: As set forth in the Preliminary Official Statement, title to a certain portion of the property within Improvement Area No. 3 is held in the name of the Merchant Builder or is owned by, and is under option to the Merchant Builder to acquire from, AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership (the “Lennar Landbank Owner”) (collectively, herein, the “**Property**”). The undersigned, on behalf of the Merchant Builder, makes the representations herein with respect to all the Property. Except as otherwise described in the Preliminary Official Statement, the Merchant Builder’s current expectation is that the Merchant Builder shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement with respect to the Lennar Landbank Owner, the Merchant Builder has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Merchant Builder’s development plan as are entered into in the ordinary course of business.]

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Merchant Builder (with proper service of process to the Merchant Builder having been accomplished) or, to the Actual Knowledge of the Undersigned,¹ is pending against any current Relevant Entity² (with proper service of process to such Relevant Entity having been

¹ “**Actual Knowledge of the Undersigned**” means, as of the date of this Letter of Representations, the actual (as opposed to constructive) knowledge that the individual signing on behalf of the Property Owner currently has or has obtained through (i) interviews with such current officers and responsible employees of the Property Owner and its Relevant Entities as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Property Owner’s current business and operations. Individuals who are no longer employees of the Property Owner and its Relevant Entities have not been contacted.

² “**Relevant Entity**” means, with respect to the Property Owner, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Property Owner, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Improvement Area and investment decision regarding the Bonds (i.e., information relevant to (a) the Property Owner’s development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Property Owner) prior to delinquency, or (b) such Person’s assets or funds that would materially affect the Merchant Builder’s ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of Merchant Builder) prior to delinquency). “**Person**” means an individual, a

accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Merchant Builder or any such Relevant Entity (a) to restrain or enjoin the collection of special taxes levied on the Property by the Community Facilities District (the “**Special Taxes**”) or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the “**Reserve Account**”)), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, [For Lennar Only: (c) to materially adversely affect the ability of the Merchant Builder to perform its obligations under the Continuing Disclosure Certificate (as hereinafter defined)], (d) in any way contesting or affecting the validity of the Special Taxes, or (e) which is reasonably likely to materially and adversely affect the Merchant Builder’s ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of the Merchant Builder) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Merchant Builder, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Merchant Builder’s development plan, the Merchant Builder’s financing plan, the Merchant Builder’s lenders, if any, [and] contractual arrangements of the Merchant Builder or any Relevant Entities (including, if material to the Merchant Builder’s development plan or the Merchant Builder’s financing plan, loans of such Relevant Entities) [For Lennar Only: and the Merchant Builder’s compliance with its continuing disclosure undertakings] as set forth under the sections of the Preliminary Official Statement captioned “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Improvement Area No. 3,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Merchant Builder Ownership of Improvement Area No. 3,” [“– Lennar Homes Development”]/[and “– Toll West Development,”]/ [and “– Richmond American Development”] [For Lennar Only: and “CONTINUING DISCLOSURE – Lennar Continuing Disclosure”] (but in all cases under all captions excluding therefrom (i) information regarding appraised or assessed values, including the Appraisal Report (as hereinafter defined), market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Merchant Builder), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Merchant Builder or its Relevant Entities, that are secured by an interest in the Property. Neither the Merchant Builder nor, to the Actual Knowledge of the Undersigned, any of its Relevant Entities is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Merchant Builder’s ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of the Merchant Builder) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Merchant Builder is not aware that any of the Property has a current

corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. [For Lennar: The Lennar Landbank Owner is not a Relevant Entity of the Merchant Builder.

liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Merchant Builder covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Merchant Builder and its Relevant Entities which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District or Improvement Area No. 3, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within Improvement Area No. 3, to invalidate the Community Facilities District, Improvement Area No. 3 or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Merchant Builder or any Relevant Entity in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected or (c) an action or suit to enforce the obligations of the County and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Merchant Builder, a Relevant Entity, the County and/or the Community Facilities District or to which the Merchant Builder or a Relevant Entity is a party or beneficiary.

8. The Merchant Builder consents to the issuance of the Bonds. The Merchant Builder acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

9. The Merchant Builder intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Merchant Builder is able to pay its bills as they become due and no legal proceedings are pending against the Merchant Builder (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Merchant Builder may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. [FOR LENNAR ONLY: The Merchant Builder agrees to execute at Closing the Continuing Disclosure Certificate, substantially in the form attached as Appendix G to the Preliminary Official Statement (the “**Continuing Disclosure Certificate**”), with such additional changes as may be agreed to by the Merchant Builder and the Underwriter. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Merchant Builder is not aware of any material failures by it or any entity under managerial control of the Merchant Builder to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it or an entity under the managerial control of the Merchant Builder to provide

periodic continuing disclosure reports or notices of material events respecting securities offerings in California within the past five years.]

12. [FOR LENNAR ONLY: To the Actual Knowledge of the Undersigned, execution and delivery of the Continuing Disclosure Certificate, and the performance by the Merchant Builder of its obligations under the Continuing Disclosure Certificate, will not conflict with or constitute a breach of or default under any loans, lines of credit, agreements, or other contractual or financial obligations of the Merchant Builder, or any applicable law, regulation, judgment or decree.]

13. To the Actual Knowledge of the Undersigned, Relevant Entities of the Merchant Builder are able to pay their bills as they become due and no legal proceedings are pending against any Relevant Entity of the Merchant Builder (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Relevant Entities of the Merchant Builder may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which is reasonably likely to have a materially adverse impact on the ability of the Merchant Builder to develop the Property as described in the Preliminary Official Statement [FOR Lennar only:, to perform its obligations under the Continuing Disclosure Certificate,] or to pay the Special Taxes or ad valorem tax obligations with respect to the portion of the Property then owned by the Merchant Builder (to the extent the responsibility of the Merchant Builder) prior to delinquency.

14. It is likely that the Merchant Builder and its Relevant Entities have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Merchant Builder nor any current Relevant Entity has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced in a court of law against the Merchant Builder or such Relevant Entity.

15. The Merchant Builder has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. An appraisal of the taxable properties within Improvement Area No. 3, dated May 6, 2026 (the “**Appraisal Report**”), was prepared by Integra Realty Resources (the “**Appraiser**”). The Appraisal Report estimates the market value of the taxable properties within Improvement Area No. 3 as of May 13, 2024 (the “**Date of Value**”). To the Actual Knowledge of the Merchant Builder, all information submitted by, or on behalf of and authorized by, the Merchant Builder to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

17. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Merchant Builder, its Relevant Entities or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the Merchant Builder’s development of the Property as described in the Preliminary Official Statement, [FOR LENNAR ONLY: the performance of its obligations under the Continuing

Disclosure Certificate,] or the payment of the Special Taxes due with respect to the Property (to the extent the responsibility of the Merchant Builder) prior to delinquency.

18. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled “SPECIAL RISK FACTORS,” the Merchant Builder presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay Special Taxes levied against the Property (to the extent the responsibility of the Merchant Builder) prior to delinquency and does not anticipate that the County or the Community Facilities District will be required to resort to a draw on the Reserve Account for payment of principal of or interest on the Bonds due to the Merchant Builder’s nonpayment of Special Taxes. However, neither the Merchant Builder nor any of its Relevant Entities are obligated to make any additional capital contribution or loan to the Merchant Builder at any time, and the Merchant Builder reserves the right to change its development plans and financing plans for the Property at any time without notice and there is no recourse against the Merchant Builder for a failure to pay Special Taxes other than the filing of a foreclosure action against the delinquent Property.

19. Solely as to the limited information described in the sections of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Merchant Builder agrees to indemnify and hold harmless, to the extent permitted by law, the County, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an “**Indemnified Party**” and, collectively, the “**Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Merchant Builder in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Merchant Builder contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Merchant Builder may otherwise have to any Indemnified Party, *provided* that in no event shall the Merchant Builder be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Merchant Builder in writing; provided that the failure to notify the Merchant Builder shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Merchant Builder shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Merchant Builder thereof, the Merchant Builder shall retain counsel reasonably satisfactory to the Indemnified Party (who may be counsel to the Property Owner) and approved thereby to represent the Indemnified Party in

such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Merchant Builder and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Merchant Builder has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Merchant Builder such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Merchant Builder and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Merchant Builder shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Merchant Builder shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Merchant Builder agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Merchant Builder shall, after receiving notice of the indemnification obligation of the Merchant Builder and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Merchant Builder. The Merchant Builder shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Merchant Builder, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Merchant Builder's development plan, the Merchant Builder's financing plan, the Merchant Builder's lenders, if any, [and] contractual arrangements of the Merchant Builder or any Relevant Entities (including, if material to the Merchant Builder's development plan or the Merchant Builder's financing plan, loans of such Relevant Entities) [For Lennar Only: and the Merchant Builder's compliance with its continuing disclosure undertakings] shall occur of which the undersigned has actual knowledge and which the undersigned believes would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4 hereof), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Merchant Builder shall notify the County, the Community Facilities District and the Underwriter and if in the opinion of counsel to the County or the Underwriter such event requires the preparation of a supplement or amendment to the Preliminary Official Statement, the Merchant Builder shall reasonably cooperate with the County and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary

Official Statement in form and substance satisfactory to counsel to the County, the Community Facilities District and to the Underwriter.

21. The Merchant Builder agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C-2 to the Bond Purchase Agreement. If any event related to or affecting the Merchant Builder, its Relevant Entities, or the ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the form of Closing Certificate, the Merchant Builder agrees to deliver at the time of issuance of the Bonds a new form of Closing Certificate revised to reflect such event.

22. On behalf of the Merchant Builder, I have reviewed the contents of this Letter of Representations and have had the opportunity to discuss with counsel to the Merchant Builder the meaning of the contents of this Letter of Representations. The Merchant Builder acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Merchant Builder and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Merchant Builder under such securities laws.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Merchant Builder and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Merchant Builder.

[MERCHANT BUILDER]

By:_____

Name:_____

Title:_____

[EXECUTION PAGE OF LETTER OF REPRESENTATIONS OF [INSERT NAME OF
PROPERTY OWNER]]

EXHIBIT A

**To
LETTER OF REPRESENTATIONS
OF [INSERT NAME OF PROPERTY OWNER]**

MERCHANT BUILDER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT C-1

FORM OF DEVELOPER CLOSING CERTIFICATE

**\$[PAR]
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

**CLOSING CERTIFICATE OF
THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP)**

[Closing Date]

County of Los Angeles Community Facilities District
No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “**Bonds**”) and to the Bond Purchase Agreement, dated [Pricing Date] (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of The Newhall Land and Farming Company (A California Limited Partnership) (the “**Closing Certificate**”) is delivered pursuant to Section 7(F)(19) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of The Newhall Land and Farming Company (A California Partnership) (the “**Letter of Representations**”), dated [POS Date], delivered by The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership (the “**Master Developer**”).

The Master Developer certifies that the undersigned are authorized officers or representatives of the Master Developer and that they are familiar with the facts herein certified, as follows:

1. The Master Developer has received the final Official Statement dated [Pricing Date] relating to the Bonds (the “**Official Statement**”). To the Actual Knowledge of the Master Developer, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the Actual Knowledge of the Master Developer, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) relating to the Master Developer, its Affiliates, or the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 of the Letter of Representations, which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “**End of the Underwriting Period**” as defined in the Bond Purchase Agreement (provided the Master Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Master Developer, its Affiliates or the information under the sections of the Preliminary Official Statement indicated in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the County or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the sections of the Official Statement indicated in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Master Developer shall reasonably cooperate with the County, the Community Facilities District and the Underwriter in the preparation of a supplement or amendment to the information described under the sections of the Official Statement indicated in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the County and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned have executed this Closing Certificate solely in their capacity as authorized officers or representatives of the Master Developer and they will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Master Developer.

THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP),
a California limited partnership

By: NWHL GP LLC,
a Delaware limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT C-2

FORM OF MERCHANT BUILDER CLOSING CERTIFICATE

**§[PAR]
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

**CLOSING CERTIFICATE OF
[INSERT NAME OF MERCHANT BUILDER]**

[Closing Date]

County of Los Angeles Community Facilities District
No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “**Bonds**”) and to the Bond Purchase Agreement, dated [Pricing Date] (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of [Lennar Homes of California, LLC]/[Toll West Coast LLC]/[Richmond American Homes of Maryland, Inc.] (the “**Closing Certificate**”) is delivered pursuant to Section 7(F)(19) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of [Lennar Homes of California, LLC]/[Toll West Coast LLC]/[Richmond American Homes of Maryland, Inc.] (the “**Letter of Representations**”), dated [POS Date], delivered by [Lennar Homes of California, LLC, a California limited liability company]/[Toll West Coast LLC, a [California] limited liability company]/[Richmond American Homes of Maryland, Inc., a Maryland corporation] (the “**Merchant Builder**”).

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Merchant Builder, and the undersigned, on behalf of the Merchant Builder, further certifies as follows:

1. The Merchant Builder has received the final Official Statement dated [Pricing Date] relating to the Bonds (the “**Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Merchant Builder, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Merchant Builder’s development plan, the Merchant Builder’s financing plan, the Merchant Builder’s lenders, if any, [and] contractual arrangements of the Merchant Builder or any Relevant Entities (including, if material to the Merchant Builder’s development plan or the Merchant Builder’s financing plan, loans of its Relevant Entities) [For Lennar Only: and the Merchant Builder’s compliance with its continuing disclosure undertakings], which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “**End of the Underwriting Period**” as defined in the Bond Purchase Agreement (provided the Merchant Builder may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Merchant Builder, its Relevant Entities, the proposed development of the Property, ownership of the Property, the Merchant Builder’s development plan, the Merchant Builder’s financing plan, the Merchant Builder’s lenders, if any, [and] contractual arrangements of the Merchant Builder or any Relevant Entities (including, if material to the Merchant Builder’s development plan or the Merchant Builder’s financing plan, loans of its Relevant Entities) [For Lennar Only: and the Merchant Builder’s compliance with its continuing disclosure undertakings] shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the County or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) not misleading in the light of the circumstances under which they were made, the Merchant Builder shall reasonably cooperate with the County, the Community Facilities District and the Underwriter in the preparation of a supplement or amendment to the information described under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations), in form and substance satisfactory to the Underwriter and counsel to the County and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. [FOR LENNAR ONLY: The Merchant Builder has duly authorized the execution and delivery of the Continuing Disclosure Certificate and is duly authorized to perform the obligation on its part to be performed thereunder, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligation of the Merchant Builder, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent

conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.]

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Merchant Builder and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Merchant Builder.

[MERCHANT BUILDER]

By:_____

Name:_____

Title:_____

[EXECUTION PAGE OF CLOSING CERTIFICATE OF
[INSERT NAME OF MERCHANT BUILDER]]

EXHIBIT C-3

FORM OF LANDBANK CLOSING CERTIFICATE

**\$[PAR]
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

CLOSING CERTIFICATE OF AG EHC II (LEN) CA 3, L.P.

[Closing Date]

County of Los Angeles Community Facilities District
No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, California 90012

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Taxes Bonds, Series 2026 (the “**Bonds**”) and to the Bond Purchase Agreement, dated [Pricing Date] (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of AG EHC II (LEN) CA 3, L.P. (the “**Closing Certificate**”) is delivered pursuant to Section 7(F)(19) of the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership (the “**Landbank**”), and the undersigned, on behalf of the Landbank, further certifies as follows:

1. The Landbank is a limited partnership validly existing and in good standing under the laws of the State of Delaware and has duly qualified to transact business in the State of California, and has all requisite limited partnership right, power and authority to execute and deliver this Closing Certificate.

2. As set forth in the final Official Statement dated [Pricing Date] relating to the Bonds (the “**Official Statement**”), title to a certain portion of the property within Improvement Area No. 3 (“**Improvement Area No. 3**”) of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “**Community Facilities District**”) is held in the name of the Landbank (herein, the “**Landbank Property**”). The undersigned, on behalf of the Landbank, makes the representations herein with respect to all such Landbank Property. Except as disclosed in the Preliminary Official Statement, the Landbank has not entered into an agreement for the sale, development or management of the Landbank Property with any entity other than Lennar Homes of California, LLC, a California limited liability company (the “**Merchant Builder**”) or a Merchant Builder affiliated entity.

3. As of the date of the Official Statement, to the undersigned’s actual knowledge, solely with respect to the information contained therein regarding the Landbank, ownership of the Landbank Property by the Landbank, and contractual arrangements of the Landbank (including the [Option Agreement]/[Option and Development Agreement] dated _____, between the Landbank and Merchant Builder (the “**Option Agreement**”)) as set forth under the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Lennar Homes Development – *The Lennar Landbank Owners*” is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Landbank that are secured by an interest in the Landbank Property.

5. The Landbank covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Landbank will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District or Improvement Area No. 3, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within Improvement Area No. 3, to invalidate the Community Facilities District, Improvement Area No. 3 or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Landbank in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Taxes has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected or (c) an action or suit to enforce the obligations of the County and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Landbank, the County and/or the Community Facilities District or to which the Landbank is a party or beneficiary.

6. To the undersigned’s actual knowledge, the Landbank is able to pay its bills as they become due and no legal proceedings are pending against the Landbank (with proper service of process having been accomplished) or, to the undersigned’s actual knowledge, threatened in writing in which the Landbank may be adjudicated as bankrupt or discharged from any and all of its debts or obligations,

or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

7. To the undersigned's actual knowledge, during the last five years, the Landbank has not been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced in a court of law against the delinquent Landbank.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Landbank and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Landbank.

AG EHC II (LEN) CA 3, L.P.,
a Delaware limited partnership

By: _____
Steven S. Benson, the manager of Essential
Housing Asset Management, LLC, an Arizona
limited liability company, the Authorized Agent
of AG EHC II (LEN) CA 3, L.P.

[EXECUTION PAGE OF CLOSING CERTIFICATE OF
AG EHC II (LEN) CA 3, L.P.]

EXHIBIT D

FORM OF OPINION OF COUNTY COUNSEL

[Closing Date]

County of Los Angeles
Community Facilities District No. 2021-01
(Valencia-Facilities)
Los Angeles, California

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

U.S. Bank Trust Company, National Association,
as Trustee
Los Angeles, California

Re: \$[PAR] County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026

Ladies and Gentlemen:

This office serves as counsel to the County of Los Angeles (the “County”), and in such capacity this office has acted as issuer's counsel (“Issuer’s Counsel”) to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “Community Facilities District”) in connection with the issuance of the above-referenced bonds (the “Bonds”). In such capacity, this opinion is rendered pursuant to Section 7(F)(8) of that certain Bond Purchase Agreement, dated [Pricing Date] (the “Bond Purchase Agreement”), by and between Stifel, Nicolaus & Company, Incorporated, as underwriter, and the Community Facilities District, relating to the Bonds. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Bond Purchase Agreement.

In rendering this opinion, this office has examined and relied upon originals or copies of the following without further inquiry or investigation : (i) the Resolution of Issuance, (ii) the Formation Documents, (iii) the Community Facilities District Documents, and (iv) the Official Statement, relating to the Bonds, and we have made such other investigations of law and facts as we have deemed necessary to render the following opinions.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the County and the Community Facilities District.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

(i) the County is a political subdivision of the State of California, duly organized and existing under the Constitution and the laws of the State of California;

(ii) the Community Facilities District is duly organized and validly existing as a community facilities district under and by virtue of the Constitution and laws of the State of California (including the Community Facilities District Act);

(iii) the Resolution of Issuance and the Formation Documents have been duly adopted at meetings of the Board of Supervisors of the County, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution of Issuance and the Formation Documents are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iv) the Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the Community Facilities District and constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(v) except as may be stated in the Official Statement, to our actual knowledge, there is no action, suit, proceeding or investigation before or by any court, public board or body, pending (notice of which has been served on the County or the Community Facilities District) or, to our knowledge, threatened, wherein an unfavorable decision, ruling or finding would adversely impact the Community Facilities District's ability to complete the transactions described in, or contemplated by, the Indenture or the Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Taxes, or the transactions described in the Official Statement;

(vi) to our actual knowledge, the execution and delivery of the Community Facilities District Documents, and compliance with the provisions of each, will not conflict with or constitute a breach of or default under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Community Facilities District to perform its obligations under the Community Facilities District Documents; and

(vii) all approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Community Facilities District to perform its obligations under the Community Facilities District Documents, have been obtained or made, as the case may be, and are in full force and effect.

This letter is furnished by this office as Issuer's Counsel. Other than the County and the Community Facilities District, no attorney-client relationship has existed or exists between County Counsel and you in connection with the Bonds or by virtue of this letter. This letter is delivered to you, is solely for your benefit and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person; provided, however, a copy may be included in the

transcript of the proceedings for the Bonds. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

County Counsel

EXHIBIT E

**§[PAR]
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and delivery of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated [Pricing Date], by and between Stifel, as the Underwriter (as defined below), and the Issuer (as defined below), Stifel has agreed in writing that: (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (which Sale Date is [Pricing Date]), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities).

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Pricing Date].

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By:_____

Name:_____

By:_____

Name:_____

Dated: [Closing Date]

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2026

NEW ISSUE—BOOK-ENTRY ONLY

NO RATING

In the opinion of Stradling Yocca Carlson & Rauth LLP (“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 the caption “TAX EXEMPTION” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

**\$[PAR]*
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

Dated: Delivery Date

Due: September 1, as shown on inside cover page

The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “Bonds”) are being issued by County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) to: (i) finance certain public improvements needed with respect to the development of property located within the District and the Valencia Project as a whole; (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance for the Bonds. 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 that certain Bond Indenture, dated as of September 1, 2026 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Bonds are payable from Net Taxes (as defined herein) derived from a certain annual Special Tax (as defined herein) to be levied on taxable parcels within Improvement Area No. 3 of the District (“Improvement Area No. 3”) and from certain other funds pledged under the Indenture, all as further described herein. The Special Tax is to be levied according to the rate and method of apportionment approved by the Board of Supervisors of the County and the qualified electors within Improvement Area No. 3. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The Bonds will be issued 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 the Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2027. 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.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF LOS ANGELES, 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 COUNTY OF LOS ANGELES OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See the caption “THE BONDS — Redemption.”*

Investment in the Bonds involves 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 caption “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. Certain legal matters will be passed on for the County and the District by County Counsel, and for the District by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, for the Underwriter by Anzel Galvan LLP, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery on or about _____, 2026.

[STIFEL LOGO]

Dated: _____, 2026

* Preliminary, subject to change.

\$[PAR]*
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026

MATURITY SCHEDULE*

BASE CUSIP®† 54531M

\$_____ Serial Bonds

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP Suffix.†</i>
--	---	-----------------------------	---------------------	---------------------	------------------------------

\$_____ % Term Bonds due September 1, 20__ Yield: ____% Price: _____ CUSIP Suffix.†

\$_____ % Term Bonds due September 1, 20__ Yield: ____% Price: _____ CUSIP Suffix.†

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2026 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 District, the County, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

COUNTY OF LOS ANGELES, CALIFORNIA

BOARD OF SUPERVISORS

Hilda L. Solis, *First District, Chair*
Holly J. Mitchell, *Second District, Chair Pro Tem*
Lindsey P. Horvath, *Third District*
Janice Hahn, *Fourth District*
Kathryn Barger, *Fifth District*
Edward Yen, *Executive Officer – Clerk Board of Supervisors*

COUNTY OFFICIALS

Joseph M. Nicchitta, *Chief Executive Officer*
Dawyn Harrison, *County Counsel*
Elizabeth Buenrostro Ginsberg, *Treasurer and Tax Collector*
Oscar Valdez, *Auditor - Controller*

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

SPECIAL TAX CONSULTANT

DTA Public Finance, Inc.
Irvine, California

APPRAISER

Integra Realty Resources
Sacramento, California

MARKET ABSORPTION CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the County and the District. No dealer, broker, salesperson or other person has been authorized by the County, 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 herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, 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 herein, are intended solely as such and are not to be construed as representations of fact.

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.

The information and expressions of opinion herein 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 County, the District or any other parties described herein since the date hereof. 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 hereby made to such documents on file with the County for further information in connection therewith.

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.

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 captions “THE DISTRICT AND IMPROVEMENT AREA NO. 3” 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. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

The County maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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[INSERT AERIAL PHOTOGRAPH]

§[PAR]*
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) of its (Improvement Area No. 3) Special Tax Bonds, Series 2026 in the aggregate principal amount of §[PAR]* (the “Bonds”). The proceeds of the Bonds will be used to: (i) finance certain public improvements needed with respect to the development of property located within the District and in the Valencia Project (as defined herein) as a whole; (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance for the Bonds.

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”), a resolution adopted on [_____, 2026] by the Board of Supervisors of the County of Los Angeles (the “County”), acting as the legislative body of the District, and a Bond Indenture, dated as of September 1, 2026 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as such term is defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture.

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 have the meanings set forth in Appendix E.

The District and Improvement Area No. 3

General. Improvement Area No. 3 of the District (“Improvement Area No. 3”) is located in an unincorporated portion of the County approximately 35 miles northwest of downtown Los Angeles, 15 miles north of the San Fernando Valley and is adjacent to the City of Santa Clarita. The property within Improvement Area No. 3 is part of Mission Village, which is the first phase of development of the larger Valencia Project (as defined herein). The Valencia Project (formerly referred to as “Newhall Ranch”) is a mixed-use, master-planned community in the County that is planned to encompass approximately 15,000 acres and is planned to include up to approximately 21,000 homesites, up to approximately 8.7 million square feet of commercial space, approximately 50 miles of trails, approximately 275 acres of community parks and approximately 10,000 acres of protected open space. Improvement Area No. 3 consists of approximately 70 gross acres that is anticipated to be developed as 511 residential units and represents the third phase of Mission Village. The first phase of Mission Village is included in Improvement Area No. 1 of the District and is planned for approximately 1,268 residential units. The second phase of Mission Village is included in Improvement Area No. 2 of the District and is planned for approximately 834 residential units. The development in Improvement Area No. 1 is substantially complete and all homes have been conveyed to individual homeowners. The development in Improvement Area No. 2 is substantially complete and all homes are expected to be conveyed to individual

* Preliminary, subject to change.

homeowners by 2029. *The property in Improvement Area No. 1 and Improvement Area No. 2 is not security for the Bonds and is provided for informational purposes only.*

The Newhall Land and Farming Company (A California Limited Partnership) (the “Master Developer”) is the master developer of the Valencia Project and has conveyed all except 18 lots of the property within Improvement Area No. 3 planned for residential development to three different homebuilders (collectively, the “Merchant Builders”) or their land banking entities. The Merchant Builders expect to build a total of 511 residential units within Improvement Area No. 3. As of May 6, 2026, 155 homes had been completed and conveyed by the Merchant Builders to individual homeowners and the Master Developer and the Merchant Builders (or their respective land bank entities, as further described herein) collectively owned 356 lots. As of May 6, 2026, building permits had been issued for 365 of the 511 planned residential units within Improvement Area No. 3. Between May 6, 2025 and July 1, 2025, 35 additional homes have been completed and conveyed to homeowners, and an additional [32] building permits had been issued. For more information with respect to the Master Developer, the Merchant Builders and the proposed development within Improvement Area No. 3, see the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Formation Proceedings. The District and the first improvement area therein (Improvement Area No. 1) were formed on March 9, 2021 pursuant to the Act. The Act was enacted 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, on January 26, 2021, the Board of Supervisors adopted a resolution (the “Resolution of Intention”) stating its intention to form the District and to designate certain territory which may be annexed to the District as additional improvement areas in the future upon the unanimous consent and approval of the owner of the property to be annexed. Subsequent to a noticed public hearing on March 9, 2021, the Board of Supervisors adopted two separate resolutions (collectively the “Resolution of Formation”). The Resolution of Formation, among other things, established the District, designated Improvement Area No. 1 therein and designated certain territory which may be annexed to the District as additional improvement areas in the future. On March 23, 2021, the Board of Supervisors adopted Ordinance No. 2021-0015 (the “Ordinance”) which authorizes the levy of a special tax within Improvement Area No. 1 as well as improvement areas annexed to the District in the future.

On October 17, 2023, the Board of Supervisors adopted a resolution accepting the unanimous consents and approvals (the “Unanimous Consents and Approvals”) of certain property owners to annex the property that they each owned as Improvement Area No. 3 of the District. The Unanimous Consents and Approvals approved the annexation of the property as Improvement Area No. 3, the issuance of bonds for Improvement Area No. 3 in a maximum aggregate principal amount of \$50,000,000 and the levy of a special tax within Improvement Area No. 3 pursuant to the Rate and Method of Apportionment for Improvement Area No. 3 (the “Rate and Method”), a copy of which is attached hereto as Appendix A. A Notice of Special Tax Lien for Improvement Area No. 3 was recorded in the office of the County Recorder on November 7, 2023, as Document No. 20230764577. Pursuant to the provisions of Section H of the Rate and Method, the Special Tax rates of certain categories have been reduced. The form of certificate amending the Notice of Special Tax Lien is attached hereto with the Rate and Method in Appendix A hereof.

The Developer’s expectation is that additional property will be annexed to the District as separate improvement areas as development therein is anticipated to commence. **No special taxes levied within Improvement Area No. 1 of the District, Improvement Area No. 2 of the District, or within any other**

property that is annexed to the District in the future as a separate improvement area is available to pay debt service on the Bonds.

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term “Special Tax” means the annual Special Tax which has been authorized pursuant to the Act and the Rate and Method to be levied upon taxable property within Improvement Area No. 3. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” See the caption “THE DISTRICT AND IMPROVEMENT AREA NO. 3.”

Under the Indenture, the District has pledged to repay the Bonds and any Parity Bonds (as defined herein) from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and from other amounts in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture. The Special Taxes are the primary source of 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, including amounts held in the Reserve Account therein, to the limited extent described in the Indenture. See the caption “SOURCES OF PAYMENT FOR THE BONDS — 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 \$5,000 by the October 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 October 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 Reserve Account is at least equal to the 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 Improvement Area No. 3 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 landowners within Improvement Area No. 3. See the caption “SPECIAL RISK FACTORS — Property Values.”

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 COUNTY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND AMOUNTS HELD UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN.

Appraisal Report

Integra Realty Resources (the “Appraiser”) has prepared a report dated June 30, 2026 (the “Original Appraisal Report”) and a bring forward letter dated July 1, 2026 (the “Bring Forward Letter” and, together with the Original Appraisal Report, the “Appraisal Report”) with respect to certain land and existing improvements within Improvement Area No. 3. The Original Appraisal Report provides an estimate of the market value of the fee simple interest in the property in Improvement Area No. 3 subject to the levy of Special Taxes, assuming that development of the property as currently planned will consist of 511 residential units/lots. Subject to the hypothetical condition, definitions, assumptions and limiting conditions expressed in the Original Appraisal Report, the Appraiser concluded that the aggregate value of the appraised properties within Improvement Area No. 3 subject to the Special Tax was \$308,152,000 as of May 6, 2026 (the “Date of Value”). In the Bring Forward

Letter, the Appraiser concluded, based on the assumptions and limiting conditions set forth therein, that as of July 1, 2026, the aggregate value of the appraised properties was not less than \$308,152,000.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The District makes no representation as to the accuracy of the Appraisal Report. See “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — Appraisal Report” and “— Estimated Appraised Value-to-Lien Ratios.” There is no assurance that property within Improvement Area No. 3 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 a property owner. See “THE DISTRICT AND IMPROVEMENT AREA NO. 3,” “SPECIAL RISK FACTORS — Property Values” herein and Appendix D — “APPRAISAL REPORT AND BRING FORWARD LETTER.”

Market Absorption Study

In order to determine the projected absorption of the residential property within Improvement Area No. 3, the County engaged Empire Economics, Inc. (the “Market Absorption Consultant”) to perform a comprehensive analysis of the product mix characteristics as well as the macroeconomic and microeconomic factors that are expected to influence the absorption of the products within Improvement Area No. 3. The Market Absorption Consultant delivered its Market Absorption Study dated May 18, 2026 (the “Market Absorption Study”). Based on the assumptions and limiting conditions set forth in the Market Absorption Study, the Market Absorption Consultant estimated the calendar year absorption schedules as set forth therein. The Market Absorption Study, identifies potential risks that could affect the estimated absorption of property within Improvement Area No. 3. See “THE DISTRICT AND IMPROVEMENT AREA NO. 3— Market Absorption Study” and Appendix I hereto.

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 H — “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. See Appendix H — “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as described herein.* See the caption “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 caption “THE BONDS” and Appendix E — “SUMMARY OF THE INDENTURE.”

Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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

* Preliminary, subject to change.

described herein 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 the caption “TAX EXEMPTION” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

Set forth in Appendix C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain tax consequences incident to the ownership of the Bonds, see the caption “TAX EXEMPTION.”

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) is the Underwriter of the Bonds. Fieldman, Rolapp & Associates, Inc. is serving as municipal advisor in connection with the sale 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 County and the District by County Counsel, for the Underwriter by Anzel Galvan LLP, and for the Trustee by its counsel. Other professional services have been performed by DTA Public Finance, Inc., Irvine, California, as Special Tax Consultant (the “Special Tax Consultant”) and by Integra Realty Resources, Sacramento, California, as Appraiser.

For information concerning circumstances in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see the caption “FINANCIAL INTERESTS.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate to be executed by the District (the “District Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), maintained on the Internet at <http://emma.msrb.org>, certain annual financial information and operating data and notices of certain enumerated events. These covenants are being made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (“Rule 15c2-12”).

The Underwriter does not consider any of the Merchant Builders or the Master Developer to be an “obligated person” with respect to the Bonds for purposes of Rule 15c2-12. Notwithstanding the foregoing, to assist in the marketing of the Bonds, Lennar Homes of California, LLC, a California limited liability company (“Lennar Homes”), one of the Merchant Builders, will agree to provide, or cause to be provided to EMMA for a limited period of time as described therein, certain semi-annual updates with respect to its development within Improvement Area No. 3 and notices of certain enumerated events for a limited period of time. See Appendix G for a description of the specific nature of the semiannual reports and enumerated event notices to be filed by Lennar Homes.

See “CONTINUING DISCLOSURE,” Appendix F — “FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE” and Appendix G — “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

Parity Bonds

Subject to the requirements set forth in the Indenture, the District may issue bonds secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) only to refund all or a portion of the Outstanding Bonds or any Parity Bonds. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds.”

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 Improvement Area No. 3, which could adversely affect the willingness of the property owners to pay the Special Taxes when due. See the captions “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — Direct and Overlapping Debt” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

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 caption “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 purchase of the Bonds involves risks, and the Bonds may not be appropriate investments for some types of investors.

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 of Supervisors, 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 in this Official Statement have the meanings set forth in Appendix E.

FINANCING PLAN

Estimated Sources and Uses of Funds

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds

Principal Amount of Bonds	\$
Plus [Net] Original Issue Premium	
Total Sources	<u>\$</u>

Uses of Funds:

Acquisition and Construction Fund	\$
Costs of Issuance ⁽¹⁾	
Reserve Account of the Special Tax Fund	
Total Uses	<u>\$</u>

⁽¹⁾ To pay costs of issuance of the Bonds, including legal fees, underwriter’s discount, printing costs, Appraiser, Special Tax Consultant, Municipal Advisor and Trustee fees.

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 March 1, 2027 (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, premium, if any, due upon redemption is payable upon presentation and surrender of the Bonds at the 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 H — “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 Bond Owner at its address on the registration books kept by the Trustee. Pursuant to a written request prior to the Record Date of a Bond Owner 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 redemptions), assuming that there are no optional or special mandatory redemptions. See the caption “—Redemption” below.

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
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Total

Redemption*

Optional Redemption. The Bonds may be redeemed at the option of the District from any source of funds on any date on or after September 1, 20__, 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:

* Preliminary, subject to change.

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 20__ through and including August 31, 20__	103%
September 1, 20__ through and including August 31, 20__	102
September 1, 20__ through and including August 31, 20__	101
September 1, 20__ and any 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, 20__ (the “20__ 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ 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 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date
(September 1)

Sinking Fund Payments

* Maturity.

The Bonds maturing on September 1, 20__ (the “20__ 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, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ 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 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date
(September 1)

Sinking Fund Payments

* 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 March 1, 20__, 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 Improvement Area No. 3 made in accordance with the Rate and Method (the “Prepayments”) deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account 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 March 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with 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 are not less than 110% of Annual Debt Service 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 H — “BOOK-ENTRY ONLY SYSTEM.”

The Trustee will give notice, in the name 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 as determined by the Trustee and to one or more of the national information services that the Trustee determines 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 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 for Improvement Area No. 3, 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 County 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 Reserve Account therein, for the exclusive benefit of the Owners of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF 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 COUNTY 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 County established the District on March 9, 2021 for the purpose of financing of various public improvements required in connection with the proposed development within the District and the Valencia Project as a whole. On October 17, 2023, the Board of Supervisors adopted a resolution accepting the Unanimous Consents and Approvals of certain property owners to annex the property that they each owned as Improvement Area No. 3 of the District. The Unanimous Consents and Approvals approved the annexation of the property as Improvement Area No. 3, the incurring of indebtedness for Improvement Area No. 3 in a principal amount not to exceed \$50,000,000 and the levy of the Special Tax within Improvement Area No. 3 to repay indebtedness issued for Improvement Area No. 3, including the Bonds.

The Bonds will be repaid only from annual Net Taxes derived from the levy and collection of Special Taxes pursuant to the Rate and Method. The Rate and Method permits the prepayment of Special Taxes under certain circumstances, and any such Prepayments will be applied to redeem Bonds and Parity Bonds, if any. The Net Taxes collected from the annual Special Tax levy and the proceeds of any Prepayment have been pledged under the Indenture to the repayment of the Bonds and Parity Bonds.

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See “— *Rate and Method of Apportionment of Special Tax*” and Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” There is no assurance that the Net Taxes will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “SPECIAL RISK FACTORS — Insufficiency of Special Tax Revenues.”

Rate and Method of Apportionment of Special Tax. The Rate and Method applicable to the District is contained in 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.

In general, the Rate and Method imposes a different Maximum Special Tax on Taxable Property within Improvement Area No. 3 depending upon whether such Taxable Property is classified as: (a) “Developed Property” (in general, all Taxable Property within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year); (b) “Final Mapped Property” (in general, all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied); (c) “Undeveloped Property” (in general, all Assessor’s Parcels of Taxable Property which are not

Developed Property, Final Mapped Property, Public Property, or Property Owner's Association Property); (d) "Public Property" (in general, any property within Improvement Area No. 3 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County or any other public agency as of June 30 of the prior Fiscal Year); or (e) "Property Owner's Association Property" (in general, any property within Improvement Area No. 3 owned by a Property Owner Association or a transportation management organization as of January 1 of the prior Fiscal Year). Different Maximum Special Taxes are also applicable to Developed Property depending upon: (a) its status as either "Residential Property," "Apartment Property" or "Non-Residential Property," and (b) in the case of Residential Property, its status as "Detached Property," "Cluster Property" or "Attached Property."

Pursuant to the Rate and Method the District is required to determine the "Special Tax Requirement" for each Fiscal Year. The Special Tax Requirement for Improvement Area No. 3 is the amount required in any Fiscal Year to pay: (i) debt service on all outstanding Bonds and Parity Bonds, (ii) periodic costs on the Bonds and Parity Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds and Parity Bonds; (iii) Administrative Expenses, (iv) any amounts required to establish or replenish any reserve funds for all outstanding Bonds and Parity Bonds to the extent such establishment or replenishment has not been included in a computation of the Special Tax Requirement in a previous Fiscal Year, (v) directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property, and (vi) for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for Improvement Area No. 3 as determined by the CFD Administrator, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

The Special Tax Requirement for the District is to be satisfied first by levying the Special Tax (i) on each Assessor's Parcel of Developed Property at 100% of the applicable Assigned Special Tax rates until the earlier of (a) the Fiscal Year following the issuance of the last series of Bonds or Parity Bonds secured by the Special Tax, (b) the third Fiscal Year following the Fiscal Year in which the first series of Bonds or Parity Bonds secured by the Special Tax were issued, and (c) the fifth Fiscal Year following the Fiscal Year in which the Special Tax were first levied; and (ii) thereafter, Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax rates to satisfy the Special Tax Requirement. If additional monies are needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Final Mapped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. If additional moneys are still needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax will be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement. Finally, if additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

Based on development status as of May 1, 2026, Special Taxes will be levied on 362 units of Developed Property for the Fiscal Year 2026-27 Special Tax levy.

The Fiscal Year Assigned Special Tax rates for each Land Use Class of Developed Property are set forth in Table 1 to the Rate and Method, which is attached to this Official Statement as Appendix A. The Assigned Special Tax rates for Developed Property increase by 2.00% per Fiscal Year from the amounts in Appendix A, commencing on July 1, 2024.

Annual Debt Service for the Bonds has been structured so that Developed Property at buildout levied at the Assigned Special Tax rates, assuming no delinquencies, will generate in each Fiscal Year not less than the Administrative Expenses Cap plus 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property pursuant to the Rate and Method.

Backup Special Tax Rates. For each Final Map, the Backup Special Tax for Residential Property is calculated by multiplying the Backup Special Tax per acre shown in Table 2 in the Rate and Method by the total Acreage of all Assessor's Parcels of Residential Property in such Final Map, and dividing such product by the number of Dwelling Units of Residential Property in such Final Map. The Backup Special Tax for Non-Residential Property in a Final Map for Fiscal Year 2026-27 is \$46,849 per Acre. On each July 1, the Backup Special Tax rate for each Final Map shall be increased by an amount equal to two percent of the amount in effect for the previous Fiscal Year.

Prepayment of Special Taxes. The Maximum Special Tax obligation may be prepaid and permanently satisfied in whole or in part for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a building permit has been issued, (iii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a building permit has not been issued, and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not exempt pursuant to the Rate and Method. The prepayment amount is calculated based on the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, Administrative Fees and Expenses and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less capitalized interest (if any), all as specified in Section G of the Rate and Method attached as Appendix A. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds and Parity Bonds. See "THE BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments.*"

Estimated Debt Service Coverage. In connection with the issuance of the Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each Fiscal Year on Assessor's Parcels within Improvement Area No. 3 classified as Taxable Property will be at least equal to the sum of: (i) 110% of Maximum Annual Debt Service on the Bonds; plus (ii) the Administrative Expenses Cap. Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

Table 1 below illustrates that the debt service coverage from Net Taxes based on certain assumptions. Table 1 sets forth the debt service coverage based on the estimated Special Tax levy in Fiscal Year 2026-27 for the Bond Year ending September 1, 2027 assuming that in Fiscal Year 2026-27 the maximum Assigned Special Tax is levied on property classified as Developed Property as of May 1, 2026. The assumptions for the remaining Fiscal Years are set forth in the footnotes to Table 1. If necessary, the District may levy Special Taxes on Final Mapped Property and Undeveloped Property in future years to satisfy the Special Tax Requirement.

TABLE 1
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
ESTIMATED BOND DEBT SERVICE COVERAGE

<i>Bond Year Ending September 1</i>	<i>Projected Developed Units⁽¹⁾⁽²⁾</i>	<i>Projected Developed Special Tax Revenues⁽¹⁾⁽²⁾</i>	<i>Projected Final Mapped Special Tax Revenues⁽¹⁾⁽³⁾</i>	<i>Annual Administrative Expenses⁽⁴⁾</i>	<i>Net Special Tax Revenues from Developed Property</i>	<i>Net Special Tax Revenues from All Taxable Property</i>	<i>Series 2026 Debt Service*</i>	<i>Debt Service Coverage from Developed Property^{(5)*}</i>	<i>Debt Service Coverage from All Taxable Property^{(6)*}</i>
2027	362	\$ 1,520,178	\$ 579,422	\$ 79,600	\$ 1,440,578	\$ 2,020,000	\$ 2,020,000	71.32%	100.00%
2028	462	1,940,048	261,090	81,192	1,858,856	2,119,946	1,926,750	96.48	110.03
2029	511	2,192,032	-	82,816	2,109,217	2,109,217	1,914,500	110.17	110.17
2030	511	2,235,873	-	84,472	2,151,401	2,151,401	1,952,500	110.19	110.19
2031	511	2,280,591	-	86,162	2,194,429	2,194,429	1,993,250	110.09	110.09
2032	511	2,326,202	-	87,885	2,238,318	2,238,318	2,031,500	110.18	110.18
2033	511	2,372,726	-	89,643	2,283,084	2,283,084	2,072,250	110.17	110.17
2034	511	2,420,181	-	91,435	2,328,746	2,328,746	2,115,250	110.09	110.09
2035	511	2,468,585	-	93,264	2,375,321	2,375,321	2,155,250	110.21	110.21
2036	511	2,517,956	-	95,129	2,422,827	2,422,827	2,202,250	110.02	110.02
2037	511	2,568,315	-	97,032	2,471,284	2,471,284	2,245,750	110.04	110.04
2038	511	2,619,682	-	98,973	2,520,709	2,520,709	2,290,750	110.04	110.04
2039	511	2,672,075	-	100,952	2,571,124	2,571,124	2,337,000	110.02	110.02
2040	511	2,725,517	-	102,971	2,622,546	2,622,546	2,379,250	110.23	110.23
2041	511	2,780,027	-	105,031	2,674,997	2,674,997	2,427,500	110.20	110.20
2042	511	2,835,628	-	107,131	2,728,497	2,728,497	2,476,250	110.19	110.19
2043	511	2,892,340	-	109,274	2,783,067	2,783,067	2,525,250	110.21	110.21
2044	511	2,950,187	-	111,459	2,838,728	2,838,728	2,579,250	110.06	110.06
2045	511	3,009,191	-	113,688	2,895,503	2,895,503	2,627,750	110.19	110.19
2046	511	3,069,375	-	115,962	2,953,413	2,953,413	2,680,750	110.17	110.17
2047	511	3,130,762	-	118,281	3,012,481	3,012,481	2,737,750	110.03	110.03
2048	511	3,193,377	-	120,647	3,072,731	3,072,731	2,793,250	110.01	110.01
2049	511	3,257,245	-	123,060	3,134,185	3,134,185	2,847,000	110.09	110.09
2050	511	3,322,390	-	125,521	3,196,869	3,196,869	2,903,750	110.09	110.09
2051	511	3,388,838	-	128,032	3,260,806	3,260,806	2,963,000	110.05	110.05
2052	511	3,456,614	-	130,592	3,326,023	3,326,023	3,019,250	110.16	110.16
2053	511	3,525,747	-	133,204	3,392,543	3,392,543	3,082,250	110.07	110.07
2054	511	3,596,262	-	135,868	3,460,394	3,460,394	3,141,250	110.16	110.16
2055	511	3,668,187	-	138,586	3,529,602	3,529,602	3,206,000	110.09	110.09
2056	511	3,741,551	-	141,357	3,600,194	3,600,194	3,270,750	110.07	110.07

(1) Based on projected development set forth in the Market Absorption Study and development projections provided by the Developer's consultant for all 511 units. Actual Special Tax Revenues will reflect development status as of the May 1 prior to the start of such Fiscal Year.

(2) For Fiscal Year 2026-2027, Special Tax Revenues are equal to 100.00% of the proposed Assigned Special Tax for 362 units considered Developed Property as of May 1, 2026. It excludes 3 units that were permitted as of May 1, 2026 but for which a Final Map was not recorded as of January 1, 2026. As a result, such units are considered Undeveloped Property in Fiscal Year 2026-2027. For Fiscal Year 2027-2028, Special Tax Revenues are equal to 100.00% of the proposed Assigned Special Tax for an estimated 462 units expected to be considered Developed Property. For Fiscal Year 2028-2029 and each year thereafter, Special Tax Revenues are equal to 100.00% of the proposed Assigned Special Tax for all 511 units expected to be considered Developed Property. The proposed Assigned Special Tax escalates each year by 2.00%.

(3) For Fiscal Year 2026-2027, Final Mapped Special Tax Revenues are equal to approximately 46.24% of the Maximum Special Tax based on development as of Final Map recordings as of January 1, 2026 and development status as of May 1, 2026. For Fiscal Year 2027-2028, Final Mapped Special Tax Revenues equal to 100.00% of the Maximum Special Tax based on expected development. Final Mapped Special Tax Revenues are estimated and subject to change based on Final Map recordings as of January 1, 2027 and development status as of May 1, 2027. All Final Maps have been recorded as of July 1, 2026.

(4) Based on \$79,600 in administrative expenses, escalated each year by 2.00%.

(5) Calculated by dividing the Net Special Tax Revenues from Developed Property column by the Series 2026 Debt Service column.

(6) Calculated by dividing the Net Special Tax Revenues from All Taxable Property column by the Series 2026 Debt Service column.

* Preliminary, subject to change.

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 will not be increased as a consequence of delinquency or default by the owner of any other assessor's parcel within Improvement Area No. 3 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.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District.

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 Reserve Account to the Reserve Requirement and to pay Administrative Expenses.

The District will make certain covenants in the Indenture which are intended to ensure 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, Parity 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 Improvement Area No. 3, 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 Improvement Area No. 3 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.

Third, the District will covenant in the Indenture that, in the event that any initiative is adopted by the qualified electors within Improvement Area No. 3 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.

See Appendix E under the caption "COVENANTS AND WARRANTY."

Although the Special Taxes constitute liens on taxed parcels within Improvement Area No. 3, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 3. Moreover, other liens for taxes and assessments already exist on the property located within Improvement Area No. 3 and

others could come into existence in the future in certain situations without the consent or knowledge of the County or the property owners in Improvement Area No. 3. See the captions “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — 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 Improvement Area No. 3 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 Board of Supervisors, 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 \$5,000 by the October 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 October 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 Reserve Account is at least equal to the 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 Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds. See APPENDIX E — “SUMMARY OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) 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 County 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 County 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.

Collection of Special Taxes and Flow of Funds. The Special Taxes will be levied and collected by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within

Improvement Area No. 3. When the County apportions Special Taxes to the District, the District will transmit the Special Taxes to the Trustee for deposit in the Special Tax Fund established by the Indenture.

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:

- 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, 2027, 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 will be made up by an immediate transfer from the Reserve Account, 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 Reserve Account of the Special Tax Fund to the extent necessary to replenish the Reserve Account to the Reserve Requirement.
- 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 County.
- Seventh: To the Rebate Fund established by the Indenture to the extent directed by the County 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.

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 Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The term "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 and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; provided, however, that the Reserve Requirement shall not exceed \$_____ except in connection with the issuance of Parity 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 \$_____ from proceeds of the Bonds into the Reserve Account to satisfy the Reserve Requirement as of the Delivery Date of 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 Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied: (i) to pay debt service on the Bonds, or any Parity Bonds, including Sinking Fund Payments, to the extent that other monies are not available therefor; (ii) to redeem Bonds or Parity Bonds in the event of prepayment of Special Taxes, to optionally redeem Bonds or Parity Bonds or in connection with a partial defeasance of Bonds or Parity Bonds, in accordance with the Indenture; and (iii) to pay any rebate requirements. See Appendix E under the caption “CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Reserve Account of the Special Tax Fund.”

Parity Bonds

Under the Indenture, the District may issue Parity Bonds for Improvement Area No. 3 only to refund the Bonds or any Parity Bonds, subject to the following specific conditions, among others, which are conditions precedent to the issuance of such Parity Bonds:

(a) The District shall have 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 shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified resolution of the Board of Supervisors, 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; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(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.

See Appendix E under the caption “DEFEASANCE AND PARITY BONDS.”

THE DISTRICT AND IMPROVEMENT AREA NO. 3

General Description of the District and Improvement Area No. 3

Improvement Area No. 3 is located in an unincorporated portion of the County approximately 35 miles northwest of downtown Los Angeles, 15 miles north of the San Fernando Valley and is adjacent to the City of Santa Clarita. The property within Improvement Area No. 3 is part of Mission Village, which is the first phase of development of the larger Valencia Project. The Valencia Project (formerly referred to as “Newhall Ranch”) is a mixed-use, master-planned community in the County that is planned to encompass approximately 15,000 acres and is planned to include up to approximately 21,000 homesites, up to approximately 8.7 million square feet of commercial space, approximately 50 miles of trails, approximately 275 acres of community parks and approximately 10,000 acres of protected open space. Mission Village is approximately 1,262 acres and is planned for approximately 4,055 residential units and approximately 1.6 million square feet of commercial space.

Improvement Area No. 3 consists of approximately 70 gross acres that is anticipated to be developed as approximately 511 residential units and represents the third phase of Mission Village. The first phase of Mission Village is included in Improvement Area No. 1 of the District and includes 1,268 residential units. The second phase of Mission Village is included in Improvement Area No. 2 of the District and is planned for approximately 834 residential units. The development in Improvement Area No. 1 is substantially complete and all homes have been conveyed to individual homeowners. The development in Improvement Area No. 2 is substantially complete and all homes are expected to be conveyed to individual homeowners by 2029.

The Master Developer has conveyed all except 18 lots of the property within Improvement Area No. 3 planned for residential development to three Merchant Builders or their land banking entities, as applicable. The Merchant Builders expect to build a total of 511 residential units within Improvement Area No. 3. As of May 6, 2026, 155 homes had been completed and conveyed by the Merchant Builders to individual homeowners and the Merchant Builders (or their respective land bank entities, as further described herein) and the Merchant Builder collectively owned 356 lots. As of May 6, 2026, building permits had been issued for 365 of the 511 planned residential units within Improvement Area No. 3. Since May 6, 2026, and to July 1, 2026, an additional 35 homes had been completed and closed to homeowners, and an additional [32] building permits had been issued. For more information with respect to the Master Developer, the Merchant Builders and the proposed development within Improvement Area No. 3, see the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The District was formed and Improvement Area No. 3 was annexed thereto in 2023 by the Board of Supervisors under the Act to provide for the financing of public improvements to meet the needs of new development. The Master Developer and the other owners of the property within Improvement Area No. 3 authorized the District to incur bonded indebtedness for Improvement Area No. 3 to finance certain public facilities to meet the needs of new development within the District and the Valencia Project as a whole and approved the Rate and Method for Improvement Area No. 3 and authorized the levy of the Special Tax.

At the time the District was formed, the Board designated additional property within the larger Valencia Project area for future annexation to the District pursuant to the provisions of the Act, including Improvement Area No. 3. The Master Developer's expectation is that additional property will be annexed to the District as separate improvement areas as development therein is anticipated to commence. **No special taxes levied within Improvement Area No. 1 of the District, Improvement Area No. 2 of the District, or within any other property that is annexed to the District in the future as a separate improvement area is available to pay debt service on the Bonds.**

Approximately 69.7 acres of property in Improvement Area No. 3 are expected to be subject to the Special Tax at build-out. The development within Improvement Area No. 3 is planned for eight residential projects consisting of 511 for-sale residential units, all of which are expected to be market-rate.

The area included in Improvement Area No. 3 has been graded, and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Master Developer within Improvement Area No. 3 is substantially complete. Improvement Area No. 3 is accessed via Commerce Center Drive and Magic Mountain Parkway. The Merchant Builders are responsible for completing all in-tract improvements within their respective projects in Improvement Area No. 3.

The property within Improvement Area No. 3 is not located in an Alquist-Priolo Earthquake Study Zone, but is located in a liquefaction zone. Portions of the property within Improvement Area No. 3 is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. The property within Improvement Area No. 3 may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. See "SPECIAL RISK FACTORS — Natural Disasters."

A map showing the location of the District and an aerial photograph thereof appear following the Table of Contents.

Authorized Uses of Bond Proceeds

At the time the District was established, the estimated total cost of the facilities eligible to be financed with the proceeds of the bonds to be issued by the District, which includes the Bonds and any bonds issued by the District for Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, Improvement Area No. 4, Improvement Area No. 5, and future improvement areas that may be annexed to the District, was approximately \$1.2 billion. The facilities authorized to be financed by the District and acquired by the respective public agencies with the proceeds of bonds to be issued by the District, consist of roadway improvements, water and sewer facilities (including, without limitation, domestic and non-domestic water facilities, wells, reservoirs, pipelines, storm and sewer drains and related infrastructure and improvements), wet and dry utilities, bridges and pedestrian bridges, parks, fire stations, and library facilities and equipment, and related infrastructure improvements, both onsite and offsite appurtenances and appurtenant work in connection with the foregoing (collectively, the "Facilities"). Approximately \$[]* million in proceeds of the Bonds will be available to reimburse the Master Developer for eligible Facilities that have been constructed. The costs of the Facilities in excess of available proceeds from the sale of the Bonds and any bonds to be issued for Improvement Area No. 3 and any future improvement area of the District are expected to be paid for by the Master Developer.

Market Absorption Study

In order to determine the projected absorption of the residential property within Improvement Area No. 3, the County engaged Empire Economics, Inc. (the "Market Absorption Consultant") to perform a comprehensive analysis of the product mix characteristics as well as the macroeconomic and microeconomic factors that are expected to influence the absorption of the products within Improvement Area No. 3. The Market Absorption Consultant delivered its Market Absorption Study dated May 18, 2026 (the "Market Absorption

* Preliminary, subject to change.

Study”), in which the Market Absorption Consultant has concluded based on a statistical comparison of the currently active comparable projects to the currently active projects in Improvement Area No. 3 using their total housing prices (base price plus Special Tax liens) and their sizes of living area, that the projects in Improvement Area No. 3 are competitive in the marketplace.

Based on the assumptions and limiting conditions set forth in the Market Absorption Study, the Market Absorption Consultant has estimated the calendar year absorption schedules for the residential projects as follows:

<i>Year</i>	<i>Projected Absorption Schedule⁽¹⁾</i>
2026	290
2027	136
2028	77
2029	<u>8</u>
Total	511

⁽¹⁾ Through July 1, 2026, 190 homes had been completed and conveyed to individual homeowners.
Source: The Market Absorption Consultant.

The absorption schedule for the property Improvement Area No. 3 is based on the estimate market-entry times for the projects as set forth in the Market Absorption Study. A complete copy of the Market Absorption Study is attached hereto as APPENDIX I. In connection with the delivery of the Bonds, the Market Absorption Consultant will provide a certificate to the effect that the Market Absorption Consultant is not aware of any event or act that occurred since the date of the Market Absorption Study which, in its opinion, would materially and adversely affect the conclusions set forth in the Market Absorption Study.

Appraisal Report

The estimated assessed value of the property within Improvement Area No. 3, as shown on the County’s assessment roll for Fiscal Year [2025-26] is approximately \$[146,595,089]. For various reasons, a property’s assessed value is not necessarily indicative of its market value. In order to provide information with respect to the market value of the taxable property within Improvement Area No. 3, the County engaged the Appraiser to prepare an appraisal report dated June 30, 2026 (the “Original Appraisal Report”) and a bring forward letter dated July 1, 2026 (the “Bring Forward Letter” and, together with the Original Appraisal Report, the “Appraisal Report”). The signing appraisers have “MAI” designations from the Appraisal Institute, and have prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the County and has no material relationships with the County or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The County instructed the Appraiser to prepare its analysis and report in conformity with County-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 D — “APPRAISAL REPORT AND BRING FORWARD LETTER” to this Official Statement.

The purpose of the Original Appraisal Report was to estimate the market value of the fee simple interest, by ownership, as well as the cumulative, or aggregate, value of the appraised properties comprising Improvement Area No. 3, subject to the hypothetical condition that certain proceeds from the Bonds will be available to reimburse the Master Developer for certain public improvements completed, as of the Date of Value. The home values are based on a not-less-than value for the smallest floor plan constructed within each community, without consideration for upgrades and lot premiums; any contributory value of unfinished homes is not considered, and permits and impact fees paid for lots with home construction underway are captured in the analysis.

Subject to the hypothetical condition, definitions, assumptions and limiting conditions expressed in the Original Appraisal Report, the Appraiser concluded that, as of May 6, 2026, the aggregate value of the appraised properties within Improvement Area No. 3 subject to the Special Tax was \$308,152,000. In the Bring Forward Letter, the Appraiser concluded, based on the assumptions and limiting conditions set forth therein, that as of July 1, 2026, the aggregate value of the appraised properties was not less than \$308,152,000.

Table 2 below shows the appraised value of the various parcels owned by individual homeowners and the Merchant Builders (or their land banking entities, as applicable) as set forth in the Original Appraisal Report as of the Date of Value. The Master Developer has conveyed all remaining lots planned for residential development in Improvement Area No. 3 to the Merchant Builders (or their land banking entities, as applicable) and certain Merchant Builders have conveyed additional homes to individual homeowners. See Table 5 below and “PROPERTY OWNERSHIP AND THE DEVELOPMENT” below.

TABLE 2
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SUMMARY OF APPRAISED VALUES

<i>Owner</i>	<i>Parcels Owned as of the Date of Value⁽¹⁾</i>	<i>Appraised Value</i>
Individual Homeowners	155	\$168,285,000
Toll West	23	14,820,000
Richmond American	49	30,753,000
Lennar Homes/Lennar Landbank Owner ⁽²⁾	266	84,592,000
Master Developer	<u>18</u>	<u>9,702,000</u>
Total Appraised Value	<u>511</u>	<u>\$308,152,000</u>

(1) Based on ownership as of the Date of Value set forth in the Original Appraisal Report. Since the Date of Value, certain Merchant Builders have conveyed additional homes to individual homeowners. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” below.

(2) 192 of such parcels are owned by the Lennar Landbank Owner and are under option to be acquired by Lennar Homes pursuant to takedown schedules. There is no assurance that Lennar Homes will acquire such lots as scheduled. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Lennar Homes Development” below.

Source: The Appraiser.

In estimating the market value of the property in Improvement Area No. 3, the Appraiser used the sales comparison approach to value the completed single-family homes based on the smallest floor plan being marketed within each project with a completed home. The Appraiser estimated the market value of the residential lots by utilizing the sales comparison approach and an extraction technique, reconciled those approaches to value and applied a lot size adjustment factor to account for differing lot sizes. The Appraiser noted that the estimated rate of absorption in the Market Absorption Study is generally consistent with the Appraiser’s estimates.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The County, the Underwriter and the District make no representation as to the accuracy of the Appraisal Report. There is no assurance that the property within Improvement Area No. 3 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 “SPECIAL RISK FACTORS — Property Values” and Appendix D — “APPRAISAL REPORT AND BRING FORWARD LETTER.”

Estimated Appraised Value-to-Lien Ratios

The aggregate appraised value of property within Improvement Area No. 3 is \$308,152,000 as of the Date of Value, and the Bring Forward Letter concludes that, as of July 1, 2026, the aggregate value was not less than that amount. Dividing the aggregate estimate of value by the principal amount of the Bonds results in an appraised value-to-lien ratio of 8.56-to-11* for Improvement Area No. 3. See “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.” Dividing the aggregate estimate of value by the principal amount of the Bonds and all other overlapping debt results in an estimated appraised value-to-lien ratio of 8.39 to 1* for Improvement Area No. 3. Table 3 below shows the appraised value-to-lien of the Taxable Property in Improvement Area No. 3 based on ownership and development status as of May 6, 2026.

* Preliminary, subject to change.

TABLE 3
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
IMPROVEMENT AREA NO. 3 (VALENCIA FACILITIES)
APPRAISED VALUE-TO-LIEN RATIOS (EXPECTED FISCAL YEAR 2026-2027)

<i>Property Classification/Owner/ Construction Status (1)(2)(3)</i>	<i>Number of Units/Lots</i>	<i>Expected Fiscal Year 2026-27 Special Tax Levy (4)*</i>	<i>Percentage of Special Tax Levy (4)</i>	<i>CFD No. 2021-01, IA No. 3 Series 2026 Outstanding Bond Amount(5)*</i>	<i>William S. Hart UHSD G.O. Outstanding Bond Amount (6)</i>	<i>Santa Clarita CCD G.O. Outstanding Bond Amount (6)</i>	<i>Total Direct and Overlapping Debt*</i>	<i>Appraised Value (7)</i>	<i>Appraised Value-to- Lien Ratio(8)*</i>
Developed Property									
Individual Owners (Completed Homes)	155	\$ 745,616	35.51%	\$ 12,784,422	\$ 113,858	\$180,703	\$ 13,078,983	\$ 168,285,000	12.87 to 1
Toll West (Completed Homes)	1	6,288	0.30%	107,809	829	1,316	109,954	1,400,000	12.73 to 1
Toll West (Finished Lots Fees Paid/Under Construction)	22	138,329	6.59%	2,371,798	18,239	28,947	2,418,984	13,420,000	5.55 to 1
Richmond American (Completed Homes)	28	117,168	5.58%	2,008,976	21,780	34,566	2,065,322	22,540,000	10.91 to 1
Richmond American (Finished Lots Fees Paid/Under Construction)	4	17,038	0.81%	292,130	3,111	4,938	300,180	1,304,000	4.34 to 1
Lennar Homes (Completed Homes)(10)	41	135,518	6.45%	2,323,600	16,389	26,011	2,366,000	29,370,000	12.41 to 1
Lennar Homes (Finished Lots Fees Paid/Under Construction)(10)	27	89,886	4.28%	1,541,198	10,928	17,343	1,569,470	6,555,000	4.18 to 1
AG EHC II (LEN) CA 3, L.P. (Finished Lots Fees Paid/Under Construction)(10)	84	270,337	12.88%	4,635,224	32,369	51,372	4,718,965	20,664,000	4.38 to 1
Subtotal – Developed Property	362	\$ 1,520,178	72.40%	\$ 26,065,157	\$ 217,502	\$345,197	\$ 26,627,856	\$ 263,538,000	9.90 to 1
Final Mapped Property									
Richmond American (Finished Lots)(11)	9	\$ 51,955	2.47%	\$ 890,833	\$ 7,001	\$ 11,111	\$ 908,944	\$ 2,889,000	3.18 to 1
Lennar Homes (Finished Lots Fees Paid/Under Construction)	6	26,642	1.27%	456,798	2,185	3,468	462,451	1,444,000	3.12 to 1
AG EHC II (LEN) CA 3, L.P. (Finished Lots Fees Paid/Under Construction)	108	405,415	19.31%	6,951,289	46,353	73,567	7,071,209	26,559,000	3.76 to 1
Master Developer	18	95,411	4.54%	1,635,922	1,095	1,738	1,638,756	9,702,000	5.92 to 1
Subtotal – Final Mapped Property	141	\$ 579,422	27.60%	\$ 9,934,843	56,634	\$ 89,883	\$ 10,081,360	\$ 40,594,000	4.03 to 1
Undeveloped Property									
Richmond American (Completed Homes)	3(9)	\$ 0	0.00%	\$ 0	\$ 2,334	\$ 3,704	\$ 6,037	\$ 2,415,000	400.03 to 1
Richmond American (Finished Lots)	5	0	0.00%	0	3,889	6,173	10,062	1,605,000	159.52 to 1
Subtotal - Undeveloped Property	8	\$ 0	0.00%	\$ 0	\$ 6,223	\$ 9,876	\$ 16,099	\$ 4,020,000	249.71 to 1
Total	511	\$ 1,882,648	100.00%	\$ 36,000,000	\$ 280,359	\$444,956	\$ 36,725,315	\$ 308,152,000	8.39 to 1

(1) Categories reflect building permits issued as of May 1, 2026 and Final Maps recorded as of January 1, 2026. As of May 1, 2026, building permits had been issued for 365 units. However, a Final Map was not recorded for a total of 3 units as of January 1, 2026. As a result, such units are considered as Undeveloped Property in Fiscal Year 2026-2027. The remaining 362 units are considered Developed Property in Fiscal Year 2026-27. Between May 1, 2026 and June 28, 2026, building permits had been issued for an additional 32 units, for a total of 397 units.

(2) Per the Rate and Method of Apportionment, Developed Property is property located within a Final Map that was recorded as of January 1, 2026 for which a building permit was issued prior to May 1, 2026. Final Mapped Property is property that is included in a Final Map recorded as of January 1, 2026 and for which a building permit has not been issued prior to May 1, 2026. Undeveloped Property is property located within a Final Map that was not recorded as of January 1, 2026.

(3) Ownership and construction status based on Original Appraisal Report with a date of value of May 6, 2026. Since May 6, 2026, additional homes have closed and additional permits have been pulled. See the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT – Merchant Builder Ownership of Improvement Area No. 3."

(4) Expected Fiscal Year 2026-2027 Special Tax levy based on debt service due in 2027 on the Series 2026 Bonds plus the Administrative Expenses Cap, which is equal to 100.00% of the proposed Assigned Special Tax for Developed Property pursuant to Section H of the Rate and Method of Apportionment and approximately 46.24% of the Maximum Special Tax for Final Mapped Property. The Assigned and Maximum Special Tax escalate each year by 2.00%.

(5) Allocated based on expected Fiscal Year 2026-2027 Special Tax levy.

(Footnotes continued on following page)

(Continued from previous page)

- ⁽⁶⁾ As of June 2, 2026. Allocated based on Fiscal Year 2025-2026 levy.
- ⁽⁷⁾ Value based on Original Appraisal Report with a date of value of May 6, 2026. The Bring Forward Letter concludes that, as of July 1, 2026, the aggregate value was not less than the value derived in the Original Appraisal Report.
- ⁽⁸⁾ Calculated by dividing the Appraised Value column by the Total Direct and Overlapping Debt column.
- ⁽⁹⁾ Units were permitted in August 2024 but the Final Map was not recorded until April 2026, which is after the cutoff for Developed Property of January 1, 2026.
- ⁽¹⁰⁾ As of May 6, 2026, the Lennar Landbank Owner owned 192 parcels which are under option to be acquired by Lennar Homes pursuant to a takedown schedule. There is no assurance that Lennar Homes will acquire such lots as scheduled. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT – Lennar Homes Development" below.
- * Preliminary, subject to change.

Table 4 below shows value-to-lien stratification of Developed Property based on development status as of May 6, 2026.

TABLE 4
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
APPRAISED VALUE-TO-LIEN RATIOS (EXPECTED FISCAL YEAR 2026-27)
DEVELOPED PROPERTY ONLY⁽¹⁾⁽²⁾

<i>Appraised Value-to-Lien Ratio</i>	<i>Fiscal Year 2026-27 Number of Units/Lots</i>	<i>Appraised Value ⁽³⁾</i>	<i>CFD No. 2021-01, IA No. 3 Series 2026 Outstanding Bond Amount ^{(4)*}</i>	<i>Total Overlapping Debt</i>	<i>Total Direct and Overlapping Debt</i>
Less than 3:1 ⁽⁵⁾	6	\$ 1,406,000	\$ 544,105	\$ 4,950	\$ 549,056
Between 3:1 and 6.99:1	272	81,131,000	18,231,087	308,815	18,539,903
Between 7:1 and 10:1	18	11,700,000	1,231,150	17,278	1,248,428
Greater than 10:1	<u>207</u>	<u>209,895,000</u>	<u>15,993,657</u>	<u>378,173</u>	<u>16,371,830</u>
Total	503	\$304,132,000	\$ 36,000,000	\$ 709,216	\$ 36,709,216

(1) Reflects building permits issued as of May 6, 2026 and Final Maps recorded as of January 1, 2026. As of May 6, 2026, building permits had been issued for 365 units. However, a Final Map was not recorded for a total of 3 of such units as of January 1, 2026. As a result, such units are classified as Undeveloped Property in Fiscal Year 2026-27. The remaining 362 units are classified as Developed Property in Fiscal Year 2026-27. Between May 1, 2026 and June 28, 2026, building permits had been issued for an additional 32 units, for a total of 397 units.

(2) Per the Rate and Method, Developed Property is property located within a Final Map that was recorded as of January 1, 2026 for which a building permit was issued prior to May 1, 2026.

(3) Value based on Original Appraisal Report with a date of value of May 6, 2026. The Bring Forward Letter concludes that, as of July 1, 2026, the aggregate value was not less than the value derived in the Original Appraisal Report.

(4) Allocated based on expected Fiscal Year 2026-2027 Special Tax levy.

(5) Includes two homes owned by Lennar Homes of California, LLC and four homes owned by AG EHC II LEN. Construction status based on Original Appraisal Report with a date of value of May 6, 2026.

Table 5 below shows the estimated Fiscal Year 2026-27 Special Tax levy by property owner, based on ownership and the number of building permits issued as of May 6, 2026.

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TABLE 5
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
EXPECTED FISCAL YEAR 2026-27 SPECIAL TAX LEVY BY PROPERTY OWNER

<i>Property Classification/Owner ^(1,2,3)</i>	<i>Number of Units/Lots</i>	<i>Expected Fiscal Year 2026-27 Special Tax Levy⁽⁴⁾</i>	<i>Percentage of Special Tax Levy⁽⁴⁾</i>
Developed Property			
Individual Owners	155	\$ 745,616	35.51%
Toll West	23	144,616	6.89
Richmond American	32	134,206	6.39
Lennar Homes	68	225,404	10.74
AG EHC II (LEN) CA 3, L.P. ⁽⁵⁾	<u>84</u>	<u>270,337</u>	<u>12.88</u>
Subtotal – Developed Property	362	\$ 1,520,178	72.40%
Final Mapped Property			
Richmond American	9	\$ 51,955	2.47%
Lennar Homes	6	26,642	1.27
AG EHC II (LEN) CA 3, L.P. ⁽⁵⁾	108	405,415	19.31
Master Developer	<u>18</u>	<u>95,411</u>	<u>4.54</u>
Subtotal – Final Mapped Property	141	\$ 579,422	27.60%
Undeveloped Property			
Richmond American ⁽⁶⁾	8	\$ 0	0.00%
Total	511	\$ 2,099,600	100.00%

- (1) Categories reflect building permits issued as of May 1, 2026 and Final Maps recorded as of January 1, 2026. As of May 1, 2026, building permits had been issued for 365 units. However, a Final Map was not recorded for a total of 3 of such units as of January 1, 2026. As a result, such units are considered as Undeveloped Property in Fiscal Year 2026-27. The remaining 362 units are classified as Developed Property in Fiscal Year 2026-27. Between May 1, 2026 and June 28, 2026, building permits had been issued for an additional 32 units, for a total of 397 units.
- (2) Per the Rate and Method of Apportionment, Developed Property is property located within a Final Map that was recorded as of January 1, 2026 for which a building permit was issued prior to May 1, 2026. Final Mapped Property is property that is included in a Final Map recorded as of January 1, 2026 and for which a building permit has not been issued prior to May 1, 2026. Undeveloped Property is property located within a Final Map that was not recorded as of January 1, 2026.
- (3) Ownership based on Original Appraisal Report with a date of value of May 6, 2026.
- (4) Expected Fiscal Year 2026-2027 Special Tax levy based on debt service due in 2027 on the Series 2026 Bonds plus the Administrative Expenses Cap, which is equal to 100.00% of the proposed Assigned Special Tax for Developed Property pursuant to Section H of the Rate and Method of Apportionment and approximately 46.24% of the Maximum Special Tax for Final Mapped Property. The Assigned and Maximum Special Tax escalate each year by 2.00%.
- (5) All 192 parcels owned by the Lennar Landbank Owner are under option to be acquired by Lennar Homes pursuant to a takedown schedule. There is no assurance that Lennar Homes will acquire such lots as scheduled. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT – Lennar Homes Development” below.
- (6) Three of such units were permitted in August 2024 but the Final Map was not recorded until April 2026, which is after the cutoff for Developed Property of January 1, 2026.

Direct and Overlapping Debt

Improvement Area No. 3 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 Improvement Area No. 3 is shown in Table 6 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 Improvement Area No 3; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE 6
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 2, 2026**

<i>Overlapping District</i>	<i>Actual Fiscal Year 2025-26 Total Levy</i>	<i>Amount of Levy on Parcels in IA No. 3 ⁽¹⁾</i>	<i>Percent of Levy on Parcels in IA No. 3 ⁽¹⁾</i>	<i>Total Debt Outstanding ⁽²⁾</i>	<i>District Share of Total Debt Outstanding</i>
William S. Hart Union High School District G.O. Bonds	\$ 69,008,668	\$ 81,983	0.1188%	\$ 235,989,435	\$ 280,359
Santa Clarita Community College District G.O. Bonds	39,781,036	50,558	0.1271	350,111,209	444,956
		Estimated Share of Overlapping Debt Allocable to IA No. 3			\$ 725,315
		Plus the CFD No. 2021-01, IA No. 3 Series 2026 Bonds*			36,000,000
		Estimated Share of Direct and Overlapping Debt Allocable to IA No. 3*			\$ 36,725,315

⁽¹⁾ The amount of levy shown herein is based on the Fiscal Year 2025-26 *ad-valorem* rates. Calculated by applying the corresponding ad-valorem rate to the Fiscal Year 2025-26 assessed value provided by the County of Los Angeles.

⁽²⁾ As of June 2, 2026.

* Preliminary, subject to change.

Table 7 below describes the estimated Fiscal Year 2026-27 effective tax burden for select classes of property within Improvement Area No. 3 based on pricing data provided by the Market Absorption Consultant, the Fiscal Year 2026-27 Special Tax levy at the Assigned Special Tax rates for Developed Property and Fiscal Year 2025-26 actual levies for all other overlapping taxing jurisdictions. Based on the foregoing and the Administrative Expenses Cap of \$79,600 (which amount shall escalate at 2% per Fiscal Year, commencing on July 1, 2027), in Fiscal Year 2026-27, the estimated effective tax rates within Improvement Area No. 3 range from approximately 1.66% to 1.85%. The Assigned Special Tax rates for Developed Property escalate at 2% per Fiscal Year.

TABLE 7
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
ESTIMATED FISCAL YEAR 2026-27 EFFECTIVE TAX RATES

<i>FISCAL YEAR 2026-27</i>	<i>CLUSTER PROPERTY (≥ 3,101 SF)</i>	<i>CLUSTER PROPERTY (2,501 - 2,700 SF)</i>	<i>CLUSTER PROPERTY (2,101 - 2,300 SF)</i>	<i>CLUSTER PROPERTY (1,701 - 1,900 SF)</i>	<i>DETACHED PROPERTY (≥ 4,201 SF)</i>	<i>DETACHED PROPERTY (4,001 - 4,200 SF)</i>
<u>ESTIMATED ASSESSED VALUATION</u>						
HOME SIZE (SQUARE FEET)	3,230	2,584	2,177	1,866	4,500	4,102
CURRENT BASE SALES PRICE	\$ 962,700	\$ 821,900	\$ 733,100	\$ 665,400	\$ 1,912,400	\$ 1,723,600
<u>AD-VALOREM TAXES⁽¹⁾</u>	RATE	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
PROP 13	1.000000%	\$ 9,627.00	\$ 8,219.00	\$ 7,331.00	\$ 6,654.00	\$ 19,124.00
SANTA CLARITA COMMUNITY COLLEGE DISTRICT	0.034488%	332.02	283.46	\$252.83	\$229.48	\$594.44
WILLIAM S HART HIGH SCHOOL DISTRICT	0.055925%	538.39	459.65	\$409.99	\$372.12	\$963.92
SANTA CLARITA VALLEY WATER AGENCY	0.070600%	679.67	580.26	517.57	469.77	1,350.15
TOTAL GENERAL PROPERTY TAXES	1.161013%	\$ 11,177.07	\$ 9,542.37	\$ 8,511.39	\$ 7,725.38	\$ 22,203.21
<u>OVERLAPPING FIXED CHARGES⁽¹⁾</u>						
MOSQUITO ABATEMENT	\$ 18.97	\$ 18.97	\$ 18.97	\$ 18.97	\$ 18.97	\$ 18.97
COUNTY LIBRARY	35.23	35.23	35.23	35.23	35.23	35.23
COUNTY FIRE	78.18	78.18	78.18	78.18	78.18	78.18
COUNTY SOLID WASTE	3.51	3.51	3.51	3.51	3.51	3.51
COUNTY STREET LIGHTING	5.00	5.00	5.00	5.00	5.00	5.00
COUNTY TRAUMA & EMERGENCY SERVICES	203.49	162.79	137.15	117.56	283.50	258.43
COUNTY PARK DISTRICT MEASURE A	58.46	46.77	39.40	33.77	81.45	74.25
COUNTY FLOOD CONTROL	24.00	24.00	24.00	24.00	24.00	24.00
NEWHALL RANCH SANITATION DISTRICT	696.60	696.60	696.60	696.60	696.60	696.60
COUNTY CFD NO. 2021-02 (VALENCIA - SERVICES) ⁽²⁾	688.63	688.63	688.63	688.63	746.93	746.93
COUNTY CFD NO. 2021-01 (VALENCIA - FACILITIES) ⁽²⁾	4,456.01	3,785.33	3,318.06	2,697.90	7,610.98	7,168.46
TOTAL SPECIAL ASSESSMENTS & CHARGES	\$ 6,268.08	\$ 5,545.01	\$ 5,044.73	\$ 4,399.35	\$ 9,584.35	\$ 9,109.55
PROJECTED TOTAL PROPERTY TAXES	\$ 17,445.16	\$ 15,087.38	\$ 13,556.12	\$ 12,124.73	\$31,787.56	\$ 29,120.77
PROJECTED TOTAL EFFECTIVE TAX RATE	1.81%	1.84%	1.85%	1.82%	1.66%	1.69%

⁽¹⁾ Charges are based on Fiscal Year 2025-26 tax bills unless otherwise noted.

⁽²⁾ Charges are based on Fiscal Year 2026-27 tax rates.

Source: DTA Public Finance, Inc.

FISCAL YEAR 2026-27		DETACHED PROPERTY (3,601 - 3,800 SF)	ATTACHED PROPERTY (2,301 - 2,450 SF)	ATTACHED PROPERTY (1,851 - 2,000 SF)	ATTACHED PROPERTY (1,401 - 1,550 SF)
<u>ESTIMATED ASSESSED VALUATION</u>					
HOME SIZE (SQUARE FEET)					
CURRENT BASE SALES PRICE		3,706 \$ 1,535,800	2,377 \$ 803,000	1,972 \$ 683,700	1,498 \$ 543,900
<u>AD-VALOREM TAXES⁽¹⁾</u>	RATE	AMOUNT	AMOUNT	AMOUNT	AMOUNT
PROP 13	1.000000%	\$ 15,358.00	\$ 8,030.00	\$ 6,837.00	\$ 5,439.00
SANTA CLARITA COMMUNITY COLLEGE DISTRICT	0.034488%	529.67	276.94	235.79	187.58
WILLIAM S HART HIGH SCHOOL DISTRICT	0.055925%	858.90	449.08	382.36	304.18
SANTA CLARITA VALLEY WATER AGENCY	0.070600%	1,084.27	566.92	482.69	383.99
TOTAL GENERAL PROPERTY TAXES	1.161013%	\$ 17,830.84	\$ 9,322.93	\$ 7,937.85	\$ 6,314.75
<u>OVERLAPPING FIXED CHARGES⁽¹⁾</u>					
MOSQUITO ABATEMENT		\$ 18.97	\$ 18.97	\$ 18.97	\$ 18.97
COUNTY LIBRARY		35.23	35.23	35.23	35.23
COUNTY FIRE		78.18	78.18	78.18	78.18
COUNTY SOLID WASTE		3.51	3.51	3.51	3.51
COUNTY STREET LIGHTING		5.00	5.00	5.00	5.00
COUNTY TRAUMA & EMERGENCY SERVICES		233.48	149.75	124.24	94.37
COUNTY PARK DISTRICT MEASURE A		67.08	43.02	35.69	27.11
COUNTY FLOOD CONTROL		24.00	24.00	24.00	24.00
NEWHALL RANCH SANITATION DISTRICT		696.60	522.45	522.45	522.45
COUNTY CFD NO. 2021-02 (VALENCIA - SERVICES) ⁽²⁾		746.93	578.11	578.11	578.11
COUNTY CFD NO. 2021-01 (VALENCIA - FACILITIES) ⁽²⁾		6,287.66	3,013.83	2,451.39	1,981.28
TOTAL SPECIAL ASSESSMENTS & CHARGES		\$ 8,196.64	\$ 4,472.05	\$ 3,876.77	\$ 3,368.22
PROJECTED TOTAL PROPERTY TAXES		\$ 26,027.47	\$ 13,794.99	\$ 11,814.62	\$ 9,682.97
PROJECTED TOTAL EFFECTIVE TAX RATE		1.69%	1.72%	1.73%	1.78%

⁽¹⁾ Charges are based on Fiscal Year 2025-26 tax bills unless otherwise noted.

⁽²⁾ Charges are based on Fiscal Year 2026-27 tax rates.

* Preliminary, subject to change.

Source: DTA Public Finance, Inc.

Delinquency History

In each year, the first installment of the Special Tax levy becomes delinquent on December 10 and the second installment becomes delinquent on April 10. Table 8 summarizes the Special Tax delinquencies for property within the boundaries of Improvement Area No. 3 since Fiscal Year 2024-25, which was the first year of the Special Tax levy. 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.

TABLE 8
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
IMPROVEMENT AREA NO. 3 (VALENCIA FACILITIES)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End⁽²⁾</i>			<i>Delinquencies as of July 17, 2026</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2024-25 ⁽¹⁾	\$ 110,788	17	4	\$ 13,570	12.25%	2	\$ 3,077	2.78%
2025-26	534,924	87	5	\$ 17,928	3.35%	3	11,332	2.12

⁽¹⁾ First year of Special Tax levy.

⁽²⁾ As of approximately June 30 of year levied based on information provided by County of Los Angeles Auditor-Controller.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information provided under this caption has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds and Improvement Area No. 3. No assurance can be given, however, that the proposed development of the property within Improvement Area No. 3 will occur, or that it will occur in a timely manner or in the configuration or to the density described herein, or that the Master Developer, the Merchant Builders, any affiliates thereof, or any other property owner described herein will or will not retain ownership of its property within Improvement Area No. 3.

Neither the Bonds nor the Special Taxes are personal obligations of any property owner within Improvement Area No. 3; and in the event that a property owner defaults in the payment of the Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Master Developer, the Merchant Builders or any other property owners. The Bonds are secured solely by the Net Taxes and certain other assets pledged therefor under the Indenture.

The following information regarding ownership and planned development of Improvement Area No. 3 has been provided by the Master Developer or the respective Merchant Builders. No representation is made by the County or the District as to the accuracy or adequacy of such information so provided. Events may occur subsequent to the date of this Official Statement which may be materially adverse to the developments within Improvement Area No. 3 as described herein.

The Master Developer

The Newhall Land and Farming Company (A California Limited Partnership) (previously defined as “Master Developer”) is the master developer of the Valencia Project. The Master Developer is an indirect subsidiary of Five Point Holdings, LLC, a Delaware limited liability company and a publicly traded company (“Five Point Holdings”). Five Point Holdings, through the Master Developer and other subsidiaries or joint ventures, is one of the largest developers of mixed-use planned communities in coastal California, based on the total number of residential homesites permitted under existing entitled zoning. Along with the Valencia Project, Five Point Holdings also owns interests in and manages the planning and development of the Great Park

Neighborhoods in the County of Orange, and owns and is developing the San Francisco Shipyard and Candlestick Point projects in the City and County of San Francisco. Each of these communities is expected to feature multi-generational housing, parks, green space and a blend of office, retail and commercial properties. The communities are expected to collectively provide approximately 40,000 residential homes and 20 million square feet of commercial space, along with approximately 15,000 acres of public parks and open space, and 10 new primary and secondary schools. Affordable housing is a key element of each community, with approximately 6,000 units planned.

The Master Developer is a wholly-owned subsidiary of Five Point Land, LLC, a Delaware limited liability company (“FPL”), which is ultimately owned by Five Point Holdings. The Master Developer is the developer of the majority of the land within the Valencia Project, and a separate wholly-owned subsidiary of FPL, Stevenson Ranch Venture, LLC, a Delaware limited liability company (“SRV”), is the developer of the remainder of the land within the Valencia Project.

Five Point Holdings 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 the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Five Point Holdings and its consolidated subsidiaries as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including Five Point Holdings. The address of such website is www.sec.gov. All documents filed by Five Point Holdings 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 Five Point Holdings’ Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Five Point Holdings’ website at www.fivepoint.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Five Point Holdings and the Master Developer are not obligated to advance funds for construction or development 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 websites in evaluating whether to buy, hold or sell the Bonds.

The Valencia Project

Overview. The Valencia Project is a mixed-use, master-planned community in the County that spans approximately 15,000 acres and is planned to include up to approximately 21,000 homesites, up to approximately 8.7 million square feet of commercial space, approximately 50 miles of trails, approximately 275 acres of community parks and approximately 10,000 acres of protected open space (collectively, the “Valencia Project”). The actual commercial square footage and number of homesites for the Valencia Project are subject to change based on ultimate use and land planning. The Valencia Project will also include significant public facilities including roads, sewers, storm drains, utilities, wastewater treatment facilities, parks, trails, schools, fire station facilities, and other infrastructure. It is estimated that the total cost of the public facilities for the Valencia Project will be approximately \$2.0 billion.

The Valencia Project is located in an unincorporated portion of the County along the Santa Clara River in the western portion of the Santa Clarita Valley. The property is located approximately 35 miles northwest of

downtown Los Angeles, 15 miles north of the San Fernando Valley and is adjacent to the City of Santa Clarita. The Valencia Project is adjacent to Interstate 5 and State Highway 126.

The Valencia Project is planned to consist of nine communities, described as follows:

<i>Community</i>	<i>Tract Map Number</i>	<i>Acres</i>	<i>Projected Number of Residential Units</i>	<i>Projected Commercial Square Feet</i>
Mission Village ⁽¹⁾	VTTM 61105	1,262	4,055	1,555,100
Landmark Village	VTTM 53108	293	1,444	1,033,000
Homestead - North	VTTM 072830	1,110	1,818	1,250,000
Homestead - South	VTTM 084508	1,752	3,617	0
Potrero Valley	VTTM 061911	2,500	4,385	245,000
Entrada - North	VTTM 084536	439	1,150	304,700
Entrada - South	VTTM 53295	382	1,574	730,000
Legacy Village ⁽²⁾	VTTM 084509	1,186	2,850	0
Valencia Commerce Center	VTPM 18108	<u>588</u>	<u>0</u>	<u>3,400,000</u>
Totals		9,512	20,893	8,517,800

(1) Improvement Area No. 3 is a part of Mission Village. Only the Special Taxes levied on property in Improvement Area No. 3 serve as security for the Bonds.

(2) Also known as Stevenson Ranch Phase 5.

Environmental Review. There have been multiple environmental review documents that have been certified for portions of the Valencia Project, including: The Environmental Impact Report (“EIR”) for the Newhall Ranch Specific Plan; EIRs for Mission Village and Landmark Village; an EIR for Valencia Commerce Center; and a Supplemental EIR for Entrada South and Valencia Commerce Center. Copies of these certified EIRs are on file with the appropriate department of the County of Los Angeles. In addition, the California Department of Fish and Wildlife (“CDFW”) and the U.S. Army Corps of Engineers (“USACE”) jointly prepared an EIR/Environmental Impact Statement (“EIR/EIS”) for the Resource Management and Development Plan / Spineflower Conservation Plan (“RMDP/SCP”) and the development facilitated by the RMDP/SCP, which includes development within Mission Village, Landmark Village, Homestead North, Homestead South, Potrero Valley, Entrada South and the Valencia Commerce Center. CDFW certified the EIR/EIS in compliance with the California Environmental Quality Act (“CEQA”), in connection with its issuance of natural resource permits for the RMDP/SCP. The EIR/EIS also satisfied the requirements of the National Environmental Policy Act (“NEPA”) with respect to the USACE’s issuance of a Clean Water Act permit for the RMDP. Additional environmental review will be undertaken as required by CEQA and/or NEPA for future development within the Valencia Project. All environmental approvals have been secured in order to complete the development in Improvement Area No. 3.

Improvement Area No. 3

General. Improvement Area No. 3 consists of approximately 70 gross acres that are anticipated to be developed as 511 residential units and is a portion of the larger Mission Village development. In 2019, the first residential land sales were sold in Mission Village, the first development area in the Valencia Project. Mission Village is approved to include up to approximately 4,055 homesites, including a mix of single-family detached homes, single-family attached homes, apartments and affordable units, and up to approximately 1.6 million square feet of commercial development. As of July 1, 2026, 3,088 homesites have been sold within the first development area (which includes lots in Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, and Improvement Area No. 4).

Sales to Merchant Builders. As of July 1, 2026, the Master Developer had conveyed all except 18 parcels of the property in Improvement Area No. 3 that will ultimately be developed as 493 residential units to

three Merchant Builders (or their land banking entities, as applicable), which are developing the property in Improvement Area No. 3 under the following names:

- Toll West Coast LLC (“Toll West”);
- Richmond American Homes of Maryland, Inc., a Maryland corporation (“Richmond American”); and
- Lennar Homes of California, LLC, a California limited liability company (“Lennar Homes”).

A summary of the sales is as follows:

**Improvement Area No. 3
of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)
Sales Status of Land in Improvement Area No. 3**

<i>Merchant Builder</i>	<i>Neighborhood (Planning Area)</i>	<i>Projected Total Number of Units</i>	<i>Date of Closing to Merchant Builder</i>
Toll West	A7a, A7b	92	8/31/2023
Richmond American	A10	54	9/1/2023
Lennar Homes	B1b1, B1b2, B2, C7, C8	347	12/27/2023
Total		493	

Source: Master Developer.

Lennar Homes assigned their purchase and sale agreements to a land banking company, AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership (herein, the “Lennar Landbank Owner”), whereby the Lennar Landbank Owner owns the land and the Lennar Homes holds an option (but not an obligation) to purchase the land in numerous installments over time pursuant to a takedown schedule.

See a further discussion of the land banking arrangement under the caption “Merchant Builders” herein.

The Master Developer is actively marketing the remaining 18 lots that it owns to additional Merchant Builders and does not expect to develop such lots on its own. Such lots are expected to be developed as detached single family homes on 60x110 lots, with estimated lot sizes averaging 4,300 square feet. Sizes of homes, base sale prices, and other features of the development of such 18 lots is dependent upon the Merchant Builder.

Subdivision Map Status. Property in Improvement Area No. 3 is being developed in accordance with the following Final Tract Maps, all of which have been recorded as of their respective dates shown below:

**Improvement Area No. 3
of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)
Final Tract Map Status**

<i>Merchant Builder</i>	<i>Neighborhood (Planning Area)</i>	<i>Product Type</i>	<i>Total Number of Units</i>	<i>Final Maps</i>	<i>Final Map Recordation Date</i>
Lennar Homes	Opal (B1b1, B1b2)	Detached Condo 10-Pack	101	61105-36	8/11/2022
				61105-37	8/11/2022
Lennar Homes	Ruby (B2)	Attached Duplex	46	61105-34	8/11/2022
Lennar Homes	Ruby (B2)	Detached Condo Duplex	21	61105-34	8/11/2022
Lennar Homes	Sunstone (C7)	Attached Tripack	28	61105-40	10/6/2023
Lennar Homes	Sunstone (C7)	Detached Condo Tripack	59	61105-40	10/6/2023
Lennar Homes	Sapphire (C8)	Detached Condo 35x65	92	61105-40	10/6/2023
Richmond American	Esprit (A10)	Detached Condo 40x90	54	61105-33	8/11/2022
Toll West	Skylar II (A7a)	Detached 50x110	62	61105-35	8/11/2022
Toll West	Volara (A7b)	Detached 60x140	30	61105-35	8/11/2022
TBD	TBD (A8)	Detached 60x110	18	61105-32	8/11/2022
Total					

Source: Master Developer.

Infrastructure Improvements for Improvement Area No. 3. The Master Developer is responsible for the construction of the backbone infrastructure for Improvement Area No. 3. The backbone infrastructure includes improvements to facilitate delivery of or service for water, reclaimed water, sewer, storm drain, several water quality basins, streets (including work on Magic Mountain Parkway, Commerce Center Drive, and Westridge Parkway), street lights, utilities, walls and landscaping for Improvement Area No. 3 as well as a fire station which will serve all of Mission Village. As of July 1, 2026, the estimated cost to complete these facilities is approximately \$15 million, the majority of which is for the completion of the fire station. The remaining backbone infrastructure within Improvement Area No. 3 is complete. The Master Developer estimates completion of all the backbone infrastructure in 2027. The Master Developer expects to fund such remaining costs from internal funds.

All resource agency permits necessary for the development of Improvement Area No. 3 have been received. The conditions of development for Improvement Area No. 3 do not restrict the pulling of building permits or the granting of certificates of compliance pending completion of any specific improvements.

Utilities. Water services for the property in Improvement Area No. 3 are provided by Santa Clarita Valley Water Agency, sanitary sewer services are provided by the Newhall Ranch Sanitation District of Los Angeles County and the Santa Clarita Valley Sanitation District of Los Angeles County, stormwater drainage services are provided by the Los Angeles County Flood Control District, and electric services are provided by Southern California Edison. All necessary “will serve” letters for the development of Improvement Area No. 3 have been received.

Merchant Builder Ownership of Improvement Area No. 3

The table below shows the ownership, as of July 1, 2026, of the Taxable Property within Improvement Area No. 3 and the number of units expected to be constructed. The status of their ownership is set forth in the table below.

**Improvement Area No. 3
of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities)
Property Ownership
As of July 1, 2026**

<i>Merchant Builder</i>	<i>Neighborhood (Planning Area)</i>	<i>Units Owned by Homeowners</i>	<i>Lots Owned by Merchant Builder/Land Bank⁽¹⁾</i>	<i>Total</i>
Lennar Homes	Opal (B1b1, B1b2)	41	60	101
Lennar Homes	Ruby (B2)	37	30	67
Lennar Homes	Sunstone (C7)	20	67	87
Lennar Homes	Sapphire (C8)	10	82	92
Richmond American	Esprit (A10)	7	47	54
Toll West	Skylar II (A7a)	45	17	62
Toll West	Volara (A7b)	30	0	30
TBD ⁽²⁾	TBD (A8)	<u>0</u>	<u>18</u>	<u>18</u>
Totals		190	321	511

⁽¹⁾ These lots are in various conditions and include completed model and production homes, units under construction, partially finished and finished lots.

⁽²⁾ Lots currently owned by the Master Developer.

Source: Master Developer and Merchant Builders, as applicable.

See the maps of the neighborhoods in Improvement Area No. 3 on the following pages.

[Map Placeholder]

[Map Placeholder]

Lennar Homes Development

General.

Lennar Homes is based in Irvine, California and has been in the business of developing residential real estate communities in California since 1996. Lennar Homes is wholly-owned by U.S. Home, LLC, a Delaware limited liability company (“U.S. Home”). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida (“Lennar Corporation”). Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation’s Class A and Class B common stock are listed on the New York Stock Exchange under the symbols “LEN” and “LEN.B.” respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar Homes and U.S. Home. Lennar Corporation primarily develops residential communities both within the Lennar Corporation family of builders and through consolidated and unconsolidated partnerships in which Lennar Corporation maintains an interest.

Lennar Corporation is subject to the informational requirements of the Exchange Act, and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Lennar Corporation and its consolidated subsidiaries, including Lennar Homes, as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including Lennar Corporation. The address of such website is www.sec.gov. All documents filed by Lennar Corporation 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 Lennar Corporation’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation’s website at www.lennar.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Lennar Corporation and Lennar Homes are not obligated to advance funds for construction or development 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 websites in evaluating whether to buy, hold or sell the Bonds.

General Description of the Development and Landbank Structure. Lennar Homes and the Master Developer entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated December 19, 2023, for the purchase by Lennar Homes of Planning Areas B1b1, B1b2, B2, C7, C8, F4 and F2/F21 (the “Lennar PSA”). Planning Areas B1b1, B1b2, B2, C7 and C8 subject to the Lennar PSA are located in Improvement Area No. 3 (collectively, the “Lennar Land”). Prior to the close of escrow under the Lennar PSA, Lennar Homes assigned its rights thereunder to AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership (the “Lennar Landbank Owner”) pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement and Joint Escrow Instructions, dated December 27, 2023 (the “Lennar PSA Assignment”).

The Lennar PSA Assignment resulted in the Lennar Landbank Owner acquiring the Lennar Land in order to set up a land banking structure. The Lennar Landbank Owner is not an affiliated entity of Lennar Homes.

To facilitate the land banking structure, Lennar Homes and the Lennar Landbank Owner entered into an Option Agreement, dated December 27, 2023 (as amended, the “Lennar Option Agreement”) whereby Lennar Homes has the option, but not the obligation, to purchase, among other property, the 347 residential lots within Planning Areas B1b1, B1b2, B2, C7 and C8 from the Lennar Landbank Owner pursuant to a takedown schedule. As previously mentioned, the Lennar Option Agreement includes land within Planning Areas that are outside of Improvement Area No. 3.

Lennar Homes and the Lennar Landbank Owner further memorialized their rights and obligations under the Lennar Option Agreement by recording separate Memorandum of Option Agreement in the Official Records of Los Angeles County on December 27, 2023 as Instrument No. 20230908936.

In addition to the Lennar Option Agreement, Lennar Communities, Inc. (the “Contractor”), a Lennar Homes affiliate, and the Lennar Landbank Owner entered into a separate Construction Agreement (the “Lennar Construction Agreement”) granting Contractor the right to enter upon the land subject to the Lennar Option Agreement, including the Lennar Land, for the purpose of, among other things, constructing model homes and related subdivision improvements thereon before Lennar Homes acquires the land subject to the Lennar Option Agreement, including the Lennar Land, from the Lennar Landbank Owner. Pursuant to the Lennar Option Agreement, Lennar Homes has the right to enter upon the land subject to the Lennar Option Agreement for the purpose of constructing production homes thereon before Lennar Homes acquires the subject land.

Lennar Homes’ planned development within Planning Areas B1b1, B1b2, B2, C7 and C8 includes the construction of 347 single-family residential units and the sale of such units to individual homebuyers. Pursuant to the terms and conditions of the Lennar Option Agreement for such property, Lennar Homes is required to, among other things, cause the land within Planning Areas B1b1, B1b2, B2, C7 and C8 to be subdivided into 347 residential lots and cause the completion and satisfaction of the certain on-site and offsite improvements. During the term of the Lennar Option Agreement, Lennar Homes is obligated to pay all taxes on the subject land, including the Special Taxes. Upon termination or expiration thereof, the Lennar Landbank Owner would be solely responsible for the payment of taxes, including the Special Taxes, for any Lennar Land that it owns.

Under the terms of the Lennar Option Agreement, the Lennar Landbank Owner granted Lennar Homes the exclusive right and option to purchase all 347 residential lots within Planning Areas B1b1, B1b2, B2, C7 and C8 in consideration for (a) the covenants of Lennar Homes to timely pay monthly option payments; and (b) upon exercise of the option, the payment of the purchase price for each set of lots acquired.

As of the date of this Official Statement, Lennar Homes is in good standing under the Lennar Option Agreement and the Lennar Construction Agreement with the Lennar Landbank Owner. As of May 6, 2026, the Lennar Landbank Owner owned 192 residential lots within Planning Areas B1b1, B1b2, B2, C7 and C8 and Lennar Homes had acquired 155, with 81 of such homes conveyed to individual owners. The 192 remaining residential lots are scheduled to be acquired by Lennar Homes pursuant to the takedown schedule, typically on the eighteenth (18th) calendar day of each month through April 18, 2027, subject to extension rights as provided in the Lennar Option Agreement and further subject to Lennar Homes’ right to acquire more lots than scheduled and at earlier times so long as the lots identified in the takedown schedule are acquired by the applicable takedown date and Lennar Homes complies with the terms under the Lennar Option Agreement for such accelerated closings. The failure to timely acquire lots could result in a termination of the Lennar Option Agreement which could result in Lennar Homes no longer having a right to purchase any of the remaining lots under the Lennar Option Agreement. No assurance can be given that the acquisition of the 192 remaining residential lots within Improvement Area No. 3 Lennar Homes plans to acquire pursuant to the Lennar Option Agreement will occur as expected.

The Lennar Landbank Owner is serving as a land bank for Lennar Homes and is not a homebuilder. In the event Lennar Homes does not acquire the lots owned by the Lennar Landbank Owner, the Lennar Landbank Owner expects to market and sell such lots to another homebuilder.

A summary of the development and ownership of the Lennar Land as of July 1, 2026, is set forth below:

COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
LENNAR HOMES – STATUS OF OWNERSHIP
PLANNING AREAS B1b1, B1b2, B2, C7 and C8
(As of July 1, 2026)

<i>Category</i>	<i>Number</i>
Completed Homes – Conveyed to Homeowners	108
Completed Homes – Owned by Lennar	32 ⁽¹⁾
Homes under Construction – owned by Lennar	60 ⁽²⁾
Homes under Construction – owned by the Lennar Landbank Owner	<u>147⁽³⁾</u>
Total	347

⁽¹⁾ Includes 14 models (none in escrow) and 18 production homes (12 in escrow). Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

⁽²⁾ Includes 34 homes released for sale (12 in escrow and 22 available) and 26 homes that had not been released as of July 1, 2026. Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

⁽³⁾ None of the homes under construction owned by the Lennar Landbank Owner have been released for sale.

Lennar Homes expects to complete construction of all homes within Planning Areas B1b1, B1b2, B2, C7 and C8 by the end of second quarter 2028 and convey all such homes to individual homeowners shortly thereafter.

All approvals and permits required for Lennar’s development of its project on the Lennar Land within Improvement Area No. 3 have been secured for residential construction except for building permits and other approvals required in the normal course of development. As of May 6, 2026, in-tract improvements remaining to be completed within Lennar Homes’ development consist primarily of finishing of streets, curbs, gutters, and landscaping. Lennar Homes expects to complete construction of the remaining in-tract improvements associated with the lots that it owns within Improvement Area No. 3 as home construction on such lots is completed.

The following table sets forth the estimated number of lots, home sizes, and base sales prices for Lennar Homes’ four product lines planned within Improvement Area No. 3.

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COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
LENNAR HOMES –DEVELOPMENT PLANS BY PRODUCT LINE
PLANNING AREAS B1b1, B1b2, B2, C7 and C8
(As of July 1, 2026)

<i>Product Line</i>	<i>Product Type</i>	<i>No. of Lots</i>	<i>Estimated Home Size (Sq. Ft.)</i>	<i>Estimated Base Sales Prices⁽¹⁾</i>
Opal (B1b1, B1b2)	Detached Condo	101	1,704-2,949	\$664,990-\$899,990
Ruby (B2)	Attached Duplex	46	1,976-2,075	\$704,990-\$709,990
	Detached Condo Duplex	21	2,546	\$849,990
Sunstone (C7)	Attached Tripack	28	2,064-2,584	\$699,990-\$864,990
	Detached Condo Tripack	59	2,064	\$849,990
Sapphire (C8)	Detached Condo	<u>92</u>	2,134-2,246	\$719,990-\$759,990
Totals		347		

⁽¹⁾ Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Lennar Homes.

The following table shows the ownership and development status within each of Lennar Homes' product lines in Improvement Area No. 3 as of July 1, 2026.

COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
LENNAR HOMES –DEVELOPMENT STATUS BY PRODUCT LINE
PLANNING AREAS B1b1, B1b2, B2, C7 and C8
(As of July 1, 2026)

<i>Product Line</i>	<i>Closings as of July 1, 2026</i>	<i>Completed Homes/Homes Under Construction/Fees Paid⁽¹⁾</i>	<i>Finished Lots</i>	<i>Unimproved Lots⁽²⁾</i>	<i>Totals</i>
Opal (B1b1, B1b2)	41	60	—	—	101
Ruby (B2)	37	30	—	—	67
Sunstone (C7)	20	67	—	—	87
Sapphire (C8)	<u>10</u>	<u>82</u>	<u>—</u>	<u>—</u>	<u>92</u>
Totals	108	239	0	0	347

⁽¹⁾ Includes 32 completed homes owned by Lennar (including 14 models), 60 homes under construction owned by Lennar and 147 homes under construction owned by the Lennar Landbank Owner.

Source: Lennar Homes.

No assurance can be given that 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 statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Financing Plan. To date, Lennar Homes has financed its land acquisition and various site development and homebuilding costs related to its property in Improvement Area No. 3 through internally generated funds.

As of July 1, 2026, Lennar Homes has expended approximately \$136,485,821 million on land acquisition and development costs and homebuilding costs in Improvement Area No. 3. Lennar Homes expects to incur approximately \$93,901,156 million on remaining land acquisition costs, site development costs and homebuilding costs and approximately \$1,369,625 million on remaining marketing, and sales costs for its projects in Improvement Area No. 3. Lennar Homes expects to use home sales revenues and internal funding to complete its development within Improvement Area No. 3, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Lennar Homes expects to have sufficient funds available to complete its development in Improvement Area No. 3 as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Lennar Homes, Lennar Corporation or any other source when needed. Neither Lennar Homes, nor any of its subsidiaries or related entities are under any legal obligation of any kind to expend funds for the development of and construction of homes on Lennar Homes' property in Improvement Area No. 3. Any contributions by Lennar Homes or Lennar Corporation to fund the costs of such development are entirely voluntary. Lennar Homes has no legal obligation to Bond Owners to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes.

If and to the extent that internal funding, including but not limited to home sales revenue, is inadequate to pay the costs to complete the planned development by Lennar Homes within Improvement Area No. 3 and other financing is not put into place, there could be a shortfall in the funds required to complete the remaining planned development by Lennar Homes in Improvement Area No. 3. Many factors beyond Lennar Homes' control, or a decision by Lennar Homes 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."

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Lennar Homes believes that there is no impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within Improvement Area No. 3 as described in the Official Statement.

Although the information in this Official Statement reflects the current development expectations of Lennar Homes, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth herein will not change after the date of this Official Statement. Lennar Homes reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See "SPECIAL RISK FACTORS – Concentration of Ownership."

The Lennar Landbank Owner. According to the Lennar Landbank Owner, the Lennar Landbank Owner is an affiliate of, and managed by, Angelo Gordon & Co., L.P. ("Angelo Gordon"). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately \$73 billion across a broad range of credit and real estate strategies. Affiliates of the Lennar Landbank Owner have entered into land banking arrangements with Lennar Corporation and its affiliated entities on more than 200 residential development projects. Neither the Lennar Landbank Owner nor Angelo Gordon are affiliated entities of Lennar Homes or the Master Developer.

Richmond American Development

Richmond American. As previously defined in this Official Statement, "Richmond American" is Richmond American Homes of Maryland, Inc., a Maryland corporation. Richmond American is a wholly-owned subsidiary of Sekisui House U.S., Inc., a Delaware corporation ("SHUS"), which was formerly known as M.D.C.

Holdings, Inc., a Delaware corporation and underwent a name change to SHUS on September 4, 2025. SHUS is a wholly-owned subsidiary of Sekisui House, Ltd., a Japanese kabushiki kaisha (“SHL”). Richmond American and its predecessor entity have been building homes in California since 1986. The Southern California division of Richmond American based in Irvine, California, is responsible for the development of its project in Improvement Area No. 3.

SHUS has two primary operations: homebuilding and financial services. SHUS’s homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the under multiple names including “SHAWOOD,” “Chesmar,” “Holt,” “Hubble,” “Richmond American,” and “Woodside.” SHUS’s financial services operations include subsidiary companies that originate mortgage loans, provide title agency services, offer third-party insurance products for Richmond American’s homebuyers, and provide insurance coverage for SHUS subsidiaries and most of Richmond American’s subcontractors.

SHUS continues to voluntarily file public reports with the Securities and Exchange Commission (the “SEC”) setting forth certain data relative to the consolidated results of operations and financial position of SHUS and its subsidiaries, including Richmond American, as of such date. There is no guarantee that SHUS will continue to file such reports or information with the SEC or otherwise make them publicly available.

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 SHUS. The address of such internet web site is www.sec.gov. All documents subsequently filed by SHUS after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

The foregoing internet website and references to filings with the SEC are included for reference only, and the information on such website and on file with the SEC is not a part of this Official Statement and is 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 such website or on file with the SEC, and such website has not been reviewed by the District or the Underwriter. Neither Richmond American nor any other entity or person is obligated to advance funds for construction or development 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 website in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Richmond American purchased 54 lots from the Master Developer within Improvement Area No. 3 which Richmond American plans to develop into 54 single family detached condominiums in a product line being marketed as “Esprit.” Richmond American’s Esprit project is planned for two-story detached condominiums. As of July 1, 2026, Richmond American had conveyed 7 homes to individual homebuyers, and owned three completed model homes, 26 completed homes, 18 finished lots and no homes under construction. Richmond American is under contract for sale of one additional home to an individual owner as of July 1, 2026. Richmond American currently expects to complete and convey all 54 homes that it plans to construct within Improvement Area No. 3 to individual homeowners by first quarter 2029.

The following table summarizes the homes planned within Richmond American's Esprit product line and development status as of July 1, 2026.

ESPRIT
(As of July 1, 2026)

Plan	Total Units Planned	Estimated Home Square Footage	Closings as of July 1, 2026	<u>Owned by Richmond American</u>		
				Completed Homes/Homes Under Construction⁽¹⁾	Finished Lots	Base Home Prices⁽²⁾
Nathanson	16	2,733	2	10	4	\$803,990
Netley	18	2,970	2	10	6	\$850,990
Newarke	<u>20</u>	3,234	<u>3</u>	<u>9</u>	<u>8</u>	\$889,990
	54		7	29	18	

(1) Includes three model homes. Also includes 3 homes classified as Undeveloped Property pursuant to the Rate and Method for Fiscal Year 2026-27 due to Final Map being recorded after January 1, 2026.

(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 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. Richmond American reserves the right to change its development at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Financing Plan. To date, Richmond American has financed its land acquisition and various site development and homebuilding costs related to its property in Improvement Area No. 3 through internally generated funds, which may include home sales revenue and funding from its parent company SHUS. However, home sales revenues for Richmond American's project in Improvement Area No. 3 are not segregated and set aside for completing its project in Improvement Area No. 3.

As of July 1, 2026, Richmond American has expended approximately \$47.6 million on its development projects in Improvement Area No. 3, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs). Richmond American expects to incur approximately \$434,000 on remaining land development costs and approximately \$8.6 million on remaining permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs) related to its project in Improvement Area No. 3. Richmond American expects to use internal funding, which may include home sales revenue and funding from its parent company SHUS to complete its development within Improvement Area No. 3, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Richmond American expects to have sufficient funds available to complete its development in Improvement Area No. 3 as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available to Richmond American when needed. While SHUS 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 other entity or person is under any legal obligation of any kind to expend funds for the development of and construction of homes on Richmond American's property in Improvement Area No. 3. Richmond American has no legal obligation to Bond Owners to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Richmond American or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent that the aforementioned sources are inadequate to pay the costs to complete the planned development by Richmond American within Improvement Area No. 3 and other financing 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 Improvement Area No. 3, and the remaining portions of such development 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."

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Richmond American believes that there is no impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within Improvement Area No. 3 as described in the Official Statement.

Although the information in this Official Statement reflects the current development expectations of Richmond American, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth herein will not change after the date of this Official Statement. Richmond American reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See "SPECIAL RISK FACTORS — Concentration of Ownership."

Toll West Development

Toll West. Toll West Coast LLC, a Delaware limited liability company, is a subsidiary of Toll Brothers, Inc., a Delaware corporation ("TBI"). TBI is a publicly traded company, incorporated in May 1986, whose common stock is listed on the New York Stock Exchange under the symbol "TOL." TBI began doing business through predecessor entities in 1967. Through its subsidiaries, TBI designs, builds, markets, sells, and arranges financing for an array of luxury residential single-family detached homes, attached homes, master-planned, and urban low-, mid-, and high-rise communities.

TBI caters to luxury first-time, move-up, empty-nester (move-down), active-adult and second-home buyers in the United States. TBI also designs, builds, markets, and sells high-density, high-rise urban luxury condominiums with third-party joint venture partners through Toll Brothers City Living® ("City Living"). As of October 31, 2025, TBI operated in 24 states and in the District of Columbia. In the five years ended October 31, 2025, TBI delivered 52,203 homes across 1,061 communities, including 11,292 homes across 556 communities in fiscal year 2025. As of October 31, 2025, TBI had 1,137 communities in various stages of planning, development or operations containing approximately 76,100 home sites that are either owned or controlled by TBI through options.

TBI operates its own architectural, engineering, mortgage, title, land development, insurance, smart home technology and landscaping subsidiaries. TBI also develops master-planned and golf course communities as well as operates, in certain regions, its own lumber distribution, house component assembly and manufacturing operations.

TBI is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files annual and quarterly reports, proxy statements and other information with the Securities Exchange Commission ("SEC"). Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of TBI and its consolidated subsidiaries, including Toll West, as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including TBI. The address of such website is www.sec.gov. All documents filed by TBI 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 TBI's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from TBI's website at www.tollbrothers.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. TBI and Toll West are not obligated to advance funds for construction or development 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 websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the District or the Underwriter.

Development Plan. Toll West purchased 92 lots from the Master Developer within Improvement Area No. 3 which Toll West plans to develop into 92 single family detached homes in a product line being marketed as "Skylar II" and "Volara." Skylar II is planned for 62 two-story detached homes ranging from 3,622 square feet to 3,731 square feet. Volara has been completed with 30 two-story detached homes ranging from 4,045 square feet to 4,273 square feet. As of July 1, 2026, Toll West had conveyed 45 homes in its Skylar II line and all 30 homes in its Volara line to individual homebuyers, and owned 3 completed homes and 14 homes under construction. Toll West is under contract for sale of 5 homes in its Skylar II line to individual owners. Toll West currently expects to complete and convey all 17 remaining homes that it plans to construct within Improvement Area No. 3 to individual homeowners by third quarter 2027.

The following table summarizes the homes planned by Toll West and development status as of July 1, 2026.

**SKYLAR II and VOLARA
(As of July 1, 2026)**

Plan	Total Units Planned	Average Home Square Footage	Closings as of July 1, 2026	Owned by Toll West		Average Base Home Prices ⁽¹⁾
				Completed Homes/Homes Under Construction	Finished Lots	
Skylar II	62	3,686	45	17 ⁽²⁾	0	\$1,374,342
Volara	<u>30</u>	4,140	<u>30</u>	<u>0</u>	<u>0</u>	1,515,895
	92		75	17	0	

⁽¹⁾ Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

⁽²⁾ Includes 5 homes under contract for sale as of July 1, 2026.

Source: Toll West.

No assurance can be given that 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. Toll West reserves the right to change its development at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Financing Plan. To date, Toll West has financed its land acquisition and various site development and homebuilding costs related to its property in Improvement Area No. 3 through internally generated funds, (which

may include home sales revenue and funding from its parent company, TBI). As of July 1, 2026, Toll West has expended approximately \$116.23 million on its development projects in Improvement Area No. 3, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs). Toll West expects to incur approximately \$0.68 million on remaining land development costs and approximately \$1.06 million on remaining permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs) related to its project in Improvement Area No. 3. Toll West expects to use internal funding (which may include home sales revenue and funding from its parent company TBI) to complete its development within Improvement Area No. 3, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Notwithstanding the belief of Toll West that it will have sufficient funds to complete its planned development in Improvement Area No. 3, no assurance can be given that sources of financing available to Toll West will be sufficient to complete its development in Improvement Area No. 3 as currently anticipated. While Toll West 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 Toll West nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of Toll West to provide internal financing in the past, Toll West has not represented in any way that it will do so in the future.

If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete Toll West's planned development in Improvement Area No. 3 as currently anticipated and other financing by Toll West is not put into place, there could be a shortfall in the funds required to complete the planned development by Toll West in Improvement Area No. 3 and portions of the project may not be developed.

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Toll West believes that there is no impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within Improvement Area No. 3 as described in the Official Statement.

Although the information in this Official Statement reflects the current development expectations of Toll West, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth herein will not change after the date of this Official Statement. Toll West reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See "SPECIAL RISK FACTORS — Concentration of Ownership."

SPECIAL RISK FACTORS

The Bonds have not been rated by any rating agency, and the purchase of the Bonds involves significant risks that are not appropriate for certain 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. 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 Improvement Area No. 3 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 Improvement Area No. 3. See "— Property Values" below.

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 in Improvement Area No. 3, 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 Improvement Area No. 3 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.

Insufficiency of Special Tax Revenues

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 a Reserve Account under the Indenture to be maintained in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund.” The District will covenant in the Indenture to maintain in the Reserve Account an amount equal to the 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 E hereto. As a result, if a significant number of Special Tax delinquencies occurs within Improvement Area No. 3, the District could be unable to replenish the Reserve Account to the 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 Reserve Account could be depleted and a default on the Bonds could occur.

The Act provides that, if any property within Improvement Area No. 3 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 Improvement Area No. 3 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 Improvement Area No. 3. 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 Improvement Area No. 3 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 are instituted with respect to property in Improvement Area No. 3 in the future, 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 Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the County on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in Improvement Area No. 3, subject to limitations described above under the caption “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — 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 Reserve Account to an amount equal to the 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 Improvement Area No. 3 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 County 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.)

Concentration of Ownership

Based on development and ownership status as of May 6, 2026, individual homeowners and the Merchant Builders (or their land banking entities, as applicable) are expected to be responsible for approximately 39.60% and 60.40%, respectively, of the estimated Fiscal Year 2026-27 Special Tax levy.

As described above under “PROPERTY OWNERSHIP AND THE DEVELOPMENT— Lennar Development,” Lennar Homes has entered into an agreement with its landbank to acquire lots within Improvement Area No. 3 in phased takedowns. As of May 6, 2026, the Lennar Landbank Owner owned 192 lots within Improvement Area No. 3. During the term of the Lennar Option Agreement, Lennar Homes is contractually obligated to pay the Special Taxes levied on the property subject to agreement. However, in the event the Lennar Option Agreement is terminated prior to Lennar Homes having acquired all lots thereunder, the Special Taxes would continue to be levied on property owned by the Lennar Landbank Owner. No assurances can be made of the willingness and ability of the Lennar Landbank Owner, or its affiliates, to pay

such Special Taxes. The District is aware that affiliates of the Lennar Landbank Owner have other landbank arrangements with real estate development entities in addition to those within Improvement Area No. 3.

The timely payment of principal of and interest on the Bonds depends upon the willingness and ability of the current and future property owners in Improvement Area No. 3 to pay the Special Taxes prior to delinquency. General and local economic conditions and governmental requirements or restrictions may affect the willingness of the current property owners, or any successor property owners, to pay the Special Taxes, and there is no assurance that the current property owners, or any successor property owners, will pay such Special Taxes even if financially able to do so. Due to the concentration of ownership of the property within Improvement Area No. 3, a failure by any of the Merchant Builders, the land bank described herein, or any successor property owner thereto to pay the Special Taxes may result in a default in the payment of debt service on the Bonds. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Property Values

The value of the property within Improvement Area No. 3 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 DISTRICT AND IMPROVEMENT AREA NO. 3 — Appraisal Report” and Appendix D — “APPRAISAL REPORT AND BRING FORWARD LETTER.”

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Original Appraisal Report, that as of the Date of Value, the aggregate value of the land and improvements within Improvement Area No. 3 subject to the Special Tax was \$308,152,000. In the Bring Forward Letter, the Appraiser concluded, based on the assumptions and limiting conditions set forth therein, that as of July 1, 2026, the aggregate value of the appraised properties was not less than \$308,152,000. See “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — Appraisal Report.” The Appraisal Report indicates the Appraiser’s opinion as to the market value of the properties 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 Value. 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.

Prospective purchasers of the Bonds should not assume that the taxable land within Improvement Area No. 3 could be sold for the appraised amount or for the assessed values at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the property in Improvement Area No. 3, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See Appendix D — “APPRAISAL REPORT AND BRING FORWARD LETTER” 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 taxable land and improvements within Improvement Area No. 3 from the market value estimated by the Appraiser.

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 “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*.”

Natural Disasters

Improvement Area No. 3, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity

represents a potential risk for damage to buildings, roads, bridges and property within Improvement Area No. 3. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within Improvement Area No. 3 is located in an Alquist-Priolo Earthquake Study Zone, but is not located within one-half mile of an active earthquake fault. Additionally, Improvement Area No. 3 is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

Portions of Improvement Area No. 3 are located in an area which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. Therefore, there is a risk of residential property within Improvement Area No. 3 being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of Improvement Area No. 3. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in Improvement Area No. 3. 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 Improvement Area No. 3 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 Improvement Area No. 3 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 Improvement Area No. 3. 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 Improvement Area No. 3 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.

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 Improvement Area No. 3 on the regular ad valorem property tax bills sent to owners of such properties by the County 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 E — “SUMMARY OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants” 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 “— FDIC/Federal Government Interests in Parcels” 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 foreclose on the lien of the Special Taxes in certain circumstances.

FDIC/Federal Government Interests in Parcels

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the “FDIC”), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of the FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the nonpayment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling

favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution “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, anything in the Constitution or Laws of any State to the contrary notwithstanding.” In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property 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. For a discussion of risks associated with taxable parcels within Improvement Area No. 3 becoming owned by the federal government, federal government entities or federal government sponsored entities, see “—Insufficiency of Special Tax Revenues.”

The District’s remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Direct and Overlapping Indebtedness

The ability of an owner of property within Improvement Area No. 3 to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See “THE DISTRICT AND IMPROVEMENT AREA NO. 3 — Direct and Overlapping Debt” herein. The County and other public agencies whose boundaries overlap those of Improvement Area No. 3 could impose additional taxes or assessment liens on the property within Improvement Area No. 3 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 Improvement Area No. 3 through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within Improvement Area No. 3.

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 Special Taxes 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.

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.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the County. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the County 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 County or force the forfeiture of any County or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the County or a legal or equitable pledge, charge, lien or encumbrance upon any of the County's or the District's property or upon any of the County'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 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 Los Angeles. 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 Reserve Account. See the caption "— Enforcement Delays — *Bankruptcy.*"

Ballot Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the County, or other local agencies to increase revenues or to increase appropriations.

Proposition 218

An initiative measure entitled “The Right to Vote on Taxes Act” (“Proposition 218”) was approved by the voters at the November 5, 1996 statewide general election. Among other things, Proposition 218 added a new Article XIII C to the California Constitution which 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. While the application of Proposition 218 in this context has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely that Proposition 218 has conferred on the voters the power to effect a repeal or reduction of the Special Tax if the result thereof would be to impair the security of the Bonds.

It may be possible, however, for voters or the Board of Supervisors, 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. Therefore, no assurance can be given with respect to the future levy of Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant in the Indenture that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for Improvement Area No. 3, 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 Improvement Area No. 3 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. The District also will covenant that, in the event an initiative is adopted which purports to reduce or otherwise 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.

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 had issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became

the court's final order. As described below, this case involved 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 Improvement Area No. 3 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 Improvement Area No. 3. 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. Property owners in Improvement Area No. 3 approved the Special Tax by unanimous consent and approval. 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 C.

Loss of Tax Exemption

As discussed under the heading "TAX EXEMPTION," interest on the Bonds could cease to be excluded from 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 or the County. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

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.

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 financial and operating information, there can be no assurance that such information will be available to Bond owners on a timely basis. The failure to provide the required annual financial information 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.

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 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.

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

Property owners within Improvement Area No. 3 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 County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. In May 2016, a phishing email attack occurred in which the perpetrator accessed usernames and passwords of County employees and caused a breach of information for over 750,000 individuals. The County's District Attorney Cyber Investigative Response Team found the perpetrator and criminal charges were filed. After the incident, the County created the Office of Privacy within the Chief Executive Office, Risk Management Branch. In collaboration with the Chief Information Security Officer, the Office of Privacy oversees and coordinates the privacy, security, and policies of the County that relate to personally identifiable and protected health information. The Office of Privacy works with other county offices and officials, including information security and law enforcement personnel and data experts, to protect

confidential information from unauthorized disclosures and to comply with Federal and State privacy and information technology security regulations and best practices.

In November 2018, the Board adopted revised Information Technology and Security Board Policies which set forth directives on best practices for use of the County’s computer systems. These policies include an Information Security Policy, an Information Classification Policy, a Use of County Information Assets Policy, an Information Security Incident Reporting and Response Policy and an Information Technology Audit and Risk Assessment Policy. The County uses a risk-based approach to manage cybersecurity threats, which allows the County to evaluate the vulnerabilities of its systems and the threats posed thereto so that the County may timely react to and address each situation. The County also conducts cybersecurity awareness training as a component of its cyber liability insurance policy.

No assurances can be given that the County’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County’s computer and information technology systems could impact its operations and damage the County’s digital networks and systems, and the costs of remedying any such damage could be substantial.

CONTINUING DISCLOSURE

District Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate, dated as of September 1, 2026 (the “Disclosure Certificate”), to be executed and delivered by the District at the time of issuance of the Bonds, the District will covenant for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by March 1 following the end of the District’s Fiscal Year (currently its Fiscal Year ends on June 30) (the “Annual Report”), commencing with the Annual Report for the Fiscal Year ending June 30, 2026, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix F — “FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12.

The County has adopted policies and procedures with respect to its continuing disclosure practices.

The annual report for the Fiscal Year ending 2021 for the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) and the Los Angeles County Facilities Inc. Lease Revenue Bonds, Series 2018A and 2018B (Vermont Corridor County Administration Building) did not identify all applicable CUSIPs of each respective issue. The County filed notices of failure to file the annual reports and the respective annual reports with all applicable CUSIPs. The audited financial statements for Fiscal Year ending June 30, 2024 and June 30, 2025, timely filed by the County on EMMA, did not initially identify applicable CUSIPs for the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 2) Special Tax Bonds, Series 2024. [The County has since made a corrective filing linking all such CUSIPs]. In addition, the County filed its Fiscal Year 2021-22 Annual Comprehensive Financial Report with respect to the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 1) Special Tax Bonds, Series 2022 five months late.

Lennar Continuing Disclosure

To provide updated information with respect to its development within Improvement Area No. 3, Lennar Homes will enter into the Continuing Disclosure Certificate in the form attached hereto as Appendix G (the “Lennar Continuing Disclosure Certificate”), and will covenant to provide a Semi-Annual Reports not later than September 30 and March 31 of each year, beginning March 31, 2027, until satisfaction of certain conditions set forth in the Lennar Continuing Disclosure Certificate. The Semi-Annual Reports to be provided by Lennar

Homes will contain updates regarding its development within Improvement Area No. 3 as outlined in Section 4 of the Lennar Continuing Disclosure Certificate attached as APPENDIX G. In addition to its Semi-Annual Reports, Lennar Homes will agree to provide notices of certain events relating to Lennar Homes as set forth in the Lennar Continuing Disclosure Certificate. Under the Lennar Continuing Disclosure Certificate, Lennar will also agree to provide in its Semi-Annual Reports, certain information relating to the property that Lennar Homes has an option to acquire under the Lennar Option Agreement and owned by the Lennar Landbank Owner, and notices of certain events relating to the Lennar Landbank Owner that are known to Lennar Homes.

Lennar Homes' obligations under the Lennar Continuing Disclosure Certificate will terminate upon the earliest of: (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or (b) the date on which Lennar Homes owns or has an option under the Lennar Option Agreement to acquire fewer than 102 residential lots (or property intended to be subdivided into fewer than 102 residential lots) in Improvement Area No. 3 subject to the Special Tax.

Lennar has advised the County that, based on a review of prior continuing disclosure obligations in California, other than as disclosed below, Lennar is not aware of any material failures by it to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it to provide periodic continuing disclosure reports or notices of material events with respect to community facilities districts or assessment districts in California within the past five years. However, in connection with the \$5,795,000 City of Rancho Cordova Grantline 208 Community Facilities District No. 2018-1 Special Tax Bonds, Series 2021B, Lennar inadvertently failed to file the initial annual report by the due date of April 1, 2023, but filed a curative report on September 21, 2023.

TAX EXEMPTION

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. However, it should be noted that, 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 Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner will increase the Beneficial 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 County and others and is subject to the condition that the District, the County and others making such representations 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 County will covenant to comply with all such requirements.

The amount by which a Beneficial 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 Beneficial 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 Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial 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 other 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 of issuance of the Bonds. 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 will render 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 County continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) 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.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

LEGAL OPINION

The legal opinion of Bond Counsel approving the validity of the Bonds, in substantially the form set forth as Appendix C hereto, will be made available to purchasers of the Bonds at the time of original delivery of the Bonds. Certain legal matters will be passed upon for the County and the District by County Counsel, and for the District by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, for the Underwriter by Anzel Galvan LLP, and for the Trustee by its counsel. Bond Counsel undertakes no responsibility to the purchasers of the Bonds for the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, County Counsel will deliver an opinion to the effect that, to their actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the District, which would adversely impact the District's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Taxes, or the transactions described herein.

NO RATING

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

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being the \$_____ aggregate principal amount of the Bonds, less an Underwriter's discount of \$_____, plus [net] original issue premium of \$_____). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation is contingent upon the successful issuance of the Bonds.

Under certain circumstances, the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower or yields higher than those stated on the page immediately following the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the County and to persons and entities with relationships with the County, for which they received or will receive customary fees and expenses. In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities

or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

FINANCIAL INTERESTS

The fees being paid to the Underwriter and its counsel, Bond Counsel, Disclosure Counsel and the Trustee are contingent upon the issuance and delivery of the Bonds. From time to time, Stradling Yocca Carlson & Rauth LLP, represents the Underwriter on matters unrelated to the Bonds.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Fieldman, Rolapp & Associates, Inc., is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the County.

The execution and delivery of this Official Statement by the Treasurer and Tax Collector of the County has been duly authorized by the Board of Supervisors of the County acting in its capacity as the legislative body of the District.

COUNTY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 2021-01 (VALENCIA-
FACILITIES)

By: _____
ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector
County of Los Angeles

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) IMPROVEMENT AREA NO. 3

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 3 ("IA No. 3") of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) ("CFD No. 2021-01 (IA No. 3)") and collected each Fiscal Year commencing in Fiscal Year 2023-2024, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-01 (IA No. 3), unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the number of acres within a Plot of Land 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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, of Part 1 of 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. 2021-01 (IA No. 3): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County 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 County, CFD No. 2021-01 (IA No. 3) or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2021-01 (IA No. 3) or any designee thereof of complying with County, CFD No. 2021-01 (IA No. 3), major property owner, or obligated persons 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 of the County, CFD No. 2021-01 (IA No. 3), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2021-01 (IA No. 3) for any other administrative purposes of CFD No. 2021-01 (IA No. 3), 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.

"Apartment Floor Area" means the total building square footage of Apartment Property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the Building Permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the CFD Administrator.

“Apartment Property” means Assessor’s Parcels for which Building Permits have been issued for Dwelling Units located in a building or buildings comprised of Dwelling Units available for rent, but not purchase, by the general public and under common management.

“Assessor’s Parcel” means any real property to which an Assessor’s Parcel Number is assigned as shown on an Assessor’s Parcel Map.

“Assessor’s Parcel Map” means an official map of the County Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

“Attached Property” means, in any Fiscal Year, all Residential Property for which Building Permits were issued for construction of a residential structure consisting of two or more Dwelling Units that share common walls, including garage walls. Dwelling Units to be included in this category shall include, but not be limited to, townhomes, condominiums, triplex units, and duplex units. Dwelling Units on Apartment Property shall be excluded from this category.

“Authorized Facilities” means the facilities authorized to be financed by CFD No. 2021-01 (IA No. 3).

“Backup Special Tax” means the Special Tax of that name described in Section C below.

“Board” means the Board of Supervisors of the County.

“Bonds” means any bonds or other debt as defined in Section 53317(d) of the Act, whether in one or more series, issued by CFD No. 2021-01 (IA No. 3) under the Act.

“Boundary Map” means a recorded map which indicates the boundaries of CFD No. 2021-01 (IA No. 3).

“Building Permit” means the first legal document issued by the County giving official permission for the construction of a building on an Assessor’s Parcel. For purposes of this definition and application of the Special Tax, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, 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 County, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2021-01 (IA No. 3)” means Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia–Facilities).

“Cluster Property” means Assessor’s Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to (i) share a lot, designated by a Final Map, with one or more Dwelling Units; and (ii) be surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator. Dwelling Units to be included in this category shall include, but not be limited to, 3-Pack units, 8-Pack units, and 10-Pack units.

“County” means the County of Los Angeles.

“Detached Property” means Assessor’s Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to be (i) each located on a separate lot designated by a Final Map, and (ii) surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator.

“Developed Property” means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

“Dwelling Unit” means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, apartment, mobile home, or otherwise, excluding hotels and motels.

“Exempt Welfare Property” means, for each Fiscal Year, an Assessor’s Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s assessor’s roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds any Assessor’s Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Property and will be subject to the Special Tax.

“Final Map” means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which Building Permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

“Final Mapped Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Improvement Area No. 3” or **“IA No. 3”** means Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities).

“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 Class” means any of the categories listed in Table 1 herein.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel within CFD No. 2021-01 (IA No. 3).

“Non-Residential Floor Area” means the total building square footage of the non-residential building(s) located on an Assessor’s Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or to the appropriate records kept by the County, as reasonably determined by the CFD Administrator.

“Non-Residential Property” means all Assessor’s Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor’s Parcel is Non-Residential Property.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax obligation for an Assessor’s Parcel, as described in Section G.2.

“Plot of Land” means with respect to an Assessor’s Parcel, the entire physical land area described on the first sheet of the applicable book and page of the Assessor’s Parcel Map on which such Assessor’s Parcel is identified.

“Prepayment Amount” means the amount required to prepay the Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.1.

“Property Owner’s Association” means, collectively, any property owner association or homeowners association, including any master- or sub-association, created for or applicable to CFD No. 2021-01 (IA No. 3).

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2021-01 (IA No. 3) that was owned by (i) a Property Owner Association, as of January 1 of the prior Fiscal Year, or (ii) a transportation management organization, as of January 1 of the prior Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. For Taxable Property Owner Association Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Property Owner Association Property. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property.

“Public Property” means, for each Fiscal Year, any property within CFD No. 2021-01 (IA No. 3) that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, or any other public agency as of June 30 of the prior Fiscal Year; 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 in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment of Special Taxes, County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) Improvement Area No. 3.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a 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(s) issued for such Dwelling Unit.

“Residential Property” means Developed Property, exclusive of Apartment Property, for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

“Special Tax” means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds to the extent such establishment or replenishment has not been included in a computation of the Special Tax Requirement in a previous Fiscal Year; (v) pay directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; and (vi) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for CFD No. 2021-01 (IA No. 3) as determined by the CFD Administrator; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2021-01 (IA No. 3) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“Taxable Public Property” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“Total Floor Area” means the sum of the Residential Floor Area and the Non-Residential Floor Area located on an Assessor’s Parcel.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Final Mapped Property, Public Property, or Property Owner’s Association Property.

B ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property.

Assessor’s Parcels of Developed Property shall further be classified as Residential Property, Apartment Property, or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall then be classified as a Detached Property, Cluster Property, or Attached Property. Each Assessor’s Parcel of Detached Property, Cluster Property, or Attached Property shall be further categorized into Land Use Classes based on its Residential Floor Area and assigned the appropriate Assigned Special Tax rate.

The determination of the Residential Floor Area shall be made by reference to the original Building Permit issued for the Dwelling Unit of an Assessor’s Parcel. The Building Permit may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the County after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax that may be levied on all Assessor’s

Parcels of Taxable Property in each year will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses in each year.

C MAXIMUM SPECIAL TAX RATE

C.1 Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax and (ii) the amount derived by application of the Backup Special Tax.

C.1.a Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Detached Property, Cluster Property, Attached Property, Apartment Property, and Non-Residential Property shall be subject to an Assigned Special Tax. The Fiscal Year 2023-2024 Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 below.

Table 1: Fiscal Year 2023-2024 Assigned Special Taxes for Developed Property

Land Use Class	Description	Assigned Special Tax
1	DETACHED PROPERTY ($\geq 4,201$ SF)	\$7,172 PER DWELLING UNIT
2	DETACHED PROPERTY (4,001 - 4,200 SF)	\$6,755 PER DWELLING UNIT
3	DETACHED PROPERTY (3,801 - 4,000 SF)	\$6,340 PER DWELLING UNIT
4	DETACHED PROPERTY (3,601 - 3,800 SF)	\$5,925 PER DWELLING UNIT
5	DETACHED PROPERTY (3,401 - 3,600 SF)	\$5,509 PER DWELLING UNIT
6	DETACHED PROPERTY (3,201 - 3,400 SF)	\$5,094 PER DWELLING UNIT
7	DETACHED PROPERTY (3,001 - 3,200 SF)	\$4,679 PER DWELLING UNIT
8	DETACHED PROPERTY (2,801 - 3,000 SF)	\$4,263 PER DWELLING UNIT
9	DETACHED PROPERTY (2,601 - 2,800 SF)	\$3,847 PER DWELLING UNIT
10	DETACHED PROPERTY ($< 2,601$ SF)	\$3,017 PER DWELLING UNIT
11	CLUSTER PROPERTY ($\geq 3,101$ SF)	\$4,199 PER DWELLING UNIT
12	CLUSTER PROPERTY (2,901 - 3,100 SF)	\$3,951 PER DWELLING UNIT
13	CLUSTER PROPERTY (2,701 - 2,900 SF)	\$3,706 PER DWELLING UNIT
14	CLUSTER PROPERTY (2,501 - 2,700 SF)	\$3,567 PER DWELLING UNIT
15	CLUSTER PROPERTY (2,301 - 2,500 SF)	\$3,349 PER DWELLING UNIT
16	CLUSTER PROPERTY (2,101 - 2,300 SF)	\$3,163 PER DWELLING UNIT
17	CLUSTER PROPERTY (1,901 - 2,100 SF)	\$2,956 PER DWELLING UNIT
18	CLUSTER PROPERTY (1,701 - 1,900 SF)	\$2,749 PER DWELLING UNIT
19	CLUSTER PROPERTY (1,501 - 1,700 SF)	\$2,542 PER DWELLING UNIT
20	CLUSTER PROPERTY ($< 1,501$ SF)	\$2,231 PER DWELLING UNIT
21	ATTACHED PROPERTY ($\geq 2,451$ SF)	\$2,976 PER DWELLING UNIT
22	ATTACHED PROPERTY (2,301 - 2,450 SF)	\$2,840 PER DWELLING UNIT
23	ATTACHED PROPERTY (2,151 - 2,300 SF)	\$2,643 PER DWELLING UNIT
24	ATTACHED PROPERTY (2,001 - 2,150 SF)	\$2,456 PER DWELLING UNIT
25	ATTACHED PROPERTY (1,851 - 2,000 SF)	\$2,310 PER DWELLING UNIT
26	ATTACHED PROPERTY (1,701 - 1,850 SF)	\$2,199 PER DWELLING UNIT
27	ATTACHED PROPERTY (1,551 - 1,700 SF)	\$1,978 PER DWELLING UNIT
28	ATTACHED PROPERTY (1,401 - 1,550 SF)	\$1,867 PER DWELLING UNIT
29	ATTACHED PROPERTY (1,251 - 1,400 SF)	\$1,645 PER DWELLING UNIT
30	ATTACHED PROPERTY (1,101 - 1,250 SF)	\$1,534 PER DWELLING UNIT
31	ATTACHED PROPERTY (951 - 1,100 SF)	\$1,312 PER DWELLING UNIT
32	ATTACHED PROPERTY (801 - 950 SF)	\$1,202 PER DWELLING UNIT
33	ATTACHED PROPERTY (651 - 800 SF)	\$979 PER DWELLING UNIT
34	ATTACHED PROPERTY (< 651 SF)	\$924 PER DWELLING UNIT
35	APARTMENT PROPERTY	\$0.52 PER SQUARE FOOT OF APARTMENT FLOOR AREA
36	NON-RESIDENTIAL PROPERTY	\$0.316 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

On each July 1, commencing on July 1, 2024, the Assigned Special Tax rates in Table 1 shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.

C.1.b Backup Special Tax

- i. The Backup Special Tax for a Final Map, in Fiscal Year 2023-2024, shall equal the lesser of (a) the amount per Acre for each such Final Map as shown in Table 2 below, and (b) the amount in connection with any reduction in the Assigned Special Tax as set forth in Section H herein.

Table 2: Fiscal Year 2023-2024 Backup Special Tax

Final Map	Backup Special Tax
61105-32	\$13,709 PER ACRE
61105-33	\$52,677 PER ACRE
61105-34	\$108,568 PER ACRE
61105-35	\$30,659 PER ACRE
61105-36	\$94,990 PER ACRE
61105-37	\$97,325 PER ACRE
61105-40	\$59,602 PER ACRE
ALL OTHER FINAL MAPS (excluding Apartment Property)	\$44,147 PER ACRE

For each Final Map identified in Table 2 above, the Backup Special Tax for shall be calculated according to the following formulas:

- Backup Special Tax for Residential Property per Dwelling Unit for Fiscal Year 2023-2024 = ((Backup Special Tax) X (Acreage of all Assessor's Parcels of Residential Property in Final Map)) / (Number of Dwelling Units of Residential Property in Final Map).
 - Backup Special Tax for Apartment Property for Fiscal Year 2023-24 shall be the amount per Acre for the applicable Final Map as shown in Table 2 above.
 - The Backup Special Tax for Non-Residential Property in a Final Map for Fiscal Year 2023-2024 shall be \$44,147 per Acre.
- ii. On each July 1, commencing July 1, 2024, the Backup Special Tax for each Final Map shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.
- iii. Furthermore, all Assessor's Parcels within CFD No. 2021-01 (IA No. 3) shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the CFD Administrator calculates that the annual debt service required for the Outstanding Bonds, when compared to the Assigned Special Tax that shall be levied against all Assessor's Parcels of Developed Property in CFD No. 2021-01 (IA No. 3), results in 110% debt service coverage (i.e., the Assigned Special Tax that shall be levied against all Developed Property in CFD No. 2021-01 (IA No. 3) in each remaining Fiscal Year based on the then existing development is at least equal to the sum of (a) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (b) the Administrative Expenses as defined in Section A herein), and all authorized Bonds have already been issued or the County has covenanted that it shall not issue any additional Bonds (except refunding bonds) to be supported by the Assigned Special Taxes in CFD No. 2021-01 (IA No. 3).

C.2 Final Mapped Property

The Fiscal Year 2023-2024 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property expected to be classified as Residential Property shall be the Backup Special Tax computed pursuant to Section C.1.b above.

On each July 1, commencing July 1, 2024, the Maximum Special Tax for Final Mapped Property shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.

C.3 Undeveloped Property, Taxable Property Owner Association Property, and/or Taxable Public Property.

The Fiscal Year 2023-2024 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property shall be \$44,147 per Acre.

On each July 1, commencing July 1, 2024, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.

C.4 Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The annual Maximum Special Taxes levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel. If an Assessor's Parcel of Developed Property includes either Apartment Property or Non-Residential Property, the Acreage to be assigned to such property for purposes of establishing the Special Tax shall be an amount proportional to the Total Floor Area associated with Apartment Property or Non-Residential Property, as applicable. Furthermore, for a condominium plan, if only a portion of its Building Permits have been issued, the remaining portion of the condominium plan shall be considered Final Mapped Property. The CFD Administrator's allocation to each type of property shall be final.

D APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax each Fiscal Year as follows:

First: The Special Tax shall be levied (i) on each Assessor's Parcel of Developed Property at 100% of the applicable Assigned Special Tax rates until the earlier of (a) the Fiscal Year following the issuance of the last series of Bonds secured by the Special Tax, (b) the third Fiscal Year following the Fiscal Year in which the first series of Bonds secured by the Special Tax were issued, and (c) the fifth Fiscal Year following the Fiscal Year in which the Special Tax were first levied; and (ii) thereafter, Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax rates to satisfy the Special Tax Requirement.

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

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

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax on 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 Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

E EXEMPTIONS

No Special Tax shall be levied on up to 42.78 Acres of Property Owner Association Property or Public Property in CFD No. 2021-01 (IA No. 3). Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property in CFD No. 2021-01 (IA No. 3) becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step and sixth step in Section D above, respectively, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

In addition, no special tax shall be levied on welfare property. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds any Assessor's Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Property and will be subject to the Special Tax.

F APPEALS AND INTERPRETATIONS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 eliminate or reduce the Special Tax on the appellant's property. If the CFD Administrator disagrees with the appellant, then the Special Tax will remain unchanged.

Interpretations may be made by the CFD Administrator for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G PREPAYMENT

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$32.2 million or such lower amount (i) authorized by the Board to provide the public facilities to be funded under CFD No. 2021-01 (IA No. 3), or (ii) determined by the Board

concurrently with a covenant that it will not issue any more Bonds to be supported by the Special Tax levied under this Rate and Method of Apportionment.

“Construction Fund” means a fund held by the Trustee for Improvement Area No. 3 to fund CFD Public Facilities.

“Future Facilities Cost” means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

“Outstanding Bonds” means all previously issued Bonds secured by the levy of the Special Tax 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 the Special Tax.

G.1 Prepayment in Full

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not exempt pursuant to Section E. The Maximum Special Tax obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non refundable deposit determined to cover the cost to be incurred by CFD No. 2021-01 (IA No. 3) in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

Prepayment Amount

Bond Redemption Amount

plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit

Total: equals Special Tax Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.

2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Cost.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel, which amount shall not be less than \$0 (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2021-01 (IA No. 3), including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance

in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, the capitalized interest credit (the “Capitalized Interest Credit”) shall be calculated by multiplying the quotient derived pursuant to paragraph 3 by the expected balance in the capitalized interest account after such first interest payment.
15. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit, less the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2021-01 (IA No. 3).

The Prepayment Amount may not be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for the Assessor’s Parcel from the County tax roll. With respect to any Assessor’s Parcel for which the Maximum Special Tax obligation is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor’s Parcel, and the obligation to pay the Special Tax for such Assessor’s Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on all Assessor’s Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

G.2 Prepayment in Part

The Maximum Special Tax obligation for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not exempt pursuant to Section E, may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = The partial prepayment;

P_E = The Prepayment Amount calculated according to Section G.1;

- F = The percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax obligation; and
- A = The Administrative Fees and Expenses determined pursuant to Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2021-01 (IA No. 3) in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 2021-01 (IA No. 3) that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of Special Tax obligation will continue on the Assessor's Parcel pursuant to Section D.

H SPECIAL TAX REDUCTION

The following definitions apply to this Section H:

"Base Price" means, with respect to the Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Dwelling Units, estimated by the Price Point Consultant as of such date, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

"Plan Type" means a discrete residential plan type generally consisting of Dwelling Units that share a common product type (e.g., detached, attached, and cluster) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2021-01 (IA No. 3) as identified in the Price Point Study.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 2021-01 (IA No. 3) that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Dwelling Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Dwelling Units in community facilities districts, (c) is independent and not under the control of CFD No. 2021-01 (IA No. 3), the County, or the developer, (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2021-01 (IA No. 3), the County, any owner of real property in CFD No. 2021-01 (IA No. 3), or any real property in CFD No. 2021-01 (IA No. 3), and (e) is not connected with CFD No. 2021-01 (IA No. 3) or the County as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2021-01 (IA No. 3) or the County.

"Price Point Study" means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2021-01 (IA No. 3), (c) sets forth the estimated number of constructed and expected Dwelling Units for each Plan Type, (d) sets forth estimates of the Base Price for each Plan Type and (e) uses a date for establishing such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein.

“Total Effective Tax Rate” means, for a Plan Type, (a) the Total Tax Burden for such Plan Type divided by (b) the Base Price for such Plan Type, converted to a percentage.

“Total Effective Tax Rate Limit” means 1.85%.

“Total Tax Burden” means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax and estimated ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Dwelling Units of such Plan Type in CFD No. 2021-01 (IA No. 3) in such Fiscal Year or that would have been levied or imposed on all such Dwelling Units had these Dwelling Units been subject to such levies (excluding homeowner’s association dues and Property Assessed Clean Energy (“PACE”) charges imposed pursuant to AB 811 or SB 555, that are levied on individual Assessor’s Parcels).

Special Tax Reduction

The Special Tax reduction shall be determined as follows (capitalized terms are defined above):

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2021-01 (IA No. 3) for evaluating the Special Tax:

Step No.:

1. At least 30 days prior to the issuance of the first series of Bonds, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2021-01 (IA No. 3).
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2021-01 (IA No. 3), the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in CFD No. 2021-01 (IA No. 3) is less than or equal to the Total Effective Tax Rate Limit, then there shall be no change in Special Tax for such Land Use Class in CFD No. 2021-01 (IA No. 3).
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in CFD No. 2021-01 (IA No. 3) is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax for that Land Use Class in CFD No. 2021-01 (IA No. 3), such that the revised Assigned Special Tax does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit.
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax per Acre for each applicable Final Map within CFD No. 2021-01 (IA No. 3). The revised Backup Special Tax for applicable Final Map shall be an amount (rounded to the nearest whole dollar) calculated pursuant to the formula below:

$$\text{Revised BST} = \text{BST} \times (1 + [(\text{Revised AST} - \text{AST})/(\text{AST})])$$

Revised BST = The revised Backup Special Tax for the Final Map.

BST = The Backup Special Tax for the Final Map, as set forth in Section C.1.b.

Revised AST = The total estimated Assigned Special Tax levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD No. 2021-01 (IA No. 3), including any reduced Assigned Special Taxes resulting from the calculations in step 3.b. above.

AST = The total estimated Assigned Special Tax levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD No. 2021-01 (IA No. 3) based on the Assigned Special Taxes in effect prior to the reduction pursuant to steps 3.a. and 3.b.

5. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to Amend the Special Tax to CFD No. 2021-01 (IA No. 3). The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Section C.1.b. that was not revised as determined pursuant to step 4 above.
6. If the anticipated date of issuance for the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2021-01 (IA No. 3) shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be as set forth in such Certificate to Amend the Special Tax. If the Date of Issuance of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2021-01 (IA No. 3) and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
7. After the execution by CFD No. 2021-01 (IA No. 3) of the acknowledgement on the Certificate to Amend the Special Tax, CFD No. 2021-01 (IA No. 3) shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2021-01 (IA No. 3) reflecting the Assigned Special Tax and the Backup Special Tax for CFD No. 2021-01 (IA No. 3) set forth in such Certificate to Amend the Special Tax.
8. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Assigned Special Tax or Backup Special Tax, and no Certificate to Amend the Special Tax shall be required.

I MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 2021-01 (IA No. 3) may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

J TERM OF SPECIAL TAX

The Special Tax shall be levied until the earlier of (i) the final maturity of the Bonds or (ii) 40 years after the commencement of the Special Tax, provided that the Special Tax shall not be levied after Fiscal Year 2063-2064. The Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the Bonds have been paid, no delinquent Special Taxes remain uncollected, and the County has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

EXHIBIT A

CERTIFICATE TO AMEND THE SPECIAL TAX

COUNTY OF LOS ANGELES

COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA FACILITIES)

IMPROVEMENT AREA NO. 3

TAX REDUCTION CERTIFICATE

1. Pursuant to Section H of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Los Angeles as Instrument No. XXXXXX on MM/DD/YYYY, the County of Los Angeles (the “County”) hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2021-01 (IA No. 3) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2021-01 (IA No. 3).
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on _____.
3. The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2021-01 (IA No. 3) shall be amended and restated in full as follows:

Table A-1: Assigned Special Tax for Developed Property

Land Use Class	Residential Floor Area	Assigned Special Tax
1	DETACHED PROPERTY ($\geq$ 4,201 SF)	[\$] PER DWELLING UNIT
2	DETACHED PROPERTY (4,001 - 4,200 SF)	[\$] PER DWELLING UNIT
3	DETACHED PROPERTY (3,801 - 4,000 SF)	[\$] PER DWELLING UNIT
4	DETACHED PROPERTY (3,601 - 3,800 SF)	[\$] PER DWELLING UNIT
5	DETACHED PROPERTY (3,401 - 3,600 SF)	[\$] PER DWELLING UNIT
6	DETACHED PROPERTY (3,201 - 3,400 SF)	[\$] PER DWELLING UNIT
7	DETACHED PROPERTY (3,001 - 3,200 SF)	[\$] PER DWELLING UNIT
8	DETACHED PROPERTY (2,801 - 3,000 SF)	[\$] PER DWELLING UNIT
9	DETACHED PROPERTY (2,601 - 2,800 SF)	[\$] PER DWELLING UNIT
10	DETACHED PROPERTY ($<$ 2,601 SF)	[\$] PER DWELLING UNIT
11	CLUSTER PROPERTY ($\geq$ 3,101 SF)	[\$] PER DWELLING UNIT
12	CLUSTER PROPERTY (2,901 - 3,100 SF)	[\$] PER DWELLING UNIT
13	CLUSTER PROPERTY (2,701 - 2,900 SF)	[\$] PER DWELLING UNIT
14	CLUSTER PROPERTY (2,501 - 2,700 SF)	[\$] PER DWELLING UNIT
15	CLUSTER PROPERTY (2,301 - 2,500 SF)	[\$] PER DWELLING UNIT
16	CLUSTER PROPERTY (2,101 - 2,300 SF)	[\$] PER DWELLING UNIT
17	CLUSTER PROPERTY (1,901 - 2,100 SF)	[\$] PER DWELLING UNIT
18	CLUSTER PROPERTY (1,701 - 1,900 SF)	[\$] PER DWELLING UNIT
19	CLUSTER PROPERTY (1,501 - 1,700 SF)	[\$] PER DWELLING UNIT
20	CLUSTER PROPERTY ($<$ 1,501 SF)	[\$] PER DWELLING UNIT
21	ATTACHED PROPERTY ($\geq$ 2,451 SF)	[\$] PER DWELLING UNIT
22	ATTACHED PROPERTY (2,301 - 2,450 SF)	[\$] PER DWELLING UNIT
23	ATTACHED PROPERTY (2,151 - 2,300 SF)	[\$] PER DWELLING UNIT
24	ATTACHED PROPERTY (2,001 - 2,150 SF)	[\$] PER DWELLING UNIT
25	ATTACHED PROPERTY (1,851 - 2,000 SF)	[\$] PER DWELLING UNIT
26	ATTACHED PROPERTY (1,701 - 1,850 SF)	[\$] PER DWELLING UNIT
27	ATTACHED PROPERTY (1,551 - 1,700 SF)	[\$] PER DWELLING UNIT
28	ATTACHED PROPERTY (1,401 - 1,550 SF)	[\$] PER DWELLING UNIT
29	ATTACHED PROPERTY (1,251 - 1,400 SF)	[\$] PER DWELLING UNIT
30	ATTACHED PROPERTY (1,101 - 1,250 SF)	[\$] PER DWELLING UNIT
31	ATTACHED PROPERTY (951 - 1,100 SF)	[\$] PER DWELLING UNIT
32	ATTACHED PROPERTY (801 - 950 SF)	[\$] PER DWELLING UNIT
33	ATTACHED PROPERTY (651 - 800 SF)	[\$] PER DWELLING UNIT
34	ATTACHED PROPERTY ($<$ 651 SF)	[\$] PER DWELLING UNIT
35	APARTMENT PROPERTY	[\$] PER SQUARE FOOT OF APARTMENT FLOOR AREA
36	NON-RESIDENTIAL PROPERTY	[\$] PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

4. The Backup Special Tax for an Assessor's Parcel of Developed Property shall equal the amount per Acre for each Final Map as shown in Table A-2 below.

Table A-2: Backup Special Tax

Final Map	Backup Special Tax
61105-32	[\$] PER ACRE
61105-33	[\$] PER ACRE
61105-34	[\$] PER ACRE
61105-35	[\$] PER ACRE
61105-36	[\$] PER ACRE
61105-37	[\$] PER ACRE
61105-40	[\$] PER ACRE
ALL OTHER FINAL MAPS	[\$] PER ACRE

- The Backup Special Tax for Non-Residential Property in a Final Map for Fiscal Year _____ shall be \$_____ per Acre.
5. On each July 1, commencing on July 1, _____, the Assigned Special Tax rates in Table A-1 and the Backup Special Tax rates above shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.
6. Upon execution of the certificate by the County and CFD No. 2021-01 (IA No. 3), the County shall cause an amended Notice of Special Tax Lien for CFD No. 2021-01 (IA No. 3) to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: _____

Date: _____

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2021-01 (IA No. 3), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 3 of Community Facilities District No. 2021-01 (Valencia-Facilities) of the County of Los Angeles

By: _____

Date as of: _____

FORM OF
CERTIFICATE TO AMEND THE SPECIAL TAX
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
IMPROVEMENT AREA NO. 3
TAX REDUCTION CERTIFICATE

1. Pursuant to Section H of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Los Angeles as Instrument No. 20230764577 on 11/07/2023, the County of Los Angeles (the "County") hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2021- 01 (IA No. 3) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2021-01 (IA No. 3).
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on May 18, 2026.
3. The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2021-01 (IA No. 3) shall be amended and restated in full as follows:

Table A-1: Fiscal Year 2025-2026 Assigned Special Tax for Developed Property

Land Use Class	Residential Floor Area	Assigned Special Tax
1	DETACHED PROPERTY ($\geq 4,201$ SF)	\$7,461.75 PER DWELLING UNIT
2	DETACHED PROPERTY (4,001 - 4,200 SF)	\$7,027.90 PER DWELLING UNIT
3	DETACHED PROPERTY (3,801 - 4,000 SF)	\$6,596.14 PER DWELLING UNIT
4	DETACHED PROPERTY (3,601 - 3,800 SF)	\$6,164.37 PER DWELLING UNIT
5	DETACHED PROPERTY (3,401 - 3,600 SF)	\$5,731.56 PER DWELLING UNIT
6	DETACHED PROPERTY (3,201 - 3,400 SF)	\$5,299.80 PER DWELLING UNIT
7	DETACHED PROPERTY (3,001 - 3,200 SF)	\$4,868.03 PER DWELLING UNIT
8	DETACHED PROPERTY (2,801 - 3,000 SF)	\$4,435.23 PER DWELLING UNIT
9	DETACHED PROPERTY (2,601 - 2,800 SF)	\$4,002.42 PER DWELLING UNIT
10	DETACHED PROPERTY ($< 2,601$ SF)	\$3,138.89 PER DWELLING UNIT
11	CLUSTER PROPERTY ($\geq 3,101$ SF)	\$4,368.64 PER DWELLING UNIT
12	CLUSTER PROPERTY (2,901 - 3,100 SF)	\$4,110.62 PER DWELLING UNIT
13	CLUSTER PROPERTY (2,701 - 2,900 SF)	\$3,855.72 PER DWELLING UNIT
14	CLUSTER PROPERTY (2,501 - 2,700 SF)	\$3,711.11 PER DWELLING UNIT
15	CLUSTER PROPERTY (2,301 - 2,500 SF)	\$3,484.30 PER DWELLING UNIT
16	CLUSTER PROPERTY (2,101 - 2,300 SF)	\$3,253.00 PER DWELLING UNIT
17	CLUSTER PROPERTY (1,901 - 2,100 SF)	\$3,075.42 PER DWELLING UNIT
18	CLUSTER PROPERTY (1,701 - 1,900 SF)	\$2,645.00 PER DWELLING UNIT
19	CLUSTER PROPERTY (1,501 - 1,700 SF)	\$2,644.70 PER DWELLING UNIT
20	CLUSTER PROPERTY ($< 1,501$ SF)	\$2,321.13 PER DWELLING UNIT
21	ATTACHED PROPERTY ($\geq 2,451$ SF)	\$3,096.23 PER DWELLING UNIT
22	ATTACHED PROPERTY (2,301 - 2,450 SF)	\$2,954.74 PER DWELLING UNIT
23	ATTACHED PROPERTY (2,151 - 2,300 SF)	\$2,749.78 PER DWELLING UNIT
24	ATTACHED PROPERTY (2,001 - 2,150 SF)	\$2,555.22 PER DWELLING UNIT
25	ATTACHED PROPERTY (1,851 - 2,000 SF)	\$2,403.32 PER DWELLING UNIT
26	ATTACHED PROPERTY (1,701 - 1,850 SF)	\$2,287.84 PER DWELLING UNIT
27	ATTACHED PROPERTY (1,551 - 1,700 SF)	\$2,057.91 PER DWELLING UNIT
28	ATTACHED PROPERTY (1,401 - 1,550 SF)	\$1,942.43 PER DWELLING UNIT
29	ATTACHED PROPERTY (1,251 - 1,400 SF)	\$1,711.46 PER DWELLING UNIT
30	ATTACHED PROPERTY (1,101 - 1,250 SF)	\$1,595.97 PER DWELLING UNIT
31	ATTACHED PROPERTY (951 - 1,100 SF)	\$1,365.00 PER DWELLING UNIT
32	ATTACHED PROPERTY (801 - 950 SF)	\$1,250.56 PER DWELLING UNIT
33	ATTACHED PROPERTY (651 - 800 SF)	\$1,018.55 PER DWELLING UNIT
34	ATTACHED PROPERTY (< 651 SF)	\$961.33 PER DWELLING UNIT
35	APARTMENT PROPERTY	\$0.5410 PER SQUARE FOOT OF APARTMENT FLOOR AREA
36	NON-RESIDENTIAL PROPERTY	\$0.3288 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

4. The Backup Special Tax for an Assessor's Parcel of Developed Property shall equal the amount per Acre for each Final Map as shown in Table A-2 below.

Table A-2: Fiscal Year 2025-2026 Backup Special Tax

Final Map	Backup Special Tax
61105-32	\$14,262.84 per Acre
61105-33	\$54,805.15 per Acre
61105-34	\$112,954.15 per Acre
61105-35	\$31,897.62 per Acre
61105-36	\$96,402.09 per Acre
61105-37	\$99,302.56 per Acre
61105-40	\$61,621.79 per Acre
ALL OTHER FINAL MAPS	\$45,930.54 per Acre

- The Backup Special Tax for Non-Residential Property in a Final Map for Fiscal Year 2025-2026 shall be \$45,930.54 per Acre.
5. On each July 1, commencing on July 1, 2026, the Assigned Special Tax rates in Table A-1 and the Backup Special Tax rates above shall be increased by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.
6. Upon execution of the certificate by the County and CFD No. 2021-01 (IA No. 3), the County shall cause an amended Notice of Special Tax Lien for CFD No. 2021-01 (IA No. 3) to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: _____ Date: _____

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2021-01 (IA No. 3), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 3 of Community Facilities District No. 2021-01 (Valencia-Facilities) of the County of Los Angeles

By: _____ Date as of: _____

APPENDIX B

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information relating to the County of Los Angeles (the “County”) and the State of California (the “State”) is supplied solely for purposes of information. Neither the State nor the County is obligated in any manner to pay principal of or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.

General Information

The County was established by an act of the California State Legislature on February 18, 1850 as one of California’s original 27 counties. Located in the southern coastal portion of the State, the County covers 4,083 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of 9.8 million in 2026, the County is the most populous of the 58 counties in California and has a larger population than 41 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

Population

The following Table B-1 sets forth annual population figures for the County and the State for calendar years 2022 through 2026. The County’s population has remained relatively steady, decreasing by approximately 0.25% between 2022 and 2026.

TABLE B-1
COUNTY OF LOS ANGELES AND STATE OF CALIFORNIA
POPULATION GROWTH
Calendar Years 2022 through 2026
(in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
County of Los Angeles	9,861,671	9,864,220	9,882,296	9,900,914	9,837,286
State of California	39,159,480	39,167,274	39,446,835	39,646,907	39,592,978
County of Los Angeles as a % of State of California	25.1%	25.2%	25.1%	24.9%	24.8%

Source: California State Department of Finance, Demographic Research Unit., *E-4 Population Estimates for Cities, Counties, and the State, 2021-2026, with 2020 Census Benchmark*

Employment

The following Table B-2 sets forth information regarding the unemployment rates for the County, the State and the United States for calendar years 2021 through 2025. Table B-3 sets forth estimates of total annual civilian non-agricultural employment by number of employees in each major industry category in the County for calendar years 2021 through 2025.

TABLE B-2
COUNTY OF LOS ANGELES
UNEMPLOYMENT RATES
Calendar Years 2021 through 2025

	2021	2022	2023	2024	2025
County of Los Angeles	9.0%	5.0%	5.1%	5.8%	5.7%
State of California	7.3	4.3	4.7	5.3	5.5
United States	5.3	3.6	3.7	4.0	4.3

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025 Benchmark.

TABLE B-3
LOS ANGELES LONG BEACH GLENDALE MD
(LOS ANGELES COUNTY)
NON-AGRICULTURAL EMPLOYMENT
Calendar Years 2021 through 2025

<i>Employment Sector</i>	2021	2022	2023	2024	2025
Health Care & Social Assistance	718,600	739,500	779,900	820,000	858,400
Wholesale Trade	202,600	204,400	200,100	194,800	189,200
Retail Trade	396,100	405,500	404,800	398,800	393,600
Government	560,200	570,000	583,100	601,700	603,200
Leisure and Hospitality	434,200	512,400	534,100	537,500	533,100
Manufacturing	313,100	321,700	318,400	312,600	303,300
Professional Scientific & Technical Services	300,600	319,500	316,500	317,800	323,900
Administrative & Support & Waste Services	267,400	285,100	277,400	276,000	274,400
Information	208,800	234,900	193,100	189,600	177,000
Transportation, Warehousing & Utilities	215,200	223,600	217,900	218,500	216,500
Other Services	135,700	153,000	157,400	159,000	158,000
Construction	149,000	151,300	151,200	151,600	146,500
Educational Services	125,300	131,100	139,100	147,000	148,700
Finance & Insurance	129,000	126,600	122,200	118,500	116,900
Real Estate & Rental & Leasing	84,100	89,200	88,300	89,200	86,600
Management of Companies & Enterprises	63,300	62,800	63,300	63,600	62,000
Total	4,303,200	4,530,600	4,546,800	4,596,200	4,591,300

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2025 Benchmark*.

Taxable Sales

The following Table B-4 sets forth taxable sales in the County for calendar years 2021 through 2025.

TABLE B-4
COUNTY OF LOS ANGELES
TAXABLE SALES
Calendar Years 2021 through 2025
(In Millions)

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
County of Los Angeles	\$192,524,203	\$213,716,609	\$208,502,835	\$205,810,068	\$204,460,032
State of California	862,530,510	951,459,514	935,481,084	929,865,148	936,246,446
County of Los Angeles as a % of State of California	22.3%	22.5%	22.3%	22.1%	21.8%

Source: California Department of Tax and Fee Administration.

Personal Income

The following Table B-5 sets forth the total personal income in the County for calendar years 2020 through 2024.

TABLE B-5
COUNTY OF LOS ANGELES
PERSONAL INCOME
Calendar Years 2020 through 2024
(In Millions)

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
County of Los Angeles	678,659,849	721,712,800	728,349,845	766,331,882	818,509,319
State of California	2,770,488,779	3,019,215,724	3,021,645,504	3,182,779,295	3,400,237,317
County of Los Angeles as a % of State of California	24.5%	23.9%	24.1%	24.1%	24.1%

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

Property Value and Construction

Total issued building permits and permit valuation (residential and non-residential) are used as indicators of overall construction activity. The following Table B-6 sets forth total County building permit valuations and the number of new construction permits issued in the County for calendar years 2020 through 2024.

TABLE B-6
COUNTY OF LOS ANGELES
Building Permit Valuation
Fiscal Years 2020 through 2024

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 4,765,418	\$6,020,502	\$ 7,126,960	\$ 6,115,355	\$ 5,989,657
Non-Residential	<u>3,513,049</u>	<u>1,863,348</u>	<u>4,184,085</u>	<u>4,162,852</u>	<u>4,202,223</u>
Total	\$ 8,278,467	\$7,883,850	\$11,311,045	\$10,278,207	\$10,191,880
Units					
Single Family	6,198	7,327	8,301	3,098	2,361
Multi Family	<u>14,056</u>	<u>16,718</u>	<u>18,912</u>	<u>20,807</u>	<u>13,704</u>
Total	20,254	24,045	27,213	23,905	16,065

Note: Totals may not add to sum because of rounding.

Source: Construction Industry Research Board.

Twenty Largest Employers

The following Table B-7 sets forth the ten largest employers in the County for calendar year 2025.

TABLE B-7
PRINCIPAL EMPLOYERS
COUNTY OF LOS ANGELES

<i>Rank:</i>	<i>Employer</i>	<i>Employees</i>
1.	Los Angeles County	117,000
2.	Los Angeles Unified School District	78,874
3.	University of California, Los Angeles	57,411
4.	City of Los Angeles ⁽²⁾	34,320
5.	Los Angeles Department of Water and Power	12,000
6.	Long Beach Unified School District	10,000
7.	Los Angeles Community College District	10,000
8.	City of Long Beach	5,581
9.	Los Angeles County Metropolitan Transportation Authority	5,000
10.	California State University, Northridge	4,807

Source: Los Angeles Business Journal.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

County of Los Angeles
Community Facilities District No. 2021-01 (Valencia-Facilities)
Los Angeles, California

Re: \$_____ *County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the County of Los Angeles (the “County”) taken in connection with the formation of County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) and the authorization and issuance of the District’s County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (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 County, 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), a resolution adopted by the Board of Supervisors of the County, acting in its capacity as the legislative body of the District (the “Board of Supervisors”) on ____, 2026 (the “Resolution”), and a Bond Indenture (the “Indenture”) dated as of September 1, 2026, by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). All capitalized terms not defined herein shall have the meaning set forth 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. The Bonds are limited obligations of the District but are not a debt of the County, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Net Taxes, neither the faith and credit nor the taxing power of the County, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The Indenture has been duly executed and delivered by the District. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture. The Indenture is enforceable in accordance with its terms; 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 indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) 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, it should be noted that, 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 purposes of computing the alternative minimum tax imposed on such corporations.

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

(5) 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 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner’s basis in the applicable Bond.

(6) 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.

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District and the County 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 District and the County have covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and the County and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond 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. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

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 matters contained in the Official Statement or other offering material.

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. Such 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).

Respectfully submitted,

APPENDIX D

APPRAISAL REPORT AND BRING FORWARD LETTER

APPENDIX E

SUMMARY OF THE 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.

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.

Acquisition Agreement. The term “Acquisition Agreement” means that certain Acquisition, Funding and Disclosure Agreement, dated as of June 1, 2022, by and between the County and the Developer, as amended from time to time.

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

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 and other costs related thereto, 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, any Parity Bonds and the District, and any other costs otherwise incurred by County 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 \$79,600, which amount will escalate at 2.00% per Fiscal Year, commencing July 1, 2027.

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 clause (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 the Indenture 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); (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; and (j) the County of Los Angeles Treasury Pool.

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 County and the Trustee.

Authorized Representative of the District. The term “Authorized Representative of the District” means the Chair of the Board of Supervisors, the Treasurer and Tax Collector or deputy or assistant thereof, and any other officer or employee of the County as the Treasurer and Tax Collector of the County may designate 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.

Board of Supervisors. The term “Board of Supervisors” means the Board of Supervisors of the County.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth LLP, 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 (Improvement Area No. 3) Special Tax Bonds, Series 2026.

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 in New York, New York, Los Angeles, California, or the city where the corporate trust 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.

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 as of September 1, 2026, 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.

County. The term “County” means the County of Los Angeles, State of California.

County Facilities Account. The term “County Facilities 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.

Developer. The term “Developer” means The Newhall Land and Farming Company (A California Limited Partnership).

Direct Debt for Improvement Area Property. The term “Direct Debt for Improvement Area Property” means that portion of the aggregate principal amount of the Outstanding Bonds and Parity Bonds which is allocable to the property in the Improvement Area.

District. The term “District” means County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) established pursuant to the Act and resolutions adopted by the Board of Supervisors of the County on March 9, 2021.

Event of Default. The term “Event of Default” means an event described in the Indenture.

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

Flood Control Facilities Account. The term “Flood Control Facilities Account” means the account by that name created and established in the Acquisition and Construction Fund 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.

Improvement Area. The term “Improvement Area” means Improvement Area No. 3 of the District designated pursuant to the Act and the Resolution of Formation.

Indenture. The term “Indenture” means the Bond Indenture, together with any Supplemental Indenture approved pursuant thereto.

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 County; (2) does not have any substantial interest, direct or indirect, in the District or the County; and (3) is not connected with the District or the County as a member, officer or employee

of the District or the County, but who may be regularly retained to make annual or other reports to the District or the County.

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 March 1, 2027 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 pursuant to the Indenture.

Ordinance. The term “Ordinance” means the Ordinance adopted by the Board of Supervisors on March 23, 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 in accordance with the Indenture; (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 pursuant to the Indenture.

Overlapping Debt. The term “Overlapping Debt” means with respect to any property within the Improvement Area, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of other community facilities districts which are payable at least partially from special taxes to be levied on such property (the “Other CFD Bonds”) determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on such property and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of property which are subject to the levy of such special taxes, based upon information which is available for the then current Fiscal Year.

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 subsequently 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 Improvement Area 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 Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

Project. The term “Project” means those public facilities described in the Resolution of Formation 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. The term “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 “Aa2” 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 Reserve Requirement for Bonds and Parity Bonds.

Reserve Requirement. The term “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 and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds; provided, however, that the Reserve Requirement shall not exceed \$ _____ except in connection with the issuance of Parity Bonds.

Resolution of Formation. The term “Resolution of Formation” means the resolutions adopted by the Board of Supervisors on March 9, 2021 and on October 17, 2023, pursuant to which the Board of Supervisors established the District and annexed the property in the Improvement Area to the District.

RMA. The term “RMA” means the Rate and Method of Apportionment of Special Tax for the Improvement Area approved by the property owners within the Improvement Area, which approvals were accepted by the Board of Supervisors on October 17, 2023.

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

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 County 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 taxes authorized to be levied by the District on property within the Improvement Area in accordance with the Ordinance, the Resolution of Formation, the Act and the approval of the property owners in the Improvement Area which approvals were accepted by the Board of Supervisors on October 17, 2023, 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 County for 100% of the delinquent amount shall no longer be pledged hereunder to the payment of the Bonds or Parity Bonds.

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, 20__, and September 1, 20__, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association., a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, 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.

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.

Value of Improvement Area Property. The term “Value of Improvement Area Property” means for all parcels of property in the Improvement Area which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below of such parcels, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the County’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property (as defined in the RMA); or (ii) the full cash value of any or all of such parcels, including with respect to such parcels the value of the improvements thereon, as set forth on the last equalized assessment roll of the County Assessor of the County of Los Angeles.

GENERAL AUTHORIZATION AND BOND TERMS

Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. The Bonds and any Parity Bonds will be and are limited obligations of the District and are payable as to the principal thereof and interest thereon

* Preliminary, subject to change.

and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund (other than amounts in the Administrative Expense Account of the Special Tax Fund).

Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the County, 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 County 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 County 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 County, 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 Board of Supervisors 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 County 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 (and its subaccounts) or the Administrative Expense Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

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 written notice to the Trustee of any change in the Owner's address so that the Bond Register may be revised accordingly.

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 pursuant to the Indenture. 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 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 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 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 provided in the Indenture, 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 in the provisions relating to the book-entry system in the Indenture to "Bonds" will be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books 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 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, in accordance with the provisions of the Indenture.

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.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

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

(1) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) 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 an Administrative Expense Account).

(2) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Rebate Fund (the “Rebate Fund”) (in which there will be established a Rebate Account and an Alternate Penalty Account).

(3) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Acquisition and Construction Fund (the “Acquisition and Construction Fund”) (in which there will be established a County Facilities Account, a Flood Control Facilities Account, and a Costs of Issuance Account).

(4) The County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) 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 in accordance with the provisions of the Indenture and shall disburse investment earnings thereon in accordance with the provisions of the Indenture.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or 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 Reserve Account of the Special Tax Fund; (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 Reserve Account to the 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. 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, 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 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, 2027, 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, 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 will be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture. 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 pursuant to the Indenture and to the Redemption Account for Sinking Fund Payments then due pursuant to clause (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 Reserve Account will equal the 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 a special mandatory 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 a special mandatory redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, 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 Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The Reserve Requirement may be satisfied in whole or in part by cash, a Reserve Policy, or a combination thereof. The amounts in the Reserve Account will be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any 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 pursuant to the Indenture 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 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 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 the Reserve Account, after making the required transfers referred to in the Indenture, the Trustee will transfer to 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, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement by first, repaying any amounts due under the Reserve Policy, and second to fund the Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the Trustee determines 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 Reserve Account are inadequate to restore the Reserve Account to the Reserve

Requirement, including any amounts necessary to pay costs related to the Reserve Policy, if any, then the District will include the amount necessary to restore the Reserve Account to the Reserve Requirement 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 Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with the Indenture, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District will set forth in a Certificate of an Authorized Representative the amount in 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 Bonds or 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 Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the provisions of the Indenture will be withdrawn from 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 an Authorized Representative of the District, 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 Indenture 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 Indenture is 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 with clause (i) above with respect to the Bonds and each issue of Parity Bonds to which this section of the Indenture is 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 this section of the Indenture is 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 the foregoing provisions 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 clause (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 clause (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 the foregoing provision 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 clauses (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), 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 in the Indenture to the contrary, the obligation to comply with the requirements of this section 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 provisions of this section 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 requirements of this section 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 Indenture.

Surplus Fund. After making the transfers required by the Indenture described 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 at the direction of an Authorized Representative of the District: (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 Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the 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 as required by the Acquisition Agreement; or (v) after all Project Costs have been paid, to the District, for any other lawful purpose of the District. The Surplus Fund will be considered a PayGo Account within the meaning of the Acquisition Agreement.

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, subject to the Acquisition Agreement. 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. All amounts disbursed from the Surplus Fund 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 of the District, and any balance remaining therein after 180 days will be transferred by the Trustee to an 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 Request for Disbursement of Project Costs, substantially in the form attached to the Indenture. A properly executed Request 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.

(c) When the District determines that 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 District shall send written notice to the Developer at least 60 days prior to the date of any transfer notifying the Developer of the District's findings. 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 therein (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 of the District upon at least two (2) Business Days' notice in accordance with the limitations set forth below only in Authorized Investments 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 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 Reserve Account will be deposited therein to be applied as set forth in the Indenture. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as

directed in writing by the District, from time to time, in Authorized Investments 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 Reserve Account of the Special Tax Fund 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 or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds will mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(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 and in such amounts as are needed to be paid to the United States Government pursuant to the Indenture 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 invest solely in Authorized Investments specified in clause (2)(e) of the definition thereof.

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 is not responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture. Any Authorized Investments that are registrable securities will be registered in the name of the Trustee.

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 the Indenture, 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 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 under the Indenture.

COVENANTS AND WARRANTY

Warranty. The District 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 deposit all Special Taxes with the Trustee immediately upon 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.

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 thereunder are available therefor, and that the payments into the Funds and Accounts created thereunder 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 2026-27 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, 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; (3) any amounts

required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement, including any amounts to pay costs related to the Reserve Policy, if any; and (4) any other amounts for the direct payment of Project Costs pursuant to the RMA and the Acquisition Agreement. 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 \$5,000 by the October 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 October 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 Reserve Account is at least equal to the Reserve Requirement. The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to the County 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 Reserve Account up to the 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 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 LLP, 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 LLP, that interest on the Bonds is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern 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, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the Improvement Area below the levels provided in the Indenture 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, that it will not initiate proceedings to reduce the maximum Special Tax rates for the Improvement Area, 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 Improvement Area 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 Improvement Area which purports to reduce the maximum Special Tax below the levels specified in the Indenture 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.

(i) Limitation on Right to Tender Bonds. The District covenants 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 Improvement Area 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 then current development plan for parcels within the Improvement Area, do not reduce the maximum Special Taxes which could be levied upon Taxable Property within the Improvement Area 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 Reserve Requirement 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 pursuant to the terms of the Indenture requires the consent of the Owners, the District will so notify the Trustee and deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee will, at the expense of the District, cause notice 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 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 of the Indenture, 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 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. 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 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.

TRUSTEE

Trustee. U.S. Bank Trust Company, National Association will be 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 (or is a member of a bank holding company system whose bank holding company 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 of the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee thereunder 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 Owners, to select Bonds and Parity Bonds 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 pay and 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.

The District will from time to time, subject to any agreement between the District and the Trustee then in force, timely pay to the Trustee following demand therefor compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees, costs and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties under the Indenture, and indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees, costs and expenses of its attorneys (not arising from its own gross negligence or willful misconduct) which it 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 will survive the removal or resignation of the Trustee or the discharge of the Bonds and Parity Bonds.

Removal of Trustee. The District may at any time at its sole discretion, upon 30 days' notice, 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 is a bank or trust company having (or whose parent bank holding company has) 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 the Indenture 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 of the successor Trustee's identity and address being sent by the successor Trustee to the Owners.

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. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee satisfying the criteria in the Indenture 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. If no successor Trustee has been appointed by the District within thirty (30) days of giving such notice or removal or resignation, then the Trustee, or any Owner may petition, at the sole expense of the District, a court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint a successor Trustee under the Indenture.

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 or liability for the correctness of the same and makes no representations whatsoever as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and will incur no responsibility or liability in respect thereof, other than in connection with its express duties or obligations specifically set forth in the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee will not have nor be under any responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own gross negligence or willful misconduct. The Trustee will not be liable for any action taken or omitted by it or any of its officers, employees or agents 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 is not liable for any error of judgment made in good faith by a responsible officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

The Trustee will be entitled to request and receive written instructions from the District and/or Owners and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee will not be liable with respect to any action taken or omitted to be taken by it in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity 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 be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of an Owner and/or the District pursuant to the provisions of the Indenture, unless such party will have 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.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates will be responsible for nor have any duty to monitor the performance of 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 will have no enforcement or notification obligations relating to breaches of representations or warranties of any other person. The Trustee will be conclusively protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document signed or presented by the proper party or parties as provided under the Indenture. The Trustee may, at the expense of the District, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and will incur no liability and will be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

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 title thereto is satisfactorily established to the Trustee, if disputed.

Whenever in the administration of its express obligations under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof is 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 but will not be obligated to accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. It is understood and agreed that no such act shall broaden or imply the Trustee's acceptance of a broadening of the scope of the Trustee's duties and obligations under the Indenture unless the Trustee shall provide written acceptance thereof.

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 under the Indenture, 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 under the Indenture until an officer at the Trustee's corporate trust office responsible for the administration of its duties under the Indenture has actual knowledge thereof or the Trustee has received written notice thereof at its corporate trust office.

The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and any Parity Bonds.

Before taking any action under the Indenture, the Trustee may require that indemnity and security satisfactory to the Trustee be furnished to it for and from any expenses and liabilities and to protect it against any liability it may incur thereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents (including its counsel).

The Trustee is not liable for any action taken or not taken by it in accordance with the direction of the Owners of 25% (or other percentage provided for in the Indenture) in aggregate principal amount of Bonds and

Parity Bonds Outstanding relating to the exercise of any right, power or remedy available to the Trustee. In the event of conflicting instructions under the Indenture, the Trustee has the right to decide the appropriate course of action and will be protected in so doing.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty or in any way expand or impliedly expand the scope of the Trustee's duties thereunder, and, with respect to such permissive rights, the Trustee will not be answerable for other than its gross negligence or willful misconduct.

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and will not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee may become the Owner or pledgee of the Bonds and Parity Bonds with the same rights it would have if it were not Trustee.

The Trustee will perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations will be read into the Indenture against the Trustee. These duties will be deemed purely ministerial in nature, and the Trustee will not be liable except for the performance of such duties and no implied covenants 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.

The District will, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project; (ii) any breach or default on the part of the District in the performance of any of its obligations under the Indenture and any other agreement made and entered into for purposes of the Bonds and Parity Bonds; (iii) any act of the County, the District or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (iv) any act of any assignee of, or purchaser from, the County, the District or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (v) the construction or acquisition of the Project or the expenditure of Project Costs; (vi) the exercise and performance by the Trustee of its powers and duties under the Indenture or any related document; (vii) the sale of the Bonds and Parity Bonds and the carrying out of any of the transactions contemplated by the Bonds and Parity Bonds or the Indenture; or (viii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made in light of the circumstances in which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale or marketing of the Bonds and Parity Bonds. The foregoing indemnification extends to the Trustee's officers, agents, employees, successors and assigns. No indemnification will be made under the Indenture or other agreements for willful misconduct or negligence by the Trustee, its officers, agents, employees, successors or assigns. The District's indemnification obligations under the Indenture will remain valid and binding notwithstanding maturity and payment of the Bonds and Parity Bonds, or the resignation or removal of the Trustee.

In accepting the trust created by the Indenture, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including, without limitation, the Owners, the District and the County, having any claim against the Trustee arising from the Indenture will look only to the funds and accounts held by the Trustee thereunder for payment, except as otherwise provided therein. Under no circumstances will the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds and any Parity Bonds.

THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROJECT, OR ANY PORTION THEREOF. In no event will the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to loss of profit), in connection with or arising out of the Project or the Indenture for the existence, furnishing, functioning or use and possession of the Project, 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 will not be liable to the parties to the Indenture or deemed in breach or default under the Indenture if and to the extent its performance thereunder is prevented by reason of *force majeure*. The term “*force majeure*” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. *Force majeure* includes, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, quarantine restrictions, or other similar occurrences.

The Trustee will have the right to accept and act upon directions given pursuant to the Indenture and delivered using electronic notice; provided, however, that the District will provide to the Trustee an incumbency certificate listing each Authorized Representative of the District with the authority to provide such directions and containing specimen signatures of such authorized officers, which incumbency certificate will be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee directions using electronic notice and the Trustee in its discretion elects to act upon such directions, the Trustee’s understanding of such directions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions 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 Representative of the District. The District will be responsible for ensuring that only an Authorized Representative of the District will transmit such directions to the Trustee and that each Authorized Representative of the District treat applicable user and authorization codes, passwords and/or authentication keys with extreme care. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and a compliance with such directions, notwithstanding such directions conflict or are inconsistent with a subsequent written direction. The District agrees (i) to assume all risks arising out of the use of electronic notice to submit directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized directions, 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 directions to the Trustee and that there may be more secure methods of transmitting directions than the method(s) selected by the District; and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

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.

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 become 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 become due and payable; or (c) except as described in clauses (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 clause (a) or (b) above and within 30 days of the Trustee's actual knowledge of an Event of Default under clause (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, any Owner 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 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.

No remedy conferred upon or reserved to the Owners in the Indenture is intended to be exclusive of any other remedy. Every such remedy will be 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 Owners 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 costs, fees and expenses of the Trustee in declaring such Event of Default and in performing its duties and obligations under the Indenture, including reasonable compensation to its agents, attorneys and counsel; Second, to the payment of the fees, costs and expenses of the Owners in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and Third, 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 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 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 provided in the Indenture, 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 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 reasonably 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 been 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 have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided therein, 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 other provision of the Indenture.

Termination of Proceedings. In case any Owner has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings 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 Owners 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 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's general fund 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 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, money 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 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 clause (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 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 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 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 clause (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 in accordance with the Indenture, as and when the same become due and payable, and in connection with a defeasance under the Indenture, and in connection with a defeasance under

(b) or (c) above, 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 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 hereunder 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 hereunder 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 specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be 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 shall 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 shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly authorized, executed and delivered by the District which shall specify 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 shall fall on a September 1; (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number; (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates; and (iv) the maturity of any Parity Bonds issued for refunding purposes shall not exceed the maturity of the Bonds 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 Reserve Account of the Special Tax Fund to increase the amount therein to the 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 shall have 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 shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified resolution of the Board of Supervisors, 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; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(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 destroy such Bonds and Parity Bonds, 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. 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 authority.

(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 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. The provisions of the Indenture constitutes a contract between the District and the Owners and the provisions thereof will be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy is 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 of 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.

APPENDIX F

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) dated as of September 1, 2026 is executed and delivered by County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “District”) in connection with the issuance and delivery by the District of its \$_____ County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “Bonds”). The Bonds are being issued pursuant to a Resolution of Issuance adopted on [_____, 2026], by the Board of Supervisors of the County of Los Angeles, acting as the legislative body of the District, and the Bond Indenture, dated as of September 1, 2026 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Certificate. 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 Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture and the Rate and Method of Apportionment, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 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.

“County” shall mean the County of Los Angeles, California.

“Disclosure Representative” shall mean the Treasurer and Tax Collector of the County, 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, the District, 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 County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities).

“EMMA” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future system of the MSRB.

“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.

“Improvement Area” means Improvement Area No. 3 of the District.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean that certain Official Statement for the Bonds dated _____, 2026.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated.

“Rate and Method of Apportionment” shall mean that certain Rate and Method of Apportionment of Special Tax for the Improvement Area approved pursuant to the Resolution of Formation.

“Resolution of Formation” shall mean the resolutions adopted on March 9, 2021 and October 17, 2023, by the Board of Supervisors pursuant to which the Board of Supervisors formed the District and annexed property to the District as the Improvement Area.

“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” shall mean U.S. Bank Trust Company, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

Section 3. Provision of Annual Reports.

(a) Not later than March 1 of each year commencing March 1, 2027, the District shall, or shall cause the Dissemination Agent to provide to EMMA and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the District, then not later than 15 business days prior to the date referred to in the prior sentence hereof, the District shall provide the Annual Report (in a form suitable for filing with EMMA) to the Dissemination Agent. 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 District, if any exist, may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(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) of this Section 3 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) of this Section 3. The Dissemination Agent may conclusively rely upon the Annual Report and shall have no duty or obligation to review such report.

(c) If the Dissemination Agent is other than the District and if the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send, in a timely manner, a notice to EMMA of the failure to file the Annual Report in the form required by EMMA. If the District acts as its own Dissemination Agent, it shall file a notice with EMMA no later than the date specified in subsection (a) of this Section 3 for filing an Annual Report if the District fails to file the Annual Report by that date.

(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 District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District 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. If the District's audited financial statements, if any are prepared, 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 information:

(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 and account under the Indenture as of the September 2 preceding the filing of the Annual Report;

(iii) the aggregate assessed valuation of the Taxable Property within the Improvement Area;

(iv) any changes to the Rate and Method of Apportionment approved or submitted to the qualified electors for approval prior to the filing of the Annual Report;

(v) a table setting forth the annual Special Tax delinquency rate within the Improvement Area at June 30 of each fiscal year for which a delinquency exists, listing for each fiscal year, the total Special Tax levy, the amount delinquent and the percent delinquent or a statement to the effect that no such delinquencies exist;

(vi) an update of the value-to-lien of the property within the Improvement Area based on the assessed value and the Special Tax levy for the then current fiscal year, which update may be provided in a form similar to Table 3 in the Official Statement; provided that such update need not include overlapping special tax, assessment or general obligation indebtedness;

(vii) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes within the Improvement Area; and

(viii) until all building permits for the planned residential units within the Improvement Area have been issued, an update of the number of building permits issued since the date of the prior Annual Report (or with respect to the first Annual Report, the number of building permits issued as set forth in the Official Statement), the total number of building permits issued, and the total number of planned residential units within the Improvement Area or a statement to the effect that all building permits have been issued.

(c) Any or all of the items listed in (a) or (b) 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 to EMMA in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Bonds:

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, Notices of Proposed Issue (IRS Form 5701-TEB);
6. defeasances;
7. tender offers;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

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) Additionally, the District shall give or cause the Dissemination Agent to give notice to EMMA in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5), 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. 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 trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Bondholders;
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) In the event that the District's fiscal year changes, the District shall report or shall instruct the Dissemination Agent to report such change in the same manner and to the same parties as Listed Events would be reported pursuant to Section 5(a).

(d) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District, and 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 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the District and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

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 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. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing (i) thirty (30) days written notice to the District and the Trustee and (ii) upon appointment of a new Dissemination Agent hereunder.

Section 8. Amendment; Waiver.

(a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, and any provision of this Disclosure Certificate may be waived, if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) the undertakings in this Disclosure Certificate as so amended or waived would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (3) 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 determination of the District, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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 Disclosure Certificate 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 or the Dissemination Agent to comply with any provision of this Disclosure Certificate, 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 and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Certificate. 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 in the event of any failure of the District or the Dissemination Agent to comply with 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. Any Dissemination Agent shall be paid (i) compensation by the District for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent

shall have no duty or obligation to review any information provided to it by the District pursuant to this Disclosure Certificate. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District: County of Los Angeles Community Facilities District No. 2021-01
(Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street, Room 432
Los Angeles, CA 90012
Attn: Public Finance

Underwriter: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067
Attn: Public Finance Department

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 Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's business shall be the successor Dissemination Agent without the filing of any paper or any further act.

This Disclosure Certificate is executed as of the date and year first set forth above.

COUNTY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 2021-01 (VALENCIA-
FACILITIES)

By: _____
ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector County of Los Angeles

APPENDIX G

LENNAR CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE (Lennar Homes of California, LLC)

This Continuing Disclosure Certificate (Lennar Homes of California, LLC) (this “**Disclosure Certificate**”) is executed and delivered by Lennar Homes of California, LLC, a California limited liability company (the “**Property Owner**”), in connection with the issuance by County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “**District**”) of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 3) Special Tax Bonds, Series 2026 (the “**Bonds**”). The Bonds are being issued pursuant to a Bond Indenture, dated as of September 1, 2026, by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”) (the “**Indenture**”). The Property Owner covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the Bonds.

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

“**Affiliate**” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Property Owner, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Property Owner’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“**Assumption Agreement**” means an undertaking of a Major Owner, for the benefit of the holders and beneficial owners of the Bonds, containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the property in Improvement Area No. 3 acquired by the Major Owner), whereby such Major Owner agrees to provide semi-annual reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in Improvement Area No. 3 owned by such Major Owner and, at the option of the Property Owner or such Major Owner, agrees to indemnify the Dissemination Agent (if other than such Major Owner) pursuant to a provision substantially in the form of Section 12 hereof.

“**Dissemination Agent**” means the Property Owner or an entity experienced in providing dissemination agent services such as those required under this Disclosure Certificate designated by the Property Owner to serve as the Dissemination Agent hereunder and who has accepted such obligation in writing, and for which the Property Owner has filed with the District and the Participating Underwriter notice of such designation and acceptance.

“**District**” means County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities).

“**Improvement Area No. 3**” means Improvement Area No. 3 of the District.

“**Landbank**” means AG EHC II (LEN) CA 3, L.P, a Delaware limited partnership, and its successors and assigns, as the context requires.

“Lennar Option Agreement” means the Option Agreement, dated December 27, 2023, between the Property Owner and AG EHC II (LEN) CA 3, L.P., a Delaware limited partnership, and its successors and assigns, as the context requires.

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

“Major Owner” means, as of any date of calculation, an owner of land, and together with any Affiliates, who owns 102 or more residential lots (or property intended to be subdivided into 102 or more residential lots) in Improvement Area No. 3.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement dated [_____, 2026], executed by the District in connection with the issuance of the Bonds.

“Participating Underwriter” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds.

“Property” means, as of the date of determination, collectively, the real property within Improvement Area No. 3 of the District that (i) is owned by the Property Owner, (ii) is owned by the Landbank and under option to be purchased by the Property Owner, or (iii) the Property Owner has sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 7(b) with respect to such property.

“Report Date” means (a) March 31 of each year, and (b) September 30 of each year.

“Semi-Annual Report” means any Semi-Annual Report provided by the Property Owner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes of the District levied on the Property.

Section 3. Provision of Semi-Annual Reports.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall, or upon written direction of the Property Owner the Dissemination Agent shall, not later than the Report Date, commencing March 31, 2027, provide to the MSRB, in an electronic format as prescribed by the MSRB, a Semi-Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the District. Not later than 15 calendar days prior to the Report Date, the Property Owner shall provide the Semi-Annual Report to the Dissemination Agent (if different from the Property Owner). The Property Owner shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent (if different from the Property Owner), the Participating Underwriter and the District to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter, and the District may conclusively rely upon such certification of the Property Owner and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is not the Property Owner and it does not receive a Semi-Annual Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to

the Property Owner that the Semi-Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Property Owner to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Property Owner does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the District and the Participating Underwriter.

(c) The Dissemination Agent shall:

(i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and

(ii) to the extent the Semi-Annual Report has been furnished to it, file a report with the Property Owner (if the Dissemination Agent is other than the Property Owner), the District, and the Participating Underwriter certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Semi-Annual Reports. Each Semi-Annual Report shall contain or incorporate by reference the information set forth in Exhibit A, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Property Owner or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The Property Owner shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Semi-Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself and the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Property Owner and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Property Owner or a Landbank owning any Property For purposes of this paragraph, bankruptcy or insolvency proceedings are considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the applicable entity 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 applicable entity, 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 applicable entity;

(ii) failure to pay any Special Taxes due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by the Property Owner or the Landbank upon discovery thereof;

(iii) filing of a lawsuit against the Property Owner or, if known, an Affiliate of the Property Owner or the Landbank owning any Property, seeking damages which, if successful, could reasonably be expected to have a material and adverse impact on the Property Owner's ability to develop the Property as described in the Official Statement or a more recently filed Semi-Annual Report or to pay

the Special Taxes with respect to the Property (to the extent the responsibility of the Property Owner) prior to delinquency;

(iv) material damage to or destruction of any of the improvements on the Property;

(v) any payment default or other material default by the Property Owner that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property or under the Lennar Option Agreement; and

(vi) if known, any material default by the Landbank that continues to exist beyond any applicable notice and cure periods under the Lennar Option Agreement.

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

(c) If the Property Owner determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Property Owner shall, or shall cause the Dissemination Agent to, in a timely manner, with respect to any event relating to the Property Owner or its Affiliates, not in excess of 10 business days of the occurrence thereof, and with respect to any event relating to the Landbank, not in excess of 10 business days of such date of determination thereof, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the District and the Participating Underwriter.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Duration of Reporting Obligation.

(a) All of the Property Owner's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) the date on which the Property Owner owns or has an option under the Lennar Option Agreement to acquire fewer than 102 residential lots (or property intended to be subdivided into fewer than 102 residential lots) in Improvement Area No. 3 subject to the Special Tax, or

(iii) the date on which all of the Special Taxes attributable to the Property have been paid in full.

The Property Owner shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a person or entity that, upon such conveyance, will be a Major Owner, the obligations of the Property Owner hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner and the Property Owner's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance substantially similar to this Disclosure Certificate.

Section 8. Dissemination Agent. The Property Owner may, from time to time, with the written consent of the District, appoint or engage a Dissemination Agent to assist the Property Owner in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with the written

consent of the District, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Property Owner. The Dissemination Agent may resign by providing 30 days' written notice to the District, the Property Owner, the District, and the Participating Underwriter.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Property Owner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, or change in law;

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Property Owner 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 Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Property Owner chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Property Owner shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Property Owner to comply with any provision of this Disclosure Certificate, the Participating Underwriter, the District, and any holder 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 Property Owner to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Property Owner to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Property Owner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding any loss, expense and liabilities due to the Dissemination Agent's negligence or willful misconduct or failure to perform its duties hereunder. If the Dissemination Agent is not the Property Owner, the Dissemination Agent shall be paid compensation for its services provided hereunder by the Property Owner in accordance with the Dissemination Agent's schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Property Owner, the Participating Underwriter, the Bond owners, or any other party. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by regular, overnight, or electronic mail as follows:

To the issuer: County of Los Angeles Community Facilities
District No. 2021-01 (Valencia-Facilities)
Kenneth Hahn Hall of Administration
500 W. Temple Street, Room 432
Los Angeles, CA 90012
Attention: Public Finance
Email: DWiles@ttc.lacounty.gov

To the Participating Underwriter: Stifel, Nicolaus & Company, Incorporated.
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067
Attn: Public Finance Department
Email: jcampos@stifel.com

To the Property Owner: Lennar Homes of California, LLC
2000 Fivepoint Suite 300
Irvine, CA 92618
Attention: JR Jones, Vice President, Land
Acquisition
Email: JR.Jones@lennar.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Property Owner (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Property Owner hereunder shall be assumed by any legal successor to the obligations of the Property Owner as a result of a sale, merger, consolidation or other reorganization.

Date: September __, 2026

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT A

SEMI-ANNUAL REPORT

[MARCH 31, ____ / SEPTEMBER 30, ____]

\$ _____

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)
(IMPROVEMENT AREA NO. 3)
SPECIAL TAX BONDS, SERIES 2026**

This Semi-Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Lennar Homes of California, LLC) (the “**Disclosure Certificate**”) dated September __, 2026, executed by the undersigned (the “**Property Owner**”) in connection with the issuance by the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (the “**District**”) of the bonds captioned above (the “**Bonds**”) for Improvement Area No. 3 of the District.

Capitalized terms used in this Semi-Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the Report Date of this Semi-Annual Report).

A. Description of the Property being developed by the Property Owner in Improvement Area No. 3 of the District (the “**Property**”) in substance and form similar to such information in the Official Statement for the Bonds under the headings “PROPERTY OWNERSHIP AND THE DEVELOPMENT –Merchant Builder Ownership of Improvement Area No. 3” and “— Lennar Homes Development.”

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds under the heading “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Lennar Homes Development,” or the Semi-Annual Report last filed in accordance with the Disclosure Certificate. Such information shall include the number of lots acquired by the Property Owner, the number of building permits issued, the number of homes sold and the number of homes closed to individuals.

C. Status of any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds under the heading “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Lennar Homes Development,” or the Semi-Annual Report last filed in accordance with the Disclosure Certificate.

D. Other than as covered in Section B above, the status of any land purchase contracts or takedowns of lots under the Lennar Option Agreement with regard to the Property, whether acquisition of land in Improvement Area No. 3 by the Property Owner or sales of land to other property owners (other than individual homeowners).

II. Legal and Financial Status of Property Owner

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any material change in the legal structure of the Property Owner or the financial condition and financing plan of the Property Owner that could reasonably be expected to materially and adversely interfere with its ability to complete its development plan described in the Official Statement. To the extent that the ownership of the Property Owner has changed, describe all material terms of the new ownership structure.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Property Owner, the Lennar Option Agreement or the Property contained in the Official Statement under the heading PROPERTY OWNERSHIP AND THE DEVELOPMENT — Lennar Homes Development” that could reasonably be expected to materially and adversely interfere with the Property Owner’s ability to develop and sell the Property as described in the Official Statement.

V. Status of Tax Payments

Describe the status of payment of taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property owned by the Property Owner, its Affiliates and/or the Landbank.

VI. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

On behalf of the Property Owner, the undersigned officer or representative, based on actual knowledge after reasonable inquiry of employees of Property Owner and its Affiliates, hereby certifies that this Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by the Property Owner under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE PROPERTY OWNER, THE DEVELOPMENT OF THE PROPERTY, THE PROPERTY OWNER'S FINANCING PLAN OR FINANCIAL CONDITION, OTHER THAN STATEMENTS MADE BY THE PROPERTY OWNER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE PROPERTY OWNER. THE PROPERTY OWNER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE PROPERTY OWNER HAS NO OBLIGATION TO UPDATE THIS SEMI-ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any 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.

The Depository Trust Company ("DTC"), New York, NY, 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 annual maturity, and will be deposited with 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 certificates representing their ownership interests in the 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 redemptions, 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 redeemed, 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 TRUSTEE, 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.

APPENDIX I
MARKET ABSORPTION STUDY

COUNTY OF LOS ANGELES

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)**

**THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP)**

**AMENDED AND RESTATED
ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT**

DATED AS OF September 1, 2026

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COUNTY OF LOS ANGELES

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA-FACILITIES)**

**THE NEWHALL LAND AND FARMING COMPANY
(A CALIFORNIA LIMITED PARTNERSHIP)**

**AMENDED AND RESTATED
ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT**

THIS AMENDED AND RESTATED ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT (the “**Agreement**”) is dated as of September 1, 2026, by and among the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the “**County**”), the COUNTY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-01 (VALENCIA-FACILITIES) (the “**District**”), and THE NEWHALL LAND AND FARMING COMPANY (A CALIFORNIA LIMITED PARTNERSHIP), a California limited partnership (the “**Company**,” and together with the County and the District, each a “**Party**” and collectively, the “**Parties**”).

R E C I T A L S:

A. In connection with the development of the Valencia Project by the Company (herein, the “**Project**”), on March 9, 2021, the Board of Supervisors of the County of Los Angeles (the “**Board of Supervisors**”) formed and established the District pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Act**”). The Parties acknowledge that the District has been established as a legally constituted governmental entity pursuant to the Act. The District currently consists of five improvement areas, as set forth below. As used herein, the term “**Improvement Area**” includes any existing Improvement Area and any new Improvement Area that may be designated in the future subject to the requirements of the resolution establishing the District adopted on March 9, 2021 (the “**Resolution of Formation**”). Land annexed

from the Future Annexation Area (defined below) may be annexed into an existing Improvement Area or designated as a new Improvement Area. It is anticipated that the District will annex future improvement areas as the Project is developed, in accordance with the provisions of the Act. It is anticipated that the District will consist of several improvement areas (each, an “**Improvement Area**” or, collectively, the “**Improvement Areas**”) formed pursuant to the Act.

B. At formation, the District comprised land included within Improvement Area No. 1 (“**Improvement Area No. 1**”) and the land included as proposed to be annexed in the future to the District (the “**Future Annexation Area**”), all of which was described on the map recorded with the County Recorder on February 4, 2021 in the Book of Maps of Assessment and Community Facilities Districts in the County Recorder’s Office in Book No. 195 Page No. 80-83 as Instrument No. 2021-10197579. It is anticipated that the Company will propose to annex land within the remaining Future Annexation Area into the District to a then-existing Improvement Area or as one or more new Improvement Areas by unanimous written consent of the owners of the land proposed to be annexed and subject to approval of the Board of Supervisors acting as the Legislative Body of the District and subject to the requirements of the Resolution of Formation.

C. The County, the District, and the Company entered into the Acquisition, Funding and Disclosure Agreement dated as of June 1, 2022, as amended by the First Amendment to Acquisition, Funding and Disclosure Agreement dated as of October 1, 2023 (together, the “**Original Acquisition Agreement**”). Subsequent to execution of the Original Acquisition Agreement, pursuant to the Development Agreement by and between the County and the Company regarding the Entrada South and Valencia Commerce Center Project, which became effective on December 18, 2025, pursuant to Ordinance No. 2025-0045 (the “**Entrada South Development Agreement**”), the Parties agreed to amend the Original Acquisition Agreement to, among other things, restrict the financing of certain improvements and to finance payments to be made by Company to fund the widening of and other improvements to The Old Road being undertaken by the County. The Company agreed to such changes

subject to the inclusion of additional public backbone improvements (identified in Exhibit A hereto) to be subject to CFD financing (herein, the “**Public Backbone Improvements**”) and other changes set forth in this Agreement. This Agreement amends and restates in full the Original Acquisition Agreement.

D. Subsequent to the formation of the District, the landowners of certain property located in the Future Annexation Area each executed a Unanimous Consent and Approval (“**IA No. 2 Unanimous Consent**”) whereby the landowners requested (i) the designation of Improvement Area No. 2 (“**Improvement Area No. 2**”), (ii) the levying of special taxes pursuant to the rate and method of apportionment of special taxes attached to the IA No. 2 Unanimous Consent, and (iii) the incurring of bonded indebtedness in one or more series in the maximum aggregate principal amount of \$47,500,000. On April 14, 2022, the County caused the recordation of Annexation Map No. 1 to the District (the “**IA No. 2 Annexation Map**”) and on April 19, 2022, the County caused the recordation of the Notice of Special Tax Lien for Improvement Area No. 2 of the District (the “**IA No. 2 NSTL**”).

E. Subsequent to the formation of the District, the landowners of certain property located in the Future Annexation Area each executed a Unanimous Consent and Approval (“**IA No. 3 Unanimous Consent**”) whereby the landowners requested (i) the designation of Improvement Area No. 3 (“**Improvement Area No. 3**”), (ii) the levying of special taxes pursuant to the rate and method of apportionment of special taxes attached to the IA No. 3 Unanimous Consent, and (iii) the incurring of bonded indebtedness in one or more series in the maximum aggregate principal amount of \$50,000,000. On November 1, 2023, the County caused the recordation of Annexation Map No. 2 to the District (the “**IA No. 3 Annexation Map**”) and on November 7, 2023, the County caused the recordation of the Notice of Special Tax Lien for Improvement Area No. 3 of the District (the “**IA No. 3 NSTL**”).

F. Subsequent to the formation of the District, the landowners of certain property located in the Future Annexation Area each executed a Unanimous Consent and Approval (“**IA No. 4**

Unanimous Consent”) whereby the landowners requested (i) the designation of Improvement Area No. 4 (**“Improvement Area No. 4”**), (ii) the levying of special taxes pursuant to the rate and method of apportionment of special taxes attached to the IA No. 4 Unanimous Consent, and (iii) the incurring of bonded indebtedness in one or more series in the maximum aggregate principal amount of \$50,000,000. On March 11, 2025, the County caused the recordation of Annexation Map No. 3 to the District (the **“IA No. 4 Annexation Map”**) and on April 24, 2025, the County caused the recordation of the Notice of Special Tax Lien for Improvement Area No. 4 of the District (the **“IA No. 4 NSTL”**).

G. Subsequent to the formation of the District, the landowners of certain property located in the Future Annexation Area executed a Unanimous Consent and Approval (**“IA No. 5 Unanimous Consent”**) whereby the landowners requested (i) the designation of Improvement Area No. 5 (**“Improvement Area No. 5”**), (ii) the levying of special taxes pursuant to the rate and method of apportionment of special taxes attached to the IA No. 5 Unanimous Consent, and (iii) the incurring of bonded indebtedness in one or more series in the maximum aggregate principal amount of \$20,000,000. On May 28, 2026, the County caused the recordation of Annexation Map No. 4 to the District (the **“IA No. 5 Annexation Map”**) and on June 10, 2026, the County caused the recordation of the Notice of Special Tax Lien for Improvement Area No. 5 of the District (the **“IA No. 5 NSTL”**).

H. The purpose of the District is to provide for financing of **“Facilities,”** as shown in Exhibit A, which are defined to mean all or a portion of the costs of the purchase, construction, modification, expansion, improvement or rehabilitation of facilities permitted under the Act and that are required as conditions of development of the property within the District (and each Improvement Area therein), the Future Annexation Area, and any other property annexed to the District including, but not limited to, certain (i) Public Backbone Improvements to be owned by the County, (ii) public road/street improvements that are located in or serve the District and are referenced in Exhibit A (including but not limited to Magic Mountain Parkway, Commerce Center Drive, Westridge Parkway, Long Canyon Road, Valencia Boulevard, Legacy Village Road, Potrero Valley Road, Homestead

South Road, Landmark Road, Chiquito Valley Road, The Old Road, Henry Mayo Drive, and Wolcott) and other public roads/streets that provide a significant regional benefit that are located in or serve the District, (iii) sewer improvements (including but not limited to those included in the rights of way of the streets listed above), (iv) water improvements (including but not limited to those included in the rights of way of the streets listed above), (v) storm drain improvements (including but not limited to those included in the rights of way of the streets listed above), (vi) utility improvements (including but not limited to those included in the rights of way of the streets listed above), (vii) median/parkway landscaping (including but not limited to that associated with the streets listed above), (viii) water quality basins, (ix) bridge improvements, (x) improvements to SR 126, (xi) interchanges, bridges, and pedestrian bridges, (xii) public parks, libraries, and fire stations (but for this subsection (xii) only, in amounts in excess of the development impact fee for such public parks, libraries, and fire stations or for additional improvements not otherwise required by existing conditions of approval), (xiii) potable and recycled water distribution facilities, (xiv) wastewater reclamation plant, including site acquisition, site development and facility improvements, (xv) utility corridors, (xvi) trails and landscaping, (xvii) The Old Road Facilities (as defined in Section 6.j. herein) through application of bond proceeds as described herein, and (xviii) Annual Payments (as defined in Section 6.j. herein) through reimbursement from available CFD Sources at the written request of the Company. The Facilities may be financed by the issuance of one or more series of bonds (referred to herein as “**Bonds**”) on behalf of one or more Improvement Areas or directly from special taxes collected on behalf of one or more Improvement Areas. The Facilities authorized to be financed may be located within or outside the boundaries of the District or the Future Annexation Area or any Improvement Area located therein (as originally designated and as designated or expanded in the future in conjunction with subsequent annexations of any other property). The Facilities and the estimated cost thereof are generally described in the community facilities district report for the District and filed with the Board of Supervisors (the “**Report**”).

I. The District and the Future Annexation Area include approximately 10,668.13 gross acres of land within the unincorporated area of the County which is being developed by the Company. The land within the District and the Future Annexation Area will be benefited by the construction and/or acquisition of the Facilities.

J. The purpose of this Agreement is to provide for coordination by and among the County, the District and the Company with regard to the use of proceeds from the proposed issuance of one or more series of Bonds of the District on behalf of one or more of the Improvement Areas. The proceeds of Bonds of the District, when and if issued, will be the primary source of funds applied to finance all or a portion of the Facilities listed in Exhibit A.

K. In forming the District, designating Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, Improvement Area No. 4, Improvement Area No. 5 and identifying the Future Annexation Area, the County and the Company have established a financing program and criteria for the annexation to a then-existing Improvement Area or for requiring the designation of new Improvement Areas, in each case as additional property in the Project is ready for development, and this Agreement sets forth the criteria for annexing parcels in the Future Annexation Area into the District from time to time.

L. Among other Facilities, the District is authorized by the Act to finance Facilities to be owned by the County as described and listed in Parts I, II, III, and, to the extent applicable, IV of Exhibit A (the “**County Facilities**”). Exhibit A may be amended from time to time to reflect additional County Facilities, subject to Board and Company approval.

M. The District is authorized by the Act and upon execution of a Joint Community Facilities Agreement (the “**Water Agency JCFA**”) by and among the County, the Company and the Santa Clarita Valley Water Agency (the “Water Agency”) to acquire and finance the acquisition and/or construction of the portion of the Facilities consisting of water facilities described in the Water Agency JCFA and listed in Part V of Exhibit A (the “**Water Agency Facilities**”). Exhibit A may be amended

from time to time to reflect additional Water Agency Facilities, subject to Board, Water Agency and Company approval.

N. The District is authorized by the Act and upon execution of a Joint Community Facilities Agreement (the “**Sanitation District JCFA**”) by and among the County, the Company and the Newhall Ranch Sanitation District of Los Angeles County (the “**Sanitation District**”) to acquire and finance the acquisition and/or construction of the portion of the Facilities consisting of sewer facilities described in the Sanitation District JCFA and listed in Part VI of Exhibit A (the “**Sanitation District Facilities**”). Exhibit A may be amended from time to time to reflect additional Sanitation District Facilities.

O. The County, the Company and the Los Angeles County Flood Control District (the “**LACFCD**”) executed a Joint Community Facilities Agreement (the “**Flood Control District JCFA**”) effective June 1, 2022, to acquire and finance the acquisition and/or construction of the portion of the Facilities consisting of storm drain improvements or drainage systems described in the Flood Control District JCFA and listed in Part VII of Exhibit A (the “**Flood Control Facilities**”). Exhibit A may be amended from time to time to reflect additional Flood Control Facilities, subject to Board, LACFCD and Company approval.

P. The Company and the County agree that the Company will finance up to sixty-two million dollars (\$62,000,000) of The Old Road Facilities (as defined herein) pursuant to the payment schedule set out in the Entrada South Development Agreement that requires the Company to make Annual Payments (as defined herein) and that such Annual Payments may be reimbursed to the Company from the CFD Sources as provided for herein.

Q. This Agreement is applicable to the acquisition and/or construction of the Facilities from the CFD Sources (as defined herein) generated from the District and each Improvement Area that currently exists or that may be designated in the future from the Future Annexation Area or other property.

R. The County and the Company affirm (i) that the District and the provisions of this Agreement are consistent with and authorized by the Community Facilities District Goals and Policies, approved by the Board of Supervisors by Board Order No. 35 on September 3, 2019 (the “**CFD Goals**”), and (ii) that the revisions to the CFD Goals approved by the Board of Supervisors on July 9, 2024 and incorporated into the Board Policy Manual as Board Policy 4.047 do not apply to the District (or any Improvement Area thereof, in existence or as designated in the future).

S. Further as required by Exhibit C-6 of the Entrada South Development Agreement, the County acknowledges that any changes or amendments to the CFD Goals shall not apply to the District, to the extent such changes or amendments could reasonably be expected to adversely impact the District, are inconsistent with this Agreement, or conflict with any development agreement governing any part of the District unless such changes or amendments are required under the Mello-Roos Act or other controlling State or federal law or as otherwise approved by the Company in its sole discretion.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties agree as follows:

Section 1. Recitals. Each of the above recitals is incorporated herein and is true and correct.

Section 2. Future Annexation of Improvement Areas. The Company anticipates requesting, or causing to be requested, from time to time, the Board of Supervisors to annex portions of the Future Annexation Area into the District (i) to a then-existing Improvement Area or (ii) as one or more new Improvement Areas. In connection with each annexation of a portion of the Future Annexation Area into the District, the Company shall notify the County in writing of its intention and desire to annex, or cause the annexation of, such property (the “**Notice to Annex**”) and shall deposit with the County moneys sufficient to cover the costs of the County and its consultants associated with such annexation, including but not limited to costs of County staff time, County Counsel, the County’s

municipal advisor, special tax consultant, market absorption consultant and bond counsel. Such deposit shall be reimbursable from proceeds of Bonds issued by the District on behalf of the applicable Improvement Area when and if issued. Following receipt of each Notice to Annex, the County, the District, and the Company shall do the following in connection with the proposed annexation to the District:

(a) Special Tax Consultant. If the annexation includes designation of a new Improvement Area, the County shall retain a special tax consultant, at the Company's expense, to draft the rate and method of apportionment of special tax (an "RMA") for the proposed Improvement Area. Subject to subsection (b) below, the Company shall provide its desired land use classes and special tax rates for the proposed Improvement Area to the special tax consultant who shall incorporate them into the RMA for the proposed Improvement Area, provided that they are consistent with the terms of this Agreement, the Act and federal tax laws for the issuance of tax-exempt bonds. The Company shall propose the special tax rates for all land use classes with the understanding that the County, based on information provided by the Price Point Consultant, shall have the final determination. The Company and the County agree that the special tax rates may differ from those set forth in the RMA for any other then-existing Improvement Area, but are subject to the limitations set forth in subsection (c) below. For annexations into a then-existing Improvement Area, the existing RMA shall apply unless the County determines, in consultation with the special tax consultant and Bond Counsel, that amendments to the RMA are required to accommodate the annexed property.

(b) Market Absorption Consultant. The County shall engage a market absorption consultant, at the Company's expense, to produce a price point study identifying the projected sales prices of residential units in the Improvement Area into which the property is proposed to be annexed, whether such Improvement Area is a new Improvement Area or a then-existing Improvement Area.

(c) Effective Tax Rate Limitation. In no event shall the effective tax rate on residential units in the Improvement Area into which the property is proposed to be annexed exceed

1.85% of the projected sales prices for such residential units, as set forth in the price point study. In determining the effective tax rate, only the taxes, special taxes, assessments and charges that are collected on the County secured tax roll shall be included in the calculation; homeowner or property association assessments shall not be included. Affordable housing units shall be exempt from the special taxes.

(d) Annexation Map. An annexation map showing the annexation of the property to the District shall be prepared by, or on behalf of, the Company (the “**Annexation Map**”).

(e) Escalator. The RMA for the proposed new Improvement Area shall include an annual 2% escalation of the special tax.

(f) Further Price Point Study. The RMA for the proposed Improvement Area shall provide that no earlier than 180 days prior to the issuance of the first series of Bonds for that Improvement Area, another price point study shall be performed to confirm that the effective tax rate on residential units in such Improvement Area is not in excess of 1.85% of the sales prices for such residential units based on the updated price points. If the price point study determines that effective tax rates for a land use class are in excess of such levels, the RMA shall provide for a reduction of the special taxes for such land use class so that the effective tax rate for residential units within such land use class is 1.85%. The reductions, if required, shall be only for those land use classes that are in excess of the 1.85% level, and there shall be no requirement that all land use classes must be proportionately reduced. The reduction shall be made administratively without the requirement for legislative action.

(g) Unanimous Consent. Property within the Future Annexation Area shall be annexed to the District by the execution of a unanimous consent by the owners of the property proposed for annexation (the “**Unanimous Consent**”). The property proposed to be annexed may be owned by the Company and/or one or more merchant builders. If the property to be annexed is owned by one or more merchant builders, the Company shall cause such merchant builders to execute and deliver the

Unanimous Consents required. Notwithstanding that one or more merchant builders may own the property to be annexed, the District will process the annexation only upon the receipt of the Notice to Annex from the Company as the master developer.

(h) Bonded Indebtedness Limit. For annexation as a new Improvement Area, the Unanimous Consent shall include the maximum bonded indebtedness amount for the proposed Improvement Area as determined by the Company based on the special tax rates in the proposed RMA based on consultation with the Special Tax Consultant and the County.

(i) PayGo Special Taxes. The RMA shall provide that the District shall levy special taxes on Developed Property (as defined in the RMA) within the proposed Improvement Area at the maximum special tax rates regardless of whether Bonds have been issued until the earlier of (i) the fiscal year following the issuance of the last series of Bonds secured by the Special Tax for such Improvement Area, (ii) the third fiscal year following the fiscal year in which the first series of Bonds for such Improvement Area were issued, and (iii) the fifth fiscal year following the fiscal year in which the Special Tax was first levied for such proposed Improvement Area. Levying special taxes on Developed Property at the maximum special tax rates as described above may produce special taxes not needed for debt service on Bonds issued in such proposed Improvement Area (if any), for administrative expenses, or for replenishment of the reserve fund (if any) for such proposed Improvement Area. These surplus special taxes shall be referred to herein as “**PayGo Special Taxes**” and such PayGo Special Taxes shall be used to finance Facilities to the extent not required to pay administrative expenses, replenish debt service reserve funds or pay debt service on Bonds. Prior to the issuance of Bonds, the PayGo Special Taxes shall be held in an account maintained by the County, and such amounts may be used to finance Facilities. After the issuance of Bonds, and upon release of such funds from the Special Tax Fund established under any Bond Indenture (as defined herein) for the Bonds of any Improvement Area, such PayGo Special Taxes shall be deposited into a separate account of the Acquisition and Construction Fund or such other fund or account as may be designated

in such Bond Indenture. The accounts which hold the PayGo Special Taxes, whether held by the County or the Trustee, shall be referred to herein collectively as the “**PayGo Account.**”

(j) Term of Special Tax. The RMA shall provide that the term of the special tax in the proposed Improvement Area shall be for the earlier of (i) forty (40) years from the first fiscal year following the date of annexation (which shall be deemed the date that a Notice of Special Tax Lien is recorded on the property to be annexed), or (ii) the final maturity of the Bonds issued in such proposed Improvement Area.

(k) CFD Sources. The proposed Improvement Area (whether a new Improvement Area or a then-existing Improvement Area) shall be authorized to finance any of the Facilities regardless of geographic location of the Facilities from all of the following sources (herein, the “**CFD Sources**”): (i) proceeds of Bonds; (ii) PayGo Special Taxes; and (iii) any prepayments of special taxes collected for the financing of facilities under the RMA for the proposed Improvement Area.

(l) Submittal and Approval. The Unanimous Consent shall include the RMA (for annexation to a new Improvement Area), the Annexation Map, and the Assessor’s Parcel Numbers and name(s) of owner(s) of the property to be annexed. Once the executed Unanimous Consent is submitted to the District, the Board of Supervisors shall place an annexation resolution on its next available agenda as determined by the County. The Parties acknowledge that pursuant to Section 53328.1 and Section 53339.7 of the Government Code neither a public hearing nor an election is required to approve the annexation. The District shall cooperate to approve the Annexation Map and order the recordation of the Annexation Map and the Notice of Special Tax Lien (either an amendment to the Notice of Special Tax Lien for an annexation to a then-existing Improvement Area or a new Notice of Special Tax Lien for annexation to a new Improvement Area) if the proposed annexation satisfies all of the conditions set forth in this Section 2. The resolution approving the annexation shall direct that the Annexation Map and the new or amended Notice of Special Tax Lien be promptly recorded.

(m) Annexation to Services CFD. The County has previously formed the County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) (the “**Services CFD**”) and established the special tax rates for Zone 1 (“**Zone 1**”), depicted in Exhibit X, as set forth in the rate and method of apportionment (the “**Services RMA**”), which special tax rates escalate as set forth in the Services RMA. The Parties acknowledge and agree that a condition precedent to the annexation of any property to the District will be that such property is either already located within or annexed to the Services CFD simultaneously with its annexation to the District. If property is required to be annexed to the Services CFD as a new tax zone, the County shall establish the special tax rates to be sufficient to finance the services necessary to serve the new tax zone. The Company may request annexation to the District and the Services CFD in a consolidated Unanimous Consent. Notwithstanding the foregoing, with respect to any property subject to the Entrada South Development Agreement, a condition precedent to annexing the property into the District shall be that such property is either already located within Zone 1 of the Services CFD or is annexed to Zone 1 of the Services CFD simultaneously with its annexation to the District without increasing the special tax rates in any way incident to such annexation.

Section 3. Sale of District Bonds and Related Agreements of Company.

(a) Sale of District Bonds. From time to time following the receipt of Company’s written request and a deposit for non-contingent costs, the District shall commence all necessary proceedings under the Act for the issuance, sale and delivery of one or more series of Bonds. The Board of Supervisors will authorize the sale of each series of Bonds in accordance with the terms and conditions of a resolution of issuance and a fiscal agent agreement, indenture of trust or other agreement providing for, among other matters, the issuance of each series of Bonds and the establishment of the Acquisition and Construction Fund (with subaccounts therein for each of the County Facilities, the Water Agency Facilities, the Sanitation District Facilities and the Flood Control Facilities), as it may be amended or supplemented from time to time (individually a “**Bond Indenture**”

or, collectively, the “**Bond Indentures**”), by and between the District and the trustee named therein. The amount and timing of the sale of each series of Bonds shall be in all respects subject to the sole discretion and approval of the District. The Bonds may be tax-exempt or taxable.

Nothing contained herein shall be construed as requiring the District to issue Bonds or to levy any special tax in accordance with the Act (except as expressly provided herein).

(b) Cooperation in Initial and Continuing Disclosure. The Company agrees to provide all information regarding the planned development of the property within the District which is necessary to ensure that the official statement for each series of Bonds complies with the requirements of Rule 15c2-12 of the Securities and Exchange Commission and all other applicable federal and state securities laws. As a condition to the issuance of each series of Bonds, if required by the County or the underwriter for the Bonds, the Company further agrees to enter into a Continuing Disclosure Agreement. The Company also acknowledges that as a condition to the issuance of each series of Bonds, the County or the underwriter for the Bonds may require the Company (if it were to become a homebuilder) and each developer or builder in the District to provide initial disclosure and certain semiannual and event disclosures related to the District and/or the applicable Improvement Areas to the extent determined necessary by the District to comply with federal and state securities laws.

Section 4. Deposit and Use of CFD Sources.

(a) Application of Bond Proceeds for District Formation Costs, Costs of Issuance and Reserve Account. The proceeds of each series of Bonds will be applied first to pay any costs of forming the District (including the reimbursement of the Company for any costs advanced), proceedings relating to annexing property to the District or designating any new Improvement Areas therein and issuing such series of Bonds and funding the Reserve Account established under the applicable Bond Indenture.

(b) Application of Bond Proceeds for Facilities. Except as provided in (c), (d), and (e) below, all proceeds of each series of Bonds remaining after the funding of the items described in

(a) above shall be deposited in the Acquisition and Construction Fund established in the applicable Bond Indenture and shall be applied, from time to time, to finance the construction and acquisition of the Facilities listed in Exhibit A. All of the Facilities are to be constructed by or at the direction of the Company (or its licensed affiliate) for acquisition by the County, the Water Agency, the Sanitation District, or the Flood Control District in accordance with the provisions of this Agreement and the applicable JCFA.

Amounts in the County Facilities Account shall be disbursed, from time to time, to acquire and construct the County Facilities. Amounts in the Water Agency Facilities Account shall be disbursed, from time to time, to finance the acquisition and construction of the Water Agency Facilities in accordance with the provisions of this Agreement and the Water Agency JCFA. Amounts in the Sanitation District Facilities Account shall be disbursed, from time to time, to finance the acquisition and construction of the Sanitation District Facilities in accordance with the provisions of this Agreement and the Sanitation District JCFA. Amounts in the Flood Control Facilities Account shall be disbursed from time to time, to finance the acquisition and construction of the Flood Control Facilities in accordance with the provisions of this Agreement and the Flood Control District JCFA.

Upon mutual approval of the District and the Company, amounts may be transferred from one account to another account from time to time. For purposes of the immediately preceding sentence, the County Treasurer and Tax Collector or any authorized designee thereof (each an “**Authorized Officer**”) may provide such approval on behalf of the District.

(c) Allocation of Interest Earnings. The District intends to invest amounts on deposit in the Acquisition and Construction Fund in investments permitted by law. Interest earnings realized on amounts in each Account of the Acquisition and Construction Fund will remain in such Account until disbursed in accordance with this Agreement.

(d) Other Applications of Bond Proceeds by the Board of Supervisors. Notwithstanding any other provision of this Agreement, if fifty-four (54) months after the date of

issuance of a series of Bonds any unexpended proceeds of such series of Bonds remain in an Account of the Acquisition and Construction Fund an Authorized Officer, in their sole discretion upon sixty (60) days prior notice to Company, may either direct such proceeds either (i) to be reallocated to another Account to reimburse eligible costs previously incurred for the Facilities, or (ii) to the payment of principal due on the applicable series of Bonds or to the redemption or purchase of the applicable series of Bonds in accordance with the applicable Bond Indenture or, upon direction of the Board of Supervisors, for other lawful purposes of the District; provided however, that the Bond proceeds may remain in an Account of the Acquisition and Construction Fund if an opinion of nationally recognized Bond Counsel acceptable to the County is provided to the County that confirms that if such Bond proceeds remain unexpended or are not used to redeem the Bonds there will be no effect on the exclusion of interest on the Bonds for federal tax purposes.

(e) Prepayments. To the extent authorized under the applicable RMA, any prepayments of special tax obligations with respect to an Improvement Area before the issuance of the first series of Bonds for such Improvement Area shall be placed in a special fund to be held by the County (the “**Prepayment Fund**”), separate and apart from the proceeds of the Bonds and PayGo Special Taxes. A separate Prepayment Fund will be created and maintained for each Improvement Area. In addition, after the issuance of the first series of Bonds for an Improvement Area, but only to the extent that a portion of such prepayments are required by the applicable RMA to be allocated to the costs of Facilities, such portion of the prepayments of special tax obligations with respect to an Improvement Area shall be deposited in the Prepayment Fund for the applicable Improvement Area. Moneys in the Prepayment Fund for an Improvement Area shall be a source for the payment of the costs of the acquisition and construction of the Facilities (and the Discrete Components thereof as defined in Section 6.c.) necessary for the development of such Improvement Area and shall be applied in the same manner as the proceeds of Bonds and PayGo Special Taxes.

(f) PayGo Special Taxes. All PayGo Special Taxes on deposit in PayGo Accounts that were generated in any Improvement Area shall be a source for the payment of the acquisition and construction costs of any Facilities and the Discrete Components thereof, regardless of the geographic location of the Facilities and Discrete Components, and shall be applied in the same manner as the proceeds of Bonds and the Prepayment Fund for such Improvement Area.

Section 5. Acquisition and Construction of and Payment for Facilities. Except as provided in the next sentence, the provisions of this Section 5 apply to all of the County Facilities, Water Agency Facilities, Sanitation District Facilities, Flood Control Facilities, and any Facilities to be acquired by a utility. The provisions of subsections (c), (f), (g), and (i) below apply only to the County Facilities and the Flood Control Facilities. The County expects to acquire the Flood Control Facilities from the Company and to request the LACFCD to accept the transfer and conveyance of such Flood Control Facilities for operations and maintenance.

(a) Plans for Facilities. The Company represents that it has obtained or will obtain approval of the Plans (as defined herein) from all appropriate departments of the County and from any other public entity or public utility from which such approval must be obtained. The Company further represents that the Facilities have been or will be constructed in full compliance with such Plans and any change orders thereto, as approved in the same manner. The term “**Plans**” means the plans and specifications, for the Facilities or Discrete Components thereof.

(b) Duty of Company to Construct. All Facilities to be acquired hereunder shall be constructed by or at the direction of the Company (or its licensed affiliate). All Facilities shall be constructed in accordance with the applicable legal requirements, the approved Plans, the Conditions of Approval, this Agreement and the applicable JCFA. The term “**Conditions of Approval**” means any and all conditions of approvals and mitigation measures imposed in connection with the granting of the land use entitlements, permits and approvals for the development of the Project, including but not limited to any subdivision improvement agreement (sometimes referred to by the County as a

“**Multiple Agreement**”), owner participation agreement, development agreement, or other agreement with the County relating to the development of the Project or the installation of the Facilities. The Company (or its licensed affiliate) shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of the Facilities in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken.

The Company shall be obligated: (i) to construct, or cause to be constructed, and cause conveyance of all Facilities (including Discrete Components thereof) in accordance with the Conditions of Approval and the Company’s timing of development of the Project, and (ii) subject to the use of available CFD Sources to pay the Purchase Prices (as defined herein) of Facilities in accordance with this Agreement, to use its own funds to pay all costs associated with such construction and conveyance(s), except as may be otherwise expressly provided in the Conditions of Approval. Notwithstanding the foregoing, nothing in this Agreement shall prevent the Company from applying for or applying public or private funds (e.g., grants, State funds, etc.) in addition to its own funds and any CFD Sources for the construction of Facilities; provided that in no event shall the Company be reimbursed more than once for the Facility or Discrete Component thereof; i.e. no “double dipping.”

The Company shall not be relieved of its obligation to construct each Facility (including Discrete Components thereof) and convey each such Facility to the County or other public agency in accordance with the Conditions of Approval, this Agreement and the applicable JCFA even if the total CFD Sources available over time is insufficient to pay the Purchase Price (defined in Section 6) thereof. This Agreement shall not alter any obligation of the Company or any owner of land in the Project relating to the public improvements required in connection with the development of land within the Project, whether such obligation is imposed as a Condition of Approval or arises under any other law, regulation, government approval, or for any other reason.

(c) Bid Procedures for County Facilities and Flood Control Facilities. The following bid procedures shall apply to contracts for the construction of County Facilities and Flood Control Facilities under this Agreement except for the Exhibit B Facilities (as defined herein), which are Facilities that were bid prior to the date of this Agreement. These bid procedures do not apply to soft costs such as engineering and architecture costs, or to any materials needed in the construction of the Facilities. For materials that are not included in a bid as described in this section, the Company will request bids from at least three vendors and purchase materials from the lowest cost responsive supplier.

(i) Company shall work with the County to create a list of pre-qualified contractors using a set of objective prequalification factors mutually acceptable to the Company and the County.

(ii) The Company shall request bids (A) from at least three (3) pre-qualified contractors or (B) if due to the nature of the Facility being constructed, the number of pre-qualified contractors is less than three, then the request for bids from less than three contractors is acceptable if determined by the County to be acceptable.

(iii) Company shall distribute notices inviting formal bids. The notices shall be distributed (by mail or email) no more than thirty (30) calendar days and not less than 10 calendar days before the opening date of the bids. The notices shall distinctly describe the project and state the time and place for submission of bids.

(iv) Bids shall be submitted to the Company either via email or deposit into an electronic portal, as the Company may direct from time to time. The bids shall be received and opened by the Company and there shall be no requirement for a public bid opening. At the time that the bids are due, the Company shall open the bids that have been received. The Company may contact one or more of the bidders and request

clarification of any bid or adjustments to the bid to comply with the specifications of the proposed project so that all bids may be evaluated on a comparable basis.

(v) Company shall submit to the County written evidence of compliance with the competitive bidding procedures set forth herein, including evidence of the required noticing, a listing of those to whom bids were requested, a listing of all responsive bids and their amounts (as adjusted pursuant to subsection (iv), if applicable), and the name or names of the contractor or contractors to whom the Company proposed to award the contracts for such construction.

(vi) The bidding documents for the Facilities shall require (A) performance of services in accordance with the approved Plans (as modified or amended from time to time), (B) liability and worker's compensation insurance naming the Company, the County, and their respective designees as additional insureds, (C) retention amounts, and (D) performance and payment bonds.

(vii) The contract for the construction of a Facility shall be awarded to the responsible bidder submitting the lowest responsive bid (as adjusted pursuant to subsection (iv), if applicable) for the construction of such Facility, subject to written concurrence from the County as provided in Section 5(f).

(d) Prevailing Wages. The Company covenants that it will require that all contracts or subcontracts for the construction of the Facilities require compliance with any applicable law or regulation for the payment of prevailing wages for such construction.

(e) Applicability of Public Contracts Code. The Parties agree that this Agreement is for the acquisition of certain Facilities to be owned by the County, the Water Agency, the LACFCD, the Sanitation District, and utilities, and the sale of one or more series of Bonds for the payment of the construction and/or acquisition cost of such Facilities and such other amounts as are herein provided, and is not nor is intended to be a public works contract under the California Public Contracts Code.

The County and the Company agree that the provisions of the California Public Contracts Code do not apply to the construction of the Facilities. The County and the Company agree that this Agreement is necessary to assure the timely and satisfactory completion of the Facilities and establishes the terms under which the Facilities shall be constructed as if they were constructed under the direction and supervision, or under the authority of, the County, as required by the Act. In performing this Agreement, the Company is an independent contractor and not the agent of the County or the District. Neither the County nor the District shall have responsibility for payment to any contractor or supplier of the Company. Notwithstanding the foregoing, the Company shall be required to post all payment and performance bonds required in connection with the final conditions of approval for the Project.

(f) Contracts for County Facilities and Flood Control Facilities. The Company (or its licensed affiliate) shall be responsible for entering into all contracts required for the construction of the County Facilities or Flood Control Facilities. All such contracts shall be submitted to the County for review and concurrence prior to commencement of the work identified in the contract. For all construction contracts, as well as soft costs related to the construction work, Company shall provide to County a spreadsheet of the construction bid results, the anticipated cost for soft costs, and a letter requesting the County's concurrence ("**Letter of Concurrence**") of funding eligibility and award of the construction contract to the responsible bidder submitting the lowest responsive bid. The form of Letter of Concurrence is attached hereto as Exhibit C. County shall make reasonable efforts to review construction contracts and provide a Letter of Concurrence within thirty (30) calendar days. If additional time is required due to complexity or incomplete documentation, the County may extend the review period by not more than an additional ten (10) calendar days upon written notice to the Company; provided that such additional ten (10) calendar day period shall not commence until complete documentation has been provided. Deemed approval shall not apply unless expressly agreed in writing by the County. If time is of the essence, the Company may proceed at its own risk, and potentially forfeit reimbursement from the District for this work, pending County approval of the

contract and provision of the Letter of Concurrence; provided, however, that in no event shall the Company be permitted to submit, or obtain approval of, a contract more than twenty (20) business days following the execution of a contract with a contractor (the Parties acknowledging that the Company may under certain circumstances need to cause the contractor to commence work under such contract in the field prior to the submission to the County).

(g) Change Orders for County Facilities and Flood Control Facilities. The Company (or its licensed affiliate) shall be responsible for entering into all change orders required for the construction of the County Facilities or Flood Control Facilities. The Company shall submit change work order documentation to the County accompanied by a Potential Change of Work (“PCOW”) form to determine funding eligibility and to obtain County approval prior to implementing changes. County shall make reasonable efforts to approve the PCOW within twenty (20) calendar days. If additional time is required due to complexity or incomplete documentation, the County may extend the review period by not more than an additional five (5) calendar days upon written notice to the Company; provided that such additional five (5) calendar day period shall not commence until complete documentation has been provided. The form of PCOW is attached hereto as Exhibit D. If time is of the essence, the Company may proceed at its own risk, and potentially forfeit reimbursement from the District for this work, pending County approval of the changes; provided, however, that in no event shall the Company be permitted to submit a PCOW more than twenty (20) business days following the issuance of a written change order to the contractor (the Parties acknowledging that the Company may under certain circumstances need to cause the contractor to commence such implementing changes in the field prior to the final design or engineering and written change order is written and executed by the Company and applicable contractor). PCOWs shall include the signature of the County (on behalf of itself or on behalf of LACFCD) inspector assigned to the contract.

(h) Independent Contractor. In performing this Agreement, the Company is an independent contractor and not the agent or employee of the County or the District. Neither the County

nor the District shall be responsible for making any payments directly to any contractor, subcontractor, agent, employee or supplier of the Company.

(i) Periodic Meetings for County Facilities and Flood Control Facilities. From time to time at the request of the County, representatives of the Company shall meet and confer with County staff, consultants and contractors regarding matters arising hereunder with respect to the County Facilities or the Flood Control Facilities and the progress in constructing and acquiring the same, and as to any other matter related to the County Facilities, the Flood Control Facilities or this Agreement. The Company shall advise the County in advance of any coordination and scheduling meetings to be held with contractors relating to the County Facilities or the Flood Control Facilities, in the ordinary course of performance of an individual contract. The County shall have the right to be present at such meetings, and to meet and confer with individual contractors if deemed advisable by the County to resolve disputes and/or ensure the proper completion of the Facilities.

(j) Non-County Facilities and Non-Flood Control Facilities. Any Facilities or Discrete Components thereof to be owned by a utility or a local agency other than the County or the LACFCD shall be bid and constructed in accordance with an agreement between the Company and the utility, district, or agency.

(k) Exhibit B Facilities. Notwithstanding anything herein to the contrary, prior to the execution of the Original Acquisition Agreement or this Agreement (as detailed in Exhibit B), the Company had solicited bids and began or completed construction for the Facilities listed in Exhibit B attached hereto (the “**Exhibit B Facilities**”). The Company certifies as to the following with respect to the Exhibit B Facilities: Exhibit B Facilities were bid consistently with the following: (i) the contract was competitively bid and the construction contract was awarded to the responsible bidder submitting the lowest responsive bid, (ii) the contractors that were contracted for construction of Exhibit B Facilities are reputable, licensed contractors registered with the California Contractors State License Board, (iii) the bid was received in an arms-length transaction with the Company, and (iv) the

bidders have no proprietary interest in the overall Project. Upon written request by the County, the Company will supply backup documentation to demonstrate compliance with Section 5c (i)-(iv) above for the Exhibit B Facilities.

Section 6. Acquisition of Facilities. The District hereby agrees to use the CFD Sources to pay the Company the Actual Cost (as defined below), as approved in accordance with this Section for each Facility and Discrete Component (the “**Purchase Price**”), subject to the terms and conditions hereof.

(a) Inspection. No payment hereunder shall be made by the District to the Company for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected by the County or other applicable public entity or utility and found to be constructed in accordance with the Plans approved by the County or other applicable public entity or utility. For Facilities or Discrete Components thereof to be acquired by the County, the Company shall request inspection using applicable County procedures. For Facilities or Discrete Components thereof to be acquired by other public entities or utilities, the Company shall request inspection using applicable procedures from the other public entities or utilities and shall be responsible for obtaining such copies of inspections and providing written evidence thereof to the County. The Company agrees to pay all inspection, permit and other fees of the County and other public agencies applicable to construction of the Facilities or Discrete Components thereof, which fees may be subject to reimbursement under this Agreement as part of the Actual Cost (as defined below) of the Facilities.

(b) Actual Cost. The term “**Actual Cost**” means, with respect to a Facility or Discrete Component, an amount equal to the costs incurred by the Company (or its licensed affiliate), including (a) the actual cost of constructing such Facility or Discrete Component, including labor, materials, tools, and equipment costs, (b) the costs of any and all necessary professional and technical services rendered which are related to the design and construction of such Facility or Discrete Component, including, but not limited to, accounting, legal, architectural, engineering, inspection,

materials testing, consulting services and similar professional services, (c) the actual cost of actions necessary to ensure the design and construction of the Facility or Discrete Component meets the mitigation, monitoring, and reporting plan described in the applicable approved final environmental impact report, except any costs related to litigation, (d) the amount of the fees actually paid to governmental entities or utilities in order to obtain permits, licenses or other necessary governmental approvals for such Facility or Discrete Component, (e) the actual cost for necessary professional services related to the construction of such Facility or Discrete Component, including engineering, inspection, construction staking, materials testing and similar professional services, (f) a fee for construction management and supervision (which may be to the Company or to an outside firm engaged by the Company), which cost shall not exceed 3% of the cost of constructing such Facility or Discrete Component, as determined pursuant to clause (a) of this definition, (g) the actual cost of any title insurance, workers' compensation insurance, commercial/comprehensive general liability insurance, builder's risk/property insurance, or other insurance required hereby for the construction of such Facility or Discrete Component, (h) the actual cost of any payment and performance bonds required to construct the Facility, (i) any administration and oversight charges paid to the County for the implementation of this Agreement, (j) and the lesser of the actual cost to the Company, or its affiliates, for the purchase of the real property or the appraised value of the real property confirmed by an appraiser mutually acceptable to the Company and the County at the time of conveyance of any real property or interest therein acquired from a party other than the Company or its affiliates, which real property or interest therein is either necessary for the construction of such Facility or Discrete Component (e.g., temporary construction easements, haul roads, etc.) or is required to be conveyed with such Facility or Discrete Component in order to convey title thereto to the County or other public entity, and (k) other costs directly related to the construction and/or acquisition of such Facility as reasonably determined to be directly related to such construction and/or acquisition by the County in

its sole discretion. No item of cost relating to a Facility or Discrete Component shall be included in more than one category of cost under this definition.

(c) Acquisition of Discrete Components of County Facilities and Flood Control Facilities. Subject to the provisions of Government Code Section 53313.51, the County may approve payment of Discrete Components of County Facilities or Flood Control Facilities prior to completion of the Facility of which the Discrete Components are a part in the manner described in Section 6(f) herein. The term “**Discrete Component**” means a segment or component of a Facility that can be separately identified, inspected, completed, and capable of serviceable use as determined by the County.

(d) Request for Payment Applicable to all Facilities. Any request for payment hereunder (a “**Payment Request**”) by the Company shall: (i) identify the Actual Costs incurred by the Company (or its licensed affiliate) and the amount required to be disbursed, the purpose for which the disbursement is to be made and the person or entity to which the disbursement is to be paid; (ii) contain reasonable and customary back-up documentation, including evidence of payment for all related paid invoices, substantiating the basis for and amount of the requested payment or disbursement as set forth in Section 6(f) herein; (iii) certify that the disbursement is for a purpose eligible to be funded with such amounts to be so disbursed, and in any event that no portion of the amount then being requested to be disbursed was paid pursuant to any previously filed Payment Request; and (iv) certify that no portion of the amount being requested to be disbursed has been or is entitled to be recovered by the Company as a fee credit under any separate agreement with, or fee program of, the County for the same improvement, provided that the foregoing does not apply to the treatment of (1) fees or fee credits for public parks, fire stations, or libraries that are specifically addressed under Section II of Exhibit A hereunder or (2) Bridge & Thoroughfare District fees or fee credits that are specifically addressed under separate agreements between the County and the Company; and (v) provide Project-related documentation, as requested by the County, to substantiate that any costs that are not subject to

competitive bidding requirements are reasonable and customary. The County's review of a Payment Request shall be completed within forty-five (45) calendar days of receipt. If additional time is required due to complexity or incompleteness of the Payment Request and the Company's supporting documentation, the County may extend the review period by not more than an additional fifteen (15) calendar days upon written notice to the Company; provided that such additional fifteen (15) calendar day period shall not commence until complete documentation has been provided. When such documentation is satisfactory to the County, the County shall Authorize (as defined below) payment of the Purchase Price of the Facilities that are the subject of the Payment Request.

(A) There shall be a presumption of reasonableness as to the amount of the construction contract (or change order) entered into as a result of a call for bids by the Company in accordance with this Agreement. For Actual Costs that are not subject to competitive bidding requirements, the County is not required to authorize payment to the extent that the costs exceed what is determined by the County to be reasonable and customary. For any Facility or Discrete Component to be acquired by a public entity or utility other than the County, the Company shall, at the County's request, provide written evidence, to the reasonable satisfaction of the County, of the approval of such Actual Cost substantiation and approval of such Facility or Discrete Component from such entity or utility when requesting payment.

(B) The Purchase Price approved for payment hereunder for any Facility or Discrete Component thereof may be paid in any number of installments as CFD Sources become available.

(C) Within ten (10) business days after approving a Payment Request (in whole or in part), the County shall Authorize (as defined herein) payment to be made to the Company exclusively from one or more of the CFD Sources. If there are insufficient CFD Sources to pay the full amount of a Payment Request, then the County

shall Authorize payment of as much of the Payment Request amount as there are CFD Sources available, and the payment of the remaining balance of the Payment Request shall be deferred until there are sufficient CFD Sources available. Promptly following the availability of CFD Sources, the County shall, from time to time and in as many installments as necessary, Authorize payment of the remaining balance of the Payment Request. Payment Requests may be paid (i) in any number of installments as CFD Sources become available and (ii) irrespective of the length of time of such deferral of payment. In no event shall the County be required to Authorize the District to make payments for Facilities or Discrete Components from any funding sources other than the CFD Sources. The term “**Authorize**” means either of the following, as the context requires: (i) where payment of a requisition is to be made from CFD Sources held and maintained by the Trustee under the Bond Indenture, the term means that the County provides whatever documentation and written authorization under the Bond Indenture as necessary for the Trustee to make payment on the requisition from the applicable CFD Sources; and (ii) where payment of a requisition is to be made from CFD Sources held and maintained by the County, the term means that the County authorizes the District to pay the applicable amount to the Company pursuant to the Payment Request.

(D) In connection with processing any Payment Request under this Agreement, the County will use good faith efforts to request any additional information required to Authorize the request as soon as practicable following receipt of the original materials and Company will use its good faith efforts to provide a thorough, organized, and complete response to each request. Company is authorized to communicate directly with the County, and its designees, agents, and contractors to facilitate any additional information request, to facilitate the prompt resolution of any technical issues, and to minimize the amount of time it takes to resolve outstanding issues. In

addition to the foregoing, and except as otherwise provided for herein, the Parties agree that if a Payment Request includes more than one Discrete Component or Facility, the County will not withhold payment Authorization on any Discrete Component or Facility that has been approved and for which sufficient CFD Sources are available, and will withhold payment Authorization only on such Discrete Components and Facilities for which payment has not been approved.

(E) If Company incurs costs that (1) apply to more than one Facility or Discrete Component (e.g., soft costs), or (2) apply to both Facilities or Discrete Components and improvements other than the Facilities or Discrete Components (e.g., grading), Company shall allocate, or cause the contractor to reasonably allocate, such costs between the Facilities or Discrete Components (in the case of clause (1)), or between the Facilities or Discrete Components and the improvements other than the Facilities or Discrete Components (in the case of clause (2)) (the “**Company Allocation**”). If the County disagrees with the Company Allocation, then the County and Company shall promptly allocate such costs, on a reasonable basis, between the Facilities or Discrete Components (in the case of clause (1)) or between the Facilities or Discrete Components and the improvements other than the Facilities or Discrete Components (in the case of clause (2)) (the “**Agreed-Upon Allocation**”). The Company Allocation or the Agreed-Upon Allocation, as applicable, will be included as part of the Actual Costs in the Payment Request for the specified Facility or Discrete Component.

(F) Prior to receiving final payment for a Facility, the Company shall submit for and obtain approval of as-built drawings from the County inspection staff and record a Notice of Completion (or its functional equivalent). A copy of the

recorded Notice of Completion shall be included with the Payment Request for the final payment of such Facility.

(e) Conditions for Payment. The District shall not be obligated to pay the Purchase Price of any Facility or Discrete Component until the Facility or Discrete Component is constructed and complies with the terms of this Section 6. The Company acknowledges that the County or LACFCD may not accept certain Discrete Components until the Facility of which a Discrete Component is a part has been determined Complete by the County. The County acknowledges that the Discrete Components (or the Facility of which the Discrete Component is a part) do not have to be accepted by the County as a condition precedent to the payment of the Purchase Price for such Discrete Component, but any such payment shall not be made until the Discrete Component has been constructed in accordance with the Plans therefor, as determined by the County or other agency or utility, and, for County Facilities and Flood Control Facilities, the Company shall provide for the operation and routine maintenance of the Discrete Component, in a manner acceptable to the County, until the Discrete Component is accepted by the County. In any event, the District shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the CFD Sources.

Prior to the District paying the Purchase Price for the County and Flood Control Facilities, the Company shall provide to the County (i) documentation indicating that the approved improvement plans, as built drawings or other similar plans and specifications of such County Facility or Flood Control Facility have been received in a form reasonably acceptable to the County, or in lieu thereof, the County may refer to the official improvement plans on file with the Los Angeles County Department of Public Works, (ii) a certificate of the Company, supplemented by information satisfactory to the County, that the improvements being acquired were constructed under the inspection of County inspectors, or under the authority, of the County, (iii) a certificate of the Company stating that no mechanic's liens or other encumbrances have attached, or to the best of its knowledge will

attach, to the improvements being acquired, and (iv) if previously required by the County, evidence that performance and payment bonds, in a form acceptable to the County, are on file with the County.

(f) Payment Requests for County Facilities and Flood Control Facilities. The following provisions apply to the payment of a Payment Request submitted by the Company for County Facilities and Flood Control Facilities (herein, the “**County/Flood Facilities**”), or Discrete Components thereof:

(i) Payment When Substantially Complete. The Company may submit a Payment Request for up to 90% of the Actual Cost of a County/Flood Facility or Discrete Component when the County/Flood Facility or Discrete Component is Substantially Complete (as defined herein). With respect to a County/Flood Facility or Discrete Component, when the County (i) determines that such County/Flood Facility or Discrete Component, while not Complete (as defined herein), is Substantially Complete as determined in writing by the County/Flood Control District, (ii) confirms that such County/Flood Facility or Discrete Component has been constructed in accordance with the Plans therefor, (iii) confirms receipt of the Bid Spread Sheet, the contract, Letter of Concurrence, any PCOWs, and invoice for payment of costs, and (iv) verifies and approves the Actual Cost of such County/Flood Facility or Discrete Component, the County shall sign the Payment Request and authorize payment.

(ii) Payment When Complete. When the Company completes or causes to be completed all work with respect to such County/Flood Facility or Discrete Component and concludes that such County/Flood Facility or Discrete Component is Complete, the Company shall deliver to the County (i) documentation indicating that the approved improvement plans are on file with the Los Angeles County Department of Public Works, and (ii) a Notice of Completion for the County/Flood Facility or

Discrete Component. Upon receipt of such information and documentation and determination in writing by the County/Flood Control District that the Notice of Completion is acceptable, and that the Facility or Discrete Component is completed to the satisfaction of the County/Flood Control District, the County shall sign a copy of the Payment Request therefor, indicating thereon that such County/LACFCD Component is Complete and that the amount of the Purchase Price set forth in the Payment Request for such County/Flood Facility or Discrete Component is eligible for payment; provided, however under no circumstances shall the total of the payments in (i) and (ii) above exceed the Purchase Price of the County/Flood Facility.

(iii) The term “**Complete**” means, with respect to a County/Flood Facility or Discrete Component, that the construction of such County/Flood Facility or Discrete Component per the Plans (including all ancillary, non-essential items included in such County/Flood Facility or Discrete Component) by the Company is, in the reasonable judgment of the County, in all respects satisfactorily complete.

(iv) The term “**Substantially Complete**” means, with respect to a County/Flood Facility or Discrete Component, that the construction of such County/Flood Facility or Discrete Component by the Company has, reached a stage of completion sufficient to allow for serviceable use of such County/Flood Facility or Discrete Component, as determined by the County, and that only the construction of ancillary, non-essential items remains incomplete as identified on a mutually agreed punch-list and completion timeline; provided, however, that a County/Flood Facility or Discrete Component shall not be deemed to be Substantially Complete if, in the reasonable judgment of the County, the cost to complete the construction of such ancillary, non-essential items would exceed 10% of the estimated total Purchase Price of such County/Flood Facility or Discrete Component.

(g) Payment Requests for Non-County Facilities and Non-Flood Control Facilities.

From time to time, the Company may submit a Payment Request for the payment of the Purchase Price of Facilities or Discrete Components thereof to be owned by a utility or a local agency other than the County or the LACFCD. The Payment Request shall be accompanied by written documentation from the utility or local agency that the Facilities or Discrete Components have been constructed and inspected pursuant to the utility or local agency standards (which may be contained in an agreement between the Company and the utility or local agency). The amount payable for the Facility or Discrete Component shall be governed by agreements between the Company and the utility or local agency. Within ten (10) business days after receiving the Payment Request, if deemed acceptable by the County, the County shall authorize the Payment Request and forward to the Trustee for payment.

(h) Delinquencies by the Company. Notwithstanding any of the provisions of this Agreement to the contrary, the District shall have the right to withhold payment of the Purchase Price or any increment thereof of any Facility or Discrete Component if the Company is delinquent in the payment of any special taxes levied by the District on properties then owned by the Company within the District. The County shall provide written notice to the Company of the decision to withhold any such payment and shall specify the reason for such decision. If the payment is withheld as a result of the delinquency in the payment of special taxes, the notice shall identify the delinquent parcels and the amount of such delinquency. Upon receipt by the County of evidence reasonably satisfactory to the County of the payment of the delinquent special taxes, the District shall forthwith make any payment which has been withheld pursuant to the provisions of this paragraph.

(i) Expectations of the Parties. The County and District understand and agree that (i) Company will be constructing Facilities or Discrete Components prior to the availability of CFD Sources that will be used to pay for such Facilities or Discrete Components, (ii) the County or the other public agencies that will own and operate such Facilities or Discrete Components may be inspecting such Facilities or Discrete Components and processing and reviewing Payment Requests for such

Facilities or Discrete Components with the knowledge that there may be insufficient CFD Sources available at such time, (iii) the Facilities or Discrete Components may be conveyed to and accepted by the County or other local agency that will own and operate such Facilities or Discrete Components when there are insufficient CFD Sources to pay the Purchase Prices of such Facilities or Discrete Components, and (iv) in any such case, the payment of any approved Payment Requests for the Purchase Prices of such Facilities or Discrete Components will be deferred until there are sufficient CFD Sources available to pay the Purchase Prices of such Facilities or Discrete Components, at which time the County will make such payments in accordance with this Agreement. At all times, Company will be constructing such Facilities or Discrete Components with the expectation that the Purchase Prices for such Facilities or Discrete Components will be paid solely from the CFD Sources; provided, however, that the Company acknowledges that the expected Actual Costs of the Facilities or Discrete Components may exceed the expected available CFD Sources. The conveyance of Facilities or Discrete Components to the County or a local agency or district that will own and operate such Facilities or Discrete Components prior to receipt of the Purchase Prices for such Facilities or Discrete Components shall not be construed as a dedication or gift, or a waiver of the payment of the Purchase Prices, or any part thereof, for such Facilities or Discrete Components. However, if the CFD Sources are insufficient to pay the Purchase Price for a Facility or Discrete Component, the Company, or its affiliate, is not relieved of any obligations under this Agreement, and the District or the County shall have no responsibility to reimburse the Company for any shortfall.

(j) Financing The Old Road Annual Payments. The Company and the County agree that the Company will finance up to \$62 million of the “Old Road Phase II Improvements” (“**The Old Road Facilities**”) pursuant to an annual payment schedule set forth in Exhibit C-2 of the Entrada South Development Agreement (the amount due in any year, herein the “**Annual Payments**”). Concurrently with approval of this Agreement by the Board of Supervisors, the County shall adopt a reimbursement resolution pursuant to Federal tax law to allow for the financing of the Annual

Payments from tax-exempt bonds. The County has agreed that the Annual Payments shall be financed solely from the CFD Sources as set forth below and in no event shall the County be liable for any shortfall in repayment to the Company:

(i) All Annual Payments paid to the County by the Company shall be accounted for separately and shall be deposited in an account maintained by the County (“**Phase II Old Road Improvements Account**”). The amounts on deposit in the Phase II Old Road Improvements Account may be expended by the County in the ordinary course of business to finance The Old Road Facilities.

(ii) At the written request of the Company specifying the amount of unreimbursed Annual Payments paid by the Company to the County for which reimbursement is requested, the County shall apply available CFD Sources and any amounts available pursuant to subsection (vi) below to the reimbursement of such unreimbursed Annual Payments, in an aggregate amount not to exceed the amount requested by the Company.

(iii) The Company acknowledges that the County may reimburse the Annual Payments to the Company with proceeds of tax-exempt bonds only if the County can meet certain requirements of federal tax law, as determined by the County in consultation with their bond counsel. If the Company has requested the reimbursement of Annual Payments from tax-exempt bonds but the requested reimbursement of Annual Payments cannot be reimbursed with tax-exempt bonds, and other CFD Sources are not available, the District may, in its sole discretion, at the request of the Company issue taxable bonds to reimburse the Company for such Annual Payments.

(iv) Any Annual Payments that are not reimbursed to the Company from available CFD Sources at the request of the Company shall be reimbursed to the

Company from time to time at the written request of the Company as additional CFD Sources become available. CFD Sources from any Improvement Area are authorized to be used to reimburse the Annual Payments, and it shall not be a requirement that the CFD Sources have to originate only from the Homestead South Project, the Legacy Village Project, or any other village in which Annual Payments are made.

(v) The Company may pay Annual Payments prior to the availability of CFD Sources to reimburse such Annual Payments. Any Annual Payments paid by the Company shall be made with the understanding that such Annual Payments will be reimbursed from the CFD Sources at the written request of the Company if, and when, such CFD Sources become available and the Company has requested their payment from such available CFD Sources. The payment of Annual Payments prior to the availability of the CFD Sources shall not be construed as a dedication or gift of the Annual Payments, or a waiver of the reimbursement of the Annual Payments, it being the intention that the Annual Payments be reimbursed by the CFD Sources to the extent of the CFD Sources and upon the written request of the Company.

(vi) Notwithstanding any provision of this Agreement limiting the financing or reimbursement of Annual Payments to CFD Sources, Annual Payments may also be reimbursed from amounts available pursuant to this subsection (vi). The County shall include in the Special Tax Requirement (as defined in the applicable RMA) for an improvement area that includes property within one or more DA Villages (each such improvement area, a "DA Improvement Area") an amount for the reimbursement of unreimbursed Annual Payments paid by the Company to the County with respect to any DA Village that includes property within such DA Improvement Area, in such amount as determined in connection with the annual levy of special taxes for such DA Improvement Area, if each of the following has occurred with respect to

such DA Improvement Area: (A) the fifth fiscal year following the fiscal year in which special taxes were first levied in such DA Improvement Area has ended; (B) the Company has requested in writing that the District issue Bonds for such DA Improvement Area; (C) such request is supported by a determination of the special tax consultant retained by the County that, based on the special tax revenues then available in such DA Improvement Area, Bonds satisfying the coverage requirements of the applicable RMA and the CFD Goals could be issued for such DA Improvement Area; and (D) no Bonds have been issued for such DA Improvement Area. Special taxes levied and collected for any amount included in the Special Tax Requirement pursuant to this subsection (vi) shall be applied to reimburse the unreimbursed Annual Payments described in this subsection (vi). For purposes of this subsection (vi), "DA Village" means each of the Entrada South Project, the Homestead South Project, and the Legacy Village Project described in Exhibit C-2 of the Entrada South Development Agreement.

(k) Ownership and Transfer of County Facilities and Flood Control Facilities. The provision of or conveyance of County Facilities and Flood Control Facilities from the Company to the County shall take place as follows:

(i) Real Property. Prior to the final payment for a County Facility or Flood Control Facility, the Company shall cause to be made, or shall have previously made, an irrevocable offer of dedication to the County of the appropriate right, title and interest in and to the portion of the land owned by the Company related to such County Facility or Flood Control Facility to be acquired hereunder, including any temporary construction or access easements. The Company agrees to execute and deliver to the County those documents required to complete the transfer of Acceptable Title (as defined herein) to such portion of the land. **"Acceptable Title"** means title to the land

delivered free and clear of all taxes, liens or other monetary, encumbrances, assessments, easements, leases, whether any such item is recorded or unrecorded, except those nonmonetary encumbrances and easements which do not unreasonably interfere with the intended use of the land and therefore are not required to be cleared from the title.

The Company shall maintain the land and any improvements thereon in good and safe condition until the County accepts the County Facility into the County system for maintenance or accepts the Flood Control Facility.

The County's final acceptance of the land and improvements shall not be unreasonably withheld or delayed.

(ii) Personal Property. If any of the County Facilities or Flood Control Facilities to be acquired from the Company contain personal property, then transfer to the County of such personal property shall be accomplished by a Bill of Sale if the County desires the personal property. Otherwise, the personal property must first be removed before transfer can proceed.

(l) Maintenance. The Company shall be obligated for a period of twelve (12) months from the date the County accepts a County Facility into the County system or the County accepts a Flood Control Facility to provide maintenance, and to repair or replace any defects or failures resulting from the work of the Company or its affiliates, and their contractors or agents. For purposes of this Agreement, the term “**maintenance**” in the immediately preceding sentence means the repair, replacement, or correction of any defects in the Facility, and shall not mean the day-to-day upkeep or correction of normal wear and tear of the Facility (such as watering or weeding for landscape improvements, painting, graffiti removal, etc.). For any contract where the County is not a third-party beneficiary of such contract, upon the expiration of such twelve (12) month period, the Company shall

assign to the County all of its rights in any remaining warranties, guarantees or other evidence of contingent obligations of third persons with respect to such County Facilities.

Section 7. Disclosure of Special Tax. The Company covenants and agrees that from and after the date hereof it will provide all forms of disclosure of the special tax to be levied by the District as required by existing law and by any future laws. In particular, the Company covenants and agrees from and after the date hereof to provide the special tax disclosure notice required by Section 53341.5 of the Act and to retain in its files copies of all notices signed by purchasers in accordance with Section 53341.5. The County shall have the right to inspect and obtain copies of all of the Company's records regarding special tax disclosure.

Section 8. Indemnification and Hold Harmless. The Company hereby assumes the defense of, and indemnifies and saves harmless the County, the District and each of their respective elected officials, officers, directors, employees and agents (each, an “**Indemnified Party**”), from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, or arising out of (i) the design, engineering and construction of any of the County Facilities or the Flood Control Facilities, or arising out of (ii) a failure of the Company to provide notice of the special tax to be levied by the District, (iii) or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Company, its officers, directors, employees or agents to the County, the District, the District's Underwriter and its counsel, Appraiser, Special Tax Consultant, Market Absorption Consultant or Bond and Disclosure Counsel regarding the Company, its proposed developments, its property ownership and its contractual arrangements contained in the Official Statement relating to each series of Bonds; provided that the actions, damages, claims, losses and expenses covered by this Section 8 which relate to the County Facilities or the Flood Control Facilities being acquired shall be those arising out of the personal injury or property damage which occurred during the period up to the acceptance of the County Facilities or the Flood Control Facilities by the County, whether or not an action or claim is filed by the date of

acceptance of the County Facilities or the Flood Control Facilities; and provided, further, that nothing in this Section 8 shall limit in any manner the Indemnified Party's rights against any of the Company's architects, engineers, contractors or other consultants. Upon written request of the County, the Company shall furnish to the District a certificate or certificates of insurance substantiating that it has obtained (or that the contractor selected to construct a County Facility or a Flood Control Facility has obtained) for the entire period of the construction of the County Facilities or the Flood Control Facilities a policy of comprehensive or commercial general liability insurance insuring the work for the applicable County Facility or Flood Control Facility and having a combined single limit of liability in the amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. The certificate of insurance shall include an endorsement naming the Indemnified Parties as additional named insureds.

Except as set forth in this Section 8, no provision of this Agreement shall in any way limit the extent of the responsibility of the Company for payment of damages resulting from the operations of the Company, its agents, employees or contractors. Nothing in this Section 8 shall be understood or construed to mean that the Company agrees to indemnify an Indemnified Party for any negligent or wrongful acts or omissions to act of the Indemnified Party or any of their respective officers, directors, employees or agents.

Section 9. Company's Duty to Perform Under Other Agreements. Nothing contained herein shall be construed as affecting the Company's duty to perform its obligations under other agreements, land use regulations or subdivision requirements relating to the land within the District and the Facilities, which obligations are and shall remain independent of the Company's rights and obligations under this Agreement.

Section 10. Audit. The County shall have the right, during normal business hours and upon the giving of ten (10) days' written notice to the Company, to review all books and records of the Company relating to the Facilities.

Section 11. Conflict with Other Agreements. This Agreement amends and restates the Original Acquisition Agreement. Nothing contained herein shall be construed as releasing the Company from any Conditions of Approval or requirement imposed by any other agreement with the County, and, in the event of a conflicting provision, the more specific provision, as determined by the County, shall prevail unless such conflicting provision is specifically waived or modified in writing by the County.

Section 12. General Standard of Reasonableness. Any provision of this Agreement which requires the consent, approval, discretion or acceptance of any party hereto or any of their respective employees, officers or agents shall be deemed to require that such consent, approval or acceptance not be unreasonably withheld or delayed, unless such provision expressly incorporates a different standard. The foregoing provision shall not apply to provisions in the Agreement which provide for decisions to be in the sole discretion of the party making the decision.

Section 13. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered, the next business day following deposit with a nationally recognized overnight carrier (e.g., FedEx or UPS), or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid, addressed as follows:

Company: The Newhall Land and Farming Company (A California Limited Partnership)
c/o Five Point
2000 Five Point, 4th Floor,
Irvine, California 92618,
Attention: Richard Leigh

With a copy to:

The Newhall Land and Farming Company (A California Limited Partnership)
c/o Five Point
2000 FivePoint, 4th Floor,
Irvine, California 92618,
Attention: Legal Notices

County or District: County of Los Angeles
500 West Temple Street, Room 434
Los Angeles, CA 90012
Attention: Treasure and Tax Collector
Public Finance Division

With a copy to: Los Angeles County Public Works
900 South Fremont Avenue, 3rd Floor-LDD
Alhambra, CA 91803-1331
Attention: Assistant Deputy Director

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other party.

Section 14. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 15. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The Company may not assign its rights or obligations hereunder except (i) an Approved Assignment (as defined below) or (ii) with the prior written approval of the County and the District, which shall not be unreasonably withheld or delayed. Notwithstanding the preceding sentence, the Company may assign its rights and obligations herein as security to lenders for the purpose of obtaining loans to finance development within the District or other portion of the Project, but no such assignment shall release the Company from its obligations pursuant to this Agreement, which the Company shall remain obligated to perform itself. The Company shall provide written notice to the County of any assignment of this Agreement at least 15 days prior to the effective date of any such assignment. The term “**Approved Assignment**” means an assignment and assumption of this Agreement pursuant to an assignment and assumption agreement with (i) an affiliate of the Company or a joint venture in which the Company is a member or (ii) an entity (or an affiliate thereof) that acquires all or substantially all of the (x) Company’s interest in the Project or (y) business, equity or assets of the Company, whether by merger, reorganization,

acquisition, sale, spin-off, carve out, operation of law, or otherwise. An Approved Assignment shall not, by itself, release the Company from, or otherwise terminate, any provision in the Conditions of Approval, or any payment and performance bonds that the Company has posted pursuant to the Conditions of Approval; any release of the Company or termination of the payment and performance bonds will be governed by the terms of the separate agreement(s) with the Company and the County and/or the payment and performance bonds themselves, and the Conditions of Approval and applicable law.

Section 16. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

Section 17. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by another party, or the failure by a party to exercise its rights upon the default of another party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 18. Singular and Plural; Gender. As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

Section 19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 20. Remedies in General; Damages Limited.

(a) Damages Limited. It is acknowledged by the Parties that neither the County nor the District would have entered into this Agreement if it were to be liable in damages under or with respect to this Agreement or the application thereof, other than for the payment to the Company of any Purchase Price owing to the Company hereunder. Any and all obligations arising out of or related to this Agreement are the special and limited obligations of the County and/or the District payable only from the CFD Sources, to the extent such CFD Sources may become available. Neither the County nor the District shall have any pecuniary liability for any act or omission on the part of the County or

the District. In no event will an act, or an omission or failure to act, by the County or the District with respect to the sale or proposed sale of any series of Bonds subject the County or the District to pecuniary liability therefor.

In general, each of the Parties may pursue any remedy at law or equity available for the breach of any provision of this Agreement; except that the County and the District shall not be liable in damages to the Company, or to any assignee or transferee of the Company, other than to pay up to an amount equal to the Purchase Price for any Facility or the reimbursement of Annual Payments from available CFD Sources. In light of the foregoing, the Company covenants not to sue for or claim any damages for any alleged breach of, or dispute which arises out of, this Agreement, except for (i) the payment of an amount equal to the Purchase Price of any Facility to be acquired from the Company hereunder, together with interest on the Purchase Price up to the amount of available CFD Sources and (ii) the reimbursement of an amount equal to the Annual Payments, together with interest on the Annual Payments up to the amount of available CFD Sources.

(b) Resolution of Disputes Regarding Purchase Price. Notwithstanding any provision in this Agreement to the contrary, in the event of a dispute as to the amount of the Purchase Price to be paid for any Facility to be acquired hereunder, the County and the District will pay any undisputed portion of the Purchase Price upon compliance with the provisions of this Agreement and may elect to withhold payment of the amount of the Purchase Price in dispute, in which case the Parties agree to meet and confer regarding such matter.

Section 21. Entire Agreement; Amendment. This Agreement and the agreements expressly referred to herein contains all of the agreements of the Parties with respect to the matters contained herein and no prior or contemporaneous agreement or understandings, oral or written, pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be modified, waived, amended or added to except by a writing signed by each party hereto.

Section 22. Construction of Agreement. This Agreement has been reviewed by legal counsel for the County, the District, and the Company and shall be deemed for all purposes to have been jointly drafted by such Parties. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement. The language in all parts of this Agreement, in all cases, shall be construed as a whole and in accordance with its fair meaning and not strictly for or against any party and consistent with the provisions hereof, in order to achieve the objectives of the Parties hereunder. The captions of the sections and subsections of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of construction.

Section 23. Authority of Signatories. Each signatory and party hereto hereby represents and warrants to the other Parties that it has legal authority and capacity and direction from its principal to enter into this Agreement, and that all resolutions and/or other actions have been taken so as to enable such party to enter into this Agreement.

Section 24. Electronic Signatures. This Agreement may be executed simultaneously or in any number of counterparts, including both counterparts that are executed manually on paper and counterparts that are in the form of electronic records and are executed electronically, whether digital or encrypted, each of which shall be deemed an original and together shall constitute one and the same instrument.

The Parties hereby agree to regard facsimile/electronic representations of original signatures of authorized officers of each party, when appearing in appropriate places on this Agreement and on any addenda or amendments thereto, delivered or sent via facsimile or electronic mail or other electronic means, as legally sufficient evidence that such original signatures have been affixed to this Agreement and any addenda or amendments thereto such that the Parties need not follow up facsimile/electronic transmissions of such documents with subsequent (non- facsimile/electronic) transmission of “original” versions of such documents.

Further, the Parties: (i) agree that an electronic signature of any party may be used to authenticate this Agreement or any addenda or amendment thereto, and if used, will have the same force and effect as a manual signature; (ii) acknowledge that if an electronic signature is used, the other party will rely on such signature as binding the party using such signature, and (iii) hereby waive any defenses to the enforcement of the terms of this agreement based on the foregoing forms of signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first set forth above.

COUNTY OF LOS ANGELES

By: _____
Chair of the Board of Supervisors of the County of Los Angeles

COUNTY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 2021-01 (VALENCIA-
FACILITIES)

By: _____
Chair of the Board of Supervisors of the County of Los Angeles

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By: _____
Deputy

THE NEWHALL LAND AND FARMING COMPANY (A
CALIFORNIA LIMITED PARTNERSHIP),
a California limited partnership

By: NWHL GP LLC,
a Delaware limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

DESCRIPTION OF FACILITIES AND FINANCING COSTS

This Amended and Restated Acquisition, Funding and Disclosure Agreement shall apply to financing of “**Facilities**,” which are defined to mean all or a portion of the costs of the purchase, construction, modification, expansion, improvement or rehabilitation of facilities permitted under the Act and that are required as conditions of development of the property within the District, the Future Annexation Area, and any other property annexed to the District including, but not limited to the Facilities described below:

AUTHORIZED FACILITIES AND COSTS	(\$ Millions) Estimated Costs¹
I. COUNTY FACILITIES	
Magic Mountain Parkway - Mission Village:	
Road Improvements	\$23.8
Median/Parkway Landscaping	\$3.7
Sewer	\$4.1
Utilities	\$11.6
Magic Mountain Parkway - Homestead South Village:	
Road Improvements	\$8.8
Median/Parkway Landscaping	\$3.9
Sewer	\$3.0
Utilities	\$4.8
Commerce Center Drive – Mission Village	
Road Improvements	\$9.8
Median/Parkway Landscaping	\$2.3
Sewer	\$0.7
Utilities	\$5.6
Westridge Parkway – Mission Village	
Road Improvements	\$3.6
Median/Parkway Landscaping	\$0.7
Sewer	\$0.6
Utilities	\$3.2
Long Canyon Road – Homestead South Village	
Road Improvements	\$5.7
Median/Parkway Landscaping	\$2.6
Utilities	\$3.1
Long Canyon Road – Landmark Village	
Road Improvements	\$1.9
Median/Parkway Landscaping	\$0.9
Utilities	\$1.1
Valencia Blvd. – Homestead South Village	
Road Improvements	\$5.9
Median/Parkway Landscaping	\$2.2
Utilities	\$3.0

AUTHORIZED FACILITIES AND COSTS	(\$ Millions) Estimated Costs¹
Valencia Blvd. – Potrero Village	
Road Improvements	\$4.6
Median/Parkway Landscaping	\$2.4
Sewer	\$0.6
Utilities	\$3.1
Valencia Blvd. – Legacy Village	
Road Improvements	\$9.8
Median/Parkway Landscaping	\$4.5
Sewer	\$1.3
Utilities	\$3.9
Legacy Village Road – Legacy Village	
Road Improvements	\$1.7
Median/Parkway Landscaping	\$1.1
Sewer	\$0.4
Utilities	\$1.4
Potrero Valley Road – Potrero Village	
Road Improvements	\$6.7
Median/Parkway Landscaping	\$3.0
Sewer	\$1.5
Utilities	\$5.3
Homestead South Road – Homestead South Village	
Road Improvements	\$10.2
Median/Parkway Landscaping	\$3.9
Storm Drain	\$2.8
Sewer	\$2.2
Utilities	\$7.8
Landmark Road – Landmark Village	
Road Improvements	\$7.4
Median/Parkway Landscaping	\$4.4
Sewer	\$1.4
Utilities	\$3.6
Chiquito Valley Road – Homestead North Village	
Road Improvements	\$2.0
Median/Parkway Landscaping	\$1.6
Utilities	\$1.5
Water Quality Basins – Mission Village	
Water Quality	\$23.1
Water Quality Basins – Various Villages	
Water Quality	\$77.9
Henry Mayo Drive – Entrada North Village	
Road/Bridge Improvements	\$1.0
Median/Parkway Landscaping	\$0.0
Sewer	\$0.2
Utilities	\$0.8

AUTHORIZED FACILITIES AND COSTS	(\$ Millions) Estimated Costs¹
Wolcott	
Road	\$2.3
Median/Parkway Landscaping	\$0.7
Sewer	\$0.6
Utilities	\$1.5
SR 126 Intersections	
Intersections	\$49.4
Interchanges	
Rye Canyon Ramp Relocation	\$6.9
Bridges	
Commerce Center Drive Bridge	\$58.2
Long Canyon Road Bridge	\$44.7
Pedestrian Bridges	
Mission Village	\$14.2
Entrada South	\$8.1
Entrada North	\$7.1
SR 126 Utility Corridor	
Grading	\$9.6
Dry Utilities	\$7.3
Trails and Landscaping	\$11.9
Subtotal County Facilities	\$542.20

II. COUNTY IMPACT-RELATED FACILITIES

Pursuant to Exhibit C-6 of the Entrada South Development Agreement, the Company has agreed to remove its right under the Original Acquisition Agreement to reimbursements for the full costs of the library, public parks, and fire stations constructed by Newhall (the “**County Impact Fee-Related Facility(ies)**”), and instead allow reimbursements only to the extent the costs incurred are in excess of the amount that the Company would be obligated to pay as the applicable Impact Fee for each such County Impact Fee-Related Facility (the “**Costs in Excess of Impact Fees**”).

(Note: Impact Fees means any fee established by the County with respect to development and its impacts pursuant to any governmental requirements including without limitation fees adopted pursuant to Section 66000 et seq. of the California Government Code, dedication requirements, linkage fees, exactions, assessments or fair share charges, or any other similar impact fees, charges, or exactions imposed on and in connection with development undertaken pursuant to the Project Approvals” (as defined in the Entrada South Development Agreement) by the County pursuant to “Rules, Regulations, and Official Policies” (as defined in the Entrada South Development Agreement). Impact Fees do not include Processing Fees.)

In furtherance of the Entrada South Development Agreement, the following shall apply:

AUTHORIZED FACILITIES AND COSTS**(\$ Millions)
Estimated Costs¹**

- The Costs in Excess of Impact Fees shall be determined separately for each of the three types of County Impact Fee-Related Facilities (library, public parks and fire stations).
- Pursuant to the Memorandum of Understanding and the First Amendment thereto between Library and the Company, the Costs in Excess of Impact Fees for library facilities (i.e., the amount of the library improvements eligible to be financed under this Agreement) shall be calculated as follows: the positive difference between the Actual Costs of library facilities constructed by or through the Company, less the Library Facilities Mitigation Fees that would otherwise be attributable to actual development within the Newhall Ranch Specific Plan area.
- The Costs in Excess of Impact Fees for fire station improvements (i.e., the amount of the fire station improvements eligible to be financed under this Agreement) shall be calculated as follows: the positive difference between the Actual Costs of the fire station improvements constructed by or through the Company, less the mitigation fees under the Developer Fee Program (DPF) Area of Benefit 2, Santa Clarita Valley that would otherwise be attributable to actual development within the Newhall Ranch Specific Plan area.
- The Costs in Excess of Impact Fees for public park improvements (i.e., the amount of the public park improvements eligible to be financed under this Agreement) shall be calculated as follows: the positive difference between the Actual Costs of public park improvements constructed by or through the Company, less the Net Quimby In-Lieu Fees Payable after applying the Quimby Fee Credit against the Park Acreage Obligation for each applicable Village (pursuant to the applicable Park Obligation Report and executed Park Development Agreement for each Village), as illustrated in the table below:

Village	Park Acreage Obligation	Quimby Fee Credit	Net Park Obligation	Net Quimby In-Lieu Fees Payable
Landmark	10.86 Acres	18.93 Acres	-8.07 Acres	\$0.00
Mission Village	27.33 Acres	70.00 Acres	-42.67 Acres	\$0.00
Entrada South	10.82 Acres	29.10 Acres	-18.28 Acres	\$0.00
Homestead South	30.02 Acres	62.10 Acres	-32.08 Acres	\$0.00
Legacy Village	23.56 Acres	71.75 Acres	-48.19 Acres	\$0.00
Entrada North	9.93 Acres	31.1 Acres	-21.17 Acres	\$0.00
Potrero	TBD	TBD	TBD	TBD
Homestead North	TBD	TBD	TBD	TBD

III. THE OLD ROAD FACILITIES

\$62,000,000

IV. PUBLIC BACKBONE IMPROVEMENTS

(Public Backbone Improvements include, but are not limited to, the following improvements to be owned by the County: road improvements (which include Major Highways, Secondary Highways, Collector Streets, Residential Collector Streets, and Commercial Collector Streets as described in County Code, Title 21 Subdivisions Chapter 21.24); sewer improvements; water improvements; storm drain improvements; utility improvements; and median/parkway landscaping. Public Backbone Improvements listed in this Section IV and their estimated costs are not included in any other section of this Exhibit A, and under no circumstances may the Company seek payment for the same facility more than once.)

	Estimated Costs ¹
Public Backbone in Mission Village	\$67,226,380
Road Improvements	\$18,208,472
Median/Parkway Landscaping	\$8,646,677
Storm Drain	26,152,292
Sewer	\$8,972,345
Utilities	\$5,246,592
 Public Backbone in Entrada South Village	 \$54,218,536
Road Improvements	\$9,942,680
Median/Parkway Landscaping	\$3,245,220
Storm Drain	\$8,143,849
Sewer	\$2,986,650
Utilities	\$17,372,640
Waters	\$12,527,497
 Public Backbone in Landmark Village	 \$56,971,126
Road Improvements	\$10,861,538
Median/Parkway Landscaping	\$3,511,488
Storm Drain	\$6,981,546
Sewer	\$3,346,368
Utilities	\$18,637,481
Waters	\$13,632,705
 Public Backbone in Homestead South Village	 \$141,242,332
Road Improvements	\$26,927,832
Median/Parkway Landscaping	\$8,705,651
Storm Drain	\$17,308,589
Sewer	\$8,296,288
Utilities	\$46,205,885
Waters	\$33,798,088
 Public Backbone in Legacy Village	 \$85,044,815
Road Improvements	\$16,213,783
Median/Parkway Landscaping	\$5,241,845
Storm Drain	\$10,421,845
Sewer	\$4,995,360
Utilities	\$27,821,481

Waters	\$20,350,500
Public Backbone in Entrada North Village	\$20,350,202
Road Improvements	\$2,318,727
Median/Parkway Landscaping	\$2,073,379
Storm Drain	\$5,517,200
Sewer	\$1,049,198
Utilities	\$2,920,841
Waters	
Public Backbone in Homestead North Village	\$94,848,153
Road Improvements	\$18,082,788
Median/Parkway Landscaping	\$5,846,086
Storm Drain	\$11,623,199
Sewer	\$5,571,188
Utilities	\$31,028,536
Waters	\$22,696,356
Public Backbone in Potrero Village	\$226,115,358
Road Improvements	\$43,108,863
Median/Parkway Landscaping	\$13,936,907
Storm Drain	\$27,709,382
Sewer	\$13,281,557
Utilities	\$73,971,167
Waters	\$54,107,480
Public Backbone in Commerce Center	\$18,601,565
Road Improvements	\$1,931,677
Median/Parkway Landscaping	\$2,056,313
Storm Drain	\$3,222,389
Sewer	\$5,129,793
Utilities	\$3,462,142
Waters	\$2,799,251
Subtotal Public Backbone Improvements	\$764,618,467

V. JCFA SANTA CLARITA VALLEY WATER AGENCY

(\$ Millions)
Estimated Costs¹

Homestead South Zone 1A Potable Water Tank	\$4.1
Homestead South Recycled Water Tank 1	\$4.7
Landmark Potable Water Tank	\$5.5
Legacy North Potable Water Tank	\$4.4
Legacy South Potable Water Tank	\$4.1
Legacy Zone IVB Potable Water Tank	\$4.8
Stevenson Ranch Potable Water Tank	\$4.5
Legacy Potable Booster Station	\$1.2
Legacy Village Potable Booster Station	\$0.0
Petersen Recycled Water Tank	\$4.6
Legacy Zone 3 Recycled Water Tank	\$4.0

Legacy Zone 4 Recycled Water Tank 1	\$4.3
Legacy Zone 4 Recycled Water Tank 2	\$4.0
Commerce Center Drive Potable Booster Station	\$1.2
Commerce Center Drive Recycled Booster Station	\$1.3
Long Canyon Recycled Booster Station	\$1.2
Magic Mountain Potable Water	\$5.6
Petersen Potable Water Tank	\$5.0
Magic Mountain Potable Booster Station	\$1.0
Petersen Potable Booster Station	\$2.4
Round Mountain Recycled Water Tank Conversion	\$6.8
Potrero Zone 1 Potable Water Tank 1	\$4.1
Potrero Zone 1 Potable Water Tank 2	\$4.5
Potrero Zone IIA-N Potable Water Tank	\$4.5
Potrero Zone 2 Recycled Water Tank	\$4.6
Legacy Zone 3-4 Recycled Booster Station	\$1.2
Legacy Zone -5 Recycled Booster Station	\$1.2
Valencia WRP Recycled Booster Station	\$1.2
Newhall Ranch WRP Recycled Booster Station	\$1.2
Trunk Water Line within the California State Route 126 Trunk	\$39.8
Water Facilities within the Following Roadways	
Magic Mountain Parkway - Mission Village	\$18.5
Magic Mountain Parkway - Homestead South Village	\$12.3
Commerce Center Drive - Mission Village	\$4.4
Westridge Parkway - Mission Village	\$3.3
Long Canyon Road - Homestead South Village	\$5.6
Long Canyon Road - Landmark Village	\$2.5
Valencia Blvd - Homestead South Village	\$6.3
Valencia Blvd - Potrero Village	\$1.8
Valencia Blvd - Legacy Village	\$6.8
Legacy Village Road - Legacy Village	\$2.5
Potrero Valley Road - Potrero Village	\$5.8
Homestead South Road - Homestead South Village	\$8.5
Landmark Road - Landmark Village	\$8.0
Chiquito Valley Road - Homestead North Village	\$1.8
Henry Mayo Drive – Entrada North Village	\$0.1
Franklin Pkwy / Wolcott	\$3.5
Subtotal Water Agency Facilities	\$228.70

VI. NEWHALL RANCH SANITATION DISTRICT OF LOS ANGELES COUNTY

(\$Millions)
Estimated Costs¹

Wastewater Reclamation Plant:

Site Acquisition	\$50.4
Site Development	\$23.0
Facility	\$81.1

Main Trunk Sewer Along SR-126:

WRP to Landmark Village	\$11.4
Landmark Village to Travel Village	\$12.2

Trunk Sewer within the following Roadways:

Commerce Center Drive – Mission Village	\$2.4
Long Canyon Road – Homestead South Village	\$1.2
Long Canyon Road – Landmark Village	\$0.3
Valencia Blvd – Homestead South Village	\$1.0
Chiquito Valley Road – Homestead North Village	\$1.8
Subtotal Sanitation District Facilities	\$184.80

VII. JCFA LOS ANGELES COUNTY FLOOD CONTROL DISTRICT(\$ Millions)
Estimated Costs¹

Magic Mountain Parkway – Mission Village Storm Drain	\$19.2
Magic Mountain Parkway – Homestead South Village Storm Drain	\$5.6
Commerce Center Drive – Mission Village Storm Drain	\$14.2
Westridge Parkway – Mission Village Storm Drain	\$16.3
Long Canyon Road – Homestead South Village Storm Drain	\$2.4
Long Canyon Road – Landmark Village Storm Drain	\$0.6
Valencia Blvd. – Homestead South Village Storm Drain	\$2.4
Valencia Blvd – Potrero Village Storm Drain	\$2.3
Valencia Blvd – Legacy Village Storm Drain	\$3.5
Legacy Village Road – Legacy Village Storm Drain	\$0.8
Potrero Valley Road – Potrero Village Storm Drain	\$3.6
Homestead South Road – Homestead South Village Storm Drain	\$5.6
Landmark Road – Landmark Village Storm Drain	\$3.0
Chiquito Valley Road – Homestead North Village Storm Drain	\$1.6
Henry Mayo Drive – Entrada North Village Storm Drain	\$0.0
Wolcott Storm Drain	\$3.4
Subtotal Flood Control Facilities	\$84.50

¹ The estimated costs are for planning purposes only. The Actual Cost of a Facility is eligible to be financed under the Agreement. Public Backbone Improvements within future villages have not yet been designed. The street names and configuration of Public Backbone Improvements within future villages will be determined through the final design process.

EXHIBIT B
LIST OF FACILITIES BID PRIOR TO DATE OF THE AMENDED AND
RESTATED ACQUISITION, FUNDING AND DISCLOSURE AGREEMENT

	Description¹	Amount²
1	Phase 1 Magic Mountain Parkway & Commerce Center Drive Landscape Improvements	\$3m
2	Phase 1 Magic Mountain Parkway, Commerce Center Drive, and Westridge Parkway Storm Drain (excluding PD 2640 & PD 2641)	\$13.5m
3	Phase 1 Storm Drain - PD 2640 & PD 2641	\$9.9m
4	Phase 1 Magic Mountain Parkway, Commerce Center Drive & Westridge Parkway Sanitary Sewer	\$1.7m
5	Phase 1 Magic Mountain Parkway, Commerce Center Drive, and Westridge Parkway Street Improvements	\$14.1m
6	Phase 1 CFD Streetlights (excluding DS 542)	\$3.2m
7	Phase 1 Magic Mountain Parkway and Westridge Parkway Street Improvements - 06115-01A	\$5.5m
8	Phase 1 Magic Mountain Parkway, Commerce Center Drive, and Westridge Parkway Utilities	\$7.3m
9	Water Quality Basin A Water Quality Basin Grading	\$1.1m
10	Water Quality Basin B Water Quality Improvements	\$2.8m
11	Water Quality Basin C Water Quality Improvements	\$4.2m
12	Water Quality Basin D Water Quality Improvements	\$5.3m
13	MMP Box Culvert	\$3.7m
14	Magic Mountain Parkway Storm Drain PD 2675	\$1.13m
15	Westridge Parkway (South of Magic Mountain Parkway) Landscape Improvements	\$.72m
16	Commerce Center Drive (North of Middleton) Landscape Improvements	\$.79m
17	Phase 2B-1 Magic Mountain Parkway Storm Drain, Water Quality, and DPW Force Main Improvements	\$3m
18	Phase 2B-1 Magic Mountain Parkway Street Lighting	\$.22m
19	Phase 2B-1 Magic Mountain Parkway Traffic Signals	\$.37m
20	Phase 2B-1 Magic Mountain Parkway Street Improvements	\$1.2m
21	Mission Village Phase 1 Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$16.2m
22	Mission Village Phase 2A Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$6.1m
23	Mission Village Phase 3B Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$10.9m
24	Mission Village Phase 2B-1 Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$13.5m
25	Mission Village Lion Canyon Grading, Storm Drain, and Channel Improvements	\$9.7m

26	Mission Village Phase 2B-2 Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$25.8m
27	Mission Village Phase 3A Public Backbone Storm Drain, County Sewer, Street, Dry Utility, and Landscape Improvements	\$10.5m
28	Mission Village Airport Mesa Public Backbone Storm Drain, County Sewer, Street, and Dry Utility and Landscape Improvements	\$6m

Total Exhibit B Facilities \$154.3m

1	Items 1-20 were originally listed in Exhibit B-1 of the First Amendment to the Original Acquisition Agreement, dated October 1, 2023, and were all bid prior to the date of the Original Acquisition Agreement. Items 21-28 were not contemplated to be financed at the time of the Original Acquisition Agreement, but have been added pursuant to this Agreement. All of these Public Backbone Improvements were bid prior to the execution of this Agreement.
2	Amount includes an estimate of the reimbursable construction costs bid as of July 1, 2026, including a 3% management fee. Amount may change based on reconciliation of commitments during preparation of the Payment Requests. Amount does not include agency fees, design or field soft costs, or utility company payments. Water Agency and Sanitation District costs bid prior to the date of the Amended and Restated Acquisition, Funding and Disclosure Agreement are not included in this Exhibit B.

EXHIBIT C

FORM OF LETTER OF CONCURRENCE

_____ [INSERT DATE]

County of Los Angeles

Attention: _____

Subject: Concurrence Letter for _____ *[Insert description of the construction work]*

Dear _____:

On behalf of Newhall Land and Farming Company (a California Limited Partnership) (“**Company**”), we are submitting the following information related to the construction of *[Insert description of the construction work]*:

- Bid Spread showing the results of each responsive bid. See attached schedule that follows this Concurrence Letter
- _____ *[Insert description of field soft cost proposals applicable for the construction work]*

Company recommends award of the following work:

CFD PORTION

DESCRIPTION OF WORK	VENDOR NAME	CONTRACT NO.	AMOUNT
Award Total:			

Please indicate your concurrence and eligibility of the improvements to be reimbursed by signing below and returning to me. If you have any questions or require additional information, please do not hesitate to contact me at

_____.

Sincerely,

COUNTY OF LOS ANGELES CONCURRENCE

TITLE

DATE

EXHIBIT D

FORM OF PCOW

Potential Change of Work ("PCOW")

The purpose of this form is to acknowledge a change in work for the intent of reimbursement of CFD costs.

Date: _____

PCOW No. _____

Description of Contract: _____

Vendor Name: _____

**Contract
Number/Change
Order Number:** _____

Provide the following information if PCOW is
for field services during construction:

Contractor: _____
Contract No.: _____

Owner: _____

Owner's Licensed Affiliate: _____

Potential Change of Work description:

Total Amount of PCOW: _____

Company Review: _____
Company Representative Date

County of Los Angeles Approval:

☐ Approved and is CFD eligible

☐ Not approved and is not CFD eligible

County comments:

Appraisal of Real Property

Mission Village (Improvement Area No. 3)

Vacant Land

Los Angeles County, California 91381

Prepared For:

County of Los Angeles

Report Format:

Appraisal Report – Bring Forward Letter

IRR - Los Angeles

File Number: 219-2026-0063



September 1, 2026

Mr. John Wong
Finance Analyst
County of Los Angeles
500 W. Temple St.
Los Angeles, CA 90012

SUBJECT: Market Value Appraisal – Bring Forward Letter
County of Los Angeles Community Facilities District No. 2021-01 (IA No. 3)
Los Angeles County, California 91381
IRR - Los Angeles File No. 219-2026-0063

Dear Mr. Wong:

Integra Realty Resources – Los Angeles has prepared an update to our Appraisal Report of the above-referenced property. The original Appraisal Report, dated June 30, 2026, was prepared conforming to the requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004). The Original Appraisal Report provides the market values (*fee simple estate*) of certain properties within the boundaries of the County of Los Angeles Community Facilities District No. 2021-01 (Improvement Area No. 3) (the “CFD”), under the assumptions and conditions contained in this Appraisal Report, as of May 6, 2026. This Update Appraisal Report may only be used in conjunction with the Original Appraisal Report.

As an Update Appraisal Report, this document does not present a complete discussion of the data, reasoning and analyses used in the appraisal process to develop the appraiser’s opinions of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser’s work file.

We have been requested to ascertain, as of a current date of value (September 1, 2026), whether the cumulative, or aggregate, value of the appraised properties is not less than the cumulative, or aggregate, value estimated as of the original date of value May 6, 2026.

Since the original date of value May 6, 2026, additional homes have been completed and/or sold to individual homeowners, and have begun construction with building permits and impact fees paid.

As a result of our analysis, it is our opinion the cumulative, or aggregate, value, derived in the Original Appraisal Report, as of May 6, 2026, in accordance with the assumptions and conditions set forth in the attached document, as of September 1, 2026 (current date of value), is not less **\$308,152,000**.

Type and Definition of Value:

Market value is defined as “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[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Client and Intended Users:

The client and intended user is the County of Los Angeles.

Intended Use:

The intended use of the appraisal is for bond underwriting. The appraisers understand and agree that this Update Appraisal Report, and Original Appraisal Report, is expected to be, and may be, utilized in the marketing of the Bonds and to satisfy certain legal requirements in connection with issuing the Bonds.

Purpose:

The purpose of this Update Appraisal Report, dated September 1, 2026, is to ascertain whether the current estimate (September 1, 2026) of cumulative, or aggregate, appraised value of the District is not less than the value derived in the Original Appraisal Report, dated June 30, 2026, with a date of value of May 6, 2026.

The cumulative, or aggregate, value of the appraised properties in the CFD account for the impact of the Lien of

the Special Tax securing the County of Los Angeles Community Facilities District No. 2021-01 (Improvement Area No. 3) Bonds.

Scope of Work:

In preparing this Update Appraisal Report, we analyzed market data presented in our Original Appraisal Report dated June 30, 2026 (as of the May 6, 2026 date of value). In addition, we analyzed current market conditions and considered any changes in the condition of the subject properties since the date of value above. This Update Appraisal Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's work file.

Date of Inspection:

The subject was not re-inspected.

Current Date of Value:

September 1, 2026

Date of Report:

September 1, 2026

This Update Appraisal Report has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004). Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this Appraisal Report.

This Update Appraisal Report dated September 1, 2026, which contains 10 pages, must remain attached to the original appraisal dated June 30, 2026, which contains 101 pages, plus related exhibits and Addenda, in order for the value opinions set forth herein to be considered valid.

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, made a personal inspection of the property that is the subject of this report. Sara Gilbertson, MAI, and Noah Kauffman, MAI, R/W-AC have 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, Sara Gilbertson, MAI and Noah Kauffman, MAI, R/W-AC, have completed the continuing education program for Designated Members of the Appraisal Institute.



Sara Gilbertson, MAI
Certified General Real Estate Appraiser
California Certificate # 3002204



Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558



Noah Kauffman, MAI, R/W-AC
Certified General Real Estate Appraiser
California Certificate # 3004618

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.

Appraisal of Real Property

Mission Village (Improvement Area No. 3)

Vacant Land

Magic Mountain Pky.

Valencia, Los Angeles County, California 91381

Prepared For:

County of Los Angeles

Date of the Report:

June 30, 2026

Report Format:

Appraisal Report

IRR - Los Angeles

File Number: 219-2026-0063



Subject Photographs



Mission Village (Improvement Area No. 3)
Magic Mountain Pky.
Valencia, California

Aerial Photograph





June 30, 2026

Mr. John Wong
Finance Analyst
County of Los Angeles
500 W. Temple St.
Los Angeles, CA 90012

SUBJECT: Market Value Appraisal
 Mission Village (Improvement Area No. 3)
 Magic Mountain Pky.
 Valencia, Los Angeles County, California 91381
 IRR - Los Angeles File No. 219-2026-0063

Dear Mr. Wong:

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, subject to a hypothetical condition, by ownership pertaining to the fee simple interest in the property, as well as the aggregate, or cumulative, value of the appraised properties. The client for the assignment is the County of Los Angeles and the intended use of the report is for bond underwriting.

The subject property comprises the developable land subject to the Lien of the Special Taxes securing the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) ("CFD No. 2021-01 (IA 3)") Special Tax Bonds, and consist of 511 residential units/lots being developed by Lennar Homes, Richmond American Homes and Toll Brothers within seven active communities, as well as 18 partially developed lots to be sold to a future homebuilder for residential development. CFD No. 2021-01 (IA 3) is located in an unincorporated area of Los Angeles County, west of the city of Santa Clarita. Any properties within the boundaries of CFD No. 2021-01 (IA 3) not subject to the Lien of the Special Tax securing the Bonds (e.g., public and quasi-public land use sites) are not a part of this appraisal. We have been requested to provide a market value of the appraised properties, subject to a hypothetical condition, as of the date of value, and accounts for the impact of the Lien of the Special Tax securing the Special Tax Bonds.

The appraised property comprises Phase 3 of the Mission Village project within the Five Point Valencia residential planned community of the Newhall Specific Plan Area. Mission Village plans for 4,055 residential units, more than 1.5mm square feet of commercial, office and retail space, and significant acreage for open space and community uses. Mission Village is the initial development area within the larger Five Point Valencia planned community consisting of 15,000 acres in total, with up to 21,000 homes anticipated over the next few decades. A more detailed legal and physical description of the subject property is contained within the attached report.

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 Appraisal Report, and subject to the hypothetical condition, definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion(s) of value, as of the date of value, May 6, 2026, is as follows:

Value Conclusions		
Ownership	No. of Lots/Units	Market Value Conclusion
Individual Homeowners	155	\$168,285,000
Toll Brothers	23	\$14,820,000
Richmond American Homes of Maryland	49	\$30,753,000
Lennar Homes of California LLC	74	\$37,369,000
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")	192	\$47,223,000
The Newhall Land and Farming Company	18	<u>\$9,702,000</u>
Aggregate Value, subject to a hypothetical condition	511	\$308,152,000



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. The values derived herein are based on the hypothetical condition that proceeds available from the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) Special Tax Bonds are available to reimburse the Developer for certain public improvements completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value represent a "not-less-than" value due to the fact a market value was provided based on the smallest floor plan within each community improved with a completed home without a full assessed improvement value reflected on the County of Los Angeles Assessor's Tax Roll for the current Tax Year.

Please note the aggregate of the appraised values 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.

Mr. John Wong
County of Los Angeles
June 30, 2026
Page 4

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	Mission Village (Improvement Area No. 3)
Address	Magic Mountain Pky. Valencia, Los Angeles County, California 91381
Property Type	Land - Single Family Development Land
Owner of Record	The Newhall Land and Farming Company; Toll Brothers; Richmond American Homes of Maryland, Inc.; Lennar Homes of California LLC; AG EHC II (LEN) CA 3, L.P. (Lennar Landbank); and individual homeowners
Land Area	69.67 acres; 3,034,762 SF
Zoning Designation	SP, Specific Plan (Newhall Ranch: Mission Village)
Highest and Best Use	Single-family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	May 6, 2026
Date of the Report	June 30, 2026
Property Interest Appraised	Fee Simple

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 County of Los Angeles 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.

Value Conclusions

Ownership	No. of Lots/Units	Market Value Conclusion
Individual Homeowners	155	\$168,285,000
Toll Brothers	23	\$14,820,000
Richmond American Homes of Maryland	49	\$30,753,000
Lennar Homes of California LLC	74	\$37,369,000
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")	192	\$47,223,000
The Newhall Land and Farming Company	18	<u>\$9,702,000</u>
Aggregate Value, subject to a hypothetical condition	511	\$308,152,000

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. The values derived herein are based on the hypothetical condition that proceeds available from the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) Special Tax Bonds are available to reimburse the Developer for certain public improvements completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Identification of the Appraisal Problem

Subject Description

The subject property comprises the developable land subject to the Lien of the Special Taxes securing the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) ("CFD No. 2021-01 (IA 3)") Special Tax Bonds, and consist of 511 residential units/lots being developed by Lennar Homes, Richmond American Homes and Toll Brothers within seven active communities, as well as 18 partially developed lots to be sold to a future homebuilder for residential development. CFD No. 2021-01 (IA 3) is located in an unincorporated area of Los Angeles County, west of the city of Santa Clarita. Any properties within the boundaries of CFD No. 2021-01 (IA 3) not subject to the Lien of the Special Tax securing the Bonds (e.g., public and quasi-public land use sites) are not a part of this appraisal. We have been requested to provide a market value of the appraised properties, subject to a hypothetical condition, as of the date of value, and accounts for the impact of the Lien of the Special Tax securing the Special Tax Bonds.

Property Identification

Property Name	Mission Village (Improvement Area No. 3)
Address	Magic Mountain Pky. Valencia, California 91381
Owner of Record	The Newhall Land and Farming Company; Toll Brothers; Richmond American Homes of Maryland, Inc.; Lennar Homes of California LLC; AG EHC II (LEN) CA 3, L.P. (Lennar Landbank); and individual homeowners

Valencia Neighborhoods: Improvement Area No. 3

Planning Area	Neighborhood/ Project Name	Builder	Product Category	Product Type	Net Acres	Total Units	Density	Closed Homes	Builder Homes	Lots Held	Pending Sales	Permits Issued
B1b1, B1b2	Opal	Lennar	Detached Condo	10-Pack	8.7	101	11.6	40	7	54	0	76
B2	Ruby	Lennar	Attached	Duplex	5.7	46	8.1	21	6	19	3	44
B2	Ruby	Lennar	Detached Condo	Duplex	2.6	21	8.1	6	6	9	1	21
C7	Sunstone	Lennar	Attached	Tripack	2.8	28	9.9	0	5	23	0	16
C7	Sunstone	Lennar	Detached Condo	Tripack	6.0	59	9.9	9	5	45	1	33
C8	Sapphire	Lennar	Detached Condo	35x65	9.1	92	10.1	5	12	75	1	43
A10	Esprit	Richmond American	Detached Condo	40x90	8.8	54	6.1	5	31	18	1	40
A7a	Skylar II	Toll Brothers	Detached	50x110	10.9	62	5.7	39	1	22	10	62
A7b	Volara	Toll Brothers	Detached	60x110	6.1	30	4.9	30	0	0	0	30
A8	A8	TBD	Detached	60x110	8.9	18	2.0	0	0	18	0	0
TOTAL					69.7	511	76.4	155	73	283	17	365

As of the date of value, three homebuilders are responsible for all of the subject lots and homes actively being marketed in seven neighborhoods, with the exception of Neighborhood A8, which is still held by the master developer. Neighborhoods in the project are designed for detached single-family homes detached cluster-condos in a variety of configurations, as well as attached units. Home construction has been completed on 228 lots with 155 homes having closed escrow to individual homeowners and 73 completed homes, including models, held by homebuilders, as of the date of value (May 6, 2026). For completed homes within the subject, a "not-less-than" estimate of market value for the smallest floor plan being marketed within each project (neighborhood) was appraised. The balance of the appraised property includes 283 lots owned by the master developer, three

homebuilders, and one land bank. No contributory value is given to partially completed homes (homes under construction); rather, they are appraised as an improved lot for purposes of this analysis, with consideration of the permits and fees that have been paid for those homes under construction. As of the date of value, in addition to closed homes, 17 homes are pending and building permits have been obtained for 365 homes project wide.

Sale History

The most recent closed sales of the subject are summarized as follows:

Sale Date	December 27, 2023
Seller	The Newhall Land and Farming Company
Buyer	AG EHC II (LEN) CA 3, L.P. (Lennar land bank)
Sale Price	\$69,848,492
No. of Lots/Units	347
Sale Price/Lot/Unit	\$201,292.48

The above transaction reflects the sale of four Builder Areas to Lennar, including B1b1 and B1b2 (Opal collection, 101 lots), B2 (Ruby collection, 67 lots), C7 (Sunstone collection, 87 lots) and C8 (Sapphire collection, 92 lots). The lots transferred with tentative tract maps in place in Blue top condition, with prices ranging between \$143,585 per lot to \$236,565 per lot. These four sales represent an arm's-length transaction with no unusual motivations. Considering the condition of the lots at the time of the sale, the prior arm's-length transaction is a reasonable indicator of the subject's market value, as of the date of purchase. The previous sale of the subject property is not consistent with current market value, given the improvements made after the sale.

Lennar Homes is utilizing a land bank (AG EHC II (LEN) CA 3, L.P.) to serve as a financing mechanism, which is relatively commonplace for transactions involving national homebuilders, especially within master planned communities such as the subject. Specific details of this arrangement were not provided for this analysis; however, for purposes of analysis of market value herein, this transaction/arrangement between Lennar Homes (Builder) and AG EHC II (LEN) CA 3, L.P. (land bank) is not considered an arm's length, as defined. Thus, for purposes of analysis, there is no delineation between Lennar Homes and AG EHC II (LEN) CA 3, L.P. in the determination of market value, in bulk, of the properties held/being developed by Lennar.

Sale Date	September 1, 2023
Seller	The Newhall Land and Farming Company
Buyer	Richmond American Homes of Maryland
Sale Price	\$21,532,000
No. of Lots/Units	54
Sale Price/Lot/Unit	\$398,740.74

The above transaction reflects the sale of Builder Area A10 to Richmond American Homes, developed as the Esprit collection. The lots transferred with a tentative tract map in place in blue top condition. This sale represents an arm's-length transaction with no unusual motivations. Considering the condition of the lots at the time of the sale, the prior arm's-length transaction is a reasonable

indicator of the subject's market value, as of the date of purchase. The previous sale of the subject property is not consistent with current market value, given the improvements made after the sale.

Sale Date	August 31, 2023
Seller	The Newhall Land and Farming Company
Buyer	Toll Brothers
Sale Price	\$39,100,000
No. of Lots/Units	92
Sale Price/Lot/Unit	\$425,000

The above transaction reflects the sale of two Builder Areas to Toll Brothers, including A7a (Skylar II collection, 62 lots) and A7b (Volara collection, 30 lots). The lots transferred with tentative tract maps in place in blue top condition, with prices of \$407,663 and \$460,830 per lot, respectively. These sales represent an arm's-length transaction with no unusual motivations. Considering the condition of the lots at the time of the sale, the prior arm's-length transaction is a reasonable indicator of the subject's market value, as of the date of purchase. The previous sale of the subject property is not consistent with current market value, given the improvements made after the sale.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Note the sale history of the completed homes to individuals is not presented, but each sale is believed to be consistent with the market at the time of the respective sale, based on the information provided for consideration in this analysis.

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, in bulk, nor is it listed for sale, as of the effective appraisal date. However, individual homes that are under construction are in contract from homebuilders to individual homeowners.

Appraisal Purpose

The purpose of this Appraisal Report is to estimate the market value (fee simple estate), by ownership, as well as the cumulative, or aggregate, value of the appraised properties comprising Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities), subject to the hypothetical condition certain proceeds from the Special Tax Bonds will be available to reimburse the master developer for various public improvements completed, as of the effective date of the appraisal, May 6, 2026. The date of the report is June 30, 2026. The appraisal is valid only as of the stated effective date. The home values are based on a "not-less-than" value for the smallest floor plan constructed within each community, without consideration for upgrades and lot premiums; any contributory value of unfinished homes is not considered in the valuation. Rather, the permits and impact fees paid for such lots with home construction underway is captured herein.

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 and intended user is the County of Los Angeles. No party or parties beyond the client and the Finance Team with this proposed issuance may use or rely on the 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. 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);

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)

- 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	Inspection Details
Sara Gilbertson, MAI	None	N/A	
Eric Segal, MAI	On-site	May 20, 2026	Onsite
Noah Kauffman, MAI, R/W-AC	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	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation began by employing the sales comparison approach to conclude the not-less-than market value for the completed single-family homes based on the smallest floor plan being marketed within each project with a completed home.

The market value of the residential lots was estimated by utilizing the sales comparison approach and extraction technique to value. In valuing the subject lots, two benchmark lot categories, one for detached single-family residential lots and one for the attached single-family residential lots within the subject property, were selected. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value for the benchmark lot category was concluded. Finally, to support the reasonableness of the sales comparison approach conclusions, an extraction analysis, a form of the cost approach, was utilized. After reconciling the two approaches to value, a lot size adjustment factor is applied to account for differing lot sizes from the benchmark lot category.

This appraisal will utilize the term **“improved lot”** to denote a residential lot that has all off-sites and on-sites in place, and includes any impact fees due up until building permit. Building permits and fees due at building permit are excluded for finished lot. Terminology for this type of improved lot can vary by market area, and is sometimes referred to as a “loaded lot.”

The market value estimates for the various land use components described above were then assigned to the various assessor’s parcels comprising the appraised properties in order to derive the cumulative, or aggregate, value of CFD No. 2021-01 (IA 3). The analysis herein 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. Given the limited, if any, income producing potential of the land, an income approach was not utilized.

Economic Analysis

Los Angeles County Area Analysis

Los Angeles County is the most populous county in the United States and serves as a major economic and cultural center for Southern California. The region benefits from a diverse economic base that includes entertainment, technology, healthcare, international trade, and manufacturing. Its extensive transportation infrastructure—featuring multiple freeways, regional transit systems, the ports of Los Angeles and Long Beach, and Los Angeles International Airport (LAX)—supports regional and global connectivity. The county encompasses a wide range of urban, suburban, and coastal communities, contributing to varied real estate market dynamics across submarkets.

Los Angeles County is one of California's original 27 counties. Located on the southern coast of California, the county covers 4,060 square miles, with a population density of 2,399 persons per square mile. It is comprised of 88 cities and over 100 unincorporated communities; it also includes San Clemente and Santa Catalina islands. Neighboring counties include Orange, Kern, San Bernardino, and Ventura. The county borders 70 miles of coast on the Pacific Ocean and encompasses mountain ranges, valleys, forests, islands, lakes, rivers and desert. The primary mountain ranges are the Santa Monica Mountains and the San Gabriel Mountains.

Population

Los Angeles County has an estimated 2026 population of 9,740,266, which represents an average annual 0.5% decrease from the 2020 census of 10,014,009. Los Angeles County lost an average of 45,624 residents per year over the 2020-2026 period, and its population trend contrasts with the State of California which had little to no change in population over this time.

Looking forward, Los Angeles County's population is projected to decrease at a 0.2% annual rate from 2026-2031, equivalent to the loss of an average of 22,143 residents per year. Los Angeles County's population decline differs from California, which is projected to stay approximately the same in population during this time.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2026 Estimate	2031 Projection	2020 - 2026	2026 - 2031
Los Angeles County	10,014,009	9,740,266	9,629,553	-0.5%	-0.2%
California	39,538,223	39,435,158	39,455,567	0.0%	0.0%

Source: Claritas SPOTLIGHT

Employment

Total employment in Los Angeles County was estimated at 4,570,651 jobs at year-end 2024. Between year-end 2014 and 2024, employment rose by 326,447 jobs, equivalent to a 7.7% increase over the entire period. There were gains in employment in eight out of the past ten years. Although Los

Angeles County's employment rose over the last decade, it underperformed California, which experienced an increase in employment of 13.4% or 2,156,518 jobs over this period.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Los Angeles County	% Change	California	% Change	Los Angeles County	California
2014	4,244,204		16,089,814		8.2%	7.6%
2015	4,355,391	2.6%	16,606,038	3.2%	6.7%	6.2%
2016	4,416,052	1.4%	16,930,563	2.0%	5.3%	5.5%
2017	4,468,712	1.2%	17,263,084	2.0%	4.8%	4.8%
2018	4,526,194	1.3%	17,573,378	1.8%	4.7%	4.3%
2019	4,594,584	1.5%	17,857,719	1.6%	4.5%	4.1%
2020	4,115,123	-10.4%	16,401,290	-8.2%	12.4%	10.2%
2021	4,454,365	8.2%	17,641,250	7.6%	9.0%	7.3%
2022	4,560,510	2.4%	18,066,913	2.4%	5.0%	4.3%
2023	4,545,275	-0.3%	18,146,497	0.4%	5.1%	4.7%
2024	4,570,651	0.6%	18,246,332	0.6%	5.8%	5.3%
Overall Change 2014-2024	326,447	7.7%	2,156,518	13.4%		
Avg Unemp. Rate 2014-2024					6.5%	5.8%
Unemployment Rate - September 2025					5.9%	5.6%

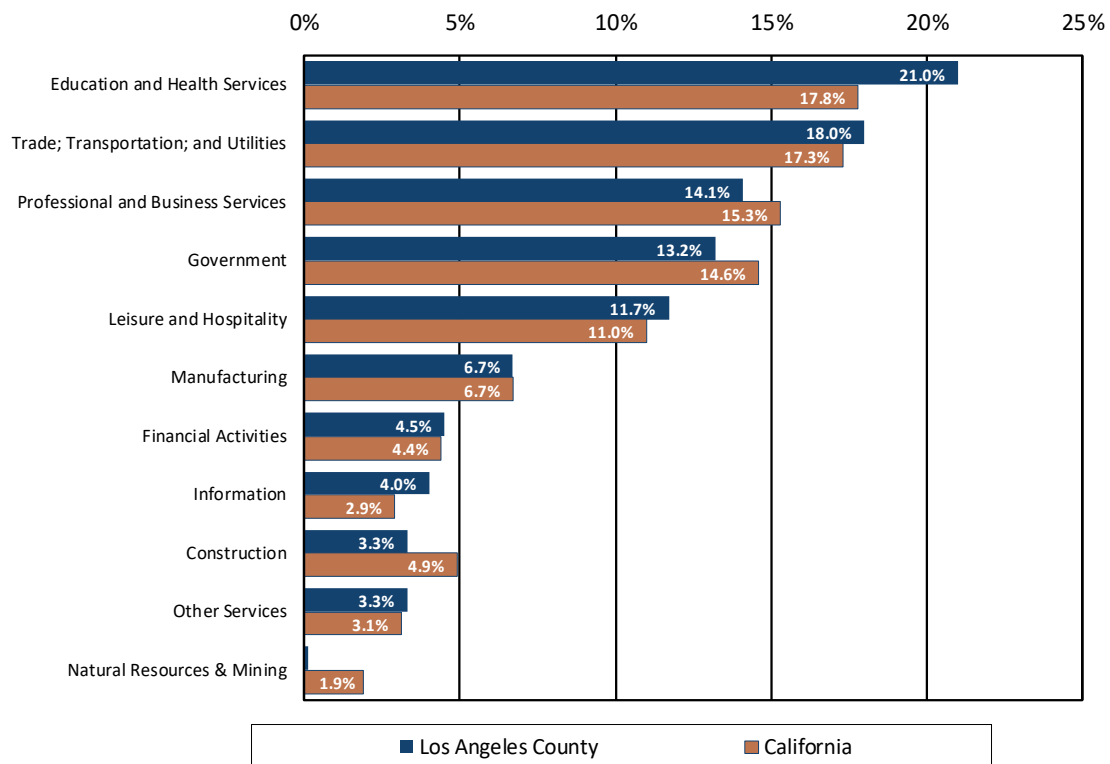
Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Los Angeles County unemployment rate has been generally higher than that of California, with an average unemployment rate of 6.5% in comparison to a 5.8% rate for California.

Recent data shows that the Los Angeles County unemployment rate is 5.9% in comparison to a 5.6% rate for California, a negative sign that is consistent with the fact that Los Angeles County has underperformed California in the rate of job growth over the past two years.

Employment Sectors

The composition of the Los Angeles County job market is depicted in the following chart, along with that of California. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Los Angeles County jobs in each category.

Employment Sectors - 2024

Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Los Angeles County has greater concentrations than California in the following employment sectors:

1. Education and Health Services, representing 21.0% of the Los Angeles County payroll employment compared to 17.8% for California as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

Los Angeles County is underrepresented in the following sectors:

1. Professional and Business Services, representing 14.1% of the Los Angeles County payroll employment compared to 15.3% for California as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Government, representing 13.2% of the Los Angeles County payroll employment compared to 14.6% for California as a whole. This sector includes employment in local, state, and federal government agencies.

Major Employers

Major employers in Los Angeles County are shown in the following table.

Major Employers - Los Angeles County

	Name	Number of
1	County of Los Angeles	104,100
2	Los Angeles Unified School District	97,200
3	University of California, Los Angeles	72,100
4	City of Los Angeles	70,700
5	Kaiser Permanente	47,400
6	Federal Government - All Agencies Except Defense & State	45,500
7	State of California (non-education)	35,200
8	University of Southern California	24,000
9	Northrop Grumman Corp	18,700
10	Los Angeles County Metropolitan Transportation Authority	13,400

Source: Los Angeles Almanac, Employment and Income – Largest Employers in Los Angeles County, accessed January 2026.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably lower in Los Angeles County than California overall during the past decade. Los Angeles County has grown at a 2.4% average annual rate while the State of California has grown at a 3.3% rate. Los Angeles County continues to underperform California. GDP for Los Angeles County rose by 1.0% in 2023 while California's GDP rose by 2.0%.

Los Angeles County has a per capita GDP of \$82,407, which is approximately the same as California's GDP of \$82,877.

Gross Domestic Product				
Year	(\$,000s)	% Change	(\$,000s)	% Change
	Los Angeles County		California	
2013	635,468,664	—	2,340,335,300	—
2014	655,256,913	3.1%	2,428,675,700	3.8%
2015	684,359,234	4.4%	2,545,979,500	4.8%
2016	696,714,382	1.8%	2,623,711,700	3.1%
2017	720,841,757	3.5%	2,740,550,300	4.5%
2018	740,088,358	2.7%	2,850,970,300	4.0%
2019	767,859,358	3.8%	2,969,609,000	4.2%
2020	729,068,982	-5.1%	2,933,320,200	-1.2%
2021	773,571,300	6.1%	3,154,188,600	7.5%
2022	793,716,985	2.6%	3,184,007,800	0.9%
2023	801,967,353	1.0%	3,248,656,600	2.0%
Compound % Chg (2013-2023)		2.4%		3.3%
GDP Per Capita 2023	\$82,407		\$82,877	

Source: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics; data released December 2024.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

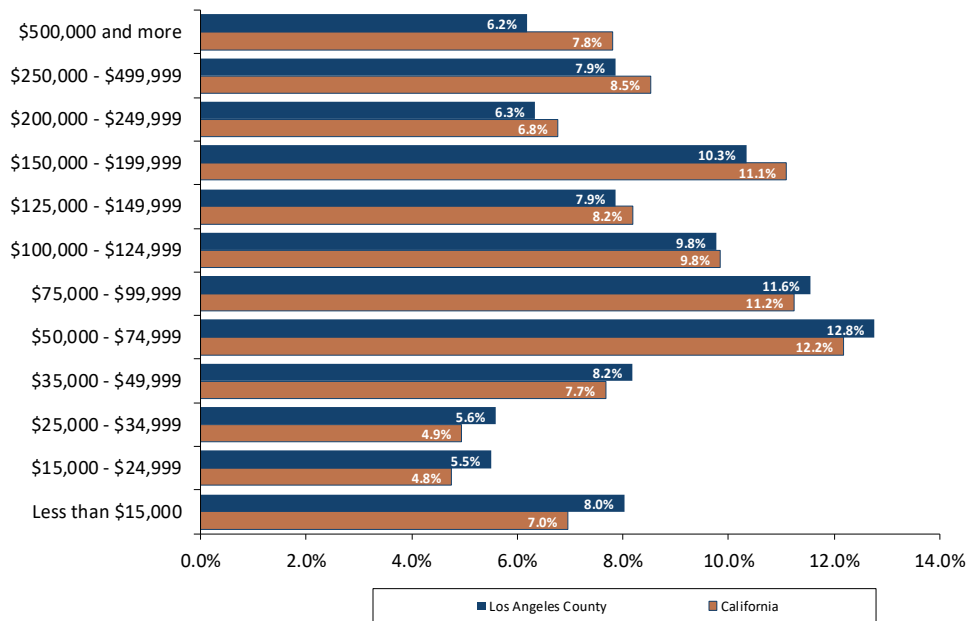
Los Angeles County has a lower level of household income than California. Median household income for Los Angeles County is \$96,243, which is 8.7% less than the corresponding figure for California.

Median Household Income - 2026

	Median
Los Angeles County	\$96,243
California	\$105,377
Comparison of Los Angeles County to California	- 8.7%

Source: Claritas SPOTLIGHT

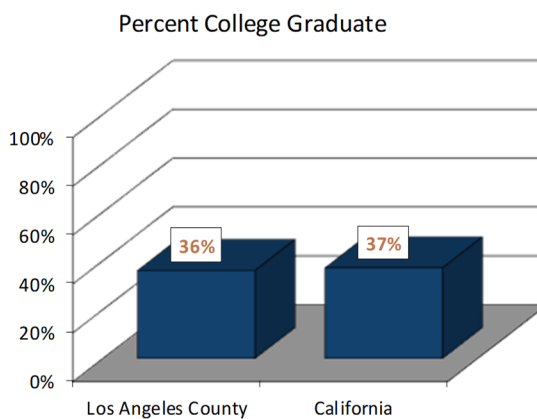
The following chart shows the distribution of households across twelve income levels. Los Angeles County has a greater concentration of households in the lower income levels than California. Specifically, 27% of Los Angeles County households are below the \$50,000 level in household income as compared to 24% of California households. A lesser concentration of households is apparent in the higher income levels, as 31% of Los Angeles County households are at the \$150,000 or greater levels in household income versus 34% of California households.

Household Income Distribution - 2026

Source: Claritas SPOTLIGHT

Education Levels

Residents of Los Angeles County have a slightly lower level of educational attainment than those of California. An estimated 36% of Los Angeles County residents are college graduates with four-year degrees, versus 37% of California residents.

Education Levels - 2026

Source: Claritas SPOTLIGHT

Transportation

Los Angeles County features one of the most extensive and complex transportation networks in the nation. The region is served by a vast system of freeways and highways. The primary main north-south routes are Interstate 5 (Golden State Freeway), and the 405, 605, 101, 110 and 710 Freeways, while east-west major routes are the 10, 60, 91, 105 and 210 Freeways.

Los Angeles also has an extensive public transportation network of subways, light-rail trains, buses and shuttles, managed primarily by LA Metro, offering various alternatives to automobile travel. The City of Los Angeles Transportation (LADOT) also operates a bus system.

There are six commercial airports in Los Angeles County, the largest of which are Los Angeles International Airport (LAX) and Bob Hope Airport in Burbank. The Los Angeles International Airport is the fifth busiest airport in the world and the third busiest in the United States. Many small airports and airfields are located throughout the region, providing service for non-commercial flights.

Recreation & Community Facilities

The region is home to innumerable cultural attractions and recreational opportunities. Most notable among these are the beaches along the Pacific Ocean, Griffith Park, the Los Angeles County Museum of Art, the Los Angeles Zoo, the Natural History Museum of Los Angeles County, the La Brea Tar Pits, the Arboretum of Los Angeles, two horse racetracks, two car racetracks, the RMS Queen Mary in Long Beach, the Long Beach Grand Prix, the Santa Monica Pier, Universal Studios Hollywood, and two Six Flags amusement parks. In addition, Six Flags Magic Mountain, a 260-acre theme park, is located adjacent to the subject.

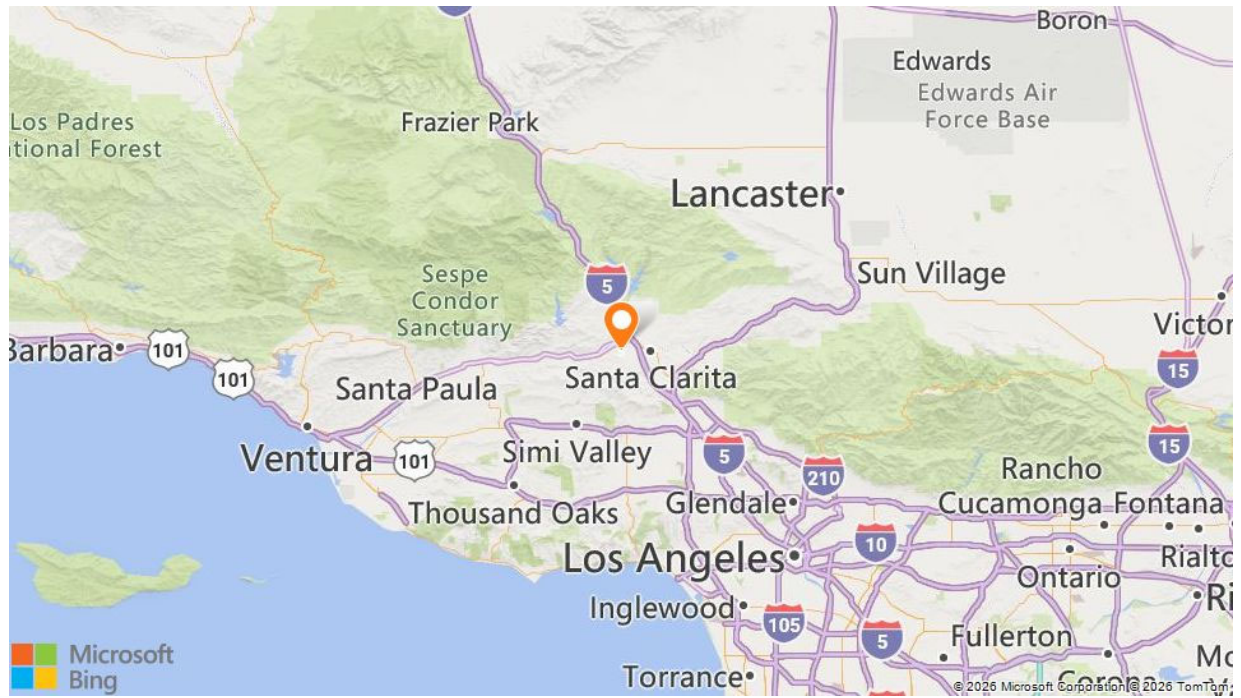
In addition to the various beaches along the coast, recreational opportunities are found in the mountain, canyon and desert areas of the county. Popular attractions include Vasquez Rocks Natural Area Park, Mount Wilson Observatory in the San Gabriel Mountains, Castaic Lake Recreation Area, Saddleback Butte State Park, and the California Poppy Reserve. Los Angeles is home to several professional sports teams including baseball, basketball, football and hockey.

Public services are supported by an extensive network of hospitals, educational institutions, and public safety agencies. The county is home to dozens of colleges and universities; among the largest and most notable are the University of California at Los Angeles (UCLA), the University of Southern California (USC), CalTech, and five campuses of California State University.

Conclusion

Los Angeles County remains a key economic and cultural hub and continues to experience strong long-term demand for residential, commercial, and industrial real estate. While recent factors, such as rising interest rates, housing affordability challenges, and regulatory constraints, have impacted short-term activity, the region's long-term fundamentals remain strong. Continued investment in infrastructure, evolving land use policies, and the adaptive reuse of existing properties are expected to shape future development. With its strategic location, expansive transportation network, and resilient economy, Los Angeles County is well-positioned for gradual recovery and sustained real estate demand across most property types over the long term.

Area Map



Surrounding Area Analysis

Location

The subject is located within an unincorporated area of the County of Los Angeles, west of the city of Santa Clarita, and adjacent to the west of the Six Flags Magic Mountain theme park.

Access and Linkages

Primary interstate access to Santa Clarita is provided by the 5 Freeway (Interstate 5) which runs north/south through the city and continues north through the entire state of California. To the south, the 5 Freeway connects the subject neighborhood with the San Fernando Valley and greater Los Angeles and provides access to other major Los Angeles freeways, including the 405 (San Diego) Freeway, the 210 Freeway and the Hollywood Freeway.

The 14 (Antelope Valley) Freeway is a major corridor linking Santa Clarita from the 5 Freeway to the population centers in the Antelope Valley cities of Palmdale and Lancaster. Local access to the subject is provided by Sand Canyon Road from the 14 Freeway. Highway 126, located immediately north of the subject property, links the subject neighborhood with Ventura and Oxnard on the California Coast.

Public transportation is provided by the City of Santa Clarita which provides bus service throughout Santa Clarita Valley. In addition to servicing major retail and employment centers, Santa Clarita also provides bus service to the city's three Metrolink stations, all of which are located on the Antelope Valley Line. Metrolink is southern California's commuter rail system which provides access throughout the region with 62 stations in Los Angeles, Orange, Riverside, San Bernardino, Ventura, and San Diego counties. Vista Canyon will feature a new Metrolink station which will be approximately a one hour train ride from Los Angeles.

The Hollywood Burbank Airport is located approximately 24 miles southeast of the subject property via the 5 Freeway. The Los Angeles International Airport (LAX) is approximately 40 miles south of the subject. The Los Angeles Central Business District, the economic and cultural center of the region, is approximately 37 miles southeast of the subject property.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2026 Estimates	3-mile Radius	5-mile Radius	10-mile Radius	Los Angeles County	California
Population 2020	69,230	113,531	532,691	10,014,009	39,538,223
Population 2026	68,260	113,144	531,994	9,740,266	39,435,158
Population 2031	67,873	112,938	531,951	9,629,553	39,455,567
Compound % Change 2020-2026	-0.2%	-0.1%	0.0%	-0.5%	0.0%
Compound % Change 2026-2031	-0.1%	0.0%	0.0%	-0.2%	0.0%
Households 2020	24,548	39,712	172,244	3,420,628	13,475,623
Households 2026	24,041	39,425	172,231	3,374,891	13,489,384
Households 2031	23,909	39,364	172,563	3,363,209	13,530,790
Compound % Change 2020-2026	-0.3%	-0.1%	0.0%	-0.2%	0.0%
Compound % Change 2026-2031	-0.1%	0.0%	0.0%	-0.1%	0.1%
Median Household Income 2026	\$127,768	\$129,941	\$128,761	\$96,467	\$105,694
Average Household Size	2.8	2.8	3.0	2.8	2.9
College Graduate %	47%	46%	39%	36%	37%
Owner Occupied %	61%	64%	69%	45%	54%
Renter Occupied %	39%	36%	31%	55%	46%
Median Owner Occupied Housing Value	\$930,148	\$896,859	\$877,309	\$892,132	\$786,477
Median Year Structure Built	1987	1990	1983	1966	1977
Average Travel Time to Work in Minutes	35	35	36	34	31
Source: Claritas 360					

As shown above, the current population within a 5-mile radius of the subject is 113,144, and the average household size is 2.8. Population in the area has declined since the 2020 census, but the trend is projected to be flat over the next five years. This differs from the population of Los Angeles County, which is projected to decline, as discussed previously.

Median household income is \$129,941, which is higher than the household income for Los Angeles County. Residents within a 5-mile radius have a considerably higher level of educational attainment than those of Los Angeles County, while median owner-occupied home values are similar.

Land Use

The subject property is located in west-central portion of the Santa Clarita Valley. The subject comprises a portion of the Mission Village project within the FivePoint Valencia master planned community. Mission Village plans for 4,055 residential units, more than one and a half million square feet of commercial, office, and retail space, 693 acres of open space, and additional community uses. Mission Village is the initial development within the larger FivePoint Valencia master planned community comprising 15,000 acres in total and ultimately planning for 21,000 homes to be built out over the next 20 to 30 years. As a part of a larger development, the surrounding area is primarily characterized by land under development as well as more recently constructed single-family residential homes and supporting services. The Six Flags Magic Mountain theme park is located adjacent to the east of the subject's development.

Commercial uses are located along Magic Mountain Parkway and include the Westfield Valencia Town Center shopping mall and the River Oaks Shopping Center, east of the subject. Anchor stores at Westfield Valencia Town Center include Macy's, JCPenney, Best Buy, H&M, and Gold's Gym, as well as Regal Cinemas. The River Oaks Shopping Center, located on the north side of Magic Mountain

Parkway, is anchored by a Target and Sprouts market with additional retail and restaurant tenants. Light industrial development is located both east and west of Interstate 5, north of the subject.

Santa Clarita benefits from nearly 100 miles of hiking, biking, and equestrian trails. In addition, there are many local parks in the area, including Summit Park, The Oaks Club at Valencia golf course, Pico Canyon Park, Newhall Park, Central park, and Haskell Open Space. Old Town Newhall, Santa Clarita's oldest community, is located approximately seven miles southeast of the subject in central Santa Clarita and features various shops and restaurants, as well as a performing arts theatre and a library. Santa Clarita is also home to several colleges and universities, including Master's College and Seminary, College of the Canyons, California Institute of the Arts, and Charter College.

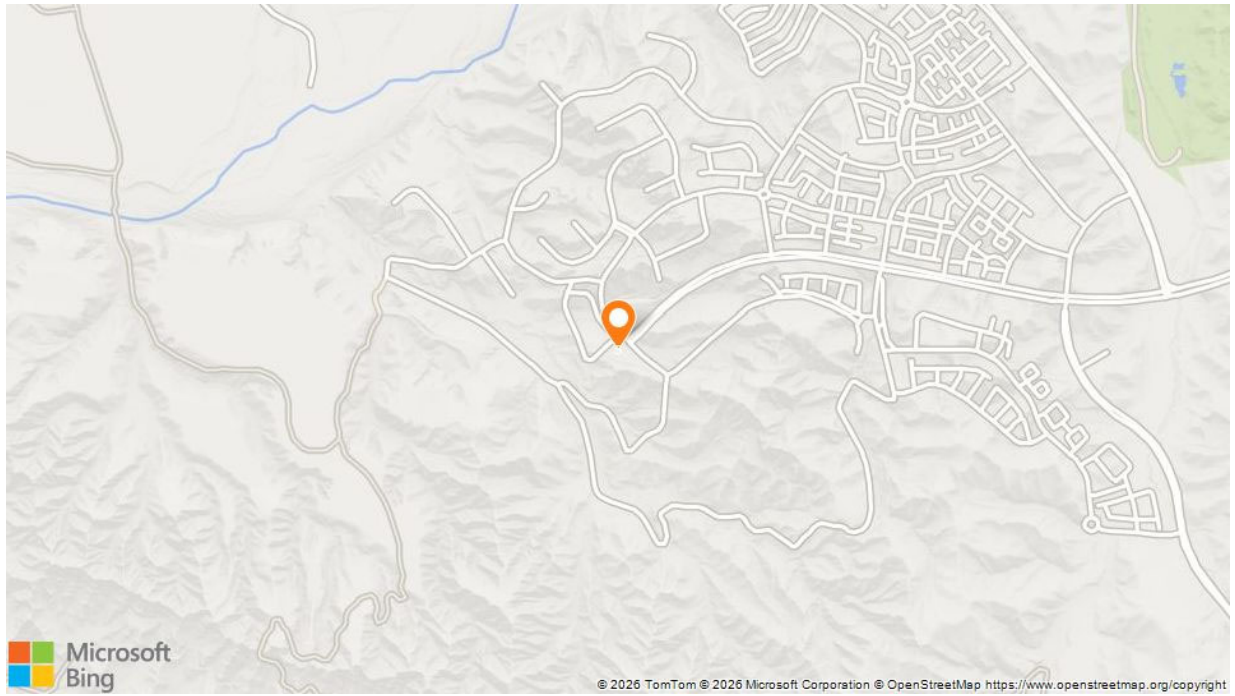
Development Activity and Trends

During the last ten years, development has been predominantly of residential uses, with residential and subdivision development accelerating in recent years. Currently, there are approximately tens of thousands of homes planned in or around Santa Clarita. The subject consists of a portion of the Tesoro Del Valle project. Including the larger community comprising the subject, the Tesoro Del Valle project, notable projects include the Newhall Ranch project, Spring Canyon, and the Skyline Ranch project. The Newhall Ranch project is located just west of Santa Clarita boundaries, near Magic Mountain. The Newhall Ranch project will include 21,000 homes within five villages on 15,000 acres; the project began construction in 2018 and aims to be a "net-zero" development (reducing greenhouse gas emissions). Spring Canyon consists of 492 residential lots located on the east side of the city of Santa Clarita. Numerous lots within Spring Canyon enjoy significant view premiums. The Skyline Ranch project is also currently under development, with 1,220 homes, an elementary school, and public parks planned over 450 acres.

Outlook and Conclusions

The area is in the growth stage of its life cycle characterized by various planned and under construction residential developments, many with public park and open space components. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

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, the supply and demand indicators for residential development in the subject's area are examined.

Submarket Overview

The subject is located in the city of Santa Clarita. 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 move-up buyers.

Single-Family Building Permits

Single-family building permits for the city of Santa Clarita, as well as Los Angeles County totals are shown in the following table. Permit activity often reflects population trends and builder confidence and can indicate expanding or contracting market conditions.

Single-Family Building Permits				
Year	City of Santa Clarita		County of Los Angeles	
		% Change		% Change
2016	429	--	5,022	--
2017	440	2.56%	5,683	13.16%
2018	372	-15.45%	5,957	4.82%
2019	389	4.57%	5,884	-1.23%
2020	1,114	186.38%	6,752	14.75%
2021	364	-67.32%	7,657	13.40%
2022	214	-41.21%	8,253	7.78%
2023	707	230.37%	9,554	15.76%
2024	269	-61.95%	9,106	-4.69%
2025	395	46.84%	9,899	8.71%

Source: SOCDS Building Permits Monthly Request

Single-Family Building Permits: 2026 Preliminary Data

Month	County of Los Angeles	
	City of Santa Clarita	Angeles
January	8	678
February	29	901
March	31	936
	68	2,515

Source: SOCDS Building Permits Monthly Request

Active New Home Projects Pricing and Absorption

The city of Santa Clarita is located within the Santa Clarita/Antelope/Santa Clarita Valley submarket of the LA-Orange-North. 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, buyer traffic, and financing rates on activity in major residential

developments throughout California, Arizona, and Nevada. The report for the LA-Orange-North for the week ending May 3, 2026, is included as follows.

THE RYNESS REPORT

A New Home Sales, Marketing & Research Company

Sponsored by:



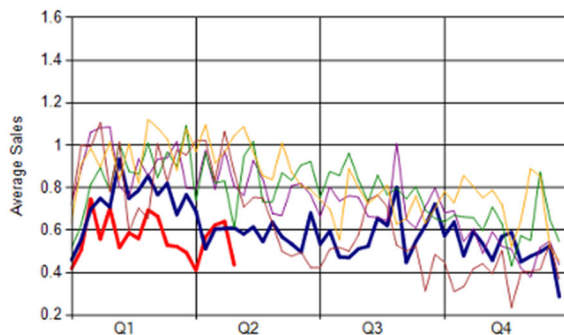
LA-Orange-North

Week 18

Ending: Sunday, May 3, 2026

Counties / Groups	Projects	Traffic	Sales	Cancels	Net Sales	Avg. Sales	Year to Date Avg.	Diff.	Prev. 13 Wks. Avg.	Diff.
Central-North Orange	30	585	8	0	8	0.27	0.47	-43%	0.46	-42%
Coastal-South Orange	11	113	2	0	2	0.18	0.59	-69%	0.64	-72%
Los Angeles	37	414	18	2	16	0.43	0.56	-22%	0.58	-26%
Santa Clarita / Antelope	20	449	21	1	20	1.00	0.80	24%	0.80	25%
Ventura	18	260	11	1	10	0.56	0.57	-2%	0.57	-2%
Santa Barbara-San Luis Obispo	13	210	8	0	8	0.62	0.36	71%	0.36	70%
Kern-Tulare-Kings	43	874	17	6	11	0.26	0.60	-58%	0.62	-59%
Current Week Totals	Traffic : Sales 34 : 1		172	2905	85	10	75	0.44	0.57	-23%
Per Project Average			17	0.49	0.06	0.44				
Year Ago - 05/04/2025	Traffic : Sales 24 : 1		172	2761	117	12	105	0.61	0.69	-12%
% Change			0%	5%	-27%	-17%	-29%	-29%	-18%	-20%

52 Weeks Comparison



Year to Date Averages Through Week 18

Annual

Graph Legend	Year	Avg. Weekly Projects	Avg. Weekly Traffic	Avg. Weekly Sales	Avg. Weekly Cancels	Avg. Project Sales	Year End Avg. Proj. Sales
	2021	174	19	1.04	0.08	0.96	0.84
	2022	134	27	0.99	0.10	0.90	0.62
	2023	161	24	0.95	0.11	0.84	0.78
	2024	167	22	1.00	0.10	0.90	0.75
	2025	160	18	0.78	0.08	0.69	0.60
	2026	173	16	0.64	0.07	0.57	0.57
% Change:		8%	-8%	-18%	-13%	-18%	-6%

* Averages rounded for presentation. Change % calculated on actual numbers.

The absorption within the LA-Orange-North has dropped 29% from a year ago, due primarily to a lower interest rate period to a period with higher interest rates. The number of projects within LA-Orange-North varies year by year due to the extended entitlement and development timelines.

The Ryness Report has identified 17 active projects in the Santa Clarita/Antelope/Santa Clarita Valley submarket, with ten of those within the subject's Valencia community. These projects are summarized as follows:

Development Name	Developer	City Code	Notes	Type	Projects Participating: 17									
Santa Clarita / Antelope Santa Clarita Valley					Units	New Rel.	Rel'd Rm'g	Traffic	Wk's Sales	Wk's Cans	Sold to Date	Sold YTD	Av. Sls /Week	Av. Sls /YTD
Pelona Hills at Sand Canyon	Intracorp	SC		DTMU	119	0	7	49	0	0	2	2	0.45	0.45
Iris at Valencia	KB Home	VL		ATMU	78	0	14	7	0	0	13	3	0.23	0.17
Arches at Tesoro Highlands	Lennar	SC		DTMU	87	0	1	65	1	0	51	27	0.92	1.50
Coral at Valencia	Lennar	VL		ATMU	72	0	1	20	0	0	41	18	1.16	1.00
Jewel at Valencia	Lennar	VL		ATMU	164	3	2	30	3	0	25	12	0.73	0.67
Montilla at Tesoro Highlands	Lennar	SC		DTMU	74	3	1	34	4	0	52	28	0.94	1.56
Opal North at Valencia	Lennar	VL		DTMU	60	0	2	23	0	0	40	19	0.90	1.06
Ruby at Valencia	Lennar	VL		ATMU	67	0	2	27	1	0	37	23	1.02	1.28
Sapphire at Valencia	Lennar	VL		DTMU	92	3	3	33	2	0	12	12	0.73	0.73
Sierra Bella at Tesoro Highlands	Lennar	SC		AASF	124	0	3	6	0	0	82	17	0.76	0.94
Sunstone at Valencia	Lennar	VL		DTMU	87	3	3	38	1	0	18	18	1.10	1.10
Esprit at Valencia	Richmond American	VL		DTMU	54	0	17	16	1	0	6	4	0.10	0.22
Lumin at Valencia	Richmond American	VL		DTMU	66	0	9	18	0	0	0	0	0.00	0.00
Altis at Skyline	TRI Pointe	SC		AASF	292	0	1	13	2	1	167	10	0.71	0.56
Lark at Valencia	TRI Pointe	VL		DTMU	62	0	7	13	0	0	23	2	0.26	0.11
Luna at Skyline II	TRI Pointe	SC		DTMU	150	0	13	26	2	0	105	9	0.68	0.50
Williams Ranch	Williams	CA		DTMU	497	0	1	4	1	0	258	18	1.21	1.00
TOTALS: No. Reporting: 17		Avg. Sales: 1.00		Traffic to Sales: 23 : 1				87	422	18	1	932	222	Net: 17
City Codes: SC = Santa Clarita, VL = Valencia, CA = Castaic														

Project Types: AAAT = Active Adult ATT, AASF = Active Adult SFD, ATMU = Attached Move-up, ATST = Attached Starter, ATT = Single Family Attached, COHT = Condo/Hotel, CONV = Conversion, DTMU = Detached Move-up, DTST = Detached Starter, HIGH = High Rise, LOFT = Loft, MDR = Mid-Rise, RWHS = Row Houses, SFD = Single Family Detached

Abbreviations: SO = Sold Out, TSO = Temporarily Sold Out

Projects considered most similar to the subject are further detailed in the following table.

Active Projects

Project Name	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Units Planned	Units Sold	Avg. Sales/Week	Avg. Sales/Month
Iris	Valencia	KB Home	\$684,657	1,962	\$349.02	78	13	0.23	0.92
Coral	Valencia	Lennar	\$654,990	1,597	\$410.22	72	41	1.16	4.64
Jewel	Valencia	Lennar	\$703,990	2,169	\$324.63	164	25	0.73	2.92
Opal North	Valencia	Lennar	\$778,740	2,379	\$327.34	60	40	0.90	3.60
Ruby	Valencia	Lennar	\$754,990	2,199	\$343.33	67	37	1.02	4.08
Sapphire	Valencia	Lennar	\$741,657	2,187	\$339.07	92	12	0.73	2.92
Sunstone	Valencia	Lennar	\$756,240	2,264	\$334.03	87	18	1.10	4.40
Esprit	Valencia	Richmond American	\$951,627	2,970	\$320.41	54	6	0.10	0.40
Lumin	Valencia	Richmond American	\$710,795	1,800	\$394.89	66	0	0.00	0.00
Lark	Valencia	TRI Pointe	\$923,488	2,596	\$355.73	62	23	0.26	1.04
		Minimum	\$654,990	1,597	\$320.41				0.40
		Maximum	\$951,627	2,970	\$410.22				4.64
		Average	\$766,117	2,212	\$349.87				2.77

Source: Ryness Reports and Developer's Websites. *Information available was not complete for the average sale price

Excluding Lumin, which opened in April, the absorption within projects in Valencia most similar to the subject ranged from 0.40 to 4.64 sales per month with an average of 2.77 sales per month.

It is unclear why the currently active Skylar II project by Toll Brothers is not listed on the Ryness Report; however, this community represents the highest price point within the market area. The subject communities are considered to be the most desirable given their location, lot size, and view premiums. Note the current base prices reported by Toll Brothers for the Skylar II project generally range from approximately \$1,550,000 to \$1,625,000. The second Toll Brothers project comprising the appraised property, Volara, is sold out.

Resale Pricing

The following table shows historical resale data for more recently built homes (2010 and newer) in the city of Santa Clarita. The resale market is analyzed as a further gauge of buyer demand for housing. Often home buyers are considering housing purchase options that cover both the new home market, as well as the resale market.

Resales: SFR Detached									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sales Price/SF	Sale/List	Year Built	Days on Market	Lot Size (SF)
21848 Moveo Drive	9/29/2025	1,167	\$575,000	\$574,999	\$493	100.00%	2014	66	14,823
21990 Moveo Drive	2/5/2026	1,193	\$605,000	\$599,999	\$507	100.83%	2014	75	37,285
21749 Bene Drive	11/2/2025	1,511	\$654,888	\$654,888	\$433	100.00%	2014	36	14,234
21757 Bene Drive	3/3/2026	1,861	\$679,000	\$679,000	\$365	100.00%	2014	150	14,234
28907 Terrane Court	4/30/2026	1,511	\$720,000	\$720,000	\$477	100.00%	2026	0	5,637
28828 Upland Court	7/1/2025	1,809	\$899,900	\$899,900	\$497	100.00%	2025	5	5,270
28755 Moonlight Lane	9/23/2025	3,208	\$1,050,000	\$1,097,000	\$327	95.72%	2019	155	6,296
28521 Sparrow Way	12/2/2025	3,104	\$1,070,000	\$1,099,000	\$345	97.36%	2020	59	6,066
19173 Lauren Lane	9/27/2025	3,089	\$1,058,000	\$1,125,000	\$343	94.04%	2018	52	11,292
18113 Tableau Way	3/11/2026	2,932	\$1,155,700	\$1,130,700	\$394	102.21%	2023	120	6,533
19033 Graham Lane	12/29/2025	3,218	\$1,145,000	\$1,145,000	\$356	100.00%	2018	192	10,252
17908 Trek Court	9/22/2025	1,825	\$1,130,000	\$1,150,000	\$619	98.26%	2022	12	7,677
18112 Tableau Way	5/23/2026	3,280	\$1,150,000	\$1,180,000	\$351	97.46%	2023	36	5,740
18952 Lauren Lane	4/9/2026	2,845	\$1,255,000	\$1,199,000	\$441	104.67%	2019	191	6,475
18820 Annmae Place	7/11/2025	3,422	\$1,200,000	\$1,200,000	\$351	100.00%	2020	57	6,907
28708 Plume Way	8/1/2025	3,506	\$1,229,000	\$1,233,807	\$351	99.61%	2025	134	6,325
17713 Ridgeline Court	6/27/2025	3,723	\$1,260,000	\$1,297,000	\$338	97.15%	2022	64	6,678
18732 Juniper Springs Drive	3/19/2026	4,289	\$1,475,000	\$1,485,000	\$344	99.33%	2019	112	12,432
22499 Leaf Spring Court	1/2/2026	3,776	\$1,400,000	\$1,499,999	\$371	93.33%	2012	67	8,579
Total Sales	19	2,698	\$1,037,447	\$1,051,068	\$405	98.95%	2019	83	10,144
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

Source: Local Multiple Listing Service (MLS)

Resales: SFR Attached									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sales Price/SF	Sale/List	Year Built	Days on Market	
20543 Martingale Place	12/18/2025	2,507	\$750,000	\$758,000	\$299	98.94%	2020	0	
18207 Astro Court	1/3/2025	2,294	\$875,000	\$899,000	\$381	97.33%	2019	60	
17726 Hillside Way	12/10/2024	4,317	\$1,550,000	\$1,550,000	\$359	100.00%	2022	48	
Total Sales	3	3,039	\$1,058,333	\$1,069,000	\$347	98.76%	2020	36	
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	

Source: Local Multiple Listing Service

Ability to Pay

In this section, the ability to pay among prospective buyers for a representative price point of the smallest and largest benchmark lot categories analyzed within this report are examined, based on the indicators from the competing projects. For the two benchmark lot categories a representative price point is estimated for each benchmark of \$690,000 and \$1,650,000, respectively, consistent with the analysis in the land residual analysis.

First, the required annual household income is estimated based on typical mortgage parameters in the subject's market area. Specifically, a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 6.25%, 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) is utilized. Property tax payments are accounted for in the analysis as well as homeowner's insurance and homeowner's association. 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	\$690,000	\$1,650,000	
Loan % of Price (Loan to Value)	80%	80%	
Loan Amount	\$552,000	\$1,320,000	
Interest Rate	6.25%	6.25%	
Mortgage Payment	\$3,399	\$8,127	
Property Taxes	\$1,056	\$2,344	Based on 1.610130% and direct charges of \$1,560
Co. of Los Angeles CFD No. 2021-01	\$213	\$586	
Homeowner's Association Fee	\$430	\$430	
Property Insurance	\$144	\$344	
Total Monthly Obligation	\$5,241	\$11,831	
Mortgage Payment % of Income	40%	40%	
Monthly Income	\$13,103	\$29,577	
Annual Income	\$157,238	\$354,924	

Income data was obtained from Claritas Spotlight by Environics Analytics, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. The following tables 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: \$690,000 Home

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	8,472	4.9%	0.0%	0	0.0%
\$15,000 - \$24,999	5,514	3.2%	0.0%	0	0.0%
\$25,000 - \$34,999	7,365	4.3%	0.0%	0	0.0%
\$35,000 - \$49,999	10,862	6.3%	0.0%	0	0.0%
\$50,000 - \$74,999	17,577	10.2%	0.0%	0	0.0%
\$75,000 - \$99,999	17,030	9.9%	0.0%	0	0.0%
\$100,000 - \$124,999	16,921	9.8%	0.0%	0	0.0%
\$125,000 - \$149,999	15,784	9.2%	0.0%	0	0.0%
\$150,000 - \$199,999	23,013	13.4%	85.5%	19,682	11.4%
\$200,000 - \$249,999	14,521	8.4%	100.0%	14,521	8.4%
\$250,000 - \$499,999	19,747	11.5%	100.0%	19,747	11.5%
\$500,000+	<u>15,424</u>	<u>9.0%</u>	100.0%	<u>15,424</u>	<u>9.0%</u>
	172,231	100.0%		69,375	40.3%

Household Ability: \$1,650,000 Home

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	8,472	4.9%	0.0%	0	0.0%
\$15,000 - \$24,999	5,514	3.2%	0.0%	0	0.0%
\$25,000 - \$34,999	7,365	4.3%	0.0%	0	0.0%
\$35,000 - \$49,999	10,862	6.3%	0.0%	0	0.0%
\$50,000 - \$74,999	17,577	10.2%	0.0%	0	0.0%
\$75,000 - \$99,999	17,030	9.9%	0.0%	0	0.0%
\$100,000 - \$124,999	16,921	9.8%	0.0%	0	0.0%
\$125,000 - \$149,999	15,784	9.2%	0.0%	0	0.0%
\$150,000 - \$199,999	23,013	13.4%	0.0%	0	0.0%
\$200,000 - \$249,999	14,521	8.4%	0.0%	0	0.0%
\$250,000 - \$499,999	19,747	11.5%	58.0%	11,459	6.7%
\$500,000+	<u>15,424</u>	<u>9.0%</u>	100.0%	<u>15,424</u>	<u>9.0%</u>
	172,231	100.0%		26,884	15.6%

Conclusions

Demand for homes in the subject's market area is considered to be dynamic at the current time 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

Location and Project Details

CFD No. 2021-01 (IA 3) is located north and south of Magic Mountain Parkway, west of N. Commerce Center Drive and south of the 126 Freeway, within the community of Valencia, Los Angeles County, California.

The following table summarizes the subject's land area.

Valencia Neighborhoods: Improvement Area No. 3												
Planning Area	Neighborhood/ Project Name	Builder	Product Category	Product Type	Net Acres	Total Units	Density	Closed Homes	Builder Homes	Lots Held	Pending Sales	Permits Issued
B1b1, B1b2	Opal	Lennar	Detached Condo	10-Pack	8.7	101	11.6	40	7	54	0	76
B2	Ruby	Lennar	Attached	Duplex	5.7	46	8.1	21	6	19	3	44
B2	Ruby	Lennar	Detached Condo	Duplex	2.6	21	8.1	6	6	9	1	21
C7	Sunstone	Lennar	Attached	Tripack	2.8	28	9.9	0	5	23	0	16
C7	Sunstone	Lennar	Detached Condo	Tripack	6.0	59	9.9	9	5	45	1	33
C8	Sapphire	Lennar	Detached Condo	35x65	9.1	92	10.1	5	12	75	1	43
A10	Esprit	Richmond American	Detached Condo	40x90	8.8	54	6.1	5	31	18	1	40
A7a	Skylar II	Toll Brothers	Detached	50x110	10.9	62	5.7	39	1	22	10	62
A7b	Volara	Toll Brothers	Detached	60x110	6.1	30	4.9	30	0	0	0	30
A8	A8	TBD	Detached	60x110	8.9	18	2.0	0	0	18	0	0
TOTAL					69.7	511	76.4	155	73	283	17	365

The subject's neighborhoods are designed with three lot categories including detached single-family (traditional) lots, detached cluster lots (condominiums) and attached units.

Shape and Dimensions

The overall shape and dimensions of CFD No. 2021-01 (IA 3) is irregular; though, not so irregular so as to inhibit development as proposed and improved. The proposed and completed individual single-family lots are generally rectangular in shape. Site utility based on shape and dimensions is average.

Topography

The sites are generally level and at street grade. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status

Community Panel Number	06037C0815G
Date	June 2, 2021
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Seismic Hazards

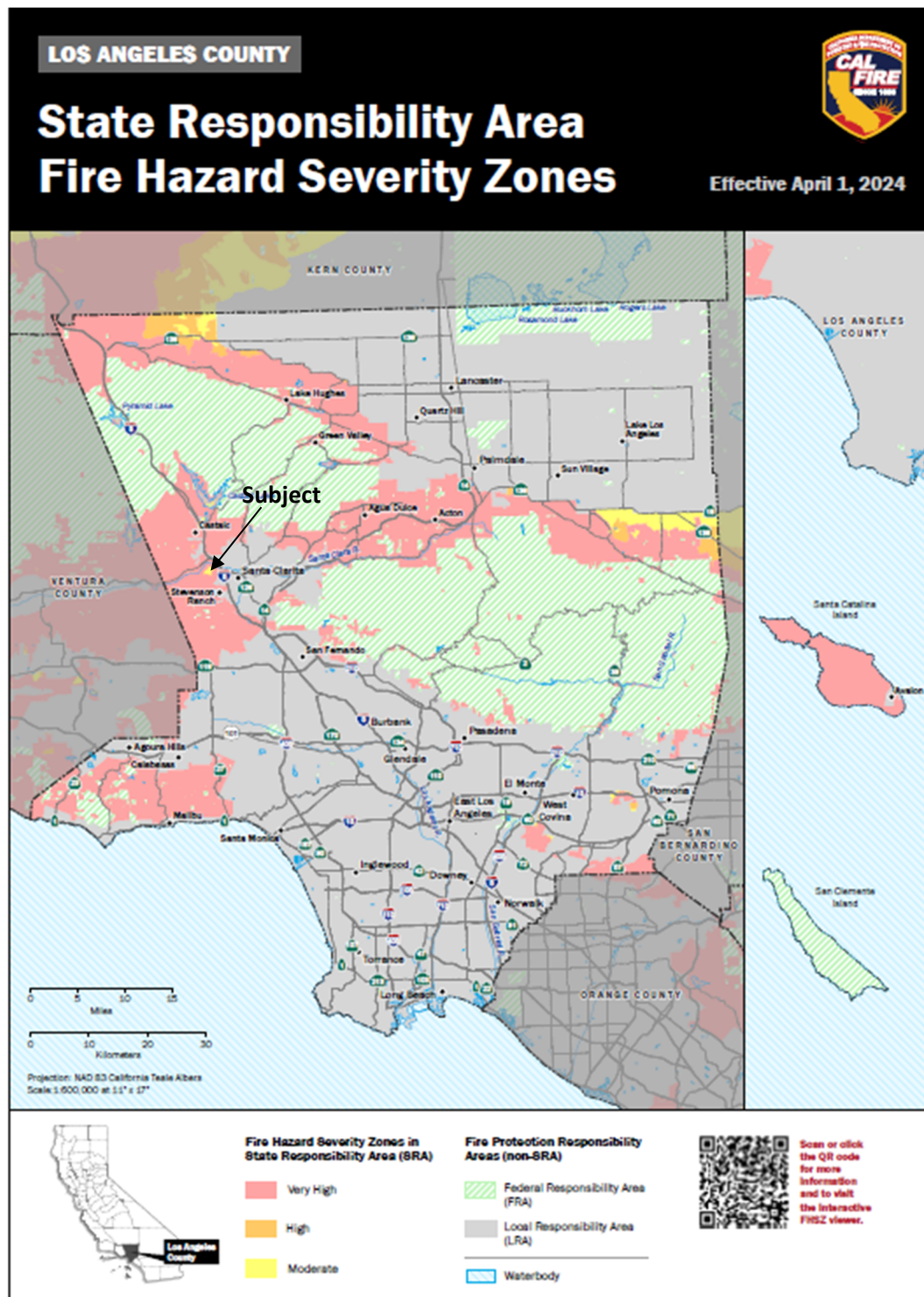
All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate “Earthquake Fault Zones” (formerly known as “Special Studies Zones”) along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

According to information from the California Department of Conservation and the California Geological Survey, the subject is not located within an Alquist-Priolo Special Studies Zone. The subject is located in a liquefaction zone.

Fire Hazard Risk

The Fire and Resource Assessment Program of CAL FIRE has classified areas of the subject’s County by Fire Hazard Severity Zone. As shown in the following map, the subject’s specific area is designated a moderate fire hazard severity zone, with portions in high to very high fire hazard severity zones.

In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and in some cases destroyed thousands of homes. In the case of the January 2025 Los Angeles wildfires, entire neighborhoods were destroyed. There can be no assurances that wildfires will not affect the property located in the District whether or not it has been identified “at-risk” by CAL FIRE. Property damage due to wildfire could result in significant changes in the market value of property in the District.



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.

Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

Utilities

The availability of utilities to the subject is summarized in the following table.

Utilities	
Service	Provider
Water	Santa Clarita Valley Water Agency - Valencia Water Division
Sewer	Santa Clarita Valley Sanitation District
Electricity	Southern California Edison
Natural Gas	Southern California Gas Company

Zoning

The subject is zoned SP, Specific Plan (Newhall Ranch: Mission Village), by the County of Los Angeles. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

Zoning Summary	
Zoning Jurisdiction	County of Los Angeles
Zoning Designation	SP
Description	Specific Plan (Newhall Ranch: Mission Village)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single-family residential development

According to the local planning department, there are no pending or prospective zoning changes. It appears the current use of the site is a legally conforming use.

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.

Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

Entitlements

The appraised property is fully entitled with recorded final mapped lots/parcels.

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.

Permits and Fees

Based on information provided by the developer, permits and impact fees reportedly range between \$10,000 and \$60,000 per home across the neighborhoods. As of the date of value, 365 building permits have been obtained.

Site Development Costs

The Master Developer has already completed the majority of site improvements for the project, with the only remaining costs to be spent relate to the construction of a fire station which will serve the entire community. Per the cost details provided, these development costs are estimated at \$2,600,000, or approximately \$5,088 per lot on average. Note that the Master Developer is building the Fire Station and the builder paid fire fees are remitted to them. Therefore, no deduction for this cost is considered.

In addition, based upon information provided and our inspection of the subject, some of the neighborhoods have additional in-tract work remaining to be completed and applicable remaining in-tract costs, which are summarized in the following table and will be considered in the analysis and valuation to follow.

Remaining Development Costs			
Opal	\$ 1,894,156.10	or	\$35,077 per lot
Ruby	\$ 1,280,702.10	or	\$45,739 per lot
Sunstone	\$ 2,213,696.70	or	\$32,554 per lot
Sapphire	\$ 3,008,307.80	or	\$40,111 per lot
Esprit	\$ 550,000.00	or	\$30,556 per lot
Skylar II	\$ -		--
Volara	\$ -		--
A8	\$ 1,530,000.00	or	\$85,000 per lot

Development/Construction Status

The subject's current development/construction status from the information provided by the developer is shown in the following table.

Appraised Property Summary by Ownership

Owner / Neighborhood	Product Category	Product Type	Unimproved SFR Lot	Partially Improved SFR Lot	Finished SFR Lot	Finished SFR	Completed	Total
						Lot Fees Paid / Under Construction		
Individual Homeowners								
Opal	Detached Condo	10-Pack					40	40
Ruby	Attached	Duplex					21	21
Ruby	Detached Condo	Duplex					6	6
Sunstone	Attached	Tripack					0	0
Sunstone	Detached Condo	Tripack					9	9
Sapphire	Detached Condo	35x65					5	5
Esprit	Detached Condo	40x90					5	5
Skylar II	Detached	50x110					39	39
Volara	Detached	60x140					30	30
A8	Detached	60x110					0	0
Subtotal							155	155
Toll Brothers								
Skylar II	Detached	50x110	0	0	0	22	1	23
Subtotal			0	0	0	22	1	23
Richmond American Homes of Maryland								
Esprit	Detached Condo	40x90	0	0	14	4	31	49
Subtotal			0	0	14	4	31	49
Lennar Homes of California LLC								
Opal	Detached Condo	10-Pack	0	0	0	13	7	20
Ruby	Attached	Duplex	0	0	0	1	6	7
Ruby	Detached Condo	Duplex	0	0	0	1	6	7
Sunstone	Attached	Tripack	0	0	0	5	5	10
Sunstone	Detached Condo	Tripack	0	0	0	9	5	14
Sapphire	Detached Condo	35x65	0	0	0	4	12	16
Subtotal			0	0	0	33	41	74
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")								
Opal	Detached Condo	10-Pack	0	0	0	41	0	41
Ruby	Attached	Duplex	0	0	0	18	0	18
Ruby	Detached Condo	Duplex	0	0	0	8	0	8
Sunstone	Attached	Tripack	0	0	0	18	0	18
Sunstone	Detached Condo	Tripack	0	0	0	36	0	36
Sapphire	Detached Condo	35x65	0	0	0	71	0	71
Subtotal			0	0	0	192	0	192
The Newhall Land and Farming Company								
A8	Detached	60x110	18	0	0	0	0	18
Subtotal			18	0	0	0	0	18
TOTAL			18	0	14	251	228	511

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 (attached and detached). We are not aware of any other particular restrictions on development.

Proposed Improvements Description

For the reader's reference, the subject's floor plans are shown in the following table.

Floor Plan Summary											
Current Builder Prices as of May 2026											
Project Name / Planning Area	Builder	Market Segment / Product Type	Market Entry (Commence Sales)	Total No. of Units	Floor Plan	Unit Mix	Living Area (SF)	Base Price	Incentive (Estimated)	Net Base Price	HOA
Opal B1b1	Lennar	Single Family Detached Condo 10-Pack Three Story	July-25	101	Plan 1	29	1,704	\$664,990	\$8,000	\$656,990	\$430
					Plan 2	31	2,184	\$699,990	\$8,000	\$691,990	
					Plan 3	19	2,679	\$854,990	\$8,000	\$846,990	
					Plan 4	22	2,949	\$899,990	\$8,000	\$891,990	
Ruby B2	Lennar	Single Family Attached Duplex Two Story	August-25	46	Plan 1	23	1,976	\$704,990	\$5,000	\$699,990	\$430
					Plan 2	23	2,075	\$709,990	\$5,000	\$704,990	
Ruby B2	Lennar	Single Family Detached Condo Duplex Two Story	August-25	21	Plan 3	21	2,546	\$849,990	\$5,000	\$844,990	\$430
Sunstone C7	Lennar	Single Family Attached Tripack Two/Three Story	January-26	28	Plan 1	28	2,064	\$699,990	\$5,000	\$694,990	\$430
Sunstone C7	Lennar	Single Family Detached Condo Tripack Two/Three Story	January-26	59	Plan 1	1	2,064	\$714,990	\$28,000	\$686,990	\$430
					Plan 2	29	2,344	\$809,990	\$5,000	\$804,990	
					Plan 3	29	2,584	\$864,990	\$5,000	\$859,990	
Sapphire C8	Lennar	Single Family Detached Condo 35x65 Two Story	January-26	92	Plan 1	30	2,134	\$719,990	\$5,000	\$714,990	\$345
					Plan 2	30	2,183	\$739,990	\$5,000	\$734,990	
					Plan 3	32	2,246	\$759,990	\$5,000	\$754,990	
Esprit A10	Richmond American	Single Family Detached Condo 40x90 Two Story	March-25	54	Plan 1	16	2,733	\$899,990	\$45,000	\$854,990	\$270 - \$360
					Plan 2	18	2,970	\$954,990	\$45,000	\$909,990	
					Plan 3	20	3,234	\$999,990	\$45,000	\$954,990	
Skylar II A7a	Toll Brothers	Single Family Detached 50x110 Two Story	February-24	62	Plan 1	18	3,622	\$1,579,000	\$75,000	\$1,504,000	\$550 - \$600
					Plan 2	23	3,705	\$1,553,000	\$75,000	\$1,478,000	
					Plan 3	21	3,731	\$1,619,000	\$75,000	\$1,544,000	
Volara A7b	Toll Brothers	Single Family Detached 60x110 Two Story	March-24	30	Plan 1	9	4,045	\$1,839,995	\$37,500	\$1,802,495	\$280 - \$310
					Plan 2	10	4,102	\$1,724,000	\$37,500	\$1,686,500	
					Plan 3	11	4,273	\$1,799,995	\$37,500	\$1,762,495	
TBD A8	TBD	Single Family Detached 60x110 TBD	Estimated 2028	18	Plan 1	6	4,100	\$1,700,000	\$50,000	\$1,650,000	--
					Plan 2	6	4,300	\$1,800,000	\$50,000	\$1,750,000	
					Plan 3	6	4,500	\$1,900,000	\$50,000	\$1,850,000	

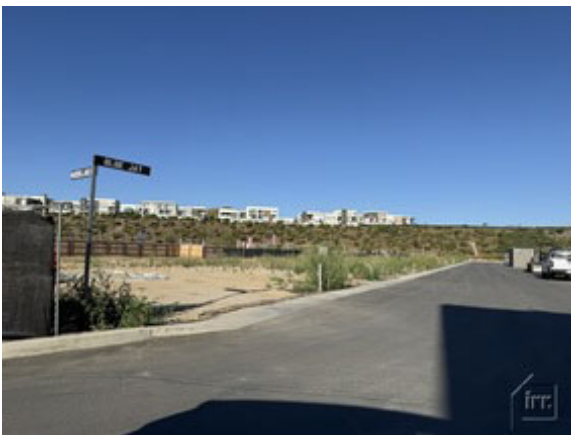
As shown above, all of the active builders are offering incentives, lowering base sale prices. Builders are reportedly currently offering incentives between \$5,000 and \$75,000.

The interior finish profile is considered to be of a typical quality for the area, which generally average to good overall quality. The subject property has a Homeowner's Association (HOA) that will be responsible for the in-tract road improvement maintenance, common areas, storm drain and limited landscaping along the frontage of the project. Homeowner Association dues are anticipated to range from approximately \$270 to \$600 per home per month, to be paid by the future homeowners.

Aerial



























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 Los Angeles County Treasurer-Tax Collector's Office, the subject has a tax rate of 1.610130% for tax year 2025-2026 (latest available), based on assessed value. In addition, the appraised properties are subject to direct charges. Based on a survey of surrounding residential properties, it is estimated the subject would have direct charges of approximately \$1,560 per lot.

Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 2021-01 (IA 3) that also increases 2% per year. With respect to special taxes, we have relied upon information provided by the special tax consultant, for the annual special tax levy on the appraised properties, which are shown as follows for tax year 2025-2026:

Special Tax Table (Fiscal Year 2025-2026)

Land Use Class	Land Use Category	Square Footage Category	Assigned Special Tax
1	Detached Property	>= 4,201 SF	\$7,462 per dwelling unit
2	Detached Property	4,001 - 4,200 SF	\$7,028 per dwelling unit
3	Detached Property	3,801 - 4,000 SF	\$6,596 per dwelling unit
4	Detached Property	3,601 - 3,800 SF	\$6,164 per dwelling unit
5	Detached Property	3,401 - 3,600 SF	\$5,732 per dwelling unit
6	Detached Property	3,201 - 3,400 SF	\$5,300 per dwelling unit
7	Detached Property	3,001 - 3,200 SF	\$4,868 per dwelling unit
8	Detached Property	2,801 - 3,000 SF	\$4,435 per dwelling unit
9	Detached Property	2,601 - 2,800 SF	\$4,002 per dwelling unit
10	Detached Property	< 2,601 SF	\$3,139 per dwelling unit
11	Cluster Property	>= 3,101 SF	\$4,369 per dwelling unit
12	Cluster Property	2,901 - 3,100 SF	\$4,111 per dwelling unit
13	Cluster Property	2,701 - 2,900 SF	\$3,856 per dwelling unit
14	Cluster Property	2,501 - 2,700 SF	\$3,711 per dwelling unit
15	Cluster Property	2,301 - 2,500 SF	\$3,484 per dwelling unit
16	Cluster Property	2,101 - 2,300 SF	\$3,291 per dwelling unit
17	Cluster Property	1,901 - 2,100 SF	\$3,075 per dwelling unit
18	Cluster Property	1,701 - 1,900 SF	\$2,860 per dwelling unit
19	Cluster Property	1,501 - 1,700 SF	\$2,645 per dwelling unit
20	Cluster Property	< 1,501 SF	\$2,321 per dwelling unit
21	Attached Property	>= 2,451 SF	\$3,096 per dwelling unit
22	Attached Property	2,301 - 2,450 SF	\$2,955 per dwelling unit
23	Attached Property	2,151 - 2,300 SF	\$2,750 per dwelling unit
24	Attached Property	2,001 - 2,150 SF	\$2,555 per dwelling unit
25	Attached Property	1,851 - 2,000 SF	\$2,403 per dwelling unit
26	Attached Property	1,701 - 1,850 SF	\$2,288 per dwelling unit
27	Attached Property	1,551 - 1,700 SF	\$2,058 per dwelling unit
28	Attached Property	1,401 - 1,550 SF	\$1,942 per dwelling unit
29	Attached Property	1,251 - 1,400 SF	\$1,711 per dwelling unit
30	Attached Property	1,101 - 1,250 SF	\$1,596 per dwelling unit
31	Attached Property	951 - 1,100 SF	\$1,365 per dwelling unit
32	Attached Property	801 - 950 SF	\$1,251 per dwelling unit
33	Attached Property	651 - 800 SF	\$1,019 per dwelling unit
34	Attached Property	< 651 SF	\$961 per dwelling unit
35	Apartment Property	N/Ap	\$0.54 per SF of apartment floor area
36	Non-Residential Property	N/Ap	\$0.329 per SF of non-residential floor area

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 detached and attached residential development with densities of 2.0 to 11.6 units per acre. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property has an approved final map allowing for the planned 511 single-family homes and associated improvements. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single-family residential is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of a site that affect its possible use include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in single-family residential development; at this point 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 or 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.

However, the subject is located in a moderate Fire Hazard Severity Zone in the state responsibility area. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and in some cases destroyed thousands of homes. In the case of

the Los Angeles wildfires at the beginning of 2025, entire neighborhoods were destroyed. There can be no assurances that wildfires will not affect the subject property whether or not it has been identified “at-risk” by CAL FIRE. Property damage due to wildfire could result in significant changes in the market value of subject property.

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, in recent months merchant builders have acquired unimproved lots for near-term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished lots are transferring for prices that exceed the sum of unimproved lots and site development costs, which reflects completion of site development is financially feasible.

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 their highest and best use as vacant is for near-term single-family residential development.

As Improved (Proposed)

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the in-place improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the subject. The potential alternative uses consist of demolition, expansion, conversion or renovation.

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. 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 continuing construction of homes, as dictated by demand.

Most Probable Buyer

In conjunction with the definition of market value, this appraisal assumes a hypothetical sale of the subject properties to a probable buyer/user, as of the date of value. The subject is considered to have good appeal for production homes. The most probable buyer would be a developer/homebuilder for

the partially improved lots, finished lots, and homes under construction. The most probable buyer for a completed home would be an individual homeowner.

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	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Market Valuation – Floor Plans

The market value of the subject's smallest floor plans within each community with a completed home are estimated in this section.

The objective of the analysis is to estimate the base price, net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades, interest rate buydowns, or non-recurring closing costs. The sales comparison approach to value is utilized.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 15th Edition (Chicago: Appraisal Institute, 2020), *"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). The comparables utilized in the following analysis are from sales within the subject's active communities.

Further, for the homes with various options of the number of bedrooms or bathrooms, consistent with the "not-less-than" valuation, we will utilize the lesser of the two options. The floor plans within the communities are shown in the following table.

Smallest Floor Plan Summary								
Project Name	Market Segment / Product Type	Builder	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Builder's Base Price
Opal	SFDC 10-Pack	Lennar	1,704	2	2.5	Three	2-Car	\$664,990
Ruby	SFA Duplex	Lennar	1,976	3	2.5	Two	2-Car	\$704,990
Ruby	SFDC Duplex	Lennar	2,546	5	4.0	Two	2-Car	\$849,990
Sunstone	SFA Tripack	Lennar	2,064	3	3.5	Two/Three	2-Car	\$699,990
Sunstone	SFDC Tripack	Lennar	2,064	3	3.5	Two/Three	2-Car	\$714,990
Sapphire	SFDC 35x65	Lennar	2,134	3	2.5	Two	2-Car	\$719,990
Esprit	SFDC 40x90	Richmond American	2,733	4	3.0	Two	2-Car	\$899,990
Skylar II	SFD 50x110	Toll Brothers	3,622	5	4.5	Two	2-Car	\$1,579,000
Volara	SFD 60x100	Toll Brothers	4,045	5	4.5	Two	2-Car	\$1,839,995

The comparable sales are summarized in the following tables.

Comparable Home Sale Summary

No.	Address	Contract Date	Close of Escrow	Base Price	Net Sales Price	Living Area (SF)	Net \$/SF
Opal (SFDC 10-Pack)				\$664,990	\$656,990	1,704	\$386
1	27536 Grand Fir Way	3/20/2026	4/28/2026	\$674,990	\$651,776	1,704	\$382
2	27537 Grand Fir Way	3/7/2026	4/10/2026	\$674,990	\$665,779	1,704	\$391
3	27461 N. Limber Pine Place	2/21/2026	3/26/2026	\$709,990	\$675,874	2,184	\$309
4	27532 Grand Fir Way	2/3/2026	2/27/2026	\$709,990	\$696,699	2,184	\$319
5	27554 Grand Fir Way	2/2/2026	2/26/2026	\$674,990	\$630,455	1,704	\$370
Ruby (SFA Duplex)				\$704,990	\$699,990	1,976	\$354
6	27305 Black Walnut Place	4/24/2026	Pending	\$709,990	\$709,990	2,075	\$342
7	27408 Red Alder Lane	4/15/2026	Pending	\$704,990	\$709,990	1,976	\$359
8	27330 Black Walnut Place	3/22/2026	4/21/2026	\$694,711	\$693,511	2,075	\$334
9	27308 Black Walnut Place	3/17/2026	5/11/2026	\$735,645	\$671,555	2,075	\$324
10	27312 Black Walnut Place	3/8/2026	5/8/2026	\$724,990	\$694,990	1,976	\$352
11	27323 Black Walnut Place	3/8/2026	4/21/2026	\$699,990	\$687,136	1,976	\$348
Ruby (SFDC Duplex)				\$849,990	\$844,990	2,546	\$332
12	27319 Black Walnut Place	4/29/2026	Pending	\$849,990	\$808,101	2,546	\$317
13	27315 Shore Pine Place	4/22/2026	Pending	\$819,990	\$772,610	2,546	\$303
14	27450 Red Alder Lane	4/10/2026	Pending	\$849,990	\$904,990	2,546	\$355
15	27316 Black Walnut Place	3/31/2026	Pending	\$849,990	\$816,420	2,546	\$321
16	27320 Shore Pine Place	3/22/2026	4/24/2026	\$813,990	\$763,370	2,546	\$300
17	27322 Black Walnut Place	3/14/2026	5/13/2026	\$829,990	\$804,705	2,546	\$316
Sunstone (SFA Tripack)				\$699,990	\$694,990	2,064	\$337
18	27384 Marshland Place	Available	--	\$669,990	\$656,990	2,064	\$318
19	27378 Marshland Place	Available	--	\$669,990	\$659,990	2,064	\$320
20	27387 Fox Den Place	Available	--	\$669,990	\$655,990	2,064	\$318
21	26663 Foliage Lane	Available	--	\$669,990	\$669,990	2,064	\$325
22	26669 Foliage Lane	Available	--	\$669,990	\$669,990	2,064	\$325
Sunstone (SFDC Tripack)				\$714,990	\$686,990	2,064	\$333
23	27372 Marshland Place	4/26/2026	Pending	\$809,990	\$763,794	2,344	\$326
24	27393 Fox Den Place	4/26/2026	Pending	\$809,990	\$743,588	2,344	\$317
25	27369 Fox Den Place	4/6/2026	5/8/2026	\$864,990	\$811,022	2,584	\$314
26	26657 Foliage Lane	4/7/2026	Pending	\$809,990	\$797,569	2,344	\$340
27	27374 Fox Den Place	3/7/2026	4/16/2026	\$790,691	\$800,765	2,344	\$342

Comparable Home Sale Summary

No.	Address	Contract Date	Close of Escrow	Base Price	Net Sales Price	Living Area (SF)	Net \$/SF
Sapphire (SFDC 35x65)				\$719,990	\$714,990	2,134	\$335
28	26663 Orion Way	5/2/2026	Pending	\$759,990	\$746,502	2,246	\$332
29	26664 Orion Way	4/29/2026	Pending	\$721,990	\$721,990	2,134	\$338
30	26676 Orion Way	4/26/2026	Pending	\$759,990	\$759,990	2,183	\$348
31	26681 Orion Way	4/16/2026	5/20/2026	\$769,990	\$769,990	2,183	\$353
32	26682 Orion Way	3/17/2026	4/20/2026	\$759,990	\$759,990	2,134	\$356
33	26675 Orion Way	3/17/2026	4/28/2026	\$799,990	\$799,990	2,246	\$356
Esprit (SFDC 40x90)				\$899,990	\$854,990	2,733	\$313
34	27410 Creekwood Ln	3/10/2026	4/14/2026	\$918,000	\$942,490	2,733	\$345
35	27439 Rainwood Pl	1/29/2026	2/26/2026	\$1,009,000	\$1,196,000	3,234	\$370
36	27427 Rainwood Pl	1/22/2026	1/30/2026	\$970,000	\$1,131,000	2,970	\$381
37	27525 Mosswood Pl	Available	--	\$803,990	\$929,990	2,733	\$340
Skylar II (SFD 50x110)				\$1,579,000	\$1,504,000	3,622	\$415
38	27509 Juniper Lane	4/29/2026	Pending	\$1,370,995	\$1,551,072	3,705	\$419
39	27558 Juniper Lane	3/18/2026	4/21/2026	\$1,338,995	\$1,468,500	3,622	\$405
40	27619 Juniper Lane	3/12/2026	Pending	\$1,352,995	\$1,339,000	3,622	\$370
41	27529 Juniper Lane	3/2/2026	Pending	\$1,395,995	\$1,713,212	3,731	\$459
Volara (SFD 60x100)				\$1,839,995	\$1,802,495	4,045	\$446
42	27618 Juniper Lane	11/24/2025	1/13/2026	\$1,536,995	\$1,754,825	4,102	\$428
43	27610 Juniper Lane	9/17/2025	10/24/2025	\$1,543,995	\$1,749,000	4,102	\$426
44	27632 Juniper Lane	7/28/2025	9/11/2025	\$1,534,995	\$1,744,549	4,102	\$425
45	27582 Juniper Lane	6/23/2025	8/27/2025	\$1,536,995	\$1,649,000	4,102	\$402
46	27594 Juniper Lane	6/3/2025	7/15/2025	\$1,534,995	\$1,587,500	4,102	\$387
47	27628 Juniper Lane	3/25/2025	7/2/2025	\$1,518,995	\$1,865,486	4,045	\$461
48	27574 Juniper Lane	1/30/2025	4/28/2025	\$1,509,995	\$1,926,820	4,045	\$476

Discussion of Adjustments

In order to estimate the not-less-than market value for the smallest floor plans currently being marketed within CFD No. 2021-01 (IA No. 3), the comparable transactions were analyzed with regard to categories that affect market value, with consideration for the following factors.

Since the comparables utilized are from sales within the subject's active communities, minimal (if any) of these adjustment factors warrant adjustment.

Adjustment Factor	Accounts For
Special Taxes	Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the difference in the bond encumbrance between the subject and comparables based on the annual

Adjustment Factor	Accounts For
Upgrades and Incentives	assessment, and the estimated average holding period of a single-family home, which is estimated at 12 years. The objective of the analysis is to estimate the base value 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.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.
Market Conditions (Date of Sale, Phase Adjustment)	The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.
Location	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.
Community Appeal	Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.
Lot Size	The lot size adjustment pertains to the differences between the subject's average 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.
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 previously considered.
Design and Appeal	Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a

Adjustment Factor	Accounts For
	different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.
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.
Age/Condition	When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.
Functional Utility	Ability to adequately provide for its intended purpose.
Room 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.
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.
Number of Stories	For similar size units, the differences between the number of stories is typically a buyer preference. One buyer might prefer a single-story versus a two-story unit.
Parking/Garage	Number of garage spaces

Conclusion of Home Values

Nearly all of the subject floor plans with completed homes valued here (smallest floor plan) are represented within the sales set utilized and the transactions generally included the most recent closed and pending transactions of these floor plans, as provided by the builders. The floor plan conclusions are displayed in the following table.

Floor Plan Value Conclusions

Project Name	Market Segment / Product Type	Builder	Living Area (Sf)	Bedroom	Bathroom	Stories	Garage	Concluded Base	
								Retail Value	\$/SF
Opal	SFDC 10-Pack	Lennar	1,704	2	2.5	Three	2-Car	\$650,000	\$381
Ruby	SFA Duplex	Lennar	1,976	3	2.5	Two	2-Car	\$700,000	\$354
Ruby	SFDC Duplex	Lennar	2,546	5	4.0	Two	2-Car	\$840,000	\$330
Sunstone	SFA Tripack	Lennar	2,064	3	3.5	Two/Three	2-Car	\$695,000	\$337
Sunstone	SFDC Tripack	Lennar	2,064	3	3.5	Two/Three	2-Car	\$705,000	\$342
Sapphire	SFDC 35x65	Lennar	2,134	3	2.5	Two	2-Car	\$715,000	\$335
Esprit	SFDC 40x90	Richmond American	2,733	4	3.0	Two	2-Car	\$805,000	\$295
Skylar II	SFD 50x110	Toll Brothers	3,622	5	4.5	Two	2-Car	\$1,400,000	\$387
Volara	SFD 60x100	Toll Brothers	4,045	5	4.5	Two	2-Car	\$1,800,000	\$445

As previously noted, all of the active builders are offering incentives, lowering base sale prices. Builders are reportedly currently offering incentives between \$5,000 and \$75,000. The concluded base retail values above take into consideration incentives being offered.

Residential Lot Valuation

For the purpose of estimating the value of the subject's lots, we have identified the following benchmark lot categories.

Benchmark Lot Categories			
Category	Typical Lot Size (SF)	Density (Units per Acre)	No. of Units
Detached SFR	5,980	4.21	37
Detached SFR Condo	2,445	9.16	65
Attached SFR	N/Ap	8.98	37

We will utilize the sales comparison approach and the land residual analysis to conclude the market value of the benchmark lots. The value conclusions assume the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer. For the purpose of this analysis, we will reflect transaction sizes as indicated by the average number of lots within each category identified in the table above.

Following the conclusion of value for the benchmark lots, we will apply a lot size adjustment factor to account for the variance in lot sizes between the benchmark lot categories and the remaining lot categories comprising the subject property. The following table presents all of the subject lots.

Valencia Neighborhoods: Improvement Area No. 3												
Planning Area	Neighborhood/Project Name	Builder	Product Category	Product Type	Net Acres	Total Units	Density	Closed Homes	Builder Homes	Lots Held	Pending Sales	Permits Issued
B1b1, B1b2	Opal	Lennar	Detached Condo	10-Pack	8.7	101	11.6	40	7	54	0	76
B2	Ruby	Lennar	Attached	Duplex	5.7	46	8.1	21	6	19	3	44
B2	Ruby	Lennar	Detached Condo	Duplex	2.6	21	8.1	6	6	9	1	21
C7	Sunstone	Lennar	Attached	Tripack	2.8	28	9.9	0	5	23	0	16
C7	Sunstone	Lennar	Detached Condo	Tripack	6.0	59	9.9	9	5	45	1	33
C8	Sapphire	Lennar	Detached Condo	35x65	9.1	92	10.1	5	12	75	1	43
A10	Esprit	Richmond American	Detached Condo	40x90	8.8	54	6.1	5	31	18	1	40
A7a	Skylar II	Toll Brothers	Detached	50x110	10.9	62	5.7	39	1	22	10	62
A7b	Volara	Toll Brothers	Detached	60x110	6.1	30	4.9	30	0	0	0	30
A8	A8	TBD	Detached	60x110	8.9	18	2.0	0	0	18	0	0
TOTAL					69.7	511	76.4	155	73	283	17	365

Any remaining development costs applicable to the subject property are accounted for in the *Market Value by Ownership* section.

Sales Comparison Approach

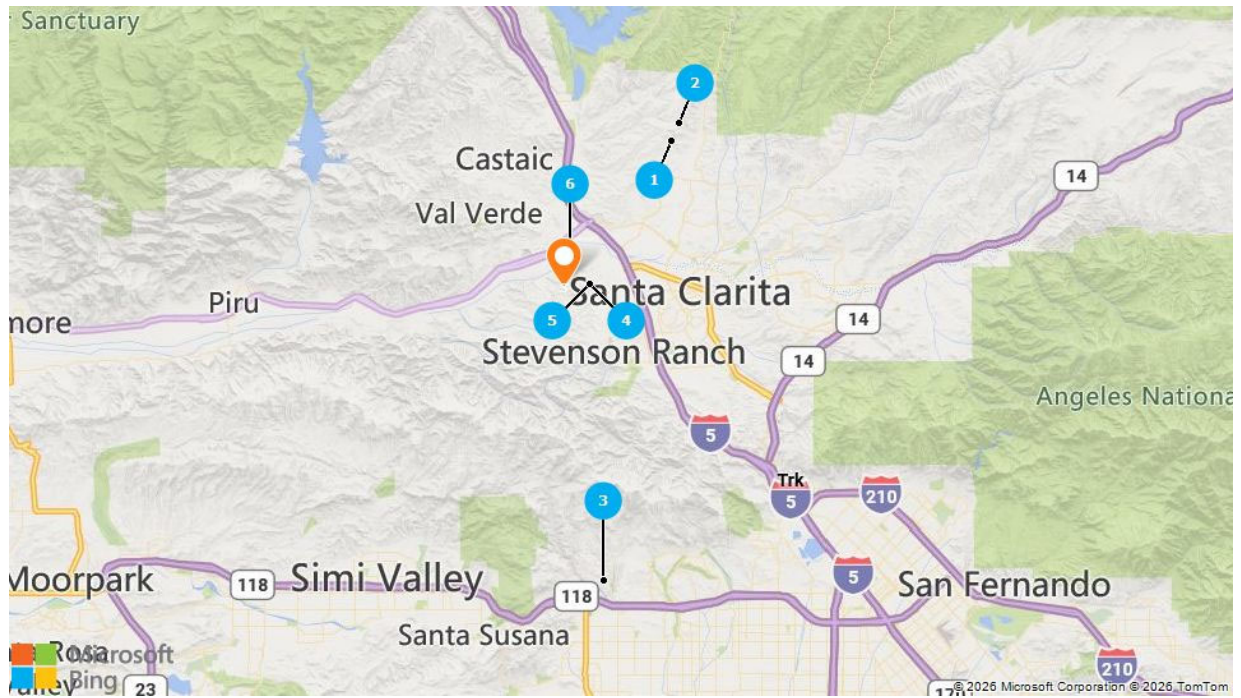
In this section of the report, we will utilize the sales comparison approach to conclude the market value of the subject lots. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

- Location: Los Angeles County, with an emphasis on Santa Clarita and similar market areas
- Number of Lots: 50 to 250 lots/units
- Transaction Date: within the past 36 to 48 months

The bulk lot sales are analyzed on an improved (or loaded) lot basis, which is the equivalent of underlying land, any remaining site development costs and all fees paid up to building permit for home construction. The most relevant sales are summarized in the following tables for the three lot categories.

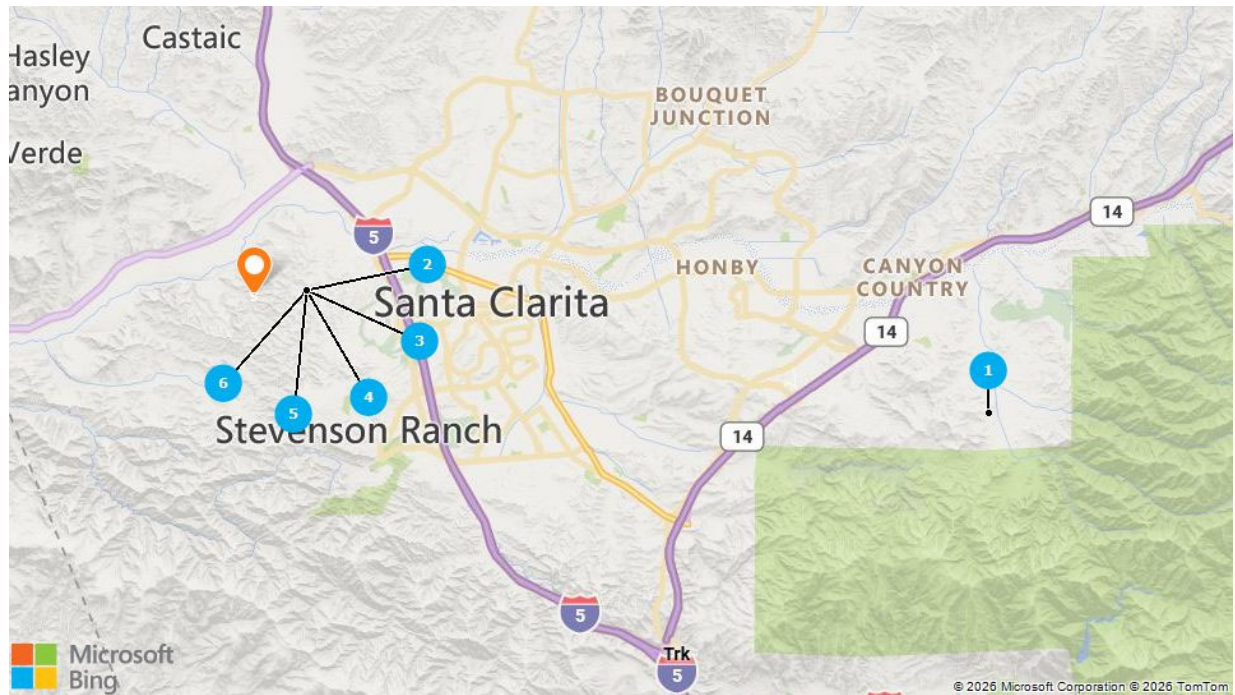
Summary of Comparable Land Sales - Detached SFR

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Number of Lots	\$/Lot	Expenditures After Purchase
1	Highlands at Tesoro Del Valle Avenida Rancho Tesoro Santa Clarita Los Angeles County Comments: Lennar is in the process of acquiring 318 all-age lots within the Highlands at Tesoro Del Valle master planned community located north of Santa Clarita and is scheduled to close on the last phase in the second quarter of 2025. The 318 lots comprise five neighborhoods with typical lot sizes ranging from 6,500 to 9,000 square feet and an average finished lot price of \$397,925 per lot. This sale has profit participation, in which the master developer would split the profits after Lennar achieved 9% profit when considering a 19% soft cost allowance. The lots have view premiums of the surrounding foothills and canyon. The lots are part of a larger transaction that additionally includes 365 age-restricted lots. The property went under contract in March of 2021. Special taxes are estimated at \$7,100 per lot, while remaining permits and fees are estimated at \$37,100 per lot.	Jun-25 In-Contract	\$126,519,000 \$14,200	318	\$397,858	\$37,100
2	PA 16C and 17 - Tesoro Highlands N. Camino Los Robles Santa Clarita Los Angeles County Comments: This is a sale of 137 finished lots with a typical lot size of 11,562 square feet for \$82,200,000 or \$600,000 per lot. The contract was negotiated on November 9, 2021, and is expected to occur in four takedowns each valued at \$600,000 per lot. The last takedown is anticipated to transact in the first quarter of 2025. This sale also has profit participation, in which the master developer would split the profits after Toll Brothers achieved 11% profit when considering a 21% soft cost allowance. Toll Brothers is developing the property into two communities, Alta Monte and Bella Terra at Tesoro Highlands, which have significant view premiums of the surrounding canyons. Permits and fees are estimated at \$43,200 per lot, while special taxes are estimated at \$7,860 per lot.	Mar-25 In-Contract	\$82,200,000 \$15,720	137	\$600,000	\$43,200
3	Deerlake Ranch (portion of) Deerlake Ranch Rd. Chatsworth Los Angeles County Comments: This is a sale of 45 essentially finished lots within Deerlake Ranch comprising portions of two existing communities Horizon and Skyline at Deerlake Ranch. The finished lot is estimated at \$662,556 per lot. A building permit is estimated at \$5,000 per lot. It is unclear if the project is going to utilize bond financing; however, given the prevalence of bond financing in the region, it is estimated the project would have an annual special tax of \$7,000 per lot, which is consistent with other projects in the region.	Dec-23 Closed	\$27,578,556 \$14,000	45	\$612,857	\$54,699
4	Volara Neighborhood Magic Mountain Pky. Santa Clarita Los Angeles County Comments: The Valencia Volara neighborhood sold in August 2023 for \$13,824,899, or \$460,830 per unit. The neighborhood plans for detached homes at a density of 4.9 units per acre (6,600 SF lots). Additional in-tract costs and permits and fees were estimated to total \$100,000 per unit.	Aug-23 Closed	\$13,824,899 \$10,730	30	\$460,830	\$100,000
5	Skylar II Neighborhood Magic Mountain Pky. Santa Clarita Los Angeles County Comments: The Valencia Skylar II neighborhood sold in August 2023 for \$25,275,101, or \$407,663 per unit. The neighborhood plans for detached homes at a density of 5.7 units per acre (5,500 SF lots). Additional in-tract costs and permits and fees were estimated to total \$100,000 per unit.	Aug-23 Closed	\$25,275,101 \$10,730	62	\$407,663	\$100,000
6	Skylar Neighborhood Riparian Ave. Santa Clarita Los Angeles County Comments: The Skylar neighborhood of Valencia was purchased for \$33,000,000, or \$388,235 per lot. The neighborhood plans for detached homes with a typical lot size of 5,500 square feet. The lots sold in blue top condition. Additional intract costs and permits and fees were estimated to total \$97,928 per unit. Special taxes are estimated at \$5,127 per lot.	Dec-20 Closed	\$33,000,000 \$10,254	85	\$388,235	\$97,928

Comparable Land Sales Map – Detached SFR

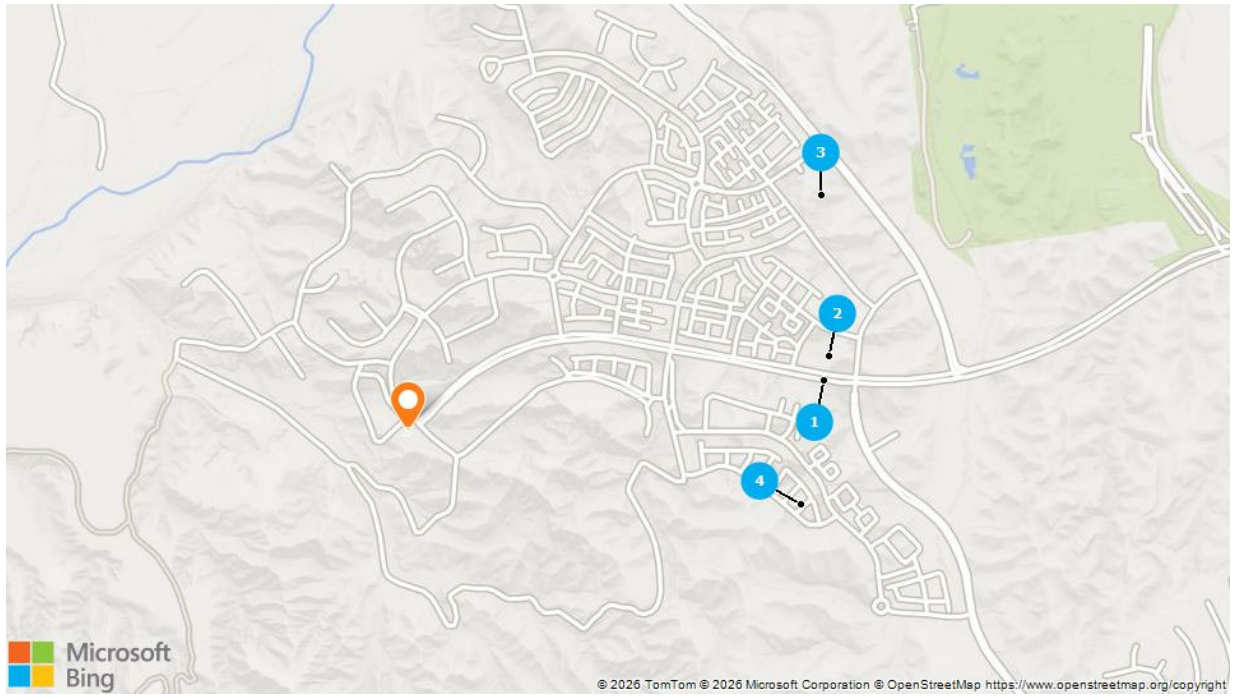
Summary of Comparable Land Sales - Detached SFR Condo

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Number of Lots	\$/Lot	Expenditures After Purchase
1	Sand Canyon PA4 & PA5 16255 Rochester Ct. Santa Clarita Los Angeles County <i>Comments: Intracorp acquired 119 lots in the Sand Canyon master planned community in December 2024. Typical lot size is 3,000 square feet. They purchased the lots in partially improved condition, with reported finishing costs of \$129,412 per lot. This project, Pelona Hills at Sand Canyon, opened in March 2026 and features contemporary California Ranch-style houses starting in the \$800,000s without Mello-Roos.</i>	Dec-24 Closed	\$21,600,000 \$0	119	\$181,513	\$129,412
2	Valencia Planning Areas B1b1 and B1b2 Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Areas B1b1 and B1b2 within the Valencia master planned community sold in December 2023 for \$14,502,046, or \$143,585 per unit. The neighborhood plans for detached cluster condominium homes (10-pack configuration) at a density of 11.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Dec-23 Closed	\$14,502,046 \$6,990	101	\$143,585	\$60,000
3	Valencia Planning Area B2 Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Area B2 within the Valencia master planned community sold in December 2023 for \$14,928,514, or \$222,814 per unit. The neighborhood plans for detached cluster condominium homes (duplex) at a density of 10.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Dec-23 Closed	\$14,928,514 \$6,990	67	\$222,814	\$60,000
4	Marigold Neighborhood Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: The Valencia Marigold neighborhood sold in December 2023 for \$21,763,972, or \$236,565 per unit. The neighborhood plans for detached cluster condominium homes at a density of 10.1 units per acre (2,275 SF lots). Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Dec-23 Closed	\$21,763,972 \$6,990	92	\$236,565	\$60,000
5	Amber Neighborhood Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: The Valencia Amber neighborhood sold in December 2023 for \$18,653,960, or \$214,413 per unit. The neighborhood plans for detached cluster condominium homes (tripack configuration) at a density of 9.9 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Dec-23 Closed	\$18,653,960 \$6,990	87	\$214,413	\$60,000
6	Espirit Neighborhood Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: The Valencia Espirit neighborhood sold in September 2023 for \$21,532,000, or \$398,741 per unit. The neighborhood plans for detached cluster condominium homes at a density of 6.1 units per acre (3,600 SF lots). Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Sep-23 Closed	\$21,532,000 \$6,990	54	\$398,741	\$60,000

Comparable Land Sales Map – Detached SFR Condo

Summary of Comparable Land Sales - Attached SFR

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Number of Lots	\$/Lot	Expenditures After Purchase
1	Valencia Planning Area B2 Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Area B2 within the Valencia master planned community sold in December 2023 for \$14,928,514, or \$222,814 per unit. The neighborhood plans for detached cluster condominium homes (duplex) at a density of 10.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.</i>	Dec-23 Closed	\$14,928,514 \$6,990	67	\$222,814	\$60,000
2	Valencia Planning Area F4 Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Area F4 within the Valencia master planned community sold in December 2023 for \$7,175,373, or \$99,658 per unit. The neighborhood plans for attached three-story duplex units at a density of 16.9 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.</i>	Dec-23 Closed	\$7,175,373 \$4,226	72	\$99,658	\$55,000
3	Valencia Planning Areas F2 and F21 Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Areas F2 and F21 within the Valencia master planned community sold in December 2023 for \$24,782,883, or \$151,115 per unit. The neighborhood plans for attached three-story duplex units at a density of 18.0 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.</i>	Dec-23 Closed	\$24,782,883 \$4,226	164	\$151,115	\$55,000
4	Valencia Planning Area C4b Magic Mountain Pky. Santa Clarita Los Angeles County <i>Comments: Planning Area C4b within the Valencia master planned community sold in December 2023 for \$16,128,180, or \$206,772 per unit. The neighborhood plans for attached triplex row townhome units at a density of 15.4 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.</i>	Dec-23 Closed	\$16,128,180 \$4,226	78	\$206,772	\$55,000

Comparable Land Sales Map – Attached SFR

Loaded Lot Analysis

Prior to the application of adjustments, the following items are added to the per lot sale price.

Loaded Lot Analysis	
Remaining Site Dev. Cost	We apply adjustments for remaining site development costs (if any).
Permits and Fees	Permits and fees due upon building permit are included on a dollar-for-dollar basis.
Bond Encumbrance	If applicable, we consider the annual special tax and typical holding time for a developer (2 years) for each comparable (if bond debt exists).

Adjustment Factors

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
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All of the comparables are all cash or cash to seller transactions and do not warrant an adjustment.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	All of the comparables are market transactions and do not warrant an adjustment for conditions of sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Home values had been increasing significantly from the first quarter of 2020 to the first quarter of 2022; though, some price appreciation had been offset by rising construction costs (materials) and labor shortages during the pandemic. Construction costs have since moderated. Market participants have noted they believe that peak land values occurred in the first quarter of 2022, with market conditions softening in 2023 as a result of rising interest rates. While market conditions began to recover in 2024, continued higher

Adjustment Factor	Accounts For	Comments
		than historical mortgage interest rates remains an ongoing challenge to the housing market. New homebuilders have generally been able to sustain adequate absorption with an array of incentive programs, including mortgage interest rate buy downs to lure prospective homebuyers. Based on the previous discussion, adjustments for market conditions are considered. As noted, several sales were negotiated prior to the dates of sale. Comparables that transferred in the middle of 2023 and prior warrant an upward adjustment.
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	Detached SFR Comparable 3 is located in a superior location and warrants a downward adjustment. The remaining comparables are located in similar locations and do not warrant an adjustment for location.
Number of Lots	Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot.	Typically, variances in per lot prices, all else being equal, are not observed in transactions between 40 and 250 lots. Detached SFR 1 transacted with a greater number of lots than a typical transaction and warrants an upward adjustment. No further adjustments for the number of lots is required.
Lot Size / Density	Adjustments for differences in lot size between comparables and subject are considered. Projects offering homes at a lower density typically achieve a higher sale price on a per home basis.	The subject's Detached SFR lots are analyzed on lot size; therefore, since Detached SFR Comparables 1 and 2 have discernably larger lot sizes relative to the subject (5,950 square feet) these comparables are adjusted downward. The subject's Detached SFR Condo lots and Attached SFR units are analyzed on density. Detached SFR

Adjustment Factor	Accounts For	Comments
		Condo Comparables 1 and 6 have lower density than the subject (9.16 units per acre) and are adjusted downward. Conversely, Detached SFR Condo Comparables 2 through 5 are adjusted upward for having higher densities. Similarly, Attached SFR Comparables 2 through 4 have higher densities and are adjusted upward. No further adjustments are warranted.
Site Utility	Differences in contour, drainage, soil conditions, as well as project design, can affect the utility and therefore, the market value of the properties.	The subject property is considered to have average utility. Each of the comparables are considered to offer similar site utility as the subject and no additional adjustment for this characteristic are required.
Lot Premiums/ Discounts	Primary physical factors that affect desirability of lots.	The subject has average lot premiums/discounts. All of the comparables have similar lot premiums/discounts and no adjustments are warranted.

The tables on the following pages summarize the required adjustments when considering the comparable sales relative to the subject.

Land Sales Adjustment Grid - Detached SFR							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Mission Village (Improvement Area No. 3)	Highlands at Tesoro Del Valle	PA 16C and 17 - Tesoro Highlands	Deerlake Ranch (portion of)	Volara Neighborhood	Skylar II Neighborhood	Skylar Neighborhood
Address	Magic Mountain Pky.	Avenida Rancho Tesoro	N. Camino Los Robles	Deerlake Ranch Rd.	Magic Mountain Pky.	Magic Mountain Pky.	Riparian Ave.
City	Valencia	Santa Clarita	Santa Clarita	Chatsworth	Santa Clarita	Santa Clarita	Santa Clarita
County	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
Sale Date		Jun-25	Mar-25	Dec-23	Aug-23	Aug-23	Dec-20
Sale Status		In-Contract	In-Contract	Closed	Closed	Closed	Closed
Sale Price		\$126,519,000	\$82,200,000	\$27,578,556	\$13,824,899	\$25,275,101	\$33,000,000
Number of Lots	511	318	137	45	30	62	85
Price per Lot		\$397,858	\$600,000	\$612,857	\$460,830	\$407,663	\$388,235
Expenditures After Purchase		\$37,100	\$43,200	\$54,699	\$100,000	\$100,000	\$97,928
Bond Consideration		\$14,200	\$15,720	\$14,000	\$10,730	\$10,730	\$10,254
Price per Lot (Loaded)		\$449,158	\$658,920	\$681,556	\$571,560	\$518,393	\$496,417
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Ranking		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		—	—	—	—	—	—
Conditions of Sale		Profit Sharing	Profit Sharing	Arm's-length	Arm's-length	Arm's-length	Arm's-length
Adjustment		Inferior	Inferior	—	—	—	—
Market Conditions	5/6/2026	Jun-25	Mar-25	Dec-23	Aug-23	Aug-23	Dec-20
Adjustment		—	—	—	Inferior	Inferior	Inferior
Property Adjustments							
Location/Community	Valencia	Santa Clarita	Santa Clarita	Chatsworth	Santa Clarita	Santa Clarita	Santa Clarita
Adjustment		—	—	Superior	—	—	—
Number of Lots	37	318	137	45	30	62	85
Adjustment		Inferior	—	—	—	—	—
Typical Lot Size (SF) /							
Density (Units per Acre)	5,980 (SF)	6,893	11,562	5,422	6,600	5,500	5,500
Adjustment		Superior	Very Superior	—	—	—	—
Site Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—	—	—
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—	—	—
Overall Ranking		Inferior	Superior	Superior	Inferior	Inferior	Inferior

Land Sales Adjustment Grid - Detached SFR Condo

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Mission Village (Improvement Area No. 3)	Sand Canyon PA4 & PA5	Valencia Planning Areas B1b1 and B1b2	Valencia Planning Area B2	Marigold Neighborhood	Amber Neighborhood	Espirit Neighborhood
Address	Magic Mountain Pky.	16255 Rochester Ct.	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.
City	Valencia	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita
County	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
Sale Date		Dec-24	Dec-23	Dec-23	Dec-23	Dec-23	Sep-23
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$21,600,000	\$14,502,046	\$14,928,514	\$21,763,972	\$18,653,960	\$21,532,000
Number of Lots	511	119	101	67	92	87	54
Price per Lot		\$181,513	\$143,585	\$222,814	\$236,565	\$214,413	\$398,741
Expenditures After Purchase		\$129,412	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Bond Consideration		—	\$6,990	\$6,990	\$6,990	\$6,990	\$6,990
Price per Lot (Loaded)		\$310,925	\$210,575	\$289,804	\$303,555	\$281,403	\$465,731
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		—	—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
Adjustment		—	—	—	—	—	—
Market Conditions	5/6/2026	Dec-24	Dec-23	Dec-23	Dec-23	Dec-23	Sep-23
Adjustment		—	—	—	—	—	—
Location/Community	Valencia	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita
Adjustment		—	—	—	—	—	—
Number of Lots	65	119	101	67	92	87	54
Adjustment		—	—	—	—	—	—
Typical Lot Size (SF) / Density (Units per Acre)	9.16 Units/Acre	6.35	11.61	10.63	10.11	9.89	6.14
Adjustment		Superior	Inferior	Inferior	Inferior	Inferior	Superior
Shape and Topography	Average	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—	—	—
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—	—	—
Overall Ranking		Superior	Inferior	Inferior	Inferior	Inferior	Superior

Land Sales Adjustment Grid - Attached SFR

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Mission Village (Improvement Area No. 3)	Valencia Planning Area B2	Valencia Planning Area F4	Valencia Planning Areas F2 and F21	Valencia Planning Area C4b
Address	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.	Magic Mountain Pky.
City	Valencia	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita
County	Los Angeles	Los Angeles	Los Angeles	Los Angeles	Los Angeles
Sale Date		Dec-23	Dec-23	Dec-23	Dec-23
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$14,928,514	\$7,175,373	\$24,782,883	\$16,128,180
Number of Lots	511	67	72	164	78
Price per Lot		\$222,814	\$99,658	\$151,115	\$206,772
Expenditures After Purchase		\$60,000	\$55,000	\$55,000	\$55,000
Bond Consideration		\$6,990	\$4,226	\$4,226	\$4,226
Price per Lot (Loaded)		\$289,804	\$158,884	\$210,341	\$265,998
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length
Adjustment		—	—	—	—
Market Conditions	5/6/2026	Dec-23	Dec-23	Dec-23	Dec-23
Adjustment		—	—	—	—
Location/Community	Valencia	Santa Clarita	Santa Clarita	Santa Clarita	Santa Clarita
Adjustment		—	—	—	—
Number of Lots	37	67	72	164	78
Adjustment		—	—	—	—
Typical Lot Size (SF) /					
Density (Units per Acre)	8.98 Units/Acre	10.63	16.74	18.02	15.40
Adjustment		—	Inferior	Inferior	Inferior
Shape and Topography	Average	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar
Adjustment		—	—	—	—
Overall Ranking		Similar	Inferior	Inferior	Inferior

Land Value Conclusion

The market data sets consist of various sales that are considered reasonable indicators of market value for the fee simple interest in the subject property benchmark lot categories. The following tables summarize the loaded lot values (unadjusted) and our conclusion of loaded lot value for the subject benchmarks.

Bulk Lot Ranking Summary - Detached SFR

Comparable	\$/ Loaded Lot (Unadjusted)	Net Adjustment	Estimated Value
1	\$449,158	Inferior	
6	\$496,417	Inferior	
5	\$518,393	Inferior	
4	\$571,560	Inferior	
Subject			—
2	\$658,920	Superior	
3	\$681,556	Superior	
Estimated Unit Value			\$600,000

Ranking Analysis and Reconciliation - Detached SFR Condo

Comparable	\$/ Loaded Lot (Unadjusted)	Net Adjustment	Estimated Value
2	\$210,575	Inferior	
5	\$281,403	Inferior	
3	\$289,804	Inferior	
4	\$303,555	Inferior	
Subject			—
1	\$310,925	Superior	
6	\$465,731	Superior	
Estimated Unit Value			\$305,000

Ranking Analysis and Reconciliation - Attached SFR

Comparable	\$/ Loaded Lot (Unadjusted)	Net Adjustment	Estimated Value
2	\$158,884	Inferior	
3	\$210,341	Inferior	
4	\$265,998	Inferior	
1	\$289,804	Similar	
Subject			—
Estimated Unit Value			\$290,000

Deducting the subject's permits and fees due at building permit, yields a finished lot value for the subject property as calculated below for each benchmark lot category.

Conclusion of Value: Sales Comparison Approach

Lot Size Categories	Detached SFR		
	Detached SFR	Condo	Attached SFR
Concluded Loaded Lot Value	\$600,000	\$305,000	\$290,000
Less: Building Permit	<u>(\$5,000)</u>	<u>(\$5,000)</u>	<u>(\$5,000)</u>
Estimated Finished Lot Value	\$595,000	\$300,000	\$285,000
Rounded	\$595,000	\$300,000	\$285,000

Land Residual Analysis

The land residual analysis is employed as an additional indicator of market value for the subject's lots, in which 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 unit 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 information from the *Residential Market Analysis* section of this report, and considering current asking prices, the following summarizes our estimation of a typical home size and corresponding base price for each benchmark lot category, which will form the basis for the revenue component in our analysis.

Revenue Basis						
Benchmark Category	Floorplan/Product Type	Density (Units per Acre)	No. of Units	Representative Home Size (SF)	Base Price	\$/SF
Detached SFR	Detached SFR	4.21	37	4,050	\$1,650,000	\$407
Detached SFR Condo	Detached SFR Condo	9.16	65	2,450	\$825,000	\$337
Attached SFR	Attached SFR	8.98	37	2,050	\$690,000	\$337

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.

Changes in Market Conditions (Price Increases or Decreases)

The subject's market area experienced rapid market appreciation in home prices over the past few years; however, in early 2022 the Federal Reserve Bank began raising the benchmark federal-funds rate in an effort to manage rising inflation. The rate increased from near zero in March 2022 to a peak of 5.5% in July 2023, followed by several cuts during 2024 and 2025 that brought the benchmark rate down to the mid 3% range. The increased federal funds rate has resulted in mortgage interest rates closer to 6.25%, impacting the affordability of homes for a certain segment of the homebuyer market and potentially, home 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.

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 the typical marketing and absorption rate data presented in the *Residential Market Analysis* overview, as well as consideration of the Community Facilities District No. 2021-01 (IA 3) (Valencia Facilities) Special Tax Bonds, Series 2026, Market Absorption Study, prepared by Empire Economics (dated May 18, 2026), we estimate an absorption rate of approximately 1.33 units per month or 4 units per quarter for the Detached SFR lots, and 3.00 units per month or 9 units per quarter for the Detached SFR Condo and Attached SFR lots. For the Detached SFR lots, home sales begin in Period 1 and the subject lots sell out in Period 9, with Period 10 needed to complete construction and close escrow. For the Detached SFR Condo lots, home sales begin in Period 1 and the subject lots sell out in Period 7, with Period 8 needed to complete construction and close escrow. And for the Attached SFR lots, home sales begin in Period 1 and the subject lots sell out in Period 4, with Period 5 needed to complete construction and close escrow. Market conditions are anticipated to remain stable over this time.

Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects survey responses and developer budget information for numerous single-family residential subdivisions 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 % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue	Projected Sales/Mo.
National	2026	76	Average	2,196	7,500	N/Av	N/Av	\$72.84	14.6%	N/Av	\$58,652	N/Av	N/Av	N/Av
National	2026	47	Average	1,882	3,720	5.0%	5.0%	\$88.76	3.3%	N/Av	\$46,100	N/Av	20.70%	48.10%
National	2026	22	Average	1,844	5,600	5.0%	5.0%	\$87.59	3.9%	N/Av	\$59,100	N/Av	18.00%	74.30%
National	2025	48	Average	2,544	6,100	1.6%	4.3%	N/Av	N/Av	\$167,688	\$47,188	N/Av	14.30%	N/Av
National	2025	190	Average	2,003	7,500	3.0%	3.0%	N/Av	N/Av	\$93,811	\$43,010	N/Av	20.61%	19.40%
National	2025	81	Average	2,027	2,250	6.0%	N/Av	N/Av	N/Av	\$130,430	\$73,200	N/Av	10.00%	20.00%
National	2025	177	Average	1,992	4,763	N/Av	N/Av	\$78.50	12.3%	\$146,377	\$71,100	N/Av	N/Av	N/Av
National	2024	77	Good	4,931	12,000	4.9%	1.6%	\$138.00	N/Av	N/Av	\$45,900	N/Av	N/Av	28.0%
National	2024	60	Good	3,532	11,000	5.9%	1.9%	\$150.00	N/Av	N/Av	\$39,700	N/Av	N/Av	22.0%
National	2024	276	Average	1,820	3,000	2.7%	2.7%	\$93.38	N/Av	N/Av	\$48,101	N/Av	19.20%	N/Av
National	2024	89	Average	2,135	7,200	N/Av	N/Av	\$88.55	N/Av	\$76,390	\$66,100	N/Av	N/Av	N/Av
National	2024	129	Average	2,707	6,200	N/Av	N/Av	\$83.18	N/Av	\$139,940	\$54,600	\$37,814	N/Av	N/Av
Local	2023	53	Average	2,900	6,750	3.5%	3.0%	\$85.53	19.49%	\$125,482	\$64,861	N/Av	12.0%	25.0%
National	2023	27	Good	2,246	N/Av	N/Av	N/Av	\$152.00	N/Av	\$240,018	\$50,668	N/Av	N/Av	N/Av
National	2023	202	Average	2,342	7,250	N/Av	N/Av	\$72.06	15.35%	\$76,242	\$73,000	N/Av	N/Av	N/Av
National	2023	276	Average	2,220	7,200	N/Av	N/Av	\$74.96	14.79%	\$83,185	\$32,800	\$80,339	N/Av	N/Av
National	2023	177	Average	2,112	7,200	N/Av	N/Av	\$77.91	12.49%	\$110,669	\$61,700	N/Av	N/Av	N/Av
National	2022	150	Average	2,092	5,500	N/Av	N/Av	\$92.11	N/Av	\$72,875	\$51,700	N/Av	20.5%	N/Av
National	2022	96	Average	2,346	7,350	N/Av	N/Av	\$79.46	N/Av	\$124,544	\$68,647	\$164,265	N/Av	17.0%
Local	2022	91	Average	2,160	5,475	5.0%	1.0%	\$117.00	N/Av	N/Av	\$52,790	N/Av	10.0%	N/Av
National	2022	187	Average	2,420	6,698	N/Av	N/Av	\$95.00	N/Av	\$255,045	\$77,870	N/Av	N/Av	N/Av
Minimum	27	Average	1,820	2,250	1.6%	1.0%	\$72.06	3.28%	\$72,875	\$32,800	\$37,814	10.00%	17.00%	2.0
Maximum	276	Good	4,931	12,000	6.0%	5.0%	\$152.00	19.49%	\$255,045	\$77,870	\$164,265	20.70%	74.30%	4.8
Average	134	Average	2,402	6,513	4.3%	3.1%	\$95.94	12.02%	\$131,621	\$56,514	\$94,139	16.15%	31.73%	3.4

Attached Residential Budgets														
Developer	Budget	No. of		Avg. Unit Size	G & A % of	Mkt & Sales % of	Direct	Indirect % of	Site	Permits &	Cost per	Profit % of		Projected
Classification	Date	Units	Quality	(SF)	Revenue	Revenue	Costs/SF	Direct Costs	Costs/Unit	Fees/Unit	Model	Revenue	IRR	Sales/Mo.
Regional	2026	31	Average	1,630	N/Av	N/Av	\$150.00	N/Av	\$86,923	\$80,553	N/Av	N/Av	N/Av	N/Av
Regional	2026	54	Average	1,555	N/Av	N/Av	\$150.00	N/Av	\$103,440	\$97,683	N/Av	N/Av	N/Av	N/Av
National	2025	55	Average	1,654	4.00%	5.50%	\$128.00	3%	\$255,599	\$31,701	N/Av	N/Av	N/Av	N/Av
National	2025	120	Average	1,533	2.50%	0.50%	\$125.00	N/Av	\$107,042	\$50,934	N/Av	N/Av	27.0%	N/Av
Regional	2024	93	Good	1,641	1.91%	1.32%	\$166.00	24%	\$90,108	\$53,863	\$154,500	N/Av	20.5%	N/Av
Local	2024	81	Good	1,860	4.80%	3.40%	\$168.00	8%	\$125,064	\$55,618	\$265,000	13.5%	N/Av	N/Av
Local	2024	106	Good	1,836	3.40%	3.40%	\$163.00	10%	\$99,644	\$55,000	\$183,000	12.7%	N/Av	N/Av
National	2023	76	Good	1,666	N/Av	N/Av	\$150.00	N/Av	\$240,018	\$47,546	N/Av	N/Av	N/Av	N/Av
National	2023	80	Good	1,843	N/Av	N/Av	\$116.00	N/Av	\$240,018	\$47,295	\$200,000	N/Av	N/Av	N/Av
National	2022	182	Average	2,840	4.00%	4.00%	\$150.89	4%	\$104,686	\$31,335	N/Av	14.9%	19.3%	3.25
Regional	2022	46	Good	1,727	2.43%	2.78%	\$199.00	19%	\$67,604	\$59,935	N/Av	N/Av	N/Av	N/Av
Minimum		31	Average	1,533	1.91%	0.50%	\$116.00	3%	\$67,604	\$31,335	\$154,500	12.7%	19.3%	3.25
Maximum		182	Good	2,840	4.80%	5.50%	\$199.00	24%	\$255,599	\$97,683	\$265,000	14.9%	27.0%	3.25
Average		84	Good	1,799	3.29%	2.99%	\$151.44	11%	\$138,195	\$55,588	\$200,625	13.7%	22.3%	3.25

Information from these surveys will contribute to the estimate of development expenses classified as follows.

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 6.0% 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 1.6101%. 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.

The subject is within the boundary of CFD No. 2021-01 (IA 3). Special taxes associated with the district, for the most recently available tax year, are shown as follows:

Special Tax Table (Fiscal Year 2025-2026)

Land Use		Square Footage		
Class	Land Use Category	Category	Assigned Special Tax	
1	Detached Property	>= 4,201 SF		\$7,462 per dwelling unit
2	Detached Property	4,001 - 4,200	SF	\$7,028 per dwelling unit
3	Detached Property	3,801 - 4,000	SF	\$6,596 per dwelling unit
4	Detached Property	3,601 - 3,800	SF	\$6,164 per dwelling unit
5	Detached Property	3,401 - 3,600	SF	\$5,732 per dwelling unit
6	Detached Property	3,201 - 3,400	SF	\$5,300 per dwelling unit
7	Detached Property	3,001 - 3,200	SF	\$4,868 per dwelling unit
8	Detached Property	2,801 - 3,000	SF	\$4,435 per dwelling unit
9	Detached Property	2,601 - 2,800	SF	\$4,002 per dwelling unit
10	Detached Property	< 2,601 SF		\$3,139 per dwelling unit
11	Cluster Property	>= 3,101 SF		\$4,369 per dwelling unit
12	Cluster Property	2,901 - 3,100	SF	\$4,111 per dwelling unit
13	Cluster Property	2,701 - 2,900	SF	\$3,856 per dwelling unit
14	Cluster Property	2,501 - 2,700	SF	\$3,711 per dwelling unit
15	Cluster Property	2,301 - 2,500	SF	\$3,484 per dwelling unit
16	Cluster Property	2,101 - 2,300	SF	\$3,291 per dwelling unit
17	Cluster Property	1,901 - 2,100	SF	\$3,075 per dwelling unit
18	Cluster Property	1,701 - 1,900	SF	\$2,860 per dwelling unit
19	Cluster Property	1,501 - 1,700	SF	\$2,645 per dwelling unit
20	Cluster Property	< 1,501 SF		\$2,321 per dwelling unit
21	Attached Property	>= 2,451 SF		\$3,096 per dwelling unit
22	Attached Property	2,301 - 2,450	SF	\$2,955 per dwelling unit
23	Attached Property	2,151 - 2,300	SF	\$2,750 per dwelling unit
24	Attached Property	2,001 - 2,150	SF	\$2,555 per dwelling unit
25	Attached Property	1,851 - 2,000	SF	\$2,403 per dwelling unit
26	Attached Property	1,701 - 1,850	SF	\$2,288 per dwelling unit
27	Attached Property	1,551 - 1,700	SF	\$2,058 per dwelling unit
28	Attached Property	1,401 - 1,550	SF	\$1,942 per dwelling unit
29	Attached Property	1,251 - 1,400	SF	\$1,711 per dwelling unit
30	Attached Property	1,101 - 1,250	SF	\$1,596 per dwelling unit
31	Attached Property	951 - 1,100	SF	\$1,365 per dwelling unit
32	Attached Property	801 - 950	SF	\$1,251 per dwelling unit
33	Attached Property	651 - 800	SF	\$1,019 per dwelling unit
34	Attached Property	< 651 SF		\$961 per dwelling unit
35	Apartment Property	N/Ap		\$0.54 per SF of apartment floor area
36	Non-Residential Property	N/Ap		\$0.329 per SF of non-residential floor area

Source: Rate and Method of Apportionment of Special Taxes

The special taxes escalate at 2% per year. Based on the direct charges for other projects in CFD No. 2021-01, it is estimated the subject would have direct charges of approximately \$1,560 per lot. The total tax expense is gradually reduced over the absorption period as the inventory is sold off.

HOA

According to the developer the typical HOA fee applicable to the subject property is \$430 per home per month, which is similar to other new home projects in the area and will therefore be utilized in the analysis.

Permits and Fees

Typical fees due at building permit for construction of a new home are reflected in the land residual analysis. The analysis is utilized in concluding a value for an improved (finished) lot. Therefore, anticipated remaining fees due at building permit, beyond those considered within an improved (finished) lot value, are anticipated to be \$5,000 per home across the neighborhoods and are included in our analysis.

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.

Conversations with homebuilders' indicate construction costs increased significantly over the course of the pandemic but have moderated and stabilized over the last several quarters. However, there is more uncertainty in the market as homebuilders adjust with the new tariffs.

Based on the cost comparables, and considering the product line under development, direct cost estimates between \$115.00 and \$120.00 per square foot is applied to the estimated homes.

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.

Model Complex

For the three benchmark lot categories, it is anticipated 3 model homes per product line would be utilized for a typical sales strategy, which is considered to be reasonable.

Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from \$20,000 per model to over \$250,000 per model for executive homes.

Based on the quality of the proposed improvements and the targeted buyer segments, model upgrade costs between \$70,000 and \$150,000 per model is considered reasonable. Of this amount, approximately 30% will be recaptured with the sale of the models, reflecting recapture amounts between \$21,000 and \$45,000 per model. Model costs will be incurred in the first period while the recapture amount will be applied evenly over the disposition period.

Summary

The following charts summarize the revenue and expenses discussed on the preceding pages.

Revenue & Expense Summary: Detached SFR**REVENUE SUMMARY**

Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	37	4,050	\$407	\$1,650,000	\$61,050,000
Lot Premiums				\$0	\$0
Model Recapture (@ 30% of cost)					\$135,000
	37	4,050 (weighted avg.)			
				Total Revenue: \$	61,185,000
					\$1,653,649 /unit

EXPENSES SUMMARY

				Total Over Sell-Off Period	
General and Administrative	3.0% of total revenue			\$	1,835,550
Marketing and Sales	6.0% of total revenue			\$	3,671,100
Ad Valorem Taxes	\$10,179 /unit/year			\$	487,565 (from cash flow)
Direct Charges	\$1,560 /unit/year			\$	74,725 (from cash flow)
Special Taxes/Assessments	\$7,028 /unit/year			\$	336,642 (from cash flow)
Homeowner's Association Fees	\$430 /unit/month			\$	243,810 (from cash flow)
Model Costs	3 models			\$	450,000 \$150,000 (per model)
Building Permit				\$	185,000 \$5,000 (per unit)
Subtotal:				\$	7,284,392
Direct Construction Costs	SE	Units	Cost/SE	Extension	
Average/Typical Floor Plan	4,050	37	\$115.00	\$	17,232,750 \$465,750 /unit
Indirect Construction Costs	12% of Direct Costs			\$	2,067,930 \$55,890 /unit
Subtotal:				\$	19,300,680
				Total Expenses: \$	26,585,072

Revenue & Expense Summary: Detached SFR Condo**REVENUE SUMMARY**

Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	65	2,450	\$337	\$825,000	\$53,625,000
Lot Premiums				\$0	\$0
Model Recapture (@ 30% of cost)					\$72,000
	65	2,450 (weighted avg.)			
				Total Revenue: \$ 53,697,000	\$826,108 /unit

EXPENSES SUMMARY

			Total Over Sell-Off Period		
General and Administrative	3.0% of total revenue		\$	1,610,910	
Marketing and Sales	6.0% of total revenue		\$	3,221,820	
Ad Valorem Taxes	\$4,937 /unit/year		\$	331,695	(from cash flow)
Direct Charges	\$1,560 /unit/year		\$	104,812	(from cash flow)
Special Taxes/Assessments	\$3,484 /unit/year		\$	234,099	(from cash flow)
Homeowner's Association Fees	\$430 /unit/month		\$	343,140	(from cash flow)
Model Costs	3 models		\$	240,000	\$80,000 (per model)
Building Permit			\$	325,000	\$5,000 (per unit)
Subtotal:			\$	6,411,476	
Direct Construction Costs	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension</u>	
Average/Typical Floor Plan	2,450	65	\$115.00	\$ 18,313,750	\$281,750 /unit
Indirect Construction Costs	12% of Direct Costs		\$	2,197,650	\$33,810 /unit
Subtotal:			\$	20,511,400	
				Total Expenses: \$ 26,922,876	

Revenue & Expense Summary: Attached SFR**REVENUE SUMMARY**

Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	37	2,050	\$337	\$690,000	\$25,530,000
Lot Premiums				\$0	\$0
Model Recapture (@ 30% of cost)					\$63,000
	37	2,050 (weighted avg.)			
				Total Revenue: \$	25,593,000
					\$691,703 /unit

EXPENSES SUMMARY

			Total Over Sell-Off Period		
General and Administrative	3.0% of total revenue		\$	767,790	
Marketing and Sales	6.0% of total revenue		\$	1,535,580	
Ad Valorem Taxes	\$4,269 /unit/year		\$	100,836	(from cash flow)
Direct Charges	\$1,560 /unit/year		\$	36,848	(from cash flow)
Special Taxes/Assessments	\$2,555 /unit/year		\$	60,355	(from cash flow)
Homeowner's Association Fees	\$430 /unit/month		\$	121,260	(from cash flow)
Model Costs	3 models		\$	210,000	\$70,000 (per model)
Building Permit			\$	185,000	\$5,000 (per unit)
Subtotal:			\$	3,017,668	
Direct Construction Costs	SF	Units	Cost/SF	Extension	
Average/Typical Floor Plan	2,050	37	\$120.00	\$ 9,102,000	\$246,000 /unit
Indirect Construction Costs	12% of Direct Costs		\$	1,092,240	\$29,520 /unit
Subtotal:			\$	10,194,240	
				Total Expenses: \$	13,211,908

Internal Rate of Return and Discount Rate

Positive attributes of the subject property include steady demand in the market area and limited new construction. There are some "negative" attributes associated with the subject such as rising construction costs, in addition to the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (ex. high inflation, unemployment rates, interest rates, etc.).

Using a 5.00% present value factor, 15.00% for developer's incentive for the Detached SFR units, 10.00% for the Detached SFR Condo units, and 8.00% for the Attached SFR units results in implied internal rates of return (IRR) of -0.005% for the Detached SFR units 0.012% for the Detached SFR Condo units, and 23.496% for the Attached SFR units.

Realty Rates provides expected Developer IRR for California developments as follows:

California/Pacific Islands: Subdivisions & PUDs

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	17.91%	39.28%	26.53%	17.19%	37.71%	25.47%
-100 Units	17.91%	33.86%	25.37%	17.19%	32.51%	24.35%
100-500 Units	18.36%	37.25%	26.69%	17.62%	35.76%	25.62%
500+ Units	18.80%	38.94%	27.14%	18.05%	37.38%	26.05%
Mixed Use	19.25%	39.28%	26.92%	18.48%	37.71%	25.85%
Manufactured Housing	18.48%	42.94%	28.49%	17.74%	41.22%	27.35%
-100 Units	18.48%	37.34%	27.35%	17.74%	35.85%	26.26%
100-500 Units	18.94%	41.08%	28.81%	18.18%	39.43%	27.65%
500+ Units	19.40%	42.94%	29.30%	18.62%	41.22%	28.13%
Business Parks	18.41%	41.05%	27.60%	17.67%	39.41%	26.50%
-100 Acres	18.41%	35.70%	26.51%	17.67%	34.27%	25.45%
100-500 Acres	18.87%	39.27%	27.91%	18.12%	37.69%	26.79%
500+ Acres	19.33%	41.05%	28.38%	18.56%	39.41%	27.24%
Industrial Parks	18.51%	34.59%	24.73%	17.77%	33.21%	23.74%
-100 Acres	18.51%	30.08%	23.81%	17.77%	28.88%	22.86%
100-500 Acres	18.98%	33.09%	24.99%	18.22%	31.76%	23.99%
500+ Acres	19.44%	34.59%	25.39%	18.66%	33.21%	24.38%

*4th Quarter 2025 Data

Realty Rates Developers Survey 2026 Q1

California/Pacific Islands: CA, Guam, HI

California/Pacific Islands: Condominiums & Co-Ops

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Primary Residential	13.53%	22.19%	17.18%	12.59%	21.30%	16.40%
Hi-Rise/Urban Townhouse	13.81%	22.15%	17.62%	13.26%	21.26%	16.91%
Garden/Suburban Townhouse	13.53%	21.27%	16.70%	12.98%	20.42%	16.03%
Mixed Use	13.68%	22.19%	17.22%	12.59%	21.30%	16.27%
Resort & Second Home	14.64%	24.04%	18.02%	14.06%	23.08%	17.30%
Hi-Rise	14.75%	24.04%	19.01%	14.16%	23.08%	18.25%
Garden/Townhouse	14.64%	20.85%	17.04%	14.06%	20.01%	16.36%
Commercial/Industrial	12.15%	23.12%	16.64%	11.67%	22.20%	15.98%
Urban Office	12.91%	21.78%	16.99%	12.39%	20.91%	16.31%
Suburban Office	12.33%	21.74%	16.35%	11.83%	20.87%	15.70%
Retail	12.63%	23.12%	17.16%	12.12%	22.20%	16.47%
Industrial	12.15%	21.32%	16.07%	11.67%	20.47%	15.43%

*4th Quarter 2025 Data

Realty Rates Developers Survey 2026 Q1

California/Pacific Islands: CA, Guam, HI

The survey above is primarily focused on raw land development; whereas, the subject property is analyzed herein as if improved (finished lot, or improved site, condition), which carries less risk.

Furthermore, the implied IRR's for the benchmark lot categories are within the range presented by the RealtyRates survey and is considered to be reasonable.

Conclusion

The land residual analysis is presented as follows:

Land Residual Analysis: Detached SFR											
Quarter:	0	1	2	3	4	5	6	7	8	9	10
Total											
ABSORPTION											
Sales		4	4	4	4	4	4	4	4	5	0
Close of Escrow (COE)		0	4	4	4	4	4	4	4	4	5
Unsold Inventory	37	33	29	25	21	17	13	9	5	0	0
Sales Revenue		\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 8,268,243	\$ -
Total Sales Revenue (at Close of Escrow)		\$ -	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 6,614,595	\$ 8,268,243
EXPENSES AND CASH FLOWS											
General and Administrative	3.0%	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)	\$ (183,555)
Marketing and Sales	6.0%	\$ -	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (396,876)	\$ (496,095)
Ad Valorem Taxes (\$/unit/yr)	\$10,179	\$ (94,152)	\$ (84,394)	\$ (74,535)	\$ (64,575)	\$ (54,515)	\$ (44,352)	\$ (34,085)	\$ (23,716)	\$ (13,241)	\$ -
Direct Charges (\$/unit/yr)	\$1,560	\$ (14,430)	\$ (12,934)	\$ (11,423)	\$ (9,897)	\$ (8,355)	\$ (6,797)	\$ (5,224)	\$ (3,635)	\$ (2,029)	\$ -
Special Taxes/Assessments (\$/unit/yr)	\$7,028	\$ (65,008)	\$ (58,270)	\$ (51,463)	\$ (44,587)	\$ (37,640)	\$ (30,623)	\$ (23,535)	\$ (16,375)	\$ (9,142)	\$ -
Homeowner's Association Fees (\$/unit/mo)	\$430	\$ (47,730)	\$ (42,570)	\$ (37,410)	\$ (32,250)	\$ (27,090)	\$ (21,930)	\$ (16,770)	\$ (11,610)	\$ (6,450)	\$ -
Model Costs		\$ (450,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits and Fees		\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (25,000)	\$ -
Subtotal:		\$ (874,875)	\$ (798,599)	\$ (775,262)	\$ (751,740)	\$ (728,030)	\$ (704,132)	\$ (680,045)	\$ (655,766)	\$ (636,294)	\$ (679,650)
Direct Construction Costs		\$ (931,500)	\$ (1,863,000)	\$ (1,863,000)	\$ (1,863,000)	\$ (1,863,000)	\$ (1,863,000)	\$ (1,863,000)	\$ (1,863,000)	\$ (2,095,875)	\$ (1,164,375)
Indirect Construction Costs	12%	\$ (111,780)	\$ (223,560)	\$ (223,560)	\$ (223,560)	\$ (223,560)	\$ (223,560)	\$ (223,560)	\$ (223,560)	\$ (251,505)	\$ (139,725)
Subtotal:		\$ (1,043,280)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,086,560)	\$ (2,347,380)	\$ (1,304,100)
Total Expenses		\$ (1,918,155)	\$ (2,885,159)	\$ (2,861,822)	\$ (2,838,300)	\$ (2,814,590)	\$ (2,790,692)	\$ (2,766,605)	\$ (2,742,326)	\$ (2,983,674)	\$ (1,983,750)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		\$ (1,918,155)	\$ 3,729,436	\$ 3,752,773	\$ 3,776,295	\$ 3,800,004	\$ 3,823,902	\$ 3,847,990	\$ 3,872,269	\$ 3,630,921	\$ 6,284,494
Developers Incentive	15.00%	\$ -	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (992,189)	\$ (1,240,236)
NET INCOME BEFORE DISCOUNTING		\$ (1,918,155)	\$ 2,737,247	\$ 2,760,583	\$ 2,784,106	\$ 2,807,815	\$ 2,831,713	\$ 2,855,801	\$ 2,880,080	\$ 2,638,732	\$ 5,044,257
Present Value Factors											
Discount Rate	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422	0.88318
Discounted Cash Flow		\$ (1,894,475)	\$ 2,670,078	\$ 2,659,597	\$ 2,649,144	\$ 2,638,720	\$ 2,628,325	\$ 2,617,958	\$ 2,607,620	\$ 2,359,608	\$ 4,454,992
Net Present Value (Rounded)											\$ 23,390,000
										per unit:	\$632,162
Implied Internal Rate of Return (IRR)	-0.005%	1.00001	1.00003	1.00004	1.00005	1.00007	1.00008	1.00010	1.00011	1.00012	1.00014
	\$ (23,390,000)	\$ (1,918,182)	\$ 3,729,537	\$ 3,752,926	\$ 3,776,500	\$ 3,800,263	\$ 3,824,214	\$ 3,848,356	\$ 3,872,690	\$ 3,631,365	\$ 6,285,349

Land Residual Analysis: Detached SFR Condo											
	Quarter:	0	1	2	3	4	5	6	7	8	Total
ABSORPTION											
Sales			9	9	9	9	9	9	11	0	65
Close of Escrow (COE)			0	9	9	9	9	9	9	11	65
Unsold Inventory	65		56	47	38	29	20	11	0	0	
Sales Revenue			\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 9,087,185	\$ -	\$ 53,697,000
Total Sales Revenue (at Close of Escrow)			\$ -	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 7,434,969	\$ 9,087,185	\$ 53,697,000
EXPENSES AND CASH FLOWS											
General and Administrative	3.0%		\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (201,364)	\$ (1,610,910)
Marketing and Sales	6.0%		\$ -	\$ (446,098)	\$ (446,098)	\$ (446,098)	\$ (446,098)	\$ (446,098)	\$ (446,098)	\$ (545,231)	\$ (3,221,820)
Ad Valorem Taxes (\$/unit/yr)	\$4,937		\$ (80,225)	\$ (69,462)	\$ (58,590)	\$ (47,608)	\$ (36,514)	\$ (25,308)	\$ (13,989)	\$ -	\$ (331,695)
Direct Charges (\$/unit/yr)	\$1,560		\$ (25,350)	\$ (21,949)	\$ (18,514)	\$ (15,043)	\$ (11,538)	\$ (7,997)	\$ (4,420)	\$ -	\$ (104,812)
Special Taxes/Assessments (\$/unit/yr)	\$3,484		\$ (56,620)	\$ (49,024)	\$ (41,351)	\$ (33,600)	\$ (25,770)	\$ (17,861)	\$ (9,873)	\$ -	\$ (234,099)
Homeowner's Association Fees (\$/unit/mo)	\$430		\$ (83,850)	\$ (72,240)	\$ (60,630)	\$ (49,020)	\$ (37,410)	\$ (25,800)	\$ (14,190)	\$ -	\$ (343,140)
Model Costs			\$ (240,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (240,000)
Permits and Fees			\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (55,000)	\$ -	\$ (325,000)
Subtotal:			\$ (732,408)	\$ (905,137)	\$ (871,547)	\$ (837,733)	\$ (803,694)	\$ (769,428)	\$ (744,934)	\$ (746,595)	\$ (6,411,476)
Direct Construction Costs			\$ (1,267,875)	\$ (2,535,750)	\$ (2,535,750)	\$ (2,535,750)	\$ (2,535,750)	\$ (2,535,750)	\$ (2,817,500)	\$ (1,549,625)	
Indirect Construction Costs	12%		\$ (152,145)	\$ (304,290)	\$ (304,290)	\$ (304,290)	\$ (304,290)	\$ (304,290)	\$ (338,100)	\$ (185,955)	\$ (2,197,650)
Subtotal:			\$ (1,420,020)	\$ (2,840,040)	\$ (2,840,040)	\$ (2,840,040)	\$ (2,840,040)	\$ (2,840,040)	\$ (3,155,600)	\$ (1,735,580)	\$ (20,511,400)
Total Expenses			\$ (2,152,428)	\$ (3,745,177)	\$ (3,711,587)	\$ (3,677,773)	\$ (3,643,734)	\$ (3,609,468)	\$ (3,900,534)	\$ (2,482,175)	\$ (26,922,876)
NET INCOME BEFORE DEVELOPER'S INCENTIVE			\$ (2,152,428)	\$ 3,689,792	\$ 3,723,382	\$ 3,757,196	\$ 3,791,235	\$ 3,825,501	\$ 3,534,435	\$ 6,605,010	\$ 26,774,124
Developers Incentive	10.00%		\$ -	\$ (743,497)	\$ (743,497)	\$ (743,497)	\$ (743,497)	\$ (743,497)	\$ (743,497)	\$ (908,718)	\$ (5,369,700)
NET INCOME BEFORE DISCOUNTING			\$ (2,152,428)	\$ 2,946,295	\$ 2,979,886	\$ 3,013,700	\$ 3,047,738	\$ 3,082,004	\$ 2,790,938	\$ 5,696,291	\$ 21,404,424
Present Value Factors											
Discount Rate	5.00%		0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	
Discounted Cash Flow			\$ (2,125,855)	\$ 2,873,996	\$ 2,870,876	\$ 2,867,608	\$ 2,864,195	\$ 2,860,639	\$ 2,558,498	\$ 5,157,413	\$ 19,927,370
Net Present Value (Rounded)										per unit:	\$ 19,930,000
											\$306,615
Implied Internal Rate of Return (IRR)			\$ (2,152,428)	\$ 3,689,792	\$ 3,723,382	\$ 3,757,196	\$ 3,791,235	\$ 3,825,501	\$ 3,534,435	\$ 6,605,010	
	0.012%		0.99997	0.99994	0.99991	0.99988	0.99985	0.99982	0.99979	0.99976	
	\$ (19,930,000)		\$ (2,152,363)	\$ 3,689,568	\$ 3,723,044	\$ 3,756,741	\$ 3,790,661	\$ 3,824,806	\$ 3,533,686	\$ 6,603,409	\$ 6,839,552

Land Residual Analysis: Attached SFR								
	Quarter:	0	1	2	3	4	5	Total
ABSORPTION								
Sales			9	9	9	10	0	37
Close of Escrow (COE)			0	9	9	9	10	37
Unsold Inventory	37		28	19	10	0	0	
Sales Revenue		\$ 6,225,324	\$ 6,225,324	\$ 6,225,324	\$ 6,917,027	\$ -	\$ -	\$ 25,593,000
Total Sales Revenue (at Close of Escrow)		\$ -	\$ 6,225,324	\$ 6,225,324	\$ 6,225,324	\$ 6,917,027	\$ -	\$ 25,593,000
EXPENSES AND CASH FLOWS								
General and Administrative	3.0%	\$ (153,558)	\$ (153,558)	\$ (153,558)	\$ (153,558)	\$ (153,558)	\$ -	\$ (767,790)
Marketing and Sales	6.0%	\$ -	\$ (373,519)	\$ (373,519)	\$ (373,519)	\$ (415,022)	\$ -	\$ (1,535,580)
Ad Valorem Taxes (\$/unit/yr)	\$4,269	\$ (39,488)	\$ (30,033)	\$ (20,481)	\$ (10,833)	\$ -	\$ -	\$ (100,836)
Direct Charges (\$/unit/yr)	\$1,560	\$ (14,430)	\$ (10,975)	\$ (7,484)	\$ (3,959)	\$ -	\$ -	\$ (36,848)
Special Taxes/Assessments (\$/unit/yr)	\$2,555	\$ (23,636)	\$ (17,976)	\$ (12,259)	\$ (6,484)	\$ -	\$ -	\$ (60,355)
Homeowner's Association Fees (\$/unit/mo)	\$430	\$ (47,730)	\$ (36,120)	\$ (24,510)	\$ (12,900)	\$ -	\$ -	\$ (121,260)
Model Costs		\$ (210,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (210,000)
Permits and Fees		\$ (45,000)	\$ (45,000)	\$ (45,000)	\$ (50,000)	\$ -	\$ -	\$ (185,000)
Subtotal:		\$ (533,842)	\$ (667,181)	\$ (636,812)	\$ (611,254)	\$ (568,580)	\$ -	\$ (3,017,668)
Direct Construction Costs		\$ (1,107,000)	\$ (2,214,000)	\$ (2,214,000)	\$ (2,337,000)	\$ (1,230,000)	\$ -	\$ (9,102,000)
Indirect Construction Costs	12%	\$ (132,840)	\$ (265,680)	\$ (265,680)	\$ (280,440)	\$ (147,600)	\$ -	\$ (1,092,240)
Subtotal:		\$ (1,239,840)	\$ (2,479,680)	\$ (2,479,680)	\$ (2,617,440)	\$ (1,377,600)	\$ -	\$ (10,194,240)
Total Expenses		\$ (1,773,682)	\$ (3,146,861)	\$ (3,116,492)	\$ (3,228,694)	\$ (1,946,180)	\$ -	\$ (13,211,908)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		\$ (1,773,682)	\$ 3,078,464	\$ 3,108,832	\$ 2,996,630	\$ 4,970,847	\$ -	\$ 12,381,092
Developers Incentive	8.00%	\$ -	\$ (498,026)	\$ (498,026)	\$ (498,026)	\$ (553,362)	\$ -	\$ (2,047,440)
NET INCOME BEFORE DISCOUNTING		\$ (1,773,682)	\$ 2,580,438	\$ 2,610,807	\$ 2,498,604	\$ 4,417,485	\$ -	\$ 10,333,652
Present Value Factors								
Discount Rate	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978		
Discounted Cash Flow		\$ (1,751,785)	\$ 2,517,117	\$ 2,515,299	\$ 2,377,483	\$ 4,151,451	\$ -	\$ 9,809,564
Net Present Value (Rounded)								\$ 9,810,000
								per unit: \$265,135
Implied Internal Rate of Return (IRR)	0.023%	\$ (1,773,682)	\$ 3,078,464	\$ 3,108,832	\$ 2,996,630	\$ 4,970,847	\$ -	\$ 12,381,092
		\$ (9,810,000)	\$ (1,773,582)	\$ 3,078,115	\$ 3,108,304	\$ 2,995,951	\$ 4,969,438	\$ 2,568,226

Reconciliation of Lot Value

The concluded estimates of lot value via each approach are shown on the following table.

In our opinion, both approaches to value are considered to be good indicators of value and are given equal emphasis in our conclusion. We conclude a finished lot value as follows:

Reconciliation of Finished Lot Value			
Lot Size Categories	Detached SFR	Detached SFR Condo	Attached SFR
Sales Comparison Approach	\$595,000 per finished lot	\$300,000 per finished lot	\$285,000 per finished lot
Land Residual Analysis	\$632,162 per finished lot	\$306,615 per finished lot	\$265,135 per finished lot
% Difference	-5.88%	-2.16%	7.49%
Average	\$613,581	\$303,308	\$275,068
Concluded Finished Lot Value	\$615,000 per finished lot	\$305,000 per finished lot	\$275,000 per finished lot

Lot Value by Neighborhood

As previously discussed, the subject's neighborhoods are designed with three categories including Detached SFR lots, Detached SFR Condo lots, and Attached units. We considered whether additional adjustments are necessary to the benchmark conclusions for differences within each applicable neighborhood and concluded that overall, typical lot size / unit density (units per acre) is a significant factor on a price per unit basis, as projects with a lower density tend to sell for more on a per unit basis, and therefore an adjustment is considered for each neighborhood.

As a basis for the applicable adjustment factor, we considered lot premiums seen within new home communities for larger lot sizes as well as price differences per unit between sales of bulk lots across the subject neighborhoods (on a finished lot basis). For the Detached SFR lots a lot size adjustment factor of \$20 per square foot of difference in lot area is applied to the benchmark lot value, based on paired sales analyses and sales agent interviews regarding premiums achieved for home sales when isolating lot. As the Detached SFR Condo and Attached SFR neighborhoods, lot sizes are overall relatively similar to their benchmark except for density, and an adjustment of 5% per unit of density was concluded to be appropriate and was applied as necessary within the conclusion of value for each neighborhood.

Conclusion of Finished Lot Value

Neighborhood/ Project Name	Product Type	Lot Size (SF) / Density (Units per Acre)	Benchmark Lot Value	Adjustment	Adjusted Finished Lot Value (Rounded)
Detached SFR					
Skylar II	50x110	5,500 SF	\$615,000	(\$9,600)	\$605,000
	Benchmark	5,980 SF	\$615,000		
Volara	60x110	6,600 SF	\$615,000	\$12,400	\$627,000
A8	60x110	6,600 SF	\$615,000	\$12,400	\$627,000
Detached SFR Condo					
Esprit	40x90	6.11 Units/Acre	\$305,000	\$46,513	\$352,000
Ruby	Duplex	8.07 Units/Acre	\$305,000	\$16,623	\$322,000
	Benchmark	9.16 Units/Acre	\$305,000		
Sunstone	Tripack	9.89 Units/Acre	\$305,000	(\$11,133)	\$294,000
Sapphire	35x65	10.08 Units/Acre	\$305,000	(\$14,030)	\$291,000
Opal	10-Pack	11.63 Units/Acre	\$305,000	(\$37,668)	\$267,000
Attached SFR					
Ruby	Duplex	8.07 Units/Acre	\$275,000	\$12,513	\$288,000
	Benchmark	8.98 Units/Acre	\$275,000		
Sunstone	Tripack	9.89 Units/Acre	\$275,000	(\$12,513)	\$262,000

The Master Developer has already completed the majority of site improvements for the project, with the only remaining costs to be spent relate to the construction of a fire station which will serve the entire community. Per the cost details provided, these development costs are estimated at \$2,600,000, or approximately \$5,088 per lot on average. Note that the Master Developer is building

the Fire Station and the builder paid fire fees are remitted to them. Therefore, no deduction for this cost is considered.

Based upon information provided and our inspection of the subject, some of the neighborhoods have additional in-tract work remaining to be completed and applicable remaining in-tract costs are also deducted for those neighborhoods, are summarized in the following table.

Remaining Development Costs			
Opal	\$ 1,894,156.10	or	\$35,077 per lot
Ruby	\$ 1,280,702.10	or	\$45,739 per lot
Sunstone	\$ 2,213,696.70	or	\$32,554 per lot
Sapphire	\$ 3,008,307.80	or	\$40,111 per lot
Esprit	\$ 550,000.00	or	\$30,556 per lot
Skylar II	\$ -		--
Volara	\$ -		--
A8	\$ 1,530,000.00	or	\$85,000 per lot

The final conclusion of lot value for each neighborhood, with applicable adjustments, is displayed in the following table.

Market Value As Is Conclusion (Lots Only)						
Neighborhood / Product Name	Product Type	No. of Units	Finished Lot Value	Remaining Builder Costs	Profit @ 3% of Remaining Costs	Lot Value As Is (Rounded)
Detached SFR						
Skylar II	50x110	22	\$605,000	\$0	\$0	\$605,000
A8	60x110	18	\$627,000	(\$85,000)	(\$2,550)	\$539,000
Detached SFR Condo						
Esprit	40x90	18	\$352,000	(\$30,556)	(\$917)	\$321,000
Ruby	Duplex	9	\$322,000	(\$45,739)	(\$1,372)	\$275,000
Sunstone	Tripack	45	\$294,000	(\$32,554)	(\$977)	\$260,000
Sapphire	35x65	75	\$291,000	(\$40,111)	(\$1,203)	\$250,000
Opal	10-Pack	54	\$267,000	(\$35,077)	(\$1,052)	\$231,000
Attached SFR						
Ruby	Duplex	19	\$288,000	(\$45,739)	(\$1,372)	\$241,000
Sunstone	Tripack	23	\$262,000	(\$32,554)	(\$977)	\$228,000

The previously concluded finished lot values included development impact fees paid. The lot value conclusions are adjusted accordingly to reflect a deduction for development impact fees not yet paid, as applicable for each neighborhood.

Market Value by Ownership

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. A summary of the ownership group holdings along with the current development status is provided in the following table.

Appraised Property Summary by Ownership

Owner / Neighborhood	Product Category	Product Type	Unimproved SFR Lot	Partially Improved SFR Lot	Finished SFR Lot	Finished SFR	Completed Home	Total
						Lot Fees Paid / Under Construction		
Individual Homeowners								
Opal	Detached Condo	10-Pack					40	40
Ruby	Attached	Duplex					21	21
Ruby	Detached Condo	Duplex					6	6
Sunstone	Attached	Tripack					0	0
Sunstone	Detached Condo	Tripack					9	9
Sapphire	Detached Condo	35x65					5	5
Esprit	Detached Condo	40x90					5	5
Skylar II	Detached	50x110					39	39
Volara	Detached	60x140					30	30
A8	Detached	60x110					0	0
Subtotal							155	155
Toll Brothers								
Skylar II	Detached	50x110	0	0	0	22	1	23
Subtotal			0	0	0	22	1	23
Richmond American Homes of Maryland								
Esprit	Detached Condo	40x90	0	0	14	4	31	49
Subtotal			0	0	14	4	31	49
Lennar Homes of California LLC								
Opal	Detached Condo	10-Pack	0	0	0	13	7	20
Ruby	Attached	Duplex	0	0	0	1	6	7
Ruby	Detached Condo	Duplex	0	0	0	1	6	7
Sunstone	Attached	Tripack	0	0	0	5	5	10
Sunstone	Detached Condo	Tripack	0	0	0	9	5	14
Sapphire	Detached Condo	35x65	0	0	0	4	12	16
Subtotal			0	0	0	33	41	74
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")								
Opal	Detached Condo	10-Pack	0	0	0	41	0	41
Ruby	Attached	Duplex	0	0	0	18	0	18
Ruby	Detached Condo	Duplex	0	0	0	8	0	8
Sunstone	Attached	Tripack	0	0	0	18	0	18
Sunstone	Detached Condo	Tripack	0	0	0	36	0	36
Sapphire	Detached Condo	35x65	0	0	0	71	0	71
Subtotal			0	0	0	192	0	192
The Newhall Land and Farming Company								
A8	Detached	60x110	18	0	0	0	0	18
Subtotal			18	0	0	0	0	18
TOTAL			18	0	14	251	228	511

The concluded value of completed homes owned by individual homeowners within each neighborhood, based on the previous conclusion of smallest floor plans, is displayed in the following table. In addition, Toll Brothers, Richmond American and Lennar have completed homes within the development, for which each builder has some of these completed homes under contract.

Based on the previous analyses, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the CFD No. 2021-01 (IA 3), Series 2026 bonds, as of the date of value, May 6, 2026, are presented in the following table.

Market Value by Ownership							
	Product Category	Product Type	Lots/Parcels /Homes	Lot/Home Value	Building Permit	Value per Component	Market Value (Rd.)
Individual Homeowners							
Completed Homes*							
Opal	Detached Condo	10-Pack	40	\$650,000		\$650,000	\$ 26,000,000
Ruby	Attached	Duplex	21	\$700,000		\$700,000	\$ 14,700,000
Ruby	Detached Condo	Duplex	6	\$840,000		\$840,000	\$ 5,040,000
Sunstone	Detached Condo	Tripack	9	\$705,000		\$705,000	\$ 6,345,000
Sapphire	Detached Condo	35x65	5	\$715,000		\$715,000	\$ 3,575,000
Esprit	Detached Condo	40x90	5	\$805,000		\$805,000	\$ 4,025,000
Skylar II	Detached	50x110	39	\$1,400,000		\$1,400,000	\$ 54,600,000
Volara	Detached	60x140	30	\$1,800,000		\$1,800,000	\$ 54,000,000
			155				\$ 168,285,000
Total - Individual Homeowners			155				\$ 168,285,000
Toll Brothers							
Finished SFR Lots Fees Paid/ Under Construction							
Skylar II	Detached	50x110	22	\$605,000	\$5,000	\$610,000	\$ 13,420,000
Completed Homes*							
Skylar II	Detached	50x110	1	\$1,400,000		\$1,400,000	\$ 1,400,000
Total - Toll Brothers			23				\$ 14,820,000
Richmond American Homes of Maryland							
Finished SFR Lots							
Esprit	Detached Condo	40x90	14	\$321,000		\$321,000	\$ 4,494,000
Finished SFR Lots Fees Paid/ Under Construction							
Esprit	Detached Condo	40x90	4	\$321,000	\$5,000	\$326,000	\$ 1,304,000
Completed Homes*							
Esprit	Detached Condo	40x90	31	\$805,000		\$805,000	\$ 24,955,000
Total - Richmond American Homes of Maryland			49				\$ 30,753,000
Lennar Homes of California LLC							
Finished SFR Lots Fees Paid/ Under Construction							
Opal	Detached Condo	10-Pack	13	\$231,000		\$231,000	\$ 3,003,000
Ruby	Attached	Duplex	1	\$241,000		\$241,000	\$ 241,000
Ruby	Detached Condo	Duplex	1	\$275,000		\$275,000	\$ 275,000
Sunstone	Attached	Tripack	5	\$228,000		\$228,000	\$ 1,140,000
Sunstone	Detached Condo	Tripack	9	\$260,000		\$260,000	\$ 2,340,000
Sapphire	Detached Condo	35x65	4	\$250,000		\$250,000	\$ 1,000,000
			33				\$ 7,999,000
Completed Homes*							
Opal	Detached Condo	10-Pack	7	\$650,000		\$650,000	\$ 4,550,000
Ruby	Attached	Duplex	6	\$700,000		\$700,000	\$ 4,200,000
Ruby	Detached Condo	Duplex	6	\$840,000		\$840,000	\$ 5,040,000
Sunstone	Attached	Tripack	5	\$695,000		\$695,000	\$ 3,475,000
Sunstone	Detached Condo	Tripack	5	\$705,000		\$705,000	\$ 3,525,000
Sapphire	Detached Condo	35x65	12	\$715,000		\$715,000	\$ 8,580,000
			41				\$ 29,370,000
Total - Lennar Homes of California LLC			74				\$ 37,369,000
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")							
Finished SFR Lots Fees Paid/ Under Construction							
Opal	Detached Condo	10-Pack	41	\$231,000		\$231,000	\$ 9,471,000
Ruby	Attached	Duplex	18	\$241,000		\$241,000	\$ 4,338,000
Ruby	Detached Condo	Duplex	8	\$275,000		\$275,000	\$ 2,200,000
Sunstone	Attached	Tripack	18	\$228,000		\$228,000	\$ 4,104,000
Sunstone	Detached Condo	Tripack	36	\$260,000		\$260,000	\$ 9,360,000
Sapphire	Detached Condo	35x65	71	\$250,000		\$250,000	\$ 17,750,000
			192				\$ 47,223,000
Total - AG EHC II (LEN) CA 3, L.P.			192				\$ 47,223,000
The Newhall Land and Farming Company							
Unimproved Lots							
A8	Detached	60x110	18	\$539,000		\$539,000	\$ 9,702,000
Total - The Newhall Land and Farming Company			18				\$ 9,702,000
Aggregate Value, subject to a hypothetical condition			511				\$ 308,152,000
* Not-Less-Than							

Value Conclusions

Ownership	No. of Lots/Units	Market Value Conclusion
Individual Homeowners	155	\$168,285,000
Toll Brothers	23	\$14,820,000
Richmond American Homes of Maryland	49	\$30,753,000
Lennar Homes of California LLC	74	\$37,369,000
AG EHC II (LEN) CA 3, L.P. (the "Lennar Landbank")	192	\$47,223,000
The Newhall Land and Farming Company	18	\$9,702,000
Aggregate Value, subject to a hypothetical condition	511	\$308,152,000

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. The values derived herein are based on the hypothetical condition that proceeds available from the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) Special Tax Bonds are available to reimburse the Developer for certain public improvements completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local land market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 12 months. As it relates to the completed home component of the subject, current market conditions indicate that 30-to-60-day exposure period is reasonable.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 12 months.

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. Sara Gilbertson, MAI, has not made a personal inspection of the property that is the subject of this report. Eric Segal, MAI, has personally inspected the subject. Noah Kauffman, MAI, R/W-AC, 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, Sara Gilbertson, MAI, Eric Segal, MAI, and Noah Kauffman, MAI, R/W-AC, have completed the continuing education program for Designated Members of the Appraisal Institute.



Sara Gilbertson, MAI
Certified General Real Estate Appraiser
California Certificate # 3002204



Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558



Noah Kauffman, MAI, R/W-AC
Certified General Real Estate Appraiser
California Certificate # 3004618

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. The values derived herein are based on the hypothetical condition that proceeds available from the Improvement Area No. 3 of the County of Los Angeles Community Facilities District No. 2021-01 (Valencia - Facilities) Special Tax Bonds are available to reimburse the Developer for certain public improvements completed.

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, Oakland, 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 Senior Managing Director of the Integra Los Angeles office, and Managing Director of the Integra Orange County, Integra-San Francisco and Integra-Sacramento offices.

Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute, January 2016

Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2027

Nevada, Certified General, A.0207666-CG, Expires January 2027

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 Appraisal Standards for Federal Land Acquisitions (Yellow Book)

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

Subdivision Valuation

Integra Realty Resources - Los Angeles (219)

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Suite 800
Los Angeles, CA 90025

T 916.435.3883
F 916.435.4774

irr.com

esegal@irr.com - 213.984.4425



Eric Segal, MAI

Education (Cont'd)

Appraisal of Self-Storage Facilities

Appraisal of Fast Food Facilities

Appraisal of Limited Service Hotels

How Tenants Create or Destroy Value: Leasehold Valuation and its Impact on Value

Appraisal of Manufactured Homes Featuring Next Generation Manufactured Homes

Appraisal and Real Estate Courses (cont'd):

Business Practices and Ethics

IRS Valuation Update

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F 916.435.4774

irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

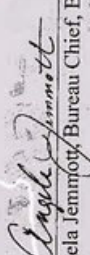
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"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, 2025
Date Expires: February 18, 2027


Angela Jemmot, Bureau Chief, BREA

3879030

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Noah Kauffman, MAI, R/W-AC

Experience

Mr. Kauffman is a Certified General real estate appraiser with Integra Realty Resources, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. Mr. Kauffman joined IRR's Sacramento office in 2014, following roles with financial firms including Bridgewater Associates and Trust Company of the West. Having lived in both Northern and Southern California, he brings statewide market knowledge and focuses on subdivision development appraisals for land-secured financing including Community Facilities Districts (CFDs) and Assessment Districts (ADs). He also manages the company's Right-of-Way / public acquisition appraisal services across multiple California offices. Mr. Kauffman has developed the experience and background necessary to deal with complex assignments covering an array of property types. Noah Kauffman holds the Appraisal Institute's MAI designation and the Right of Way – Appraisal Certification (R/W-AC) from the International Right of Way Association.

Licenses

California, Certified General Real Estate Appraiser, 3004618, Expires June 2027

Education

Academic:

Bachelor of Science in Agricultural Management and Rangeland Resources, University of California, Davis

Appraisal and Real Estate Courses:

Advanced Concepts & Case Studies

Advanced Income Capitalization

Advanced Market Analysis & Highest and Best Use

Subdivision Valuation

Quantitative Analysis

Laws and Regulations for California Appraisers

Problems in the Valuation of Partial Acquisitions

Reviewing Appraisals in Eminent Domain

The Uniform Act Executive Summary

The Valuation of Partial Acquisitions

Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications

Ethics and the Right of Way Profession

Farm and Rural Resources Appraisal

Basic Appraisal Principles

Basic Appraisal Procedures

Business Practices and Ethics

General Appraiser Sales Comparables Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Market Analysis and Highest and Best Use

General Appraiser Report Writing and Case Studies

General Appraiser Income Capitalization Approach Part I & II

Residential Sales Comparables and Income Approach

Residential Site Valuation and Cost Approach

Residential Market Analysis and Highest and Best Use

Residential Report Writing and Case Studies

Integra Realty Resources - Sacramento

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Noah J. Kauffman

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: 3004618

Effective Date: June 12, 2025
Date Expires: June 11, 2027

Angela Jemmoty
Angela Jemmoty, Bureau Chief, BREA

3081417

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Sara Gilbertson, MAI

Experience

Ms. Gilbertson is a licensed appraiser with Integra Realty Resources, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. After completing her bachelor's degree at California State University, Sacramento, Ms. Gilbertson began her career in real estate as a research analyst/appraiser trainee for Seevers Jordan Ziegenmeyer in 2011. She has experience in writing narrative appraisal reports covering a variety of commercial properties, as well as special use properties including self-storage facilities, hotels and mobile home parks. She also specialized in the appraisal of residential master planned communities and subdivision, as well as Mello Roos and Assessment Districts for land secured municipal financings. Ms. Gilbertson has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Licenses

California, California Certified General Real Estate Appraiser, 3002204, Expires May 2028

Education

Academic:

Bachelor of Science in Business Administration (Concentration in Real Estate and Land Development), California State University, Sacramento

Appraisal Institute Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

Uniform Standards of Professional Appraisal Practice

Real Estate Finance and Statistics and Valuation Modeling

Sales Comparison Approach

Report Writing and Case Studies

Market Analysis and Highest and Best Use

Site Valuation and Cost Approach

Basic Income Capitalization

Federal and California Statutory and Regulator Laws

Quantitative Analysis

Business Practices and Ethics

Advanced Market Analysis and Highest and Best Use

Advanced Income Capitalization

Advanced Concepts and Case Studies

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irr.com





Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Sara A. Gilbertson

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: 3002204

Effective Date: May 30, 2026
Date Expires: May 29, 2028

Angela Jemmoty
Angela Jemmoty, Bureau Chief, BREA

3086154

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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!

irr.com



Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), 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 or review opinion applies.
2. In a lease document, the date upon which the 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 Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project 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 innovative 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. The estimated 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; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

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 for individual investment or operational objectives.

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 Interest

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 it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede 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[g]; 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.

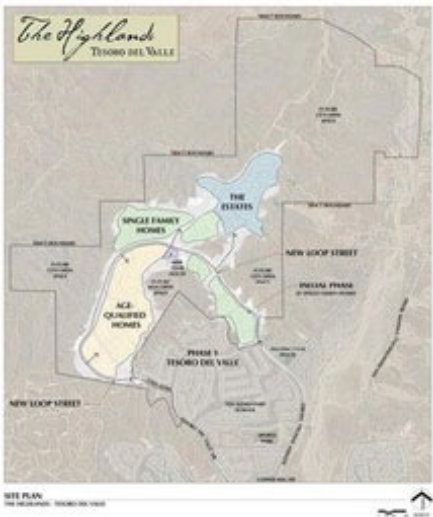
Addendum C

Comparable Data

Land Sales - Detached SFR

Location & Property Identification

Property Name:	Highlands at Tesoro Del Valle
Sub-Property Type:	Residential, Single Family Development Land
Address:	Avenida Rancho Tesoro
City/State/Zip:	Santa Clarita, CA 91354
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	2732495



Sale Information

Sale Price:	\$126,519,000
Effective Sale Price:	\$126,519,000
Sale Date:	06/01/2025
Contract Date:	03/03/2021
Sale Status:	In-Contract
\$/Acre(Gross):	\$99,262
\$/Land SF(Gross):	\$2.28
\$/Building SF:	\$18,354.71
\$/Unit (Potential):	\$397,858 /Unit
Grantor/Seller:	BLC Tesoro, LLC
Grantee/Buyer:	Lennar Homes of California, 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
Verified By:	Blake Fassler
Verification Date:	10/15/2024
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$37,100
Expenditures Description:	Permits and fees

Other Adjustment:	\$7,100
Adjustment Comments:	Bond encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID:	3244-160-017 through -025, 3244-161-001 through -023, 3244-162-001 through -006, 3244-163-003 through -007, & 3244-164-001 through -009
Acres(Gross):	1,274.60
Land-SF(Gross):	55,521,576
Potential Building SF:	6,893
No. of Units (Potential):	318
Zoning Code:	R-1
Zoning Desc.:	Single Family Residence
Source of Land Info.:	Broker

Comments

Lennar is in the process of acquiring 318 all-age lots within the Highlands at Tesoro Del Valle master planned community located north of Santa Clarita and is scheduled to close on the last phase in the second quarter of 2025. The 318 lots comprise five neighborhoods with typical lot sizes ranging from 6,500 to 9,000 square feet and an average finished lot price of \$397,925 per lot. This sale has profit participation, in which the master developer would split the profits after Lennar achieved 9% profit when considering a 19% soft cost allowance. The lots have view

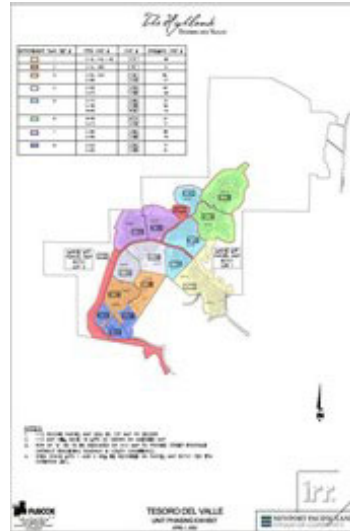


Comments (Cont'd)

premiums of the surrounding foothills and canyon. The lots are part of a larger transaction that additionally includes 365 age-restricted lots. The property went under contract in March of 2021. Special taxes are estimated at \$7,100 per lot, while remaining permits and fees are estimated at \$37,100 per lot.

Location & Property Identification

Property Name:	PA 16C and 17 - Tesoro Highlands
Sub-Property Type:	Residential, Single Family Development Land
Address:	N. Camino Los Robles
City/State/Zip:	Santa Clarita, CA 91354
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3286004



Sale Information

Sale Price:	\$82,200,000
Effective Sale Price:	\$82,200,000
Sale Date:	03/01/2025
Contract Date:	11/09/2021
Sale Status:	In-Contract
\$/Acre(Gross):	\$82,200,000
\$/Land SF(Gross):	\$1,887.05
\$/Building SF:	\$7,109.50
\$/Unit (Potential):	\$600,000 /Unit
Grantor/Seller:	BLC Tesoro, LLC
Grantee/Buyer:	Toll Brothers
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
Verified By:	Blake Fassler
Verification Date:	10/14/2024
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$43,200
Expenditures Description:	Permits and fees

Other Adjustment:	\$7,860
Adjustment Comments:	Bond encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID:	3244-209-004 through -018, 3244-210-001 through -031, 3244-211-001 through -025, 3244-212-001 through -038, and 3244-213-001 through -028
Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	11,562
No. of Units (Potential):	137
Zoning Code:	UR2
Zoning Desc.:	Urban Residential
Source of Land Info.:	Public Records

Comments

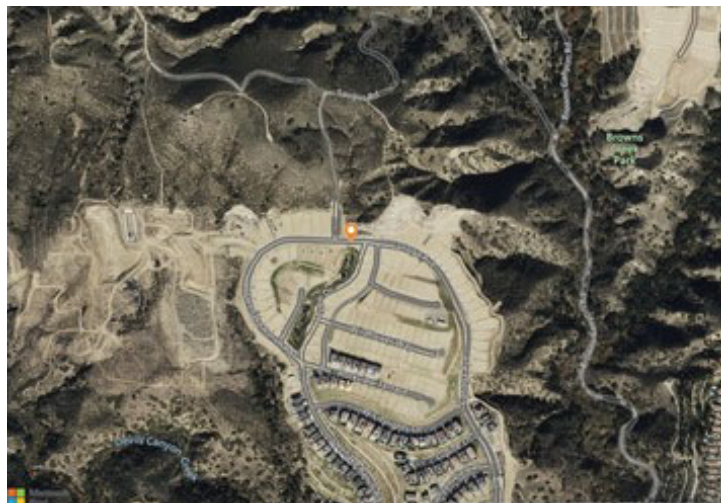
This is a sale of 137 finished lots with a typical lot size of 11,562 square feet for \$82,200,000 or \$600,000 per lot. The contract was negotiated on November 9, 2021, and is expected to occur in four takedowns each valued at \$600,000 per lot. The last takedown is anticipated to transact in the first quarter of 2025. This sale also has profit participation, in which the master developer would split the profits after Toll Brothers achieved 11% profit when considering a 21% soft cost allowance. Toll Brothers

Comments (Cont'd)

is developing the property into two communities, Alta Monte and Bella Terra at Tesoro Highlands, which have significant view premiums of the surrounding canyons. Permits and fees are estimated at \$43,200 per lot, while special taxes are estimated at \$7,860 per lot.

Location & Property Identification

Property Name:	Deerlake Ranch (portion of)
Sub-Property Type:	Residential, Single Family Development Land
Address:	Deerlake Ranch Rd.
City/State/Zip:	Chatsworth, CA 91311
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3285556



Sale Information

Sale Price:	\$27,578,556
Effective Sale Price:	\$27,578,556
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$27,578,556
\$/Land SF(Gross):	\$633.12
\$/Building SF:	\$5,086.42
\$/Unit (Potential):	\$612,857 /Unit
Grantor/Seller:	Forestar Chatsworth, LLC
Grantee/Buyer:	PulteGroup
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
Verification Type:	Secondary Verification

Sale Analysis

Expenditures After Purchase:	\$54,699
Expenditures Description:	Site development and permits and fees
Other Adjustment:	\$7,000
Adjustment Comments:	bond encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID:	2819-021-001
Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	5,422
No. of Units (Potential):	45
Zoning Code:	R-1 (6,000SF)
Zoning Desc.:	Residential
Source of Land Info.:	Public Records

Comments

This is a sale of 45 essentially finished lots within Deerlake Ranch comprising portions of two existing communities Horizon and Skyline at Deerlake Ranch. The finished lot is estimated at \$662,556 per lot. A building permit is estimated at \$5,000 per lot. It is unclear if the project is going to utilize bond financing; however, given the prevalence of bond financing in the region, it is estimated the project would have an annual special tax of \$7,000 per lot, which is consistent with other projects in the region.

Location & Property Identification

Property Name:	Volara Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234278

Sale Information

Sale Price:	\$13,824,899
Effective Sale Price:	\$13,824,899
Sale Date:	08/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,266,377
\$/Land SF(Gross):	\$52.03
\$/Building SF:	\$2,094.68
\$/Unit (Potential):	\$460,830 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Toll Brothers
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$100,000
Expenditures Description:	Estimated in-tract costs and permits and fees

Other Adjustment:	\$5,365
Adjustment Comments:	Average annual special tax

Improvement and Site Data

Acres(Gross):	6.10
Land-SF(Gross):	265,716
Potential Building SF:	6,600
No. of Units (Potential):	30
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

The Valencia Volara neighborhood sold in August 2023 for \$13,824,899, or \$460,830 per unit. The neighborhood plans for detached homes at a density of 4.9 units per acre (6,600 SF lots). Additional in-tract costs and permits and fees were estimated to total \$100,000 per unit.



Location & Property Identification

Property Name:	Skylar II Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234275



Sale Information

Sale Price:	\$25,275,101
Effective Sale Price:	\$25,275,101
Sale Date:	08/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,318,817
\$/Land SF(Gross):	\$53.23
\$/Building SF:	\$4,595.47
\$/Unit (Potential):	\$407,663 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Toll Brothers
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$100,000
Expenditures Description:	Estimated in-tract costs and permits and fees

Other Adjustment:	\$5,365
Adjustment Comments:	Average annual special tax

Improvement and Site Data

Acres(Gross):	10.90
Land-SF(Gross):	474,804
Potential Building SF:	5,500
No. of Units (Potential):	62
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

The Valencia Skylar II neighborhood sold in August 2023 for \$25,275,101, or \$407,663 per unit. The neighborhood plans for detached homes at a density of 5.7 units per acre (5,500 SF lots). Additional in-tract costs and permits and fees were estimated to total \$100,000 per unit.



Location & Property Identification

Property Name:	Skylar Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Riparian Ave.
City/State/Zip:	Santa Clarita, CA 91355
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	2731854



Sale Information

Sale Price:	\$33,000,000
Effective Sale Price:	\$33,000,000
Sale Date:	12/01/2020
Sale Status:	Closed
\$/Acre(Gross):	\$1,941,176
\$/Land SF(Gross):	\$44.56
\$/Building SF:	\$6,000.00
\$/Unit (Potential):	\$388,235 /Unit
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Toll Brothers
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
Verified By:	Noah Kauffman, MAI, R/W-AC
Verification Date:	11/03/2021
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$97,928
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Expenditures Description:	Site development costs and permits and fees
Other Adjustment:	\$5,127
Adjustment Comments:	Bond encumbrance

Improvement and Site Data

MSA:	Los Angeles-Long Beach-Anaheim, CA
Legal/Tax/Parcel ID:	2826-186-001 thru -033, 2826-187-001 thru -024, & 2826-190-001 thru -038
Acres(Gross):	17.00
Land-SF(Gross):	740,520
Potential Building SF:	5,500
No. of Units (Potential):	85
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Public Records

Comments

The Skylar neighborhood of Valencia was purchased for \$33,000,000, or \$388,235 per lot. The neighborhood plans for detached homes with a typical lot size of 5,500 square feet. The lots sold in blue top condition. Additional intract costs and permits and fees were estimated to total \$97,928 per unit. Special taxes are estimated at \$5,127 per lot.

Land Sales - Detached SFR Condo

Location & Property Identification

Property Name:	Sand Canyon PA4 & PA5
Sub-Property Type:	Residential, Single Family Development Land
Address:	16255 Rochester Ct.
City/State/Zip:	Santa Clarita, CA 91387
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3507710

Source of Land Info.: Other

Sale Information

Sale Price:	\$21,600,000
Effective Sale Price:	\$21,600,000
Sale Date:	12/01/2024
Sale Status:	Closed
\$/Acre(Gross):	\$1,152,615
\$/Land SF(Gross):	\$26.46
\$/Building SF:	\$7,200.00
\$/Unit (Potential):	\$181,513 /Approved Lot
Grantor/Seller:	Greystar
Grantee/Buyer:	Intracorp
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verification Type:	Secondary Verification

Comments

Intracorp acquired 119 lots in the Sand Canyon master planned community in December 2024. Typical lot size is 3,000 square feet. They purchased the lots in partially improved condition, with reported finishing costs of \$129,412 per lot. This project, Pelona Hills at Sand Canyon, opened in March 2026 and features contemporary California Ranch-style houses starting in the \$800,000s without Mello-Roos.

Sale Analysis

Expenditures After Purchase:	\$129,412
Expenditures Description:	finishing costs

Improvement and Site Data

Acres(Gross):	18.74
Land-SF(Gross):	816,314
Potential Building SF:	3,000
No. of Units (Potential):	119



Location & Property Identification

Property Name:	Valencia Planning Areas B1b1 and B1b2
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234283

Sale Information

Sale Price:	\$14,502,046
Effective Sale Price:	\$14,502,046
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$1,666,902
\$/Land SF(Gross):	\$38.27
\$/Unit (Potential):	\$143,585 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees

Other Adjustment:	\$3,495
Adjustment Comments:	Average annual special tax

Improvement and Site Data

Acres(Gross):	8.70
Land-SF(Gross):	378,972
No. of Units (Potential):	101
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

Planning Areas B1b1 and B1b2 within the Valencia master planned community sold in December 2023 for \$14,502,046, or \$143,585 per unit. The neighborhood plans for detached cluster condominium homes (10-pack configuration) at a density of 11.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Location & Property Identification

Property Name:	Valencia Planning Area B2
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234284

Sale Information

Sale Price:	\$14,928,514
Effective Sale Price:	\$14,928,514
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,369,605
\$/Land SF(Gross):	\$54.40
\$/Unit (Potential):	\$222,814 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$3,495

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	6.30
Land-SF(Gross):	274,428
No. of Units (Potential):	67
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

Planning Area B2 within the Valencia master planned community sold in December 2023 for \$14,928,514, or \$222,814 per unit. The neighborhood plans for detached cluster condominium homes (duplex) at a density of 10.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Location & Property Identification

Property Name:	Marigold Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234289

Sale Information

Sale Price:	\$21,763,972
Effective Sale Price:	\$21,763,972
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,391,645
\$/Land SF(Gross):	\$54.90
\$/Unit (Potential):	\$236,565 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$3,495

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	9.10
Land-SF(Gross):	396,396
No. of Units (Potential):	92
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

The Valencia Marigold neighborhood sold in December 2023 for \$21,763,972, or \$236,565 per unit. The neighborhood plans for detached cluster condominium homes at a density of 10.1 units per acre (2,275 SF lots). Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Location & Property Identification

Property Name:	Amber Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234290

Sale Information

Sale Price:	\$18,653,960
Effective Sale Price:	\$18,653,960
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,119,768
\$/Land SF(Gross):	\$48.66
\$/Unit (Potential):	\$214,413 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$3,495

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	8.80
Land-SF(Gross):	383,328
No. of Units (Potential):	87
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

The Valencia Amber neighborhood sold in December 2023 for \$18,653,960, or \$214,413 per unit. The neighborhood plans for detached cluster condominium homes (tripack configuration) at a density of 9.9 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Location & Property Identification

Property Name:	Espirit Neighborhood
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234280

Sale Information

Sale Price:	\$21,532,000
Effective Sale Price:	\$21,532,000
Sale Date:	09/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,446,818
\$/Land SF(Gross):	\$56.17
\$/Unit (Potential):	\$398,741 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Richmond American
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$3,495

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	8.80
Land-SF(Gross):	383,328
No. of Units (Potential):	54
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

The Valencia Espirit neighborhood sold in September 2023 for \$21,532,000, or \$398,741 per unit. The neighborhood plans for detached cluster condominium homes at a density of 6.1 units per acre (3,600 SF lots). Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Land Sales - Attached SFR

Location & Property Identification

Property Name:	Valencia Planning Area B2
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234284

Sale Information

Sale Price:	\$14,928,514
Effective Sale Price:	\$14,928,514
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,369,605
\$/Land SF(Gross):	\$54.40
\$/Unit (Potential):	\$222,814 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$60,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$3,495

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	6.30
Land-SF(Gross):	274,428
No. of Units (Potential):	67
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

Planning Area B2 within the Valencia master planned community sold in December 2023 for \$14,928,514, or \$222,814 per unit. The neighborhood plans for detached cluster condominium homes (duplex) at a density of 10.6 units per acre. Additional in-tract costs and permits and fees were estimated to total \$60,000 per unit.



Location & Property Identification

Property Name:	Valencia Planning Area F4
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234286

Sale Information

Sale Price:	\$7,175,373
Effective Sale Price:	\$7,175,373
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$1,668,691
\$/Land SF(Gross):	\$38.31
\$/Unit (Potential):	\$99,658 /Approved Lot
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$55,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$2,113

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	4.30
Land-SF(Gross):	187,308
No. of Units (Potential):	72
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

Planning Area F4 within the Valencia master planned community sold in December 2023 for \$7,175,373, or \$99,658 per unit. The neighborhood plans for attached three-story duplex units at a density of 16.9 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.



Location & Property Identification

Property Name:	Valencia Planning Areas F2 and F21
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234292

Sale Information

Sale Price:	\$24,782,883
Effective Sale Price:	\$24,782,883
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$2,723,394
\$/Land SF(Gross):	\$62.52
\$/Unit (Potential):	\$151,115 /Approved Unit
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	Lennar Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Other Adjustment:	\$2,113
Adjustment Comments:	Average annual special tax

Improvement and Site Data

Acres(Gross):	9.10
Land-SF(Gross):	396,396
No. of Units (Potential):	164
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Owner

Comments

Planning Areas F2 and F21 within the Valencia master planned community sold in December 2023 for \$24,782,883, or \$151,115 per unit. The neighborhood plans for attached three-story duplex units at a density of 18.0 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.

Sale Analysis

Expenditures After Purchase:	\$55,000
Expenditures Description:	Estimated in-tract costs and permits and fees

Location & Property Identification

Property Name:	Valencia Planning Area C4b
Sub-Property Type:	Residential, Single Family Development Land
Address:	Magic Mountain Pky.
City/State/Zip:	Santa Clarita, CA 91381
County:	Los Angeles
Submarket:	North Los Angeles
Market Orientation:	Suburban
IRR Event ID:	3234297

Sale Information

Sale Price:	\$16,128,180
Effective Sale Price:	\$16,128,180
Sale Date:	12/01/2023
Sale Status:	Closed
\$/Acre(Gross):	\$3,184,870
\$/Land SF(Gross):	\$73.11
\$/Unit (Potential):	\$206,772 /Approved Unit
Grantor/Seller:	The Newhall Land And Farming Company
Grantee/Buyer:	KB Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Verified By:	Sara Gilbertson, MAI
Verification Date:	05/01/2024
Confirmation Source:	Richard Leigh
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$55,000
Expenditures Description:	Estimated in-tract costs and permits and fees
Other Adjustment:	\$2,113

Adjustment Comments:	Average annual special tax
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Improvement and Site Data

Acres(Gross):	5.06
Land-SF(Gross):	220,588
No. of Units (Potential):	78
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Source of Land Info.:	Public Records

Comments

Planning Area C4b within the Valencia master planned community sold in December 2023 for \$16,128,180, or \$206,772 per unit. The neighborhood plans for attached triplex row townhome units at a density of 15.4 units per acre. Additional in-tract costs and permits and fees were estimated to total \$55,000 per unit.



COMMUNITY FACILITIES DISTRICT NO. 2021-01
(VALENCIA FACILITIES)
IMPROVEMENT AREA NO. 3
SPECIAL TAX BONDS, SERIES 2026

COUNTY OF LOS ANGELES,
CALIFORNIA

PRICE POINT *REVIEW* STUDY

(COMPARISON OF CURRENT PRICE POINTS TO
PREVIOUSLY RECOMMENDED AUGUST 2023 PRICE POINTS)

BY EMPIRE ECONOMICS, INC.
JOSEPH T. JANCZYK, PH.D.

MAY 18, 2026
(REVISED JUNE 1, 2026; GRAMMATICAL REVISIONS ONLY)

INTRODUCTION

Since a Bond Sale is expected to occur for CFD No. 2021-01 (Valencia Facilities) IA-3 in the near term, the County of Los Angeles requires a Price Point *Review* Study per the requirements of the Rate & Method of Apportionment (RMA).

Accordingly, to perform this Study, the County of Los Angeles has engaged Empire Economics (Empire), a firm specializing in performing research for land secured financings on behalf of public entities only.

The purpose of the Price Point *Review* Study for CFD No. 2021-01 IA-3 is to compare the current price points as of May 2026 to the recommended price points set-forth in its original Price Point Study dated August 2023 that were used to set the special taxes.

Finally, it is worthwhile to note that the original August 2023 Price Point Study had an overall tax burden of 1.76% per the request of the developer, FivePoint Communities. However, the County of Los Angeles has a maximum total tax burden amounting to 1.85%. **Consequently, there is a differential between the developer target and the County maximum.**

Accordingly, to arrive at the recommended price points for the projects/plans in CFD No. 2021-01 IA-3, Empire Economics performs a systematic analysis of the following factors:

1. Recap of the Previously Recommended Price Points for the Projects/Plans in CFD No. 2021-01 IA-3
2. Identification of Comparable Projects and Discussion of their Characteristics
3. Methodology Underlying the Competitive Market Pricing Analysis
4. Comprehensive Statistical Analysis of the Original Recommended Price Points for the Projects/Plans in CFD No. 2021-01 IA-3.
5. Evaluation of the Original Price Points for the Projects/Plans in CFD No. 2021-01 IA-3

The current price points are compared to the prior/original Price Point Study dated August 2023, and the potential results are as follows:

- **Higher:** If current market comparable prices for a project/plan are higher/same than the prior/original price points, then the original price points remain the same.
- **Lower:** If current market comparable prices for a project/plan are below the prior/original price points, then the original price points are reduced.

The Special Tax Consultant will then utilize the price points, along with other factors, to determine whether the levels of Special Taxes are in compliance with the County of Los Angeles's tax burdens for homeowners.

1. RECAP OF THE PREVIOUSLY RECOMMENDED PRICE POINTS FOR THE PROJECT/PLANS IN CFD NO. 2021-01 IA-3

ORIGINAL PRICE POINT STUDY: AUGUST 2023

Conclusions for CFD No. 2021-01 IA-3, all product types:

- Empire's recommended price points for setting the Special Taxes for the forthcoming projects/plans in CFD No. 2021-01 IA-3 amount to some \$889,906, on the average.
- By comparison the price points proposed by the developer amount to \$890,377, on the average.
- So, Empire's prices are LOWER than the developer, \$471, less than 1.0%, on the average.

PRICE RECOMMENDATIONS FROM THE ORIGINAL PRICE POINT STUDY AUGUST 2023

Product Categories	Specific	Units by Plans	Living Areas	Developer's	Special Taxes	Comparison: Developer vs. Empire	
Planning Areas	Product Types	(Estimated)	(Estimated)	Estimated Prices	Rates (Base = 1.14%)	Percentage Difference	Empire's Base Prices
				July 2023. (Shaded - = Estimated)	1.76%		July 2023.
Product 1: Single-Family Attached							
Lower Bound		0	1,401	\$530,000	0.62%	0%	\$530,000
B1b2	SFA: Row Townhomes Plan 1	15	1,498	\$564,255	0.62%	0%	\$564,255
B1b2	SFA: Row Townhomes Plan 2	15	1,969	\$639,892	0.62%	0%	\$639,892
B1b2	SFA: Row Townhomes Plan 3	16	1,972	\$639,892	0.62%	0%	\$639,892
B1b2	SFA: Row Townhomes Plan 4	16	2,105	\$664,663	0.62%	0%	\$664,663
B2	SFA: Rowtowns Plan 1	32	2,031	\$664,663	0.62%	0%	\$664,663
B2	SFA: Rowtowns Plan 2	32	2,202	\$696,998	0.62%	0%	\$696,998
B2	SFA: Rowtowns Plan 3	32	2,377	\$730,089	0.62%	0%	\$730,089
Upper Bound		0	2,401	\$737,000	0.62%	0%	\$737,000
Product 2: Single-Family Detached Condos							
Lower Bound		0	1,501	\$616,000	0.62%	0%	\$616,000
B1b1	SFDC: 10-Pack Plan 1	15	1,647	\$702,507	0.62%	-3%	\$684,800
B1b1	SFDC: 10-Pack Plan 2	15	1,866	\$737,839	0.62%	0%	\$737,839
B1b1	SFDC: 10-Pack Plan 3	15	2,379	\$840,125	0.62%	0%	\$840,125
B1b1	SFDC: 10-Pack Plan 4	15	2,590	\$877,400	0.62%	0%	\$877,400
C7/C8	SFDC: 35x65 Plan 1	30	2,127	\$795,567	0.62%	0%	\$795,567
C7/C8	SFDC: 35x65 Plan 2	23	2,177	\$804,374	0.62%	0%	\$804,374
C7/C8	SFDC: 35x65 Plan 3	39	2,239	\$808,503	0.62%	0%	\$808,503
C7/C8	SFDC: Tripack Plan 1	30	2,064	\$773,171	0.62%	0%	\$773,171
C7/C8	SFDC: Tripack Plan 2	30	2,344	\$833,942	0.62%	0%	\$833,942
C7/C8	SFDC: Tripack Plan 3	30	2,584	\$876,340	0.62%	0%	\$876,340
A10	SFDC: 40x90 Plan 1	16	2,730	\$902,133	0.62%	0%	\$902,133
A10	SFDC: 40x90 Plan 2	18	2,961	\$942,941	0.62%	0%	\$942,941
A10	SFDC: 40x90 Plan 3	20	3,230	\$985,163	0.62%	0%	\$985,163
Upper Bound		0	3,301	\$999,999	0.62%	0%	\$999,999

Product Categories	Specific	Units by Plans	Living Areas	Developer's	Special Taxes	Comparison: Developer vs. Empire	
Planning Areas	Product Types	(Estimated)	(Estimated)	Estimated Prices	Rates	Percentage	Empire's
					(Base = 1.14%)	Difference	Base Prices
				. July 2023.	1.76%		. July 2023.
				(Shaded - = Estimated)			
Product 3: Single-Family Detached - Luxury							
Lower Bound		0	3,501	\$1,200,000	0.62%	0%	\$1,200,000
A7a	SFD: 50x110 Plan 1	18	3,612	\$1,295,214	0.62%	0%	\$1,295,214
A7a	SFD: 50x110 Plan 2	23	3,706	\$1,312,040	0.62%	0%	\$1,312,040
A7a	SFD: 50x110 Plan 3	21	3,749	\$1,312,040	0.62%	0%	\$1,312,040
A7b	SFD: SFD Plan 1	9	4,033	\$1,389,666	0.62%	0%	\$1,389,666
A7b	SFD: SFD Plan 2	10	4,102	\$1,404,697	0.62%	0%	\$1,404,697
A7b	SFD: SFD Plan 3	11	4,213	\$1,430,049	0.62%	0%	\$1,430,049
A8	SFD: Luxury Plan 1	6	4,100	\$1,404,697	0.62%	0%	\$1,404,697
A8	SFD: Luxury Plan 2	6	4,300	\$1,449,567	0.62%	0%	\$1,449,567
A8	SFD: Luxury Plan 3	6	4,500	\$1,494,437	0.62%	0%	\$1,494,437
Upper Bound		0	4,601	\$1,500,000	0.62%	0%	\$1,500,000
STATISTICAL SUMMARY							
Attached		158	2,081	\$670,070	0.62%	0.0%	\$670,070
Detached Condo		296	2,364	\$834,058	0.62%	-0.1%	\$833,161
Detached Luxury		110	3,909	\$1,358,367	0.62%	0.0%	\$1,358,367
Aggregate-Overall		564	2,586	\$890,377	0.62%	-0.1%	\$889,906

2. IDENTIFICATION OF COMPARABLE PROJECTS AND DISCUSSION OF THEIR CHARACTERISTICS

Since most of the projects in CFD No. 2021-01 IA-3 (Valencia Facilities) have entered the marketplace and experienced sales as well as escrow closings, these projects represent the best market comparables.

The characteristics of the currently/recently active projects, based upon information provided by the developer, FivePoint Communities, are as follows:

Currently Active Projects:

Single-family Attached:

- Ruby by Lennar Homes
- Sunstone by Lennar Homes

Single-family Detached-Condo:

- Opal by Richmond American
- Ruby by Lennar Homes
- Sunstone by Lennar Homes
- Sapphire by Lennar Homes
- Esprit by Richmond American

Single-family Detached:

- Skylar II by Toll Brothers
- Volara by Toll Brothers (Recently Closed-Out)

Characteristics of Active Projects:

- Builder base prices range from \$664,990 to \$1,839,995, for an overall average of \$1,028,905.
- Builder incentives range from \$5,000 to \$75,000, for an overall average of \$25,109.
- Net base prices range from \$656,990 to \$1,802,495, for an overall average of \$1,003,797.
- Living areas/average: from 1,704 sq.ft. to 4,273 sq.ft., for an overall average of 2,789 sq.ft.
- Value ratio, net base price/living area of \$360/sq.ft./average.
- The Special Tax Rate of the active projects was estimated to be about 0.62%/avg.
This was estimated by starting with the original tax rate and making adjustments for recent price changes.

For additional information on the currently active comparable projects, please refer to the table on the following pages.

**CURRENTLY ACTIVE COMPARABLE PROJECTS IN CFD NO. 2021-01 IA-3
(VALENCIA FACILITIES)**

(PAGE 1 of 2)

Planned Community	Builder	Living Area	Number of	Base Prices	Builder	Net Base Prices	Special Taxes
Project Name			Stories	Current	Incentives	Current	Above Base Tax Rate
				. May 2026.	(Estimated)	. May 2026.	Estimated
							0.62%
Product 1: Single-Family Attached							
Ruby	Lennar	1,976	2	\$704,990	\$5,000	\$699,990	0.62%
		2,075	2	\$709,990	\$5,000	\$704,990	0.62%
Sunstone	Lennar	2,064	2	\$699,990	\$5,000	\$694,990	0.62%
		2,344	2	\$809,990	\$5,000	\$804,990	0.62%
		2,584	3	\$864,990	\$5,000	\$859,990	0.62%
Product 2: Single-Family Detached Condos							
Opal	Lennar	1,704	3	\$664,990	\$8,000	\$656,990	0.62%
		2,184	3	\$699,990	\$8,000	\$691,990	0.62%
		2,679	3	\$854,990	\$8,000	\$846,990	0.62%
		2,949	3	\$899,990	\$8,000	\$891,990	0.62%
Ruby	Lennar	2,546	2	\$849,990	\$5,000	\$844,990	0.62%
Sunstone	Lennar	2,064	3	\$714,990	\$28,000	\$686,990	0.62%
Sapphire	Lennar	2,134	2	\$719,990	\$5,000	\$714,990	0.62%
		2,183	2	\$739,990	\$5,000	\$734,990	0.62%
		2,246	2	\$759,990	\$5,000	\$754,990	0.62%
Esprit	Richmond	2,733	2	\$ 899,990	\$45,000	\$854,990	0.62%
		2,970	2	\$ 954,990	\$45,000	\$909,990	0.62%
		3,234	2	\$ 999,990	\$45,000	\$954,990	0.62%

**CURRENTLY ACTIVE COMPARABLE PROJECTS IN CFD NO. 2021-01 IA-3
(VALENCIA FACILITIES)**

(PAGE 2 of 2)

Planned Community	Builder	Living Area	Number of	Base Prices	Builder	Net Base Prices	Special Taxes
Project Name			Stories	Current	Incentives	Current	Above Base Tax Rate
				. May 2026.	(Estimated)	. May 2026.	Estimated
							0.62%
Product 3: Single-Family Detached - Luxury							
Skylar II	Toll Brothers	3,622	2	\$1,579,000	\$75,000	\$1,504,000	0.62%
		3,705	2	\$1,553,000	\$75,000	\$1,478,000	0.62%
		3,731	2	\$1,619,000	\$75,000	\$1,544,000	0.62%
Volara	Toll Brothers	4,045	2	\$1,839,995	\$37,500	\$1,802,495	0.62%
		4,102	2	\$1,724,000	\$37,500	\$1,686,500	0.62%
		4,273	2	\$1,799,995	\$37,500	\$1,762,495	0.62%
					(Average)		
All Comparables- Avg.		2,789		\$1,028,905	\$25,109	\$1,003,797	0.62%
Minimum		1,704		\$664,990	\$5,000	\$656,990	0.62%
Maximum		4,273		\$1,839,995	\$75,000	\$1,802,495	0.62%

3. METHODOLOGY UNDERLYING THE COMPETITIVE MARKET PRICING ANALYSIS

The methodology utilized herein has been purposefully formulated to be as transparent and straightforward as possible, so that the Study and its results can be readily understood by interested parties, including the future homeowners that will be paying the Special Taxes.

Accordingly, the methodology focuses upon using the net base adjusted housing prices and tax burdens of the market comparables for homes with various sizes of living area, and then utilizes these to estimate the prices for the projects/plans in CFD No. 2021-01 IA-3.

The prices of homes in a generally similar location are influenced by a multiplicity of factors, with the most significant being as follows:

- **Size of Living Area**
The size of living area typically has the most significant impact on the price of housing.
- **Lot Size**
With regards to lot size, there is generally a strong correlation between the lot size and size of the living area for the homes, since builders will typically optimize the size of a home based upon the size of a lot.
- **Tax Burden (ad Valorem and Special Taxes/Assessments)**

County of Los Angeles Policy maximum amounts to 1.85%

TOTAL HOUSING PRICE

NET BASE PRICE OF THE HOME: (AFTER ADJUSTMENTS FOR INCENTIVES)

PLUS

THE PRESENT VALUE OF THE SPECIAL TAXES

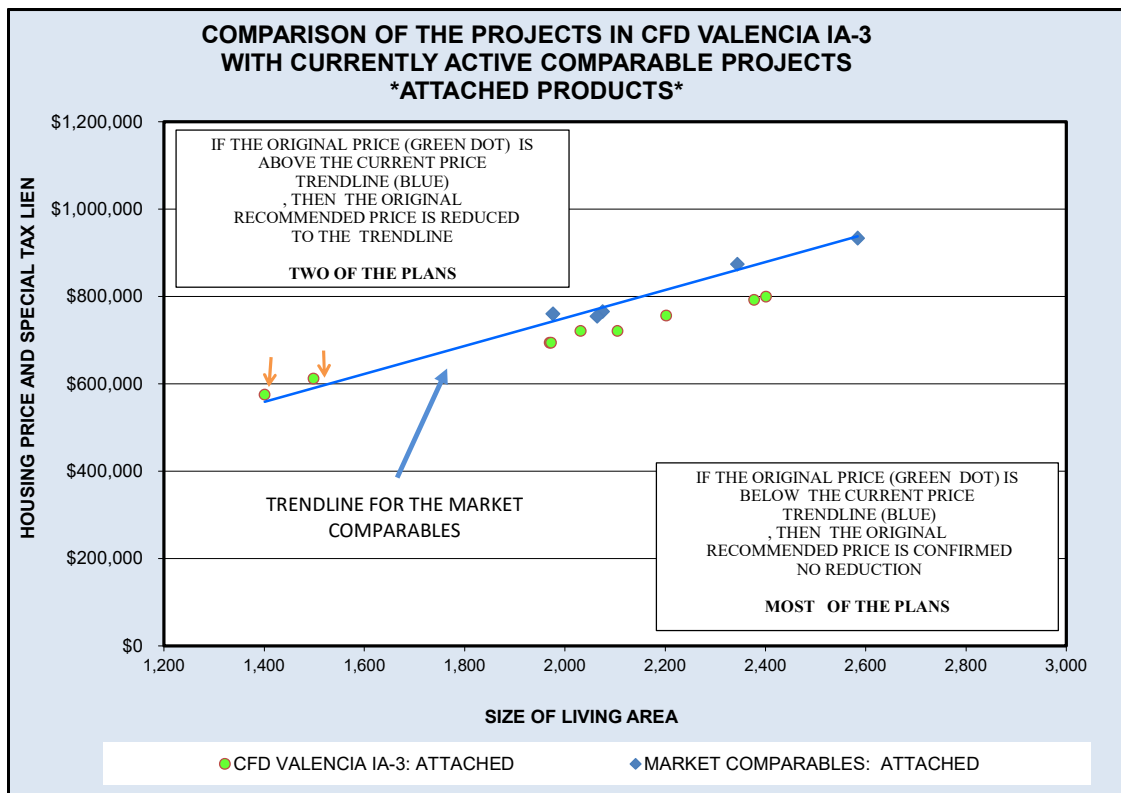
(This is calculated by taking the present value of the Annual Special Taxes over a time period of 30 years using a discount factor of 6.00%.)

4. COMPREHENSIVE STATISTICAL ANALYSIS OF THE ORIGINAL RECOMMENDED PRICE POINTS FOR THE PROJECTS/PLANS IN CFD NO. 2021-01 IA-3

The Competitive Market Analysis of the original recommended price points in the August 2023 Price Point Study for the projects/plans in CFD No. 2021-01 IA-3 (CFD Valencia IA-3) with the currently active comparable housing projects/plans (May 2026) is now performed by using their total housing prices: net base prices after adjustments for incentives and the estimated Special Tax lien amounts.

Single-family Attached Homes

For the single-family attached homes the relationship between the total housing prices (net base prices and special tax liens) and their living areas is shown on the following graph.

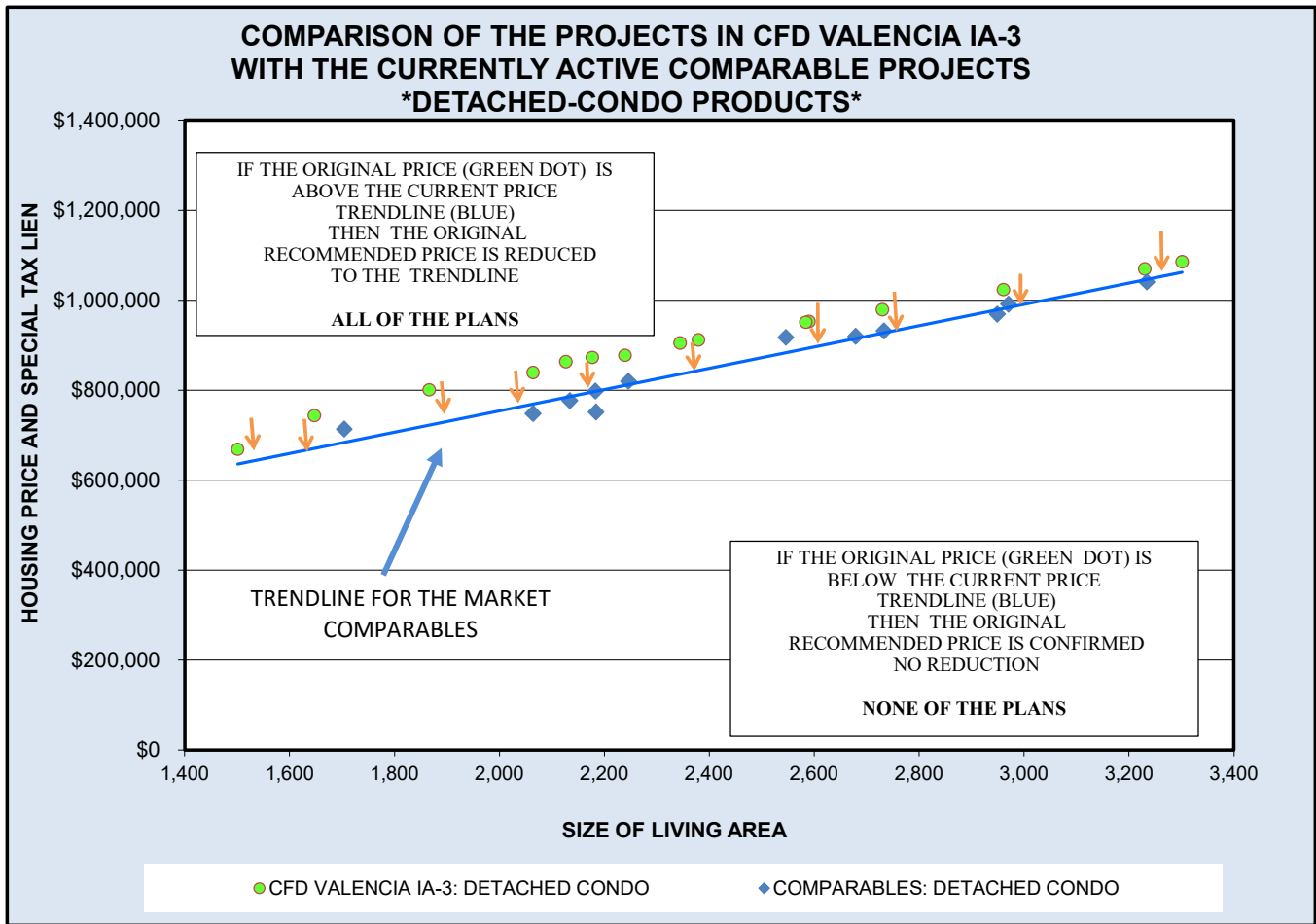


For the comparable currently active attached project/plans in CFD No. 2021-01 IA-3 their statistical averages are represented by their trendline (the solid blue line) which reflects their total housing prices as well as their sizes of living area; this represents the best statistical fit.

The graph shows that MOST of Empire's originally recommended price points for the attached projects/plans in the August 2023 Price Point Study (green circles) are "BELOW " the total housing prices of the current comparables statistical trendline (blue) – ONLY TWO PRICE REDUCTIONS.

Single-Family Detached Condo Homes

For the single-family detached condo homes, the relationship between the total housing prices (net base prices and special tax liens) and their living areas is shown on the following graph.

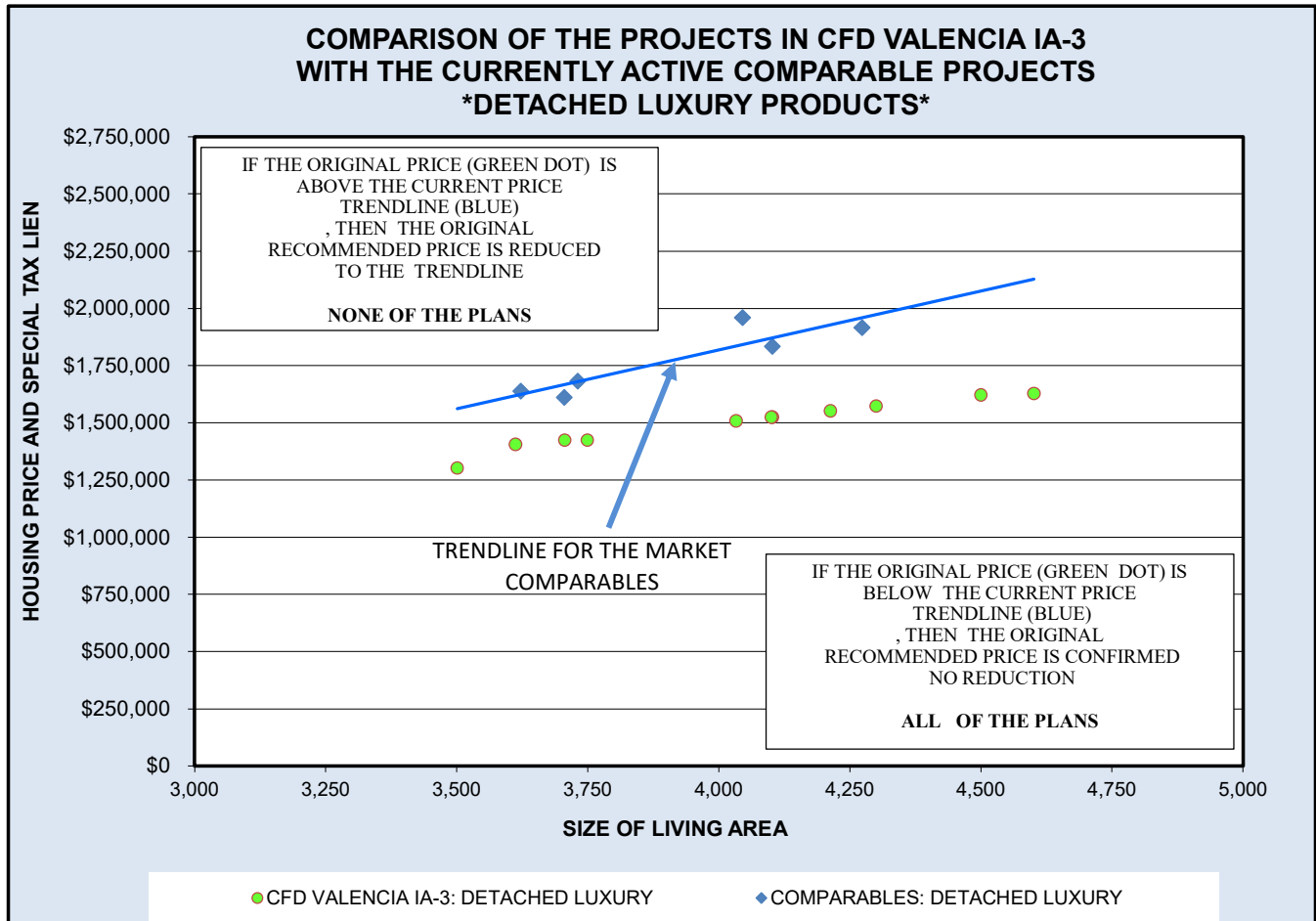


For the comparable currently active single-family detached condo projects/plans in CFD No. 2021-01 IA-3 their statistical averages are represented by their trendline (the solid blue line) which reflects their total housing prices as well as their sizes of living area; this represents the best statistical fit.

The graph shows that ALL of Empire's originally recommended price points for the detached condo projects/plans in the August 2023 Price Point Study (green circles) are "ABOVE" the total housing prices of the current comparables statistical trendline (blue) – ALL PRICES ARE REDUCED.

Single-Family Detached Luxury Homes

For the single-family detached luxury homes, the relationship between the total housing prices (net base prices and special tax liens) and their living areas is shown on the following graph.



For the comparable currently active single-family detached luxury projects/plans in CFD No. 2021-01 IA-3 their statistical averages are represented by their trendline (the solid blue line) which reflects their total housing prices as well as their sizes of living area; this represents the best statistical fit.

The graph shows that ALL Empire’s originally recommended price points for the single-family detached luxury projects/plans in the August 2023 Price Point Study (green circles) are “BELOW ” the total housing prices of the current comparables statistical trendline (blue) – NO PRICE REDUCTIONS.

5. EVALUATION OF THE ORIGINAL PRICE POINTS FOR THE PROJECTS/PLANS IN CFD NO. 2021-01 IA-3

Based upon a comprehensive analysis of the original recommended price points (August 2023 Study) and the current price points (May 2026), Empire Economics' "current base prices" for the Rate and Method of Apportionment are now discussed.

The above analysis has shown that some of the originally recommended price points in August 2023 Study for the projects/plans in CFD No. 2021-01 IA-3 are "ABOVE" the housing prices of the currently active market comparables, and so they are REDUCED.

*** SOME OF THE ORIGINAL AUGUST 2023 PRICE POINTS ARE REDUCED***

The August 2023 original Price Point Study had recommended price points amounting to \$889,906.

The Price Point Review Study has adjusted price points amounting to \$925,051, a differential of +3.9% or \$35,144, on the average.

However, there were some significant differences among the three product types:

- Projects with attached products increased by +6.8%/avg., +45,599/avg..
- Projects with detached condo project products decreased by -7.1%/avg., -59,181/avg.
- Projects with detached luxury products increased by some +20.2%/avg., = 273,950/avg.

Finally, it is worthwhile to note that the original August 2023 Price Point Study had an overall tax burden of 1.76% per the request of the developer, FivePoint Communities. However, the County of Los Angeles has a maximum total tax burden amounting to 1.85%. Consequently, most of the reductions may not impact special tax levels given the differential between the developer target and the County maximum.

Please refer to the following table for additional information on a comparison of the originally recommended price points and current prices for the projects/plans in CFD No. 2021-01 IA-3 (Valencia Facilities).

COMPREHENSIVE COMPARISON OF THE ORIGINAL PRICE AND CURRENT PRICE POINTS

PRICE REDUCTIONS FOR MANY OF THE PROJECTS/PLANS

(Page 1 of 2)

Product Categories	Specific	Units by Plans	Living Areas	Empire's	Special Taxes	Comparison: Original vs. Current	
Planning Areas	Product Types	(Estimated)	(Estimated)	Economics	Rates	Percentage	Empire's
				Base Prices	(Base = 1.14%)	Difference	Base Prices
				. July 2023.	1.76%		. May 2026.
Product 1: Single-Family Attached							
Lower Bound		0	1,401	\$530,000	0.62%	-3%	\$515,300
B1b2	SFA: Row Townhomes Plan 1	15	1,498	\$564,255	0.62%	-4%	\$543,900
B1b2	SFA: Row Townhomes Plan 2	15	1,969	\$639,892	0.62%	7%	\$682,800
B1b2	SFA: Row Townhomes Plan 3	16	1,972	\$639,892	0.62%	7%	\$683,700
B1b2	SFA: Row Townhomes Plan 4	16	2,105	\$664,663	0.62%	9%	\$722,700
B2	SFA: Rowtowns Plan 1	32	2,031	\$664,663	0.62%	5%	\$701,000
B2	SFA: Rowtowns Plan 2	32	2,202	\$696,998	0.62%	8%	\$751,400
B2	SFA: Rowtowns Plan 3	32	2,377	\$730,089	0.62%	10%	\$803,000
Upper Bound		0	2,401	\$737,000	0.62%	10%	\$810,100
Product 2: Single-Family Detached Condos							
Lower Bound		0	1,501	\$616,000	0.62%	-5%	\$585,900
B1b1	SFDC: 10-Pack Plan 1	15	1,647	\$684,800	0.62%	-10%	\$617,700
B1b1	SFDC: 10-Pack Plan 2	15	1,866	\$737,839	0.62%	-10%	\$665,400
B1b1	SFDC: 10-Pack Plan 3	15	2,379	\$840,125	0.62%	-7%	\$777,200
B1b1	SFDC: 10-Pack Plan 4	15	2,590	\$877,400	0.62%	-6%	\$823,200
C7/C8	SFDC: 35x65 Plan 1	30	2,127	\$795,567	0.62%	-9%	\$722,300
C7/C8	SFDC: 35x65 Plan 2	23	2,177	\$804,374	0.62%	-9%	\$733,100
C7/C8	SFDC: 35x65 Plan 3	39	2,239	\$808,503	0.62%	-8%	\$746,800
C7/C8	SFDC: Tripack Plan 1	30	2,064	\$773,171	0.62%	-8%	\$708,600
C7/C8	SFDC: Tripack Plan 2	30	2,344	\$833,942	0.62%	-8%	\$769,600
C7/C8	SFDC: Tripack Plan 3	30	2,584	\$876,340	0.62%	-6%	\$821,900
A10	SFDC: 40x90 Plan 1	16	2,730	\$902,133	0.62%	-5%	\$853,700
A10	SFDC: 40x90 Plan 2	18	2,961	\$942,941	0.62%	-4%	\$904,100
A10	SFDC: 40x90 Plan 3	20	3,230	\$985,163	0.62%	-2%	\$962,700
Upper Bound		0	3,301	\$999,999	0.62%	-2%	\$978,200

COMPREHENSIVE COMPARISON OF THE ORIGINAL PRICE AND CURRENT PRICE POINTS

PRICE REDUCTIONS FOR MANY OF THE PROJECTS/PLANS

(Page 2 of 2)

Planning Areas	Product Types	(Estimated)	(Estimated)	Economics	Rates	Percentage	Empire's
				Base Prices	(Base = 1.14%)	Difference	Base Prices
				. July 2023.	1.76%		. May 2026.
Product 3: Single-Family Detached - Luxury							
Lower Bound		0	3,501	\$1,200,000	0.62%	20%	\$1,438,600
A7a	SFD: 50x110 Plan 1	18	3,612	\$1,295,214	0.62%	15%	\$1,491,200
A7a	SFD: 50x110 Plan 2	23	3,706	\$1,312,040	0.62%	17%	\$1,535,800
A7a	SFD: 50x110 Plan 3	21	3,749	\$1,312,040	0.62%	19%	\$1,556,200
A7b	SFD: SFD Plan 1	9	4,033	\$1,389,666	0.62%	22%	\$1,690,900
A7b	SFD: SFD Plan 2	10	4,102	\$1,404,697	0.62%	23%	\$1,723,600
A7b	SFD: SFD Plan 3	11	4,213	\$1,430,049	0.62%	24%	\$1,776,300
A8	SFD: Luxury Plan 1	6	4,100	\$1,404,697	0.62%	23%	\$1,722,700
A8	SFD: Luxury Plan 2	6	4,300	\$1,449,567	0.62%	25%	\$1,817,600
A8	SFD: Luxury Plan 3	6	4,500	\$1,494,437	0.62%	28%	\$1,912,400
Upper Bound		0	4,601	\$1,500,000	0.62%	31%	\$1,960,300
STATISTICAL SUMMARY							
Attached		158	2,081	\$670,070	0.62%	6.8%	\$715,669
Detached Condo		296	2,364	\$833,161	0.62%	-7.1%	\$773,980
Detached Luxury		110	3,909	\$1,358,367	0.62%	20.2%	\$1,632,316
Aggregate-Overall		564	2,586	\$889,906	0.62%	3.9%	\$925,051

Resume: Joseph T. Janczyk, Ph.D. President of Empire Economics

Education: University of California, Riverside, Ph.D. in Economics, Completed in 1976
Specializations in Urban Economics, Mathematical Modeling and Econometric Analysis

State University of New York at Buffalo, Bachelors, Completed in 1970
Dual Majors: Economics and Psychology

Prior Employment: California State University, Tenured Economics Professor: 1976-1985
Courses Taught: Microeconomics, Macroeconomics, Urban Economics,
Regional Economics, Computer Modeling, Econometrics, among others

Empire Economics: Chairman and President: 1986-Present

- Perform Independent Real Estate Consulting Services Primarily for Land Secured Financings
- Work for Public Entities including Counties, Cities, School Districts and Water Districts
- Long-term Relationships with Many Clients, 25+ years
- Well Established Relationships with Numerous Professionals in the Municipal Finance Industry
- Performed 500+ Studies on behalf of Public Entities for \$15B+ in municipal financing
 - Land Secured Financings for Planned Communities, Business Parks and Retail Centers for 500+ CFDs/ADs for \$10B bonds
 - Price Point Studies – Establish Special Taxes that conform to public entities' policies
 - Market Absorption Studies - Provide timelines for phasing infrastructure
 - Homeowner Equity Studies and Forecasts of Assessed Values
 - Economic Forecasting Studies: Forecast Employment and Housing Demand
- Socioeconomic Studies Orange County Transportation Corridors: 2 studies \$2.75B bonds
 - Designated as Municipal Bond Issue of the Year for 1999
 - Rating Agency and Bond Insurer Presentations – Trips to New York City
- Mortgage Revenue Bond Issues: Lower Mortgage Rates 50+ studies for \$1.7B bonds
- Other Municipal Bond Issues: 35+ studies \$2B+ bonds; Certificates of Participation, others
- Forthcoming Bond Issues: 30+ studies for \$500M+ future bond sales

Industry Contributions – Regular Speaker/Panelist at Following Events:

- State Treasurer, Mr. John Chiang: Council of Economic Advisors: January 2015 –December 2018
 - Bi-annual meetings and published articles in the Treasurer's Newsletter, Intersections
- UCLA Municipal Bond Financing Seminars (10+ times, as Featured Speaker)
- Bond Buyer Conference
- League of Cities
- Municipal Bond Industry Association
- Best Practices for Continuing Disclosure
- Appraisal Standards for Land Secured Financing by CDIAC
- Meetings with Municipal Bond Funds

Dedicated to Public Sector: Certifications Provided in each Study:

- Empire has not performed any consulting services for the CFD/AD property owners nor the developers/builders, during the past thirty-five + years.
- Empire will not perform any consulting services for the CFD/AD property owners nor the developers/builders, during the next five years.

**COMMUNITY FACILITIES DISTRICT NO. 2021-01 IA-3
(VALENCIA FACILITIES)
SPECIAL TAX BONDS, SERIES 2026**

COUNTY OF LOS ANGELES

MARKET ABSORPTION STUDY

**PREPARED
BY
EMPIRE ECONOMICS, INC.**

MAY 18, 2026

(REVISED JUNE 1, 2026; GRAMMATICAL REVISIONS ONLY)

**CERTIFICATION OF INDEPENDENCE
EMPIRE ECONOMICS PROVIDES CONSULTING SERVICES
ONLY FOR PUBLIC ENTITIES**

The Securities & Exchange Commission has taken action against firms that have utilized their research analysts to promote companies with whom they conduct business, citing this as a potential conflict of interest. Accordingly, Empire Economics (Empire), in order to ensure that its clients, including the County of Los Angeles, are not placed in a situation that could cause such conflicts of interest, provides a Certification of Independence.

This Certificate states that Empire performs consulting services only for public entities such as the County of Los Angeles, in order to avoid potential conflicts of interest that could occur if it also provided consulting services for developers/builders.

For example, if a research firm for a specific Community Facilities District were to provide consulting services to both the public entity as well as the property owner/developer/builder, then a potential conflict of interest could be created, given the different objectives of the public entity versus the property owner/developer.

Accordingly, Empire Economics certifies that the Market Absorption Study for the CFD No. 2021-01 IA-3 of the County of Los Angeles was performed in an independent professional manner, as represented by the following statements:

- Empire was retained to perform the Market Absorption Study by the County of Los Angeles, not the District's developer or any of the various builders.
- Empire has not performed any consulting services for the CFD's property owner or the developer/builders during the past thirty-five+ years.
- Empire will not perform any consulting services for the CFD's property owner or the developer/builders during the next five years.
- Empire's compensation for performing the Market Absorption Study for the District is not contingent upon the issuance of Bonds; Empire's fees are paid on a non-contingency basis.

Therefore, based upon the statements set-forth above, Empire hereby certifies that the Market Absorption Study for CFD No. 2021-01 IA-3 of the County of Los Angeles was performed in an independent professional manner.

Empire Economics, Inc.
Joseph T. Janczyk, President

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INTRODUCTION

A. OVERVIEW OF THE BOND FINANCING PROGRAM

The County of Los Angeles was previously petitioned by the property owner, Five Point Communities to form Community Facilities District No. 2021-01 Improvement Area No. 3 which encompasses a portion of the property in the Planned Community of Valencia (hereafter referred to as CFD No. 2021-01 IA-3). The CFD bond proceeds provide funding for the infrastructure that is required to support the development of its residential projects.

CFD No. 2021-01 IA-3 (Valencia Facilities) is expected to have a total of 511 for-sale homes, including two projects with 132 single-family attached homes, five projects with 269 single-family detached condos and three projects with 110 single-family luxury detached homes:

The County of Los Angeles has retained Empire Economics, Inc. (Empire), an economic and real estate consulting firm that provides consulting services only to public entities, to perform a Market Absorption Study for the residential projects in CFD No. 2021-01 IA-3.

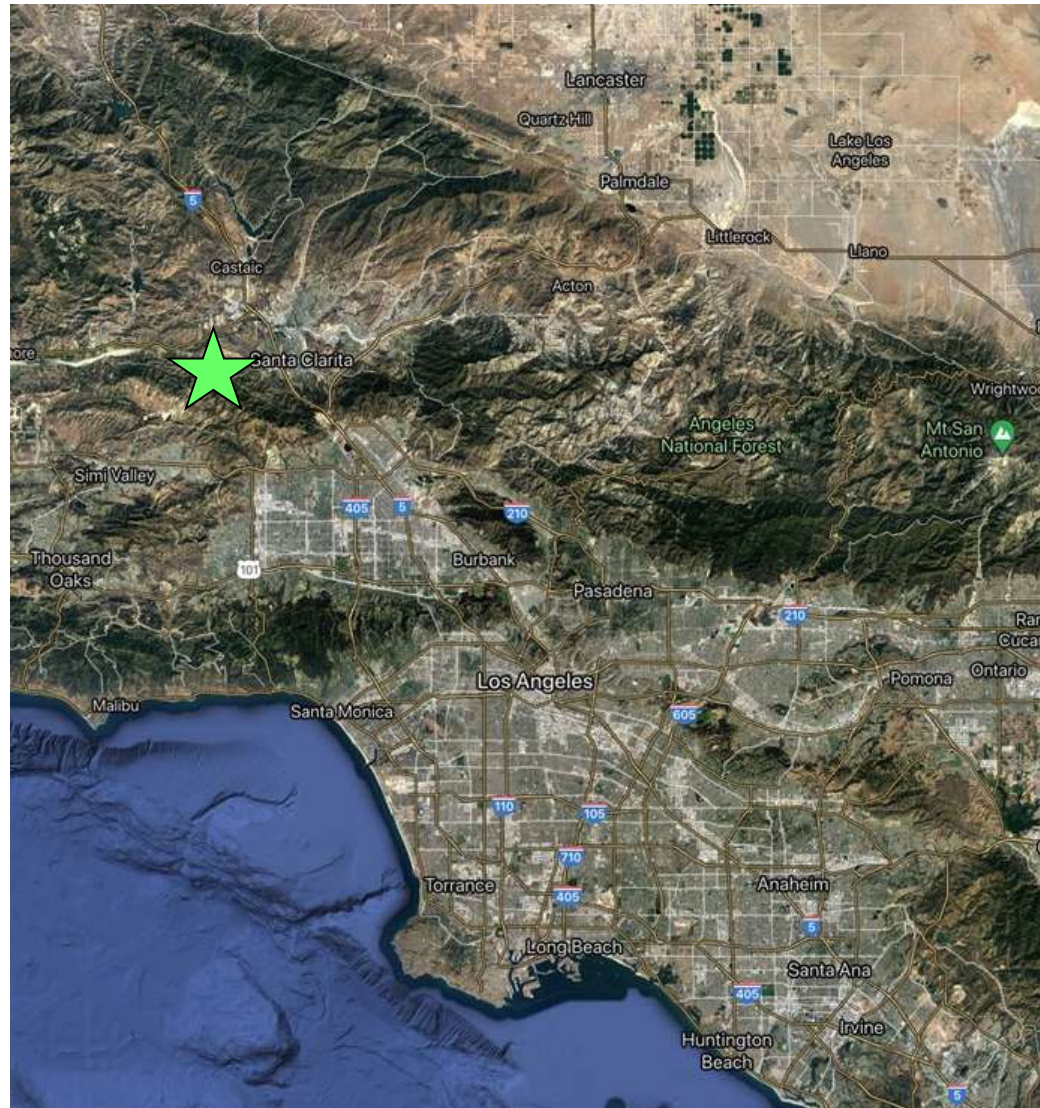
The purpose of the Market Absorption Study is to conduct a comprehensive analysis of the product mix characteristics, macroeconomic factors, and microeconomic factors as well as the potential risk factors that are expected to influence the absorption of the projects in order to arrive at conclusions regarding the following:

- For each of the residential projects, estimates of their absorption schedules are provided, from market-entry to build-out, on an annualized basis.
- Identify and also discuss potential economic and real estate risk factors that may adversely impact the marketability of the homes.

For information on the general location of CFD No. 2021-01 IA-3 as well as the Planned Community of Valencia, please refer to the following pages.

REGIONAL OVERVIEW OF THE LOCATION OF CFD NO. 2021-01 IA-3 (VALENCIA FACILITIES)

APPROXIMATE LOCATION OF THE CFD - GREEN STAR



**SANTA CLARITA VALLEY MARKET AREA
(CITY OF SANTA CLARITA AND NEARBY COMMUNITIES)
AND CFD NO. 2021-01 IA-3 (VALENCIA FACILITIES)**

APPROXIMATE LOCATION OF THE CFD - GREEN STAR



B. ROLES OF THE MARKET ABSORPTION STUDY FOR THE BOND FINANCING

The Market Absorption Study (Market Study) for CFD No. 2021-01 IA-3 has a multiplicity of roles with regards to the Bond Financing; accordingly, these are set-forth below:

Marketing Prospects for the Residential Projects

Estimated Absorption Schedules
for each of the Active Residential Projects

Escrow Closings of Homes to Homeowners,
From Market-Entry to Build-Out

Potential Risk Factors that may Adversely Impact
the Marketability of the Products

Relationship of the Market Study to the Special Tax Payments

Special Taxes
for the Residential Projects/Products

Aggregate Levels of
Special Tax Revenues for Bond Sizing

Share of Payments
Developer/Builders vs. Final-Users/Homeowners

Relationship of the Market Study to the Appraisal/Valuation

Appraisal of Property
Discounted Cash Flow – Present Value

(The Longer the Absorption Time, the Lower the Present Value)

The Issuing Agency, the County of Los Angeles, along with the Finance Team, can utilize the information found in the Market Absorption Study along with its utilization in the Appraisal as well as Special Tax Revenues to structure the Special Tax Bonds for CFD No. 2021-01 IA-3.

C. METHODOLOGY UNDERLYING THE MARKET ABSORPTION STUDY

The Market Absorption Study performs a comprehensive analysis of the product mix characteristics, macroeconomic factors, and microeconomic factors as well as the potential risk and other factors that are expected to influence the absorption of the active residential products in CFD No. 2021-01 IA-3.

I. Expected Product Mix Characteristics

Characteristics of the Projects in CFD No. 2021-01 IA-3

II. Macroeconomic Analysis Designated Economic and Real Estate Forecasting Scenario

Overview of Recent Economic/Housing Market Conditions:
US and California

Employment, Construction, Mortgage Rates and Prices

Relationship of Housing Demand & Price Changes

III. Microeconomic Analysis Market Conditions and Other Related Factors

Development Trends/Patterns in the CFD Market Area

Socioeconomic Characteristics: School Quality & Neighborhood Safety

Identification of the Currently Active Comparable Residential Projects
in the Planned Community of Valencia

Competitive Market Analysis of the Projects in CFD No. IA-3
Statistical Analysis of the Prices, Living Area and Special Taxes

IV. Estimated Absorption Schedules

Overview of the Economic and Real Estate Model Underlying Forecasts
Estimated Absorption Schedules for CFD No. 2021-01 IA-3
Active Residential Projects
Discussion of Potential Risk Factors

V. Assumptions and Limiting Conditions

SECTION I: EXPECTED PRODUCT MIX CHARACTERISTICS

A. CHARACTERISTICS OF THE EXPECTED PRODUCT MIX FOR CFD NO. 2021-01 IA -2 (VALENCIA)

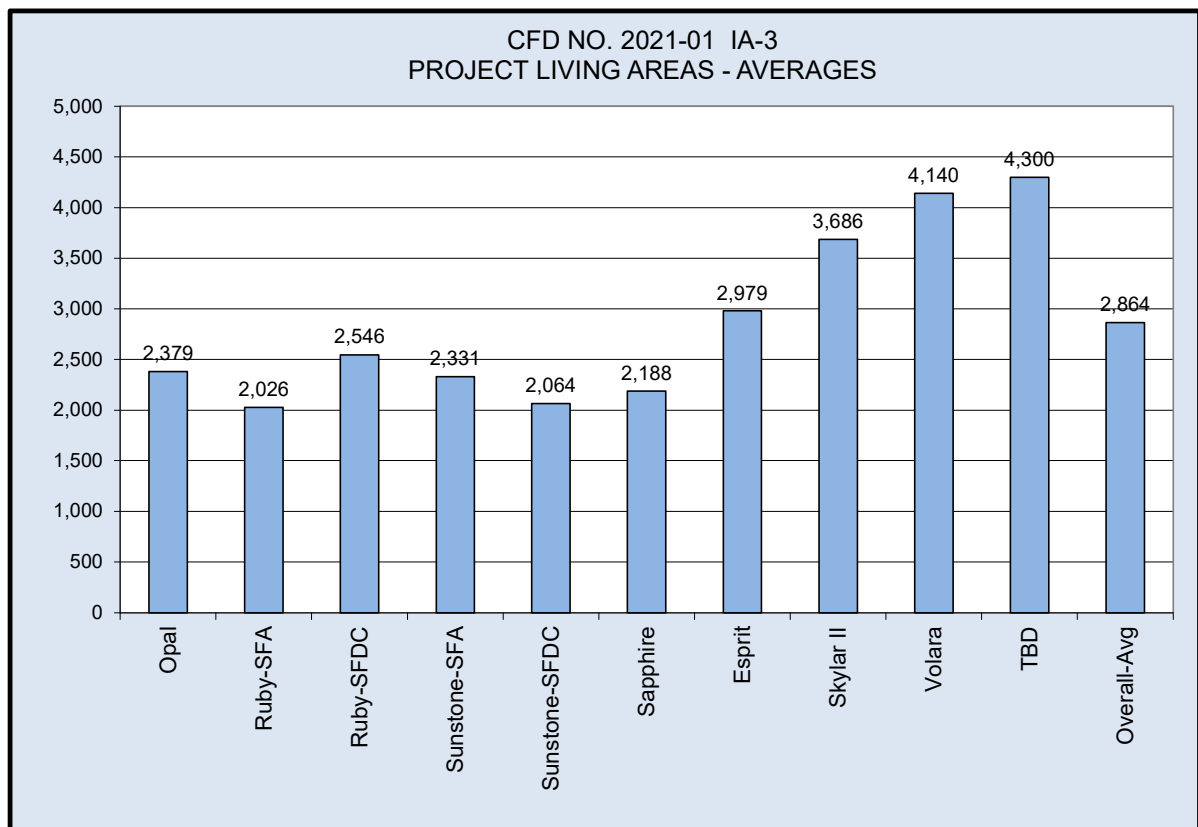
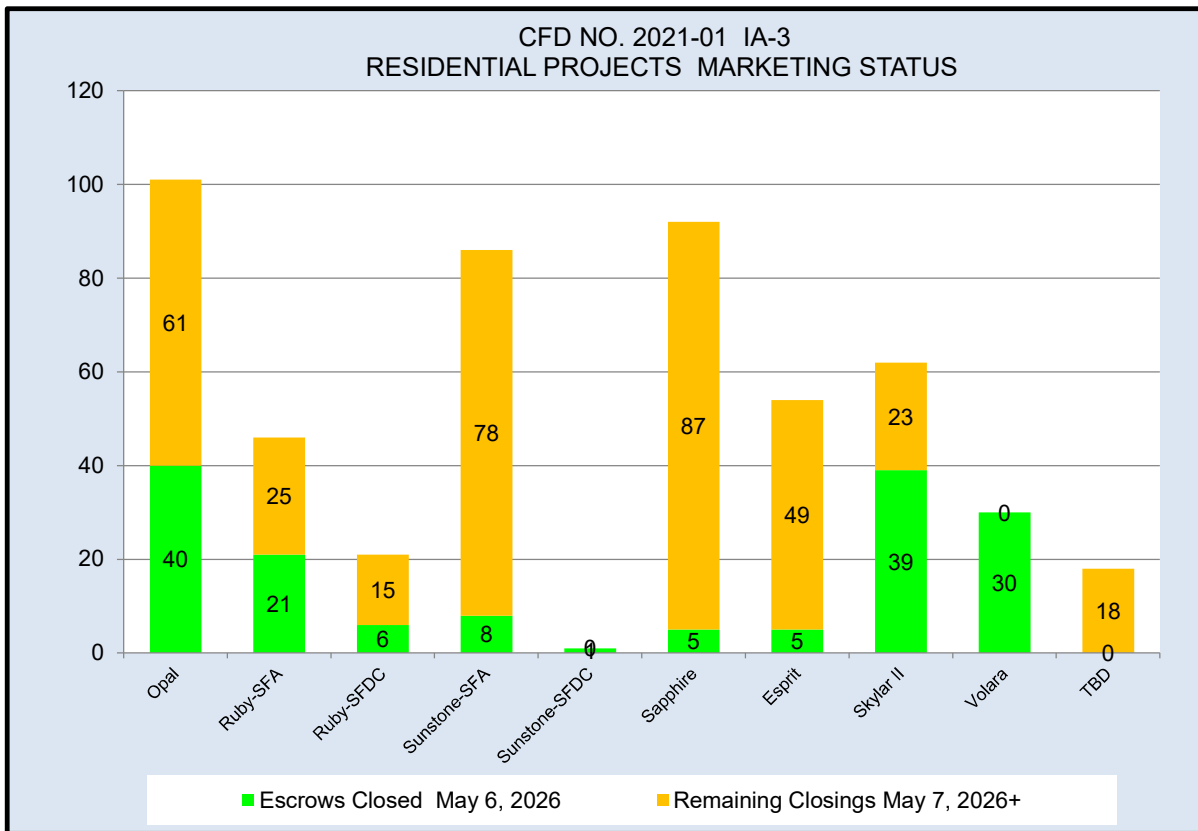
(Source: Five Point Communities, LLC; May 6, 2026)

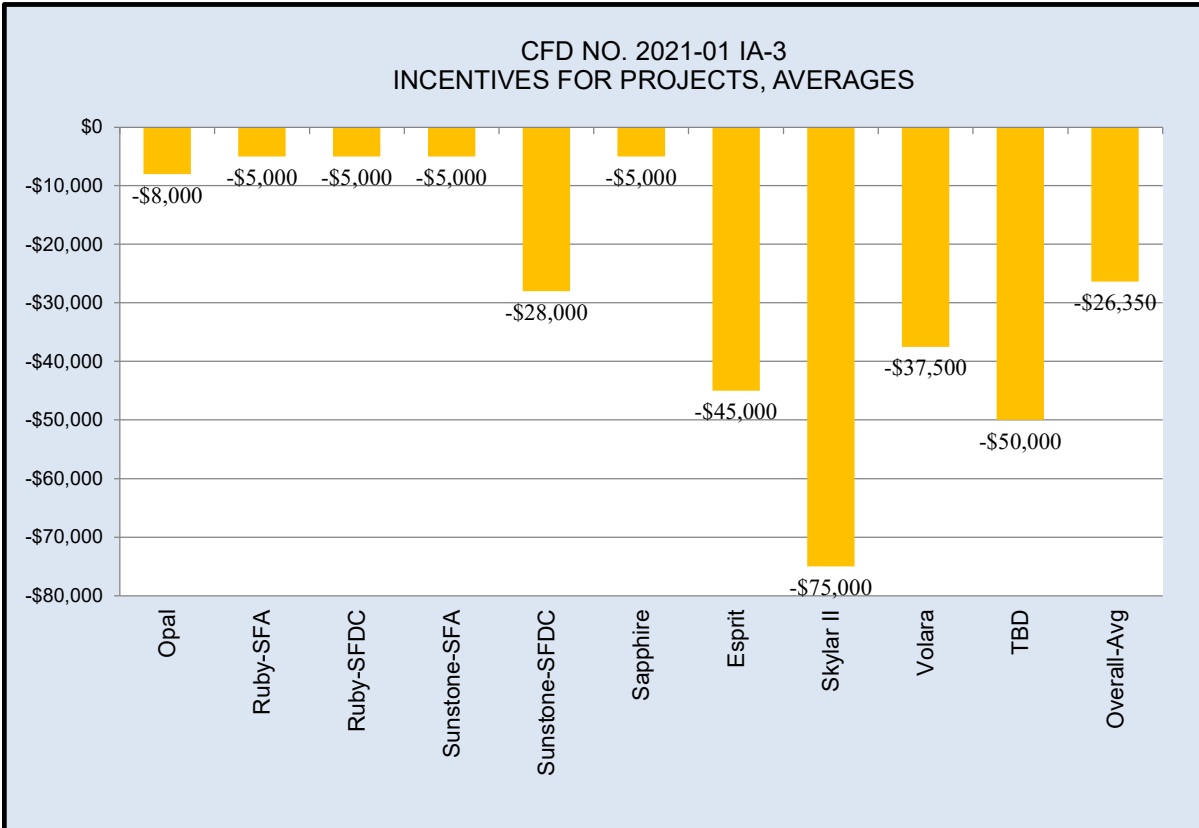
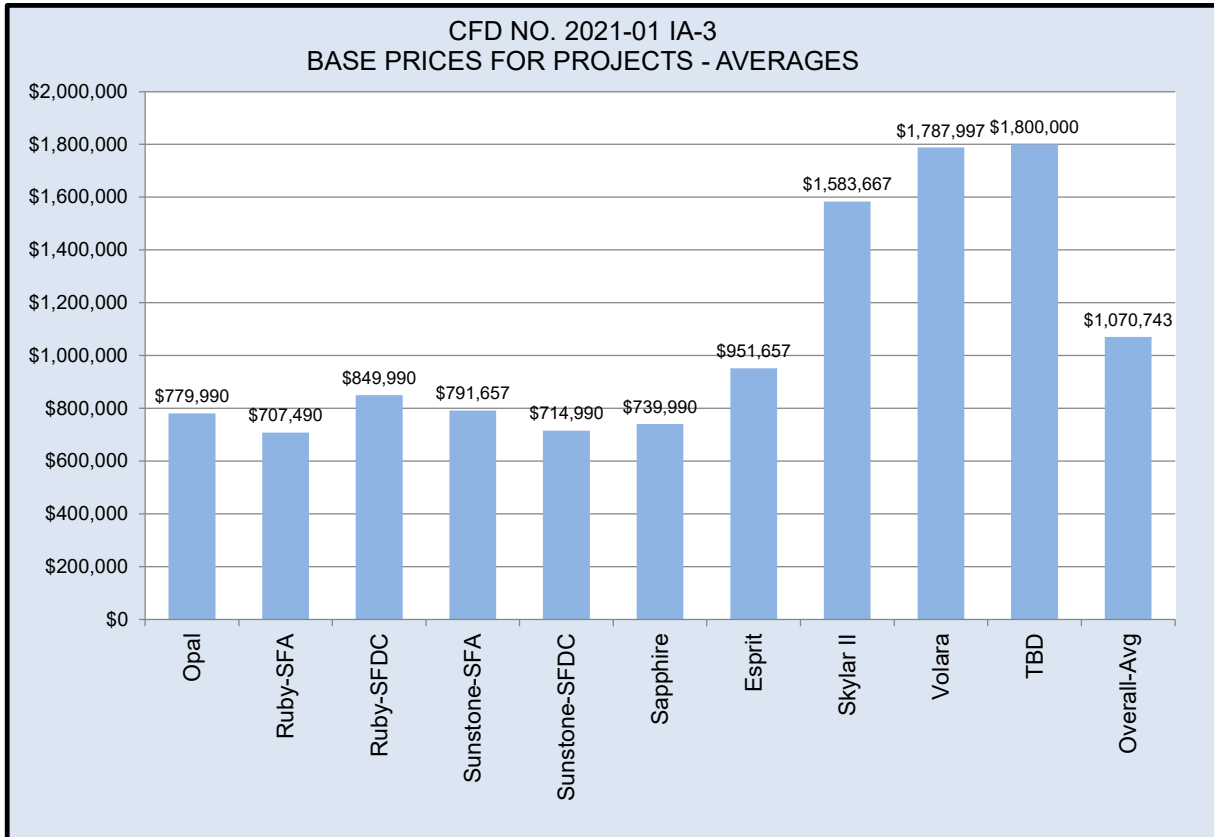
CFD No. 2021-01 IA-3 (Valencia Facilities) is expected to have a total of 511 for-sale homes, including two projects with 132 single-family attached homes, five projects with 269 single-family detached condos and three projects with 110 single-family luxury detached homes; their characteristics are as follows:

Project Name	Opal	Ruby-SFA	Ruby-SFDC	Sunstone-SFA	Sunstone-SFDC
Product Type	SFDC	SFA	SFDC	SFA	SFDC
Number of Stories	3	2	2	2/3	3
Builder Incentives	-\$8,000	-\$5,000	-\$5,000	-\$5,000	-\$28,000
Net Base Price	\$771,990	\$702,490	\$844,990	\$786,657	\$686,990
Living Area/Avg.	2,379	2,026	2,546	2,331	2,064
Market-Entry	Jul-25	Aug-25	Aug-25	Jan-26	Jan-26
Escrows Closed May 6, 2026	40	21	6	8	1
Remaining Closings May 7, 2026+	61	25	15	78	0

Project Name	Sapphire	Esprit	Skylar II	Volara	TBD
Product Type	SFDC	SFDC	SFD	SFD	SFD
Number of Stories	2	2	2	2	TBD
Builder Incentives	-\$5,000	-\$45,000	-\$75,000	-\$37,500	-\$50,000
Net Base Price	\$734,990	\$906,657	\$1,508,667	\$1,750,497	\$1,750,000
Living Area/Avg.	2,188	2,979	3,686	4,140	4,300
Market-Entry	Jan-26	Mar-25	Feb-24	Mar-24	. 2028.
Escrows Closed May 6, 2026	5	5	39	30	0
Remaining Closings May 7, 2026+	87	49	23	0	18

For more information on the residential projects, including their marketing status, base prices, incentives, net base prices, living areas and other characteristics, please refer to the following graphs and tables.





EXPECTED PRODUCT MIX CHARACTERISTICS

CFD NO. 2021-01 IA-3 (VALENCIA)

SUBJECT TO REVISION

(Page 1 of 2)

Project Name>	Opal	Ruby-SFA	Ruby-SFDC	Sunstone-SFA	Sunstone-SFDC	Sapphire	Esprit	Skylar II	Volara	TBD	Overall	
Planning Area >	B1b1/B1b2	B2	B2	C7	C7	C8	A10	A7a	A7b	A8	Totals	Averages
Builder	Lennar	Lennar	Lennar	Lennar	Lennar	Lennar	Richmond	Toll	Toll	TBD		
Product Type	SFDC	SFA	SFDC	SFA	SFDC	SFDC	SFDC	SFD	SFD	SFD		
Lot Size Configuration	10-Pack	Duplexes	Duplexes	Tripack	Tripack	35x65	40x90	50x110	60x110	60x110		
Number of Stories	3	2	2	2/3	3	2	2	2	2	TBD		
										Estimated		
Market-Entry- Active/Developing Projects	Jul-25	Aug-25	Aug-25	Jan-26	Jan-26	Jan-26	Mar-25	Feb-24	Mar-24	. 2028.		
Development/Marketing Status												
Total Homes	101	46	21	86	1	92	54	62	30	18	511	
Permits	76	44	21	48	1	43	40	62	30	0	365	
Sold	40	26	11	17	1	12	5	49	30	0	191	
Escrows Closed May 6, 2026	40	21	6	8	1	5	5	39	30	0	155	
Remaining Closings May 7, 2026+	61	25	15	78	0	87	49	23	0	18	356	
Active or Closed Out - Date	Active	Active	Active	Active	Active	Active	Active	Active	Jun-25	Est.-2028		
LIVING AREA										Estimated		
Plan #1	1,704	1,976		2,064	2,064	2,134	2,733	3,622	4,045	4,100		
Plan #2	2,184	2,075		2,344		2,183	2,970	3,705	4,102	4,300		
Plan #3	2,679		2,546	2,584		2,246	3,234	3,731	4,273	4,500		
Plan #4	2,949											
Average	2,379	2,026	2,546	2,331	2,064	2,188	2,979	3,686	4,140	4,300		2,864
Minimum	1,704	1,976	2,546	2,064	2,064	2,134	2,733	3,622	4,045	4,100		
Maximum	2,949	2,075	2,546	2,584	2,064	2,246	3,234	3,731	4,273	4,500		

EXPECTED PRODUCT MIX CHARACTERISTICS
CFD NO. 2021-01 IA-3 (VALENCIA)
SUBJECT TO REVISION

(Page 2 of 2)

Project Name>	Opal	Ruby-SFA	Ruby-SFDC	Sunstone-SFA	Sunstone-SFDC	Sapphire	Esprit	Skylar II	Volara	TBD	Overall	
Planning Area >	B1b1/B1b2	B2	B2	C7	C7	C8	A10	A7a	A7b	A8	Totals	Averages
BASE PRICES										Estimated		
Plan #1	\$664,990	\$704,990		\$699,990	\$714,990	\$719,990	\$899,990	\$1,579,000	\$1,839,995	\$1,700,000		
Plan #2	\$699,990	\$709,990		\$809,990		\$739,990	\$954,990	\$1,553,000	\$1,724,000	\$1,800,000		
Plan #3	\$854,990		\$849,990	\$864,990		\$759,990	\$999,990	\$1,619,000	\$1,799,995	\$1,900,000		
Plan #4	\$899,990											
Average	\$779,990	\$707,490	\$849,990	\$791,657	\$714,990	\$739,990	\$951,657	\$1,583,667	\$1,787,997	\$1,800,000		\$1,070,743
Minimum	\$664,990	\$704,990	\$849,990	\$699,990	\$714,990	\$719,990	\$899,990	\$1,553,000	\$1,724,000	\$1,700,000		
Maximum	\$899,990	\$709,990	\$849,990	\$864,990	\$714,990	\$759,990	\$999,990	\$1,619,000	\$1,839,995	\$1,900,000		
BUILDER INCENTIVES										Estimated		
Plan #1	-\$8,000	-\$5,000		-\$5,000	-\$28,000	-\$5,000	-\$45,000	-\$75,000	-\$25,000	-\$50,000		
Plan #2	-\$8,000	-\$5,000		-\$5,000		-\$5,000	-\$45,000	-\$75,000	\$0	-\$50,000		
Plan #3	-\$8,000		-\$5,000	-\$5,000		-\$5,000	-\$45,000	-\$75,000	-\$87,500	-\$50,000		
Plan #4	-\$8,000											
Average	-\$8,000	-\$5,000	-\$5,000	-\$5,000	-\$28,000	-\$5,000	-\$45,000	-\$75,000	-\$37,500	-\$50,000		-\$26,350
Deepest Discount	-\$8,000	-\$5,000	-\$5,000	-\$5,000	-\$28,000	-\$5,000	-\$45,000	-\$75,000	-\$87,500	-\$50,000		
Smallest Discount	-\$8,000	-\$5,000	-\$5,000	-\$5,000	-\$28,000	-\$5,000	-\$45,000	-\$75,000	\$0	-\$50,000		
NET BASE PRICES												
Plan #1	\$656,990	\$699,990		\$694,990	\$686,990	\$714,990	\$854,990	\$1,504,000	\$1,814,995	\$1,650,000		
Plan #2	\$691,990	\$704,990		\$804,990		\$734,990	\$909,990	\$1,478,000	\$1,724,000	\$1,750,000		
Plan #3	\$846,990		\$844,990	\$859,990		\$754,990	\$954,990	\$1,544,000	\$1,712,495	\$1,850,000		
Plan #4	\$891,990											
Average	\$771,990	\$702,490	\$844,990	\$786,657	\$686,990	\$734,990	\$906,657	\$1,508,667	\$1,750,497	\$1,750,000		\$1,044,393
Minimum	\$656,990	\$699,990	\$844,990	\$694,990	\$686,990	\$714,990	\$854,990	\$1,478,000	\$1,712,495	\$1,650,000		
Maximum	\$891,990	\$704,990	\$844,990	\$859,990	\$686,990	\$754,990	\$954,990	\$1,544,000	\$1,814,995	\$1,850,000		

SECTION II: MACROECONOMIC ANALYSIS

DESIGNATED ECONOMIC AND REAL ESTATE FORECASTING SCENARIO UNDERLYING THE ABSORPTION FORECASTS

This section describes the Economic and Real Estate Model underlying the forecasts for the absorption of the active residential products in CFD No. 2021-01 IA-3 during the foreseeable future; the primary components are as follows:

A. Overview of Recent Economic/Housing Market Conditions: US and California

1. Comparing 2020-25 Housing Market Conditions and the 2002-2019 House Bubble
2. California Unemployment Rate and Mortgage Rates
3. Los Angeles Region Overall Patterns of Price Appreciation
4. California Employment Change and PCE CORE Index
5. FED Policies: Federal Funds Rate and Portfolio of Treasury & Mortgage Bonds
6. US Gross Domestic Product and Federal Deficits
7. California Gas Prices
8. Personal Consumption Expenditures (PCE) Core Inflation and Mortgage Rates
9. CPI and PCE Index
10. Core PCE Index and Housing Change

B. Employment, Construction, Mortgage Rates and Prices

1. U.S., California and Los Angeles Employment: Aggregate Level Trends
2. California Existing Home Sales
3. California Residential Construction Activity
4. Unemployment Rates – U.S., California, Los Angeles and Santa Clarita
5. 30-Year Fixed Mortgage Rates
6. Recent Housing Prices: United States and Los Angeles
7. U.S. and California: Unemployment Rates, Mortgage Rates and Inflation Forecast
8. Consensus Survey of 40 Professional Forecasters

C. Relationship of Housing Demand & Price Changes

1. Santa Clarita Demand-Supply Conditions and Price Appreciation
2. Santa Clarita Relationship of Mortgage Rates to Price Appreciation
3. Santa Clarita Recent Housing Sales Trends
4. California Existing Homeowners: Mortgage Rates for Loan Cohorts
5. Santa Clarita Mortgage Interest Payment Levels

Accordingly, each of these topics is now discussed, in order to provide a background on the economic and real estate factors underlying Empire's forecasts for the active projects in CFD No. 2021-01 IA-3.

The Santa Clarita Valley includes the City of Santa Clarita as well as nearby communities such as Valencia, Saugus, Canyon Country, and Newhall, among others.

A. OVERVIEW OF RECENT ECONOMIC/HOUSING MACROECONOMIC CONDITIONS UNITED STATES AND CALIFORNIA

Chairman Powell

The independence of the FED for attaining its goal of a 2.0% inflation rate, however, recently political pressure is mounting.



Trump Policies

The Big Beautiful Bill will enhance economic growth. Higher fiscal deficits will be offset by more economic growth. China/other countries will pay for tariffs so they are not inflationary. Not concerned about inflation returning to the 2% FED target.

Recent Inflation Metrics

FED's Preferred Index PCE-Core: +3.1%/yr. (January 2026)

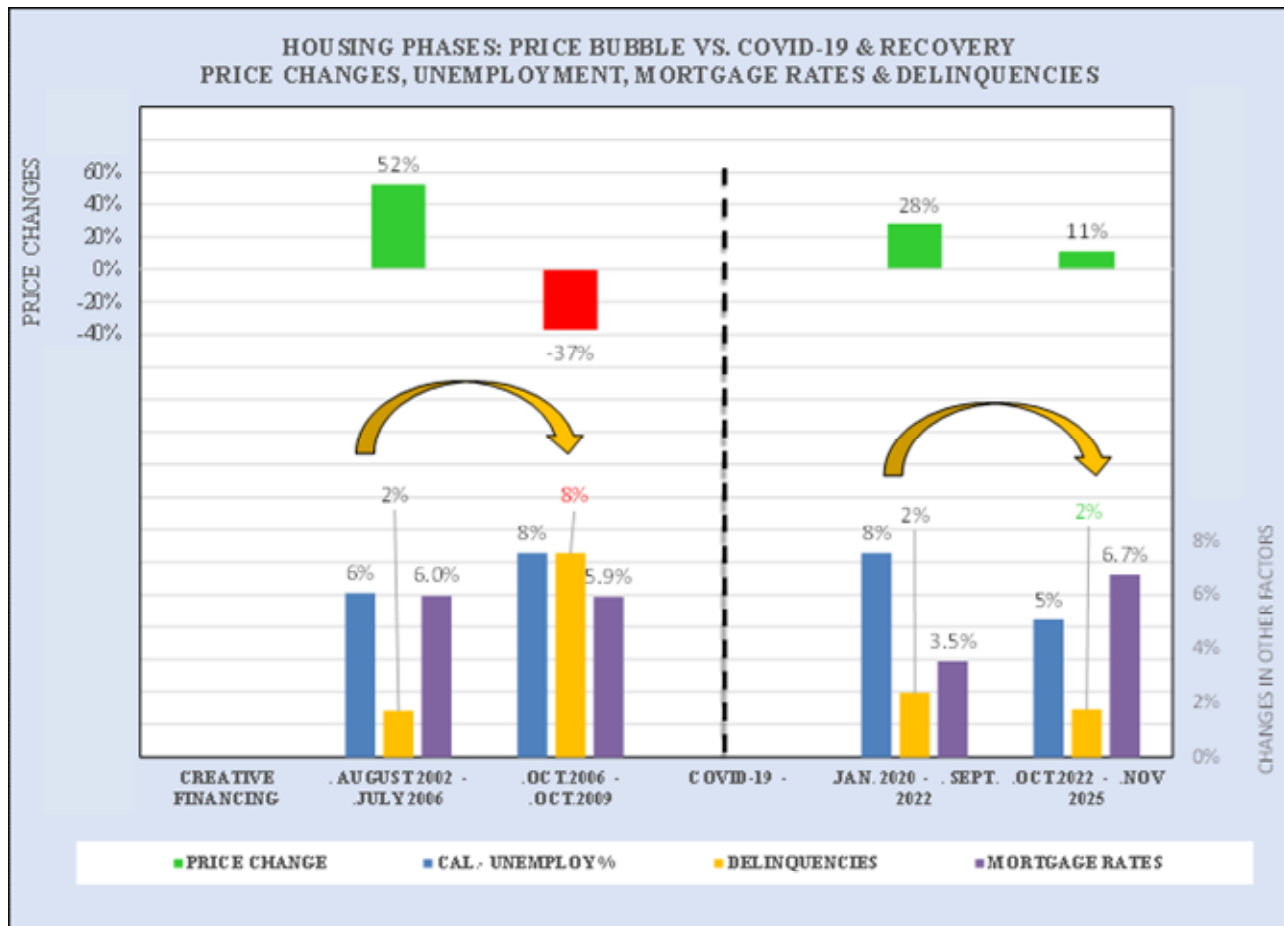
CPI Index: +2.4% /yr. (January 2026)

COMPARISON OF PRICE BUBBLE/IMPLOSION (2002-2009) VS. RECENT HOUSING CONDITIONS (2020-2025)

In both the “Recent COVID-19 and Recovery” housing market conditions for 2020-2025 (including both the “Fed Stimulus” - driving low mortgage rates, and the “Fed 2% Goal”) and the 2002-2009 Housing Bubble (including the “Bubble” period – driven by creative financing - and “Post-Bubble”), mortgage financing was a critical component.

Creative financing in 2002-2006 was followed by price declines,
due to mortgage delinquencies and high unemployment.

Whereas 2022-2025, prices have been stable despite high mortgage rates,
due to lower inventory levels and low delinquency rates.



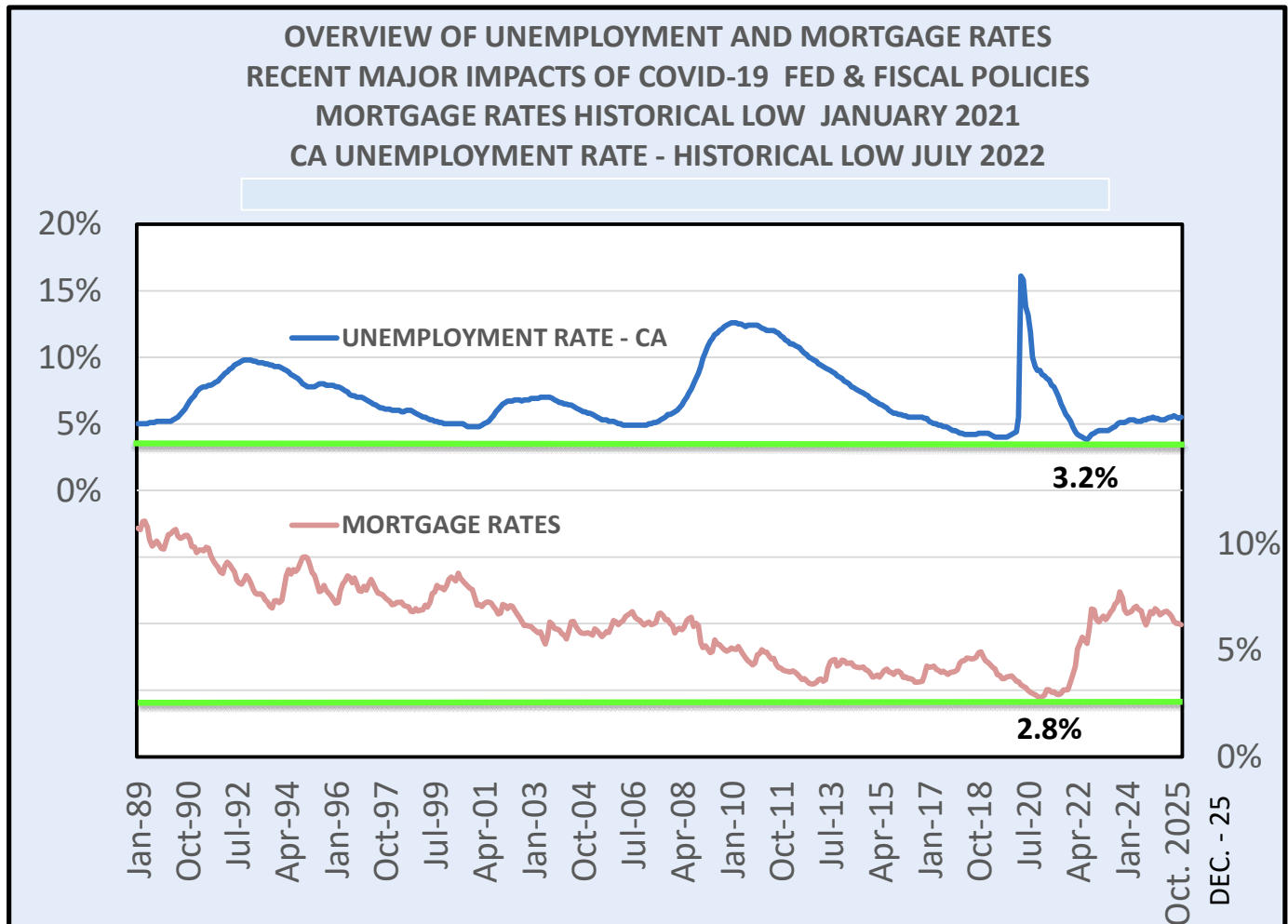
RECENTLY, HISTORICALLY UNIQUE ECONOMIC CONDITIONS LOW UNEMPLOYMENT AND LOW MORTGAGE RATES

The FED policies had historically significant impacts on the economy as well as mortgage rates:

- For California, the unemployment rate reached a historically low level of 3.2% in July 2022, the lowest rate since January 1990.
- With respect to mortgage rates, they reached a historical low level of 2.8% in January 2021.

Due to COVID-19, the unemployment rate increased dramatically, triggering the US government to provide fiscal stimulus and the Federal Reserve Board to lower mortgage rates, and these prevented an economic depression from occurring.

However, the US and FED policies inadvertently resulted in inflation which caused mortgage interest rates to increase significantly starting in early 2022.



LOS ANGELES REGION OVERALL PATTERNS OF PRICE APPRECIATION

Since 1989, the LA-OC Market Region has experienced four major housing price cycles. with appreciation attaining highs of about 20% and a recession having a price decline of about -30%.

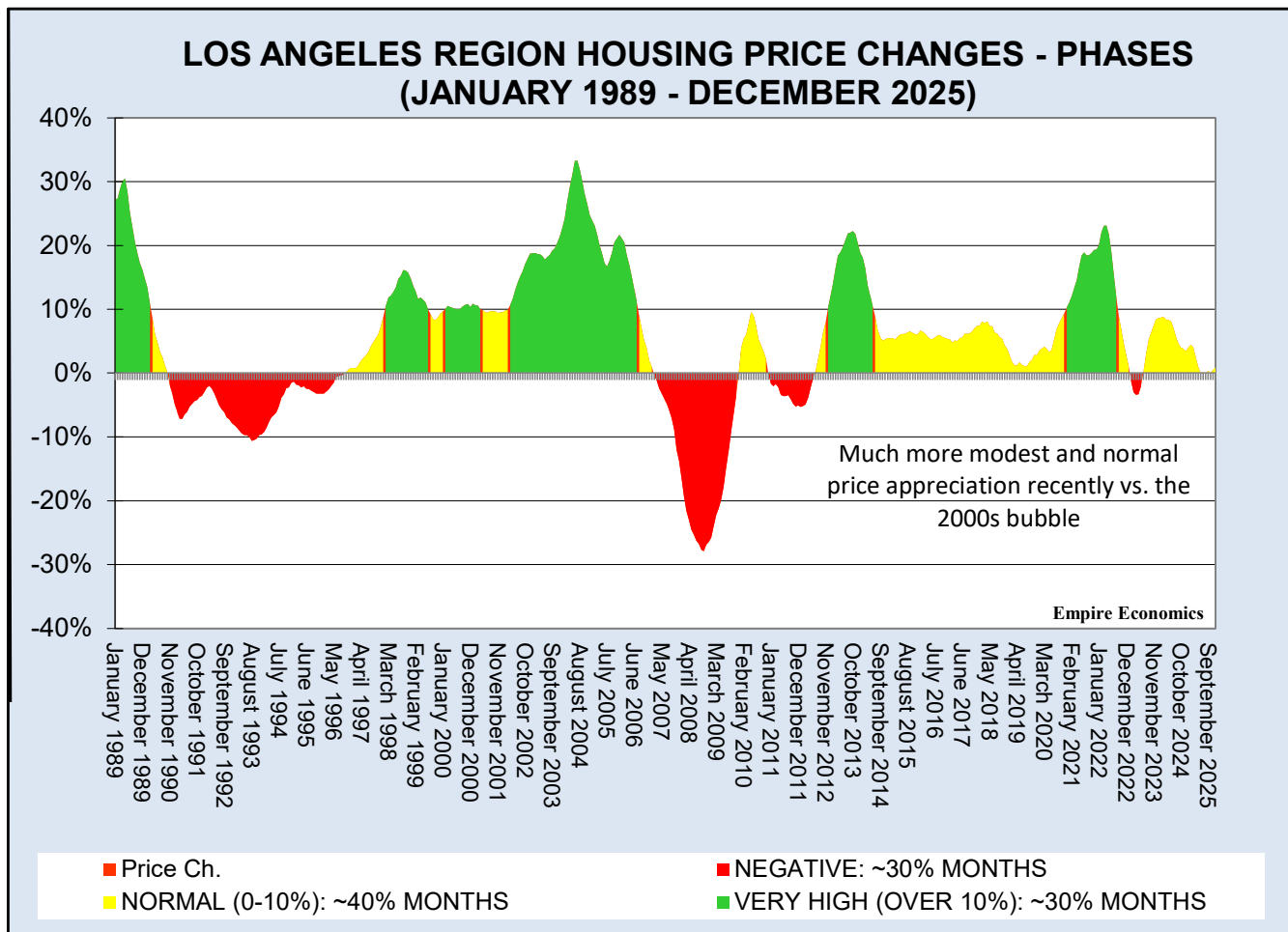
The amount of time for different phases of the price cycles have been as follows:

Normal price appreciation between 0% to 10% about 40% of the time.

Negative, price declines about 30% of the time.

Robust, very high appreciation above 10%: about 30% of the time.

Therefore, the housing market is characterized by a high degree of volatility, with the normal appreciation rate occurring only about 40% of the time while robust or declining changes occurring about 60% of the time.



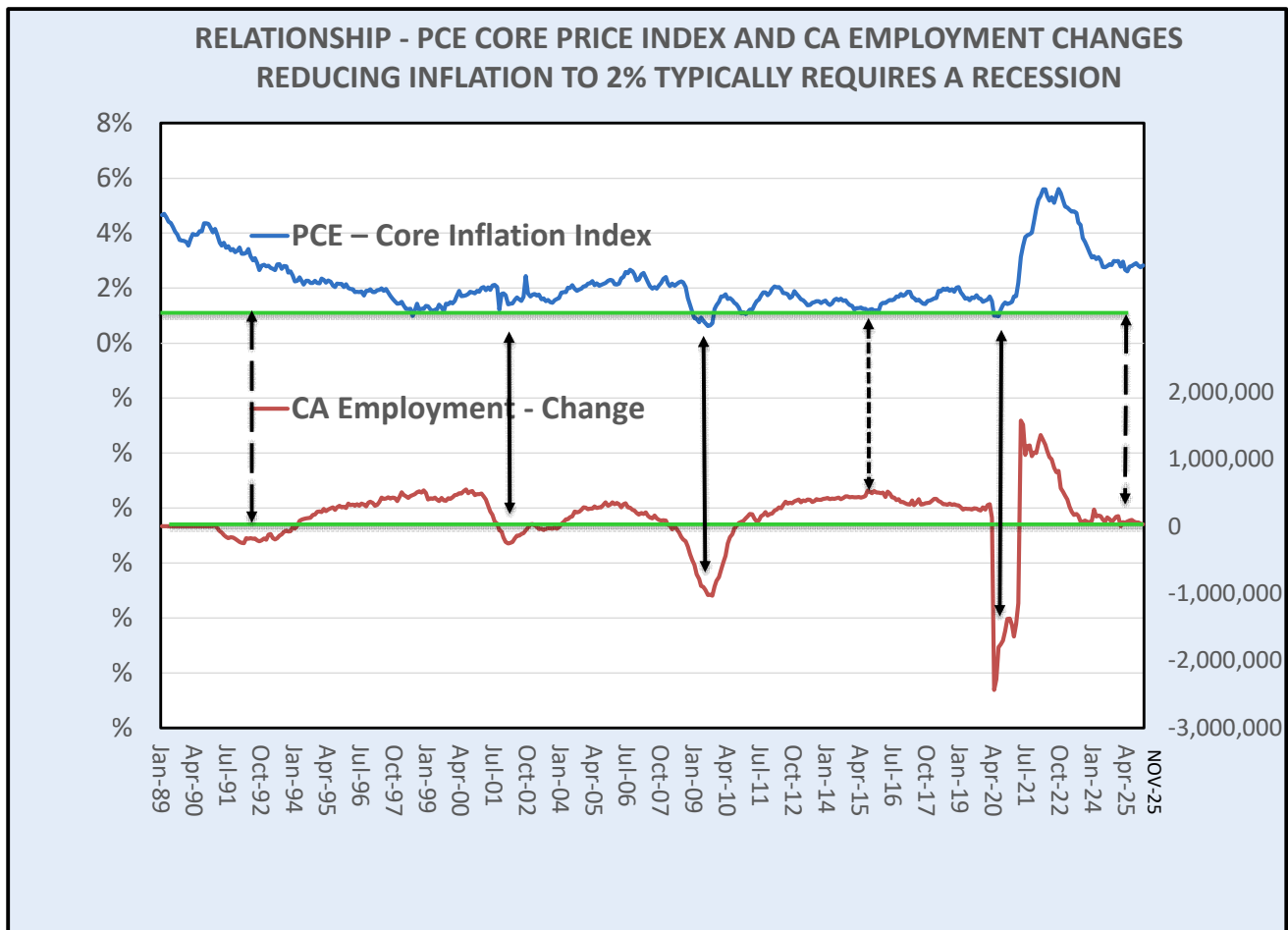
PCE CORE PRICE INDEX AND CA EMPLOYMENT CHANGES

Since 1989, there have been six scenarios where the Fed attempted to reduce inflation/PCE core:

Four of the six attempts have been successful at reducing PCE; each of them had employment losses.

One of the six attempts resulted in a very low PCE but employment growth was positive.

Currently, employment growth has been moderate but PCE remains above the 2.00% target.



FED POLICIES: FEDERAL FUNDS RATE AND PORTFOLIO OF TREASURY & MORTGAGE BONDS

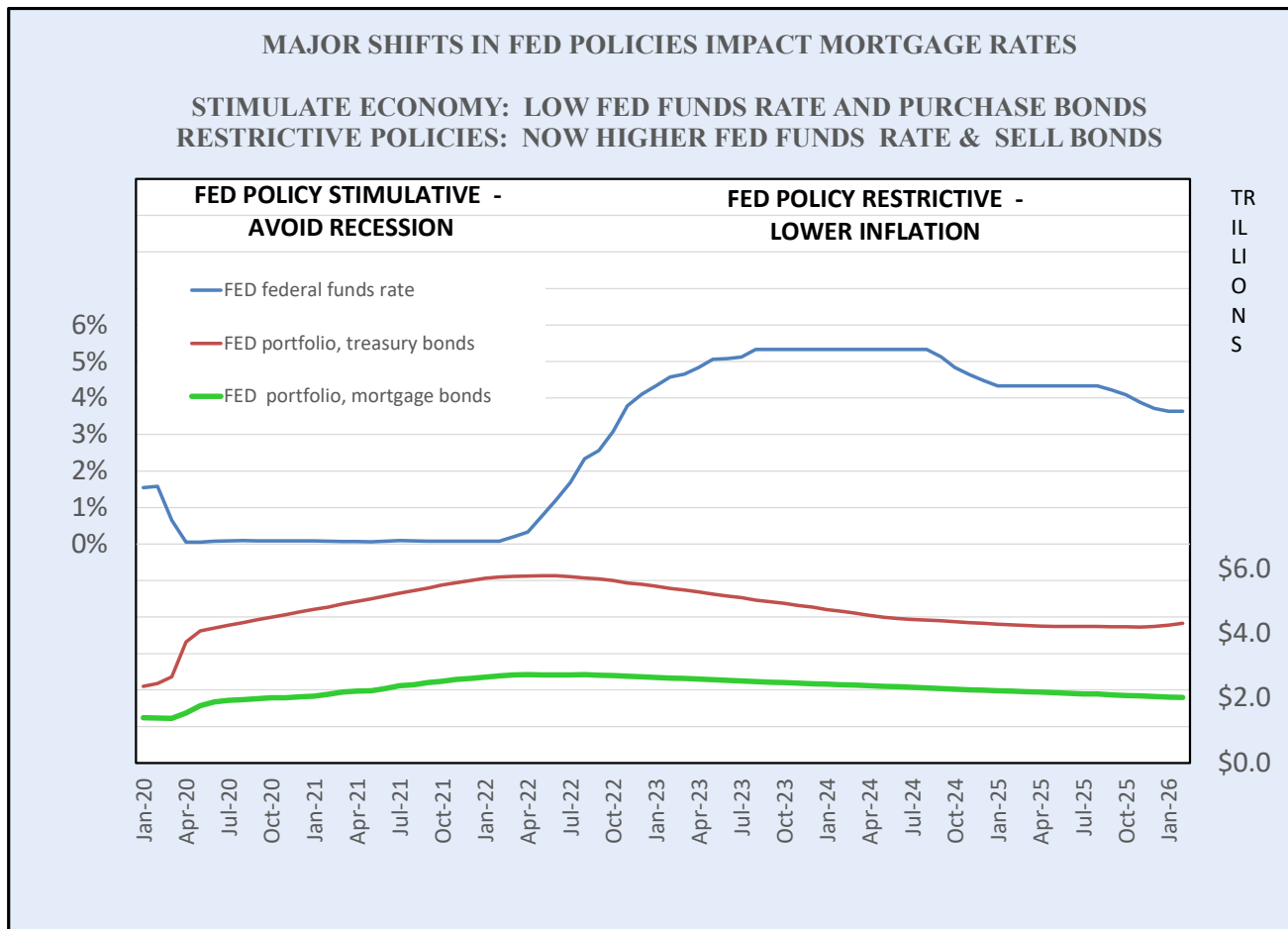
The policies utilized by the FED for stimulating and then constricting economic activity included the Federal Funds Rate which impacted short term interest rates as well as the Treasury reducing mortgage bonds which impacted long term interest rates. In the last few years, the FED has decreased the target Federal Funds rate and decreased its portfolio of treasury and mortgage bonds.

The types of FED stimulus policies during January 2020 to April 2022 were as follows:

- Setting the Federal Funds Rate at 0% (blue line on graph)
- The FED portfolio of treasury bonds rose \$2.4 trillion to \$5.8 trillion (+\$3.4 trillion) (red line)
- The FED portfolio of mortgage bonds rose from \$1.4 trillion to \$2.7 trillion (+\$1.3 trillion) (green line)

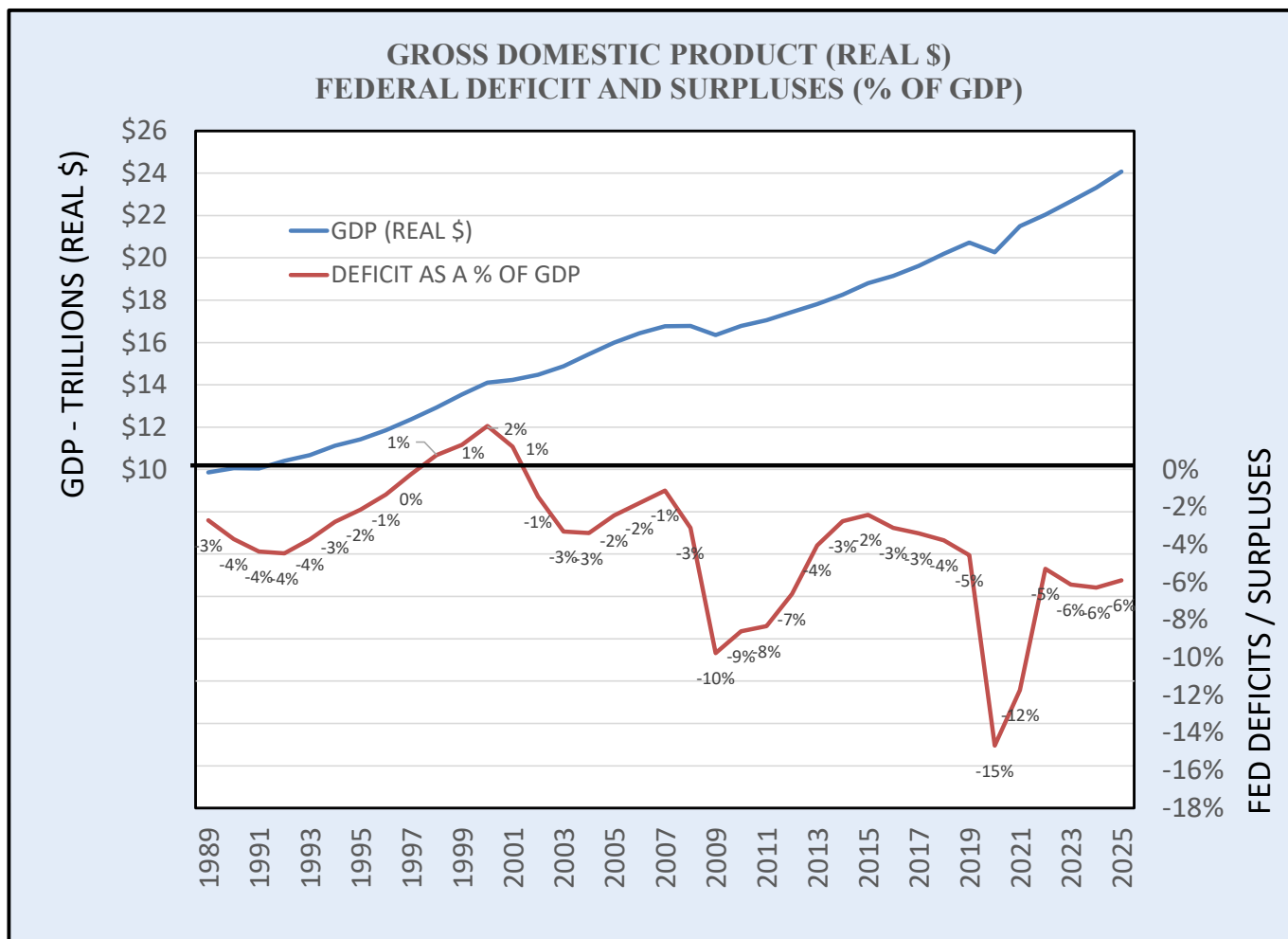
The types of FED restrictive policies since May 2022 were as follows:

- Federal Funds Rate was raised to ~5.0-5.5% in 2023-24 before dropping to 3.50%-3.75% in 2026
- The FED portfolio of treasury bonds declined by about -\$1.5 trillion
- The FED portfolio of mortgage bonds declined by -\$0.7 trillion



**SINCE 1989, ALTHOUGH REAL GDP HAS RISEN SIGNIFICANTLY
FEDERAL SURPLUSES HAVE OCCURRED ONLY IN 1996-2000**

THE DEFICIT/GDP RATIO HAS INCREASED SUBSTANTIALLY
AND MAY FURTHER RISE DUE TO
UNEXPECTED MILITARY EXPENDITURES



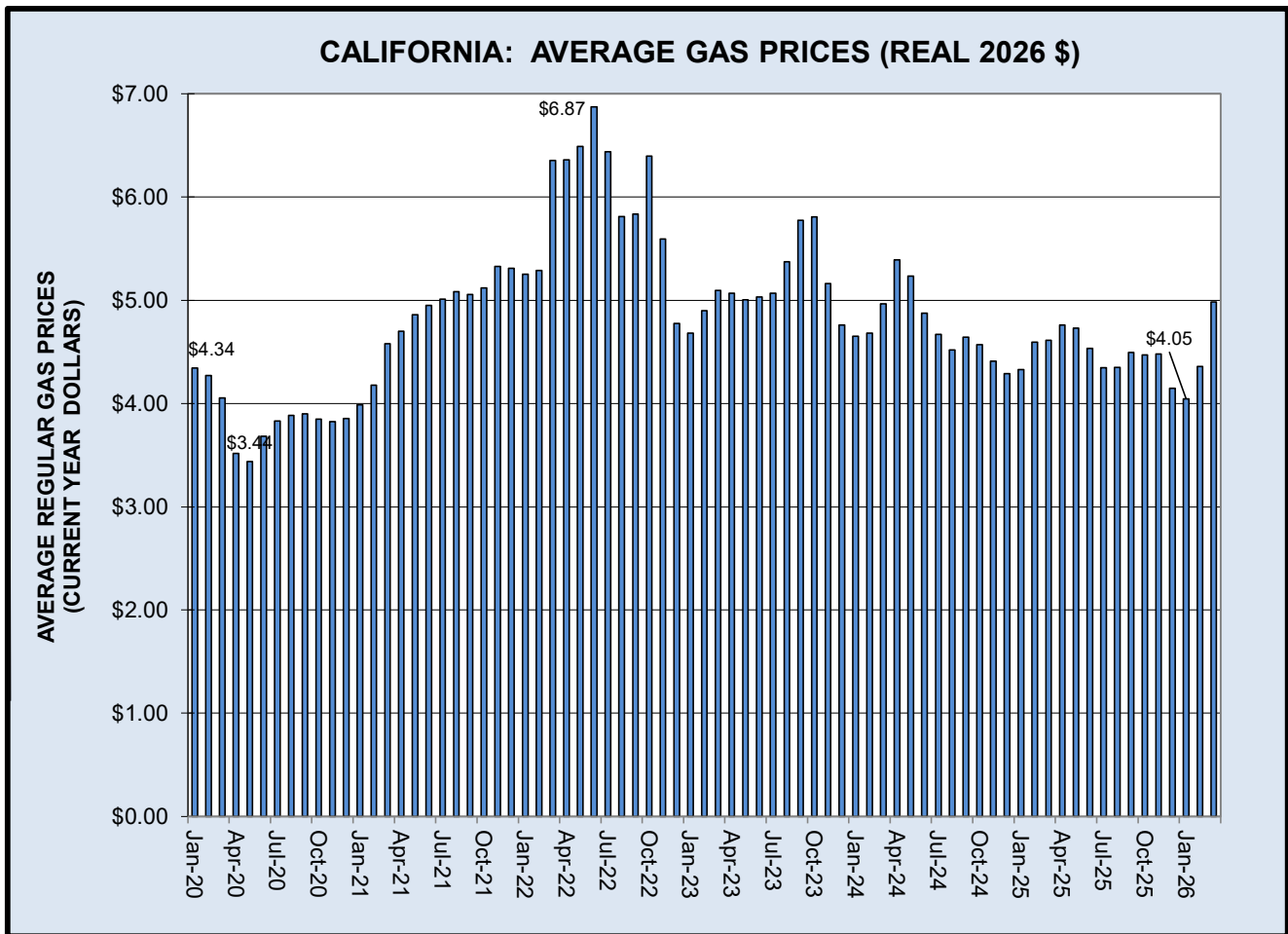
CALIFORNIA GAS PRICES: LEVELS AND TRENDS

The relative price of gas is important for potential home purchasers, especially those with significantly longer commuting times

California average gas prices increased significantly after COVID from around \$4.34 per gallon before COVID-19 in early 2020 (in 2026 dollars) to almost \$6.87 per gallon in mid-2022.

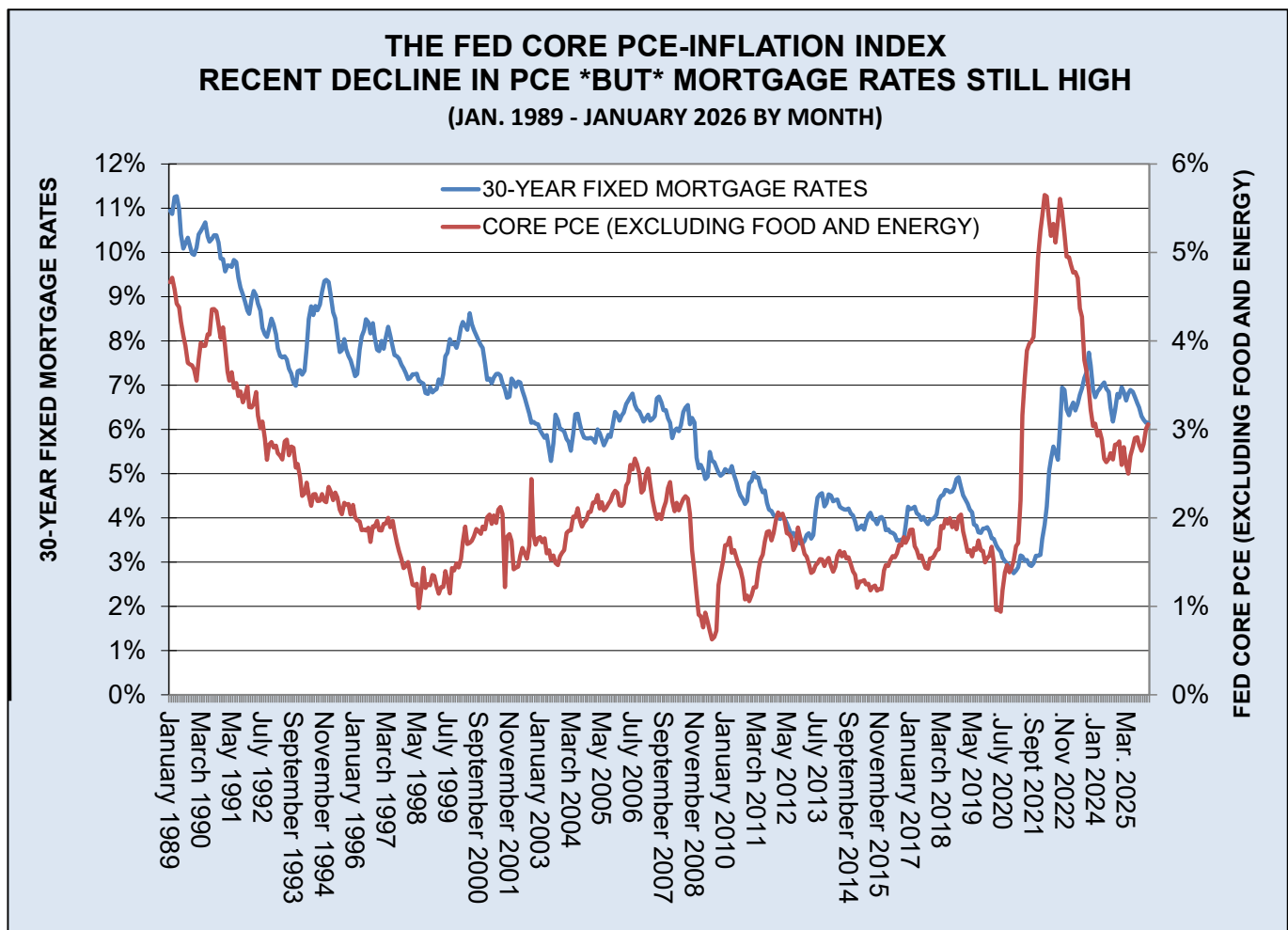
From mid-2022 to early 2026, average gas prices declined back to around \$4.05 per gallon but have risen recently.

Due to significant geopolitical events, gas prices are presently expected to remain at high levels.



**MORTGAGE RATES HAVE GENERALLY FOLLOWED A SIMILAR PATTERN
TO THE FED PCE-INFLATION**

**BUT RECENTLY PCE HAS DECLINED RELATIVE TO MORTGAGE RATES
DUE TO HIGH CONSUMER INFLATIONARY EXPECTATIONS**



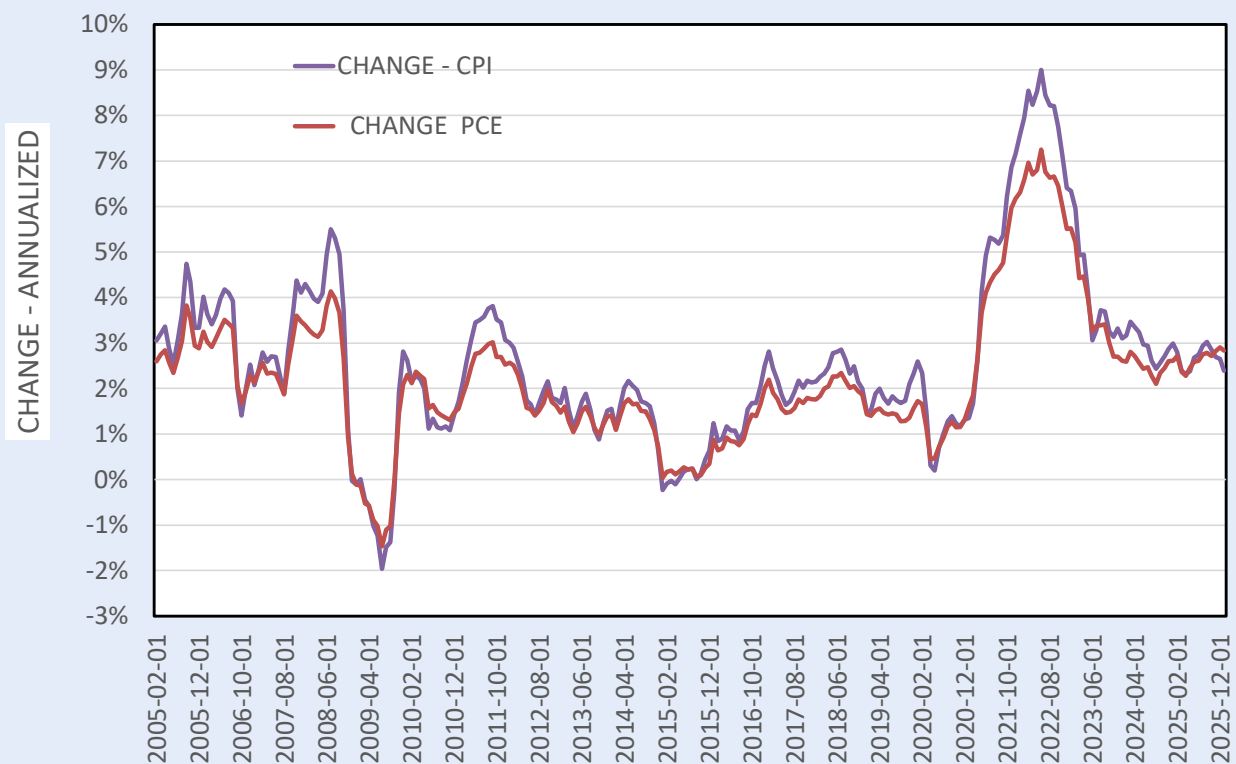
CURRENT FEDERAL RESERVE BOARD MONETARY POLICIES EXPECTED TO REDUCE CORE INFLATION TO THE 2.00% GOAL IN 2026

The FED is adopting a conservative posture to ensure inflation remains low and the economy/employment being sturdy; soft landing expected but not assured.

Mortgage rates will decline but at a slow pace, as employment is strong and FED policy remains restrictive.

In January of 2026, Core Personal Consumption Expenditure (PCE) was 3.1% while CPI fell to 2.4% but impacts from geopolitical events may impact future trajectories.

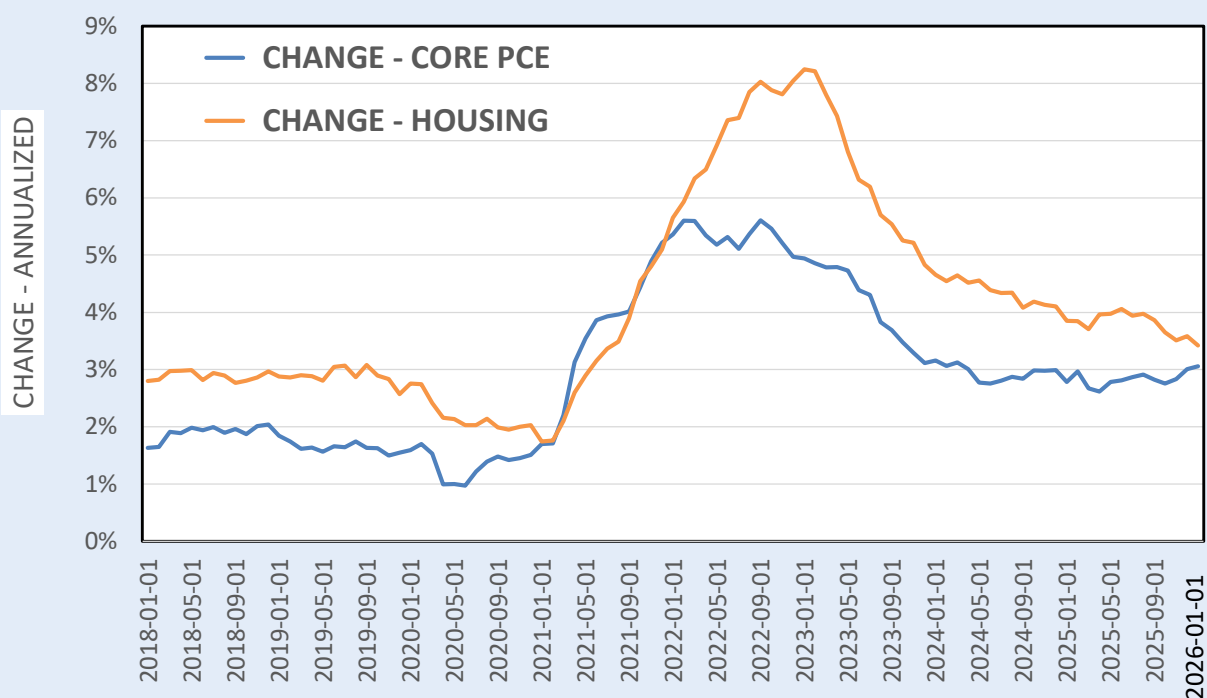
INFLATION - CONSUMER PRICE INDEX AND CORE PERSONAL
CONSUMPTION INDEX CHANGE OVER TIME



RECENTLY THE FED PCE CORE INFLATION RATE HAS BEEN BOLSTERED BY THE HIGH SHARE OF THE HOUSING COMPONENT WHICH HAS A SIX-MONTH LAG

**MAJOR COMPONENT OF THE CORE PCE INDEX IS HOUSING (~16%)
HOUSING COMPONENT REPRESENT THE RENTAL RATE FOR HOMES**

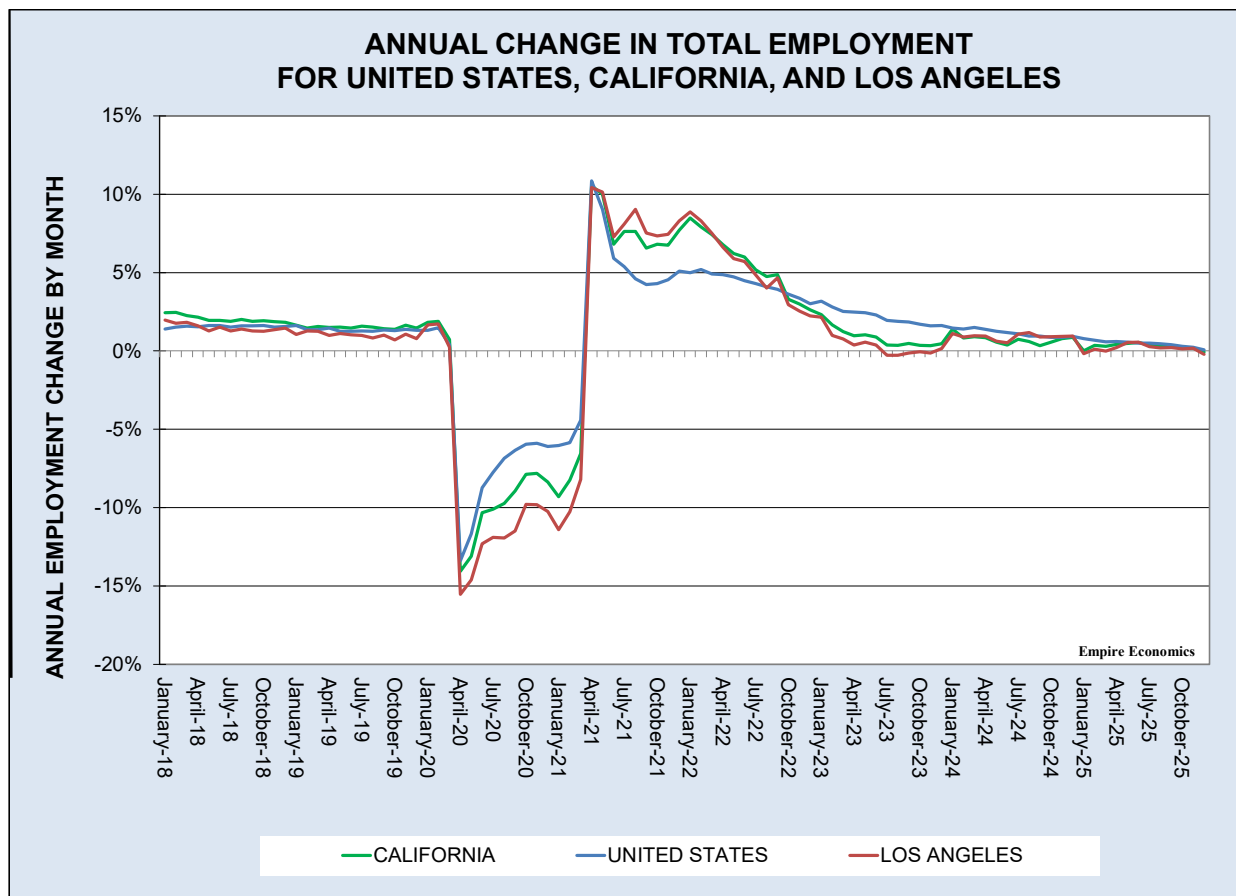
**THIS COMPONENT IS ALSO A SIX-MONTH AVERAGE, LAGGING
THE OTHER NON-HOUSING COMPONENTS ARE MORE RECENT**



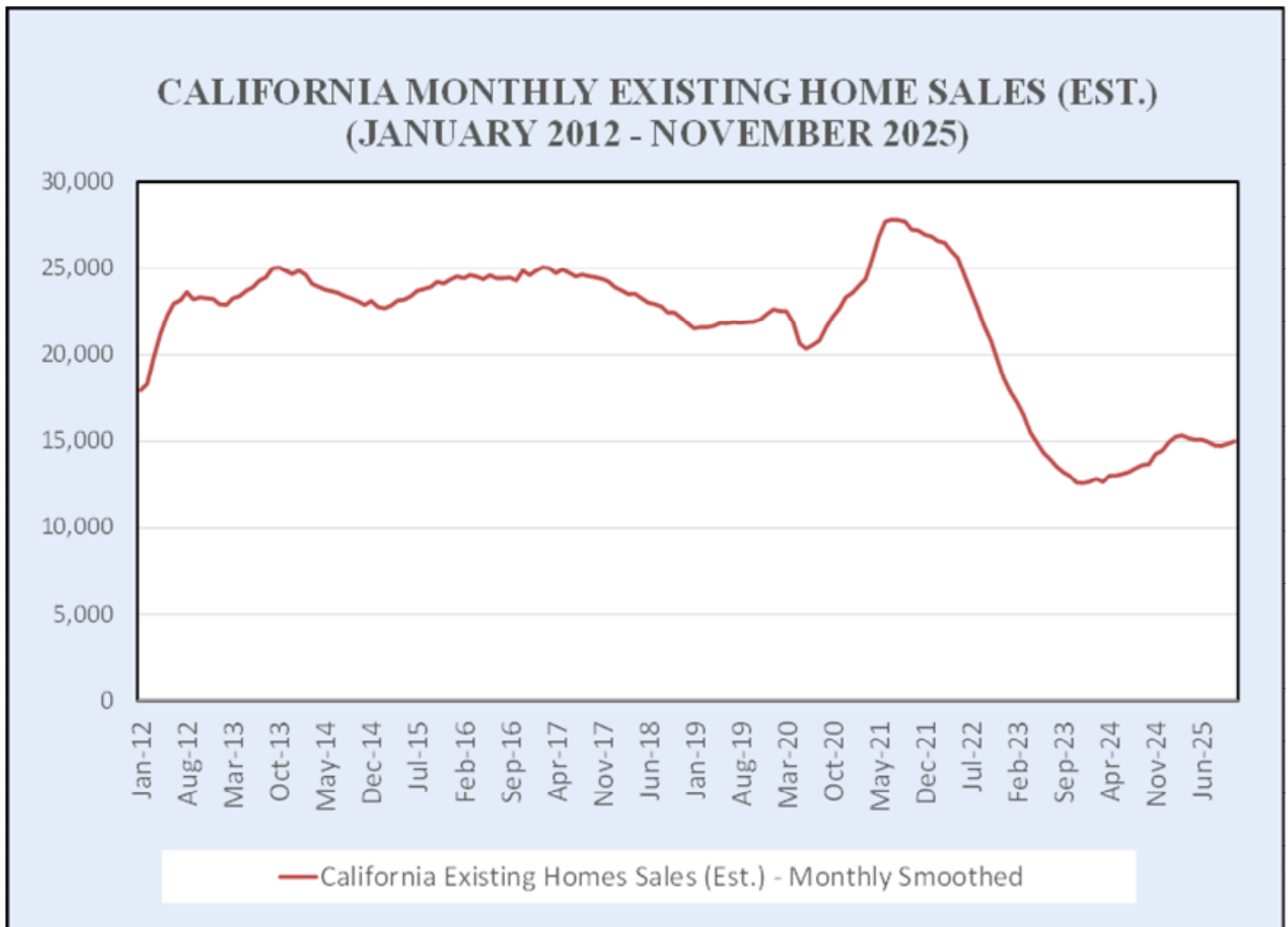
B. RECENT EMPLOYMENT CONDITIONS FOR UNITED STATES, CALIFORNIA, LOS ANGELES COUNTY AND SANTA CLARITA

Employment growth is typically the primary driver of housing demand since this provides households with the economic wherewithal to purchase a home. Monthly year-over-year growth rates varied significantly since early 2018:

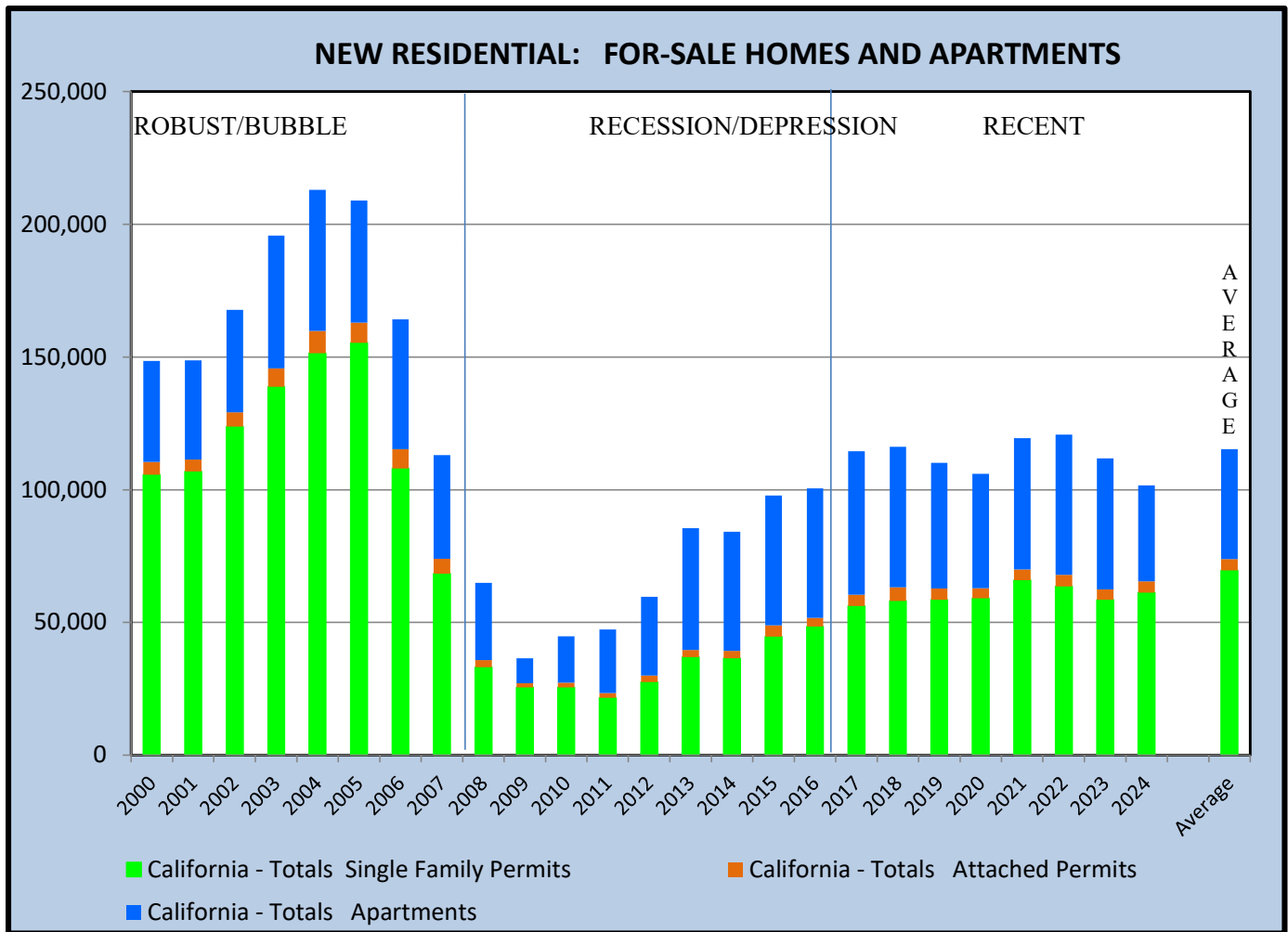
- **Pre-Covid (Jan. 2018 – Feb. 2020):** Growth rates were similar across geographies, with average growth ranging from 1.3% for Los Angeles to 1.5% in California to highest of 1.8% for the U.S.
- **1st Year of Covid (Mar. 2020-Mar. 2021):** Growth rates fell, with the average rate of decline ranging from -6.8% in California to -8.7% for the U.S. to -10.6% for Los Angeles.
- **Rebound from Covid (April 2021-Sept. 2022):** Employment growth rose significantly, with average growth ranging from 5.3% in California to about 7.1% in U.S. and 7.4% in Los Angeles.
- **Slowing (Oct. 2022-June. 2024):** Rates rose modestly with average growth rates rising most for the United States at 2.1% vs. 1.2% for California vs. 0.8% for Los Angeles.
- **Near-Zero (July 2024-Dec. 2025):** Rates have been just above flat with growth rates rising most for the United States at 0.6%, then with California and Los Angeles each at 0.4%



THE LEVEL OF EXISTING HOME SALES FOR CALIFORNIA DROPPED ~50% FROM EARLY 2021 PEAK LEVELS BUT A SLIGHT INCREASE IN 2024-2025



RESIDENTIAL CONSTRUCTION ACTIVITY – CALIFORNIA



New residential development has been cyclical during 2000–2024.

Construction activity was highest during 2000-2006, with a peak of 200,000+. This was followed by relatively low levels during 2008-2016.

Construction activity was moderate during 2017-2024, a peak of about 120,000.

Furthermore, the composition of residential products among single-family detached for-sale, attached for-sale and apartments have significantly changed.

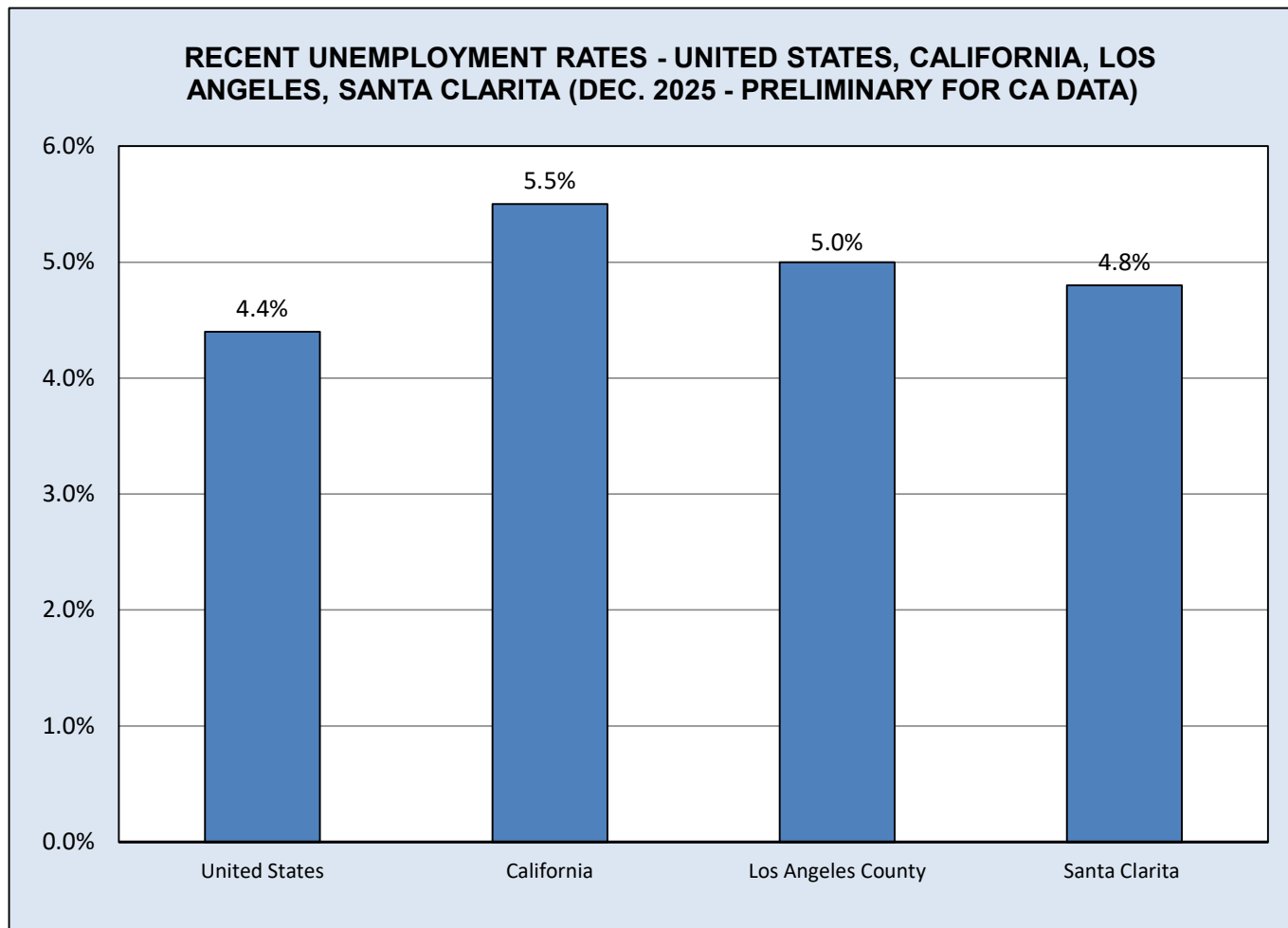
New single-family homes were predominant during 2002-2007.

Since 2017, the share of apartment units has increased significantly.

RECENT UNEMPLOYMENT RATES FOR UNITED STATES, CALIFORNIA, LOS ANGELES COUNTY AND SANTA CLARITA

The Santa Clarita Area recent (Dec. 2025) unemployment rate was above that of the United States, but below that of both Los Angeles County (LA) and California (CA).

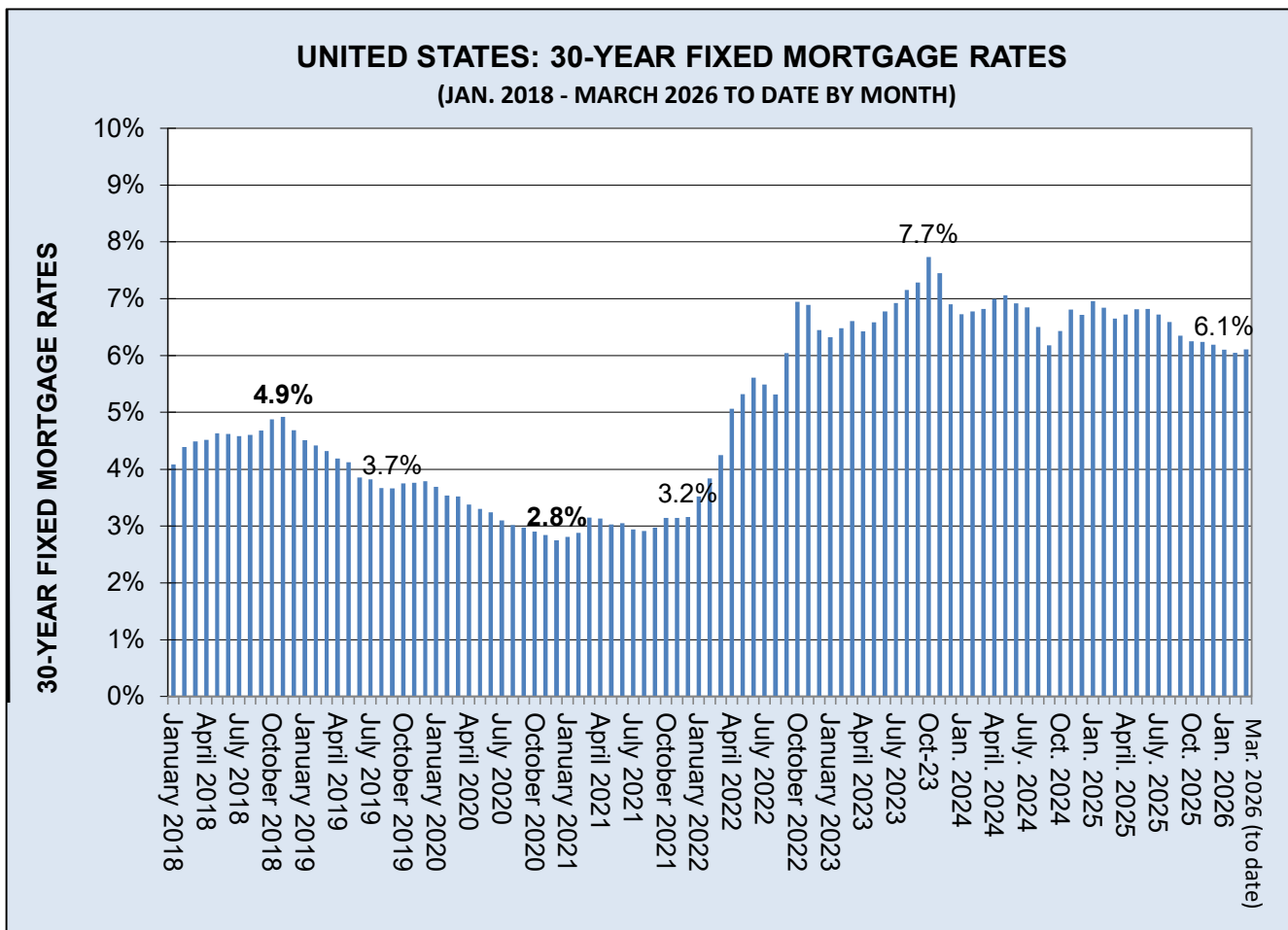
- For United States, the unemployment rate was 4.4%.
- California's unemployment rate amounted to 5.5%.
- For Los Angeles County, as a whole, the unemployment rate was 5.0%.
- Santa Clarita had an unemployment rate of 4.8%, above the U.S. but lower than CA and LA.



RECENT MORTGAGE RATE AND HOUSING PRICE TRENDS/PATTERNS DUE TO FEDERAL RESERVE BOARD POLICIES

Mortgage rates are a secondary driver of housing demand; employment growth is typically the primary driver.

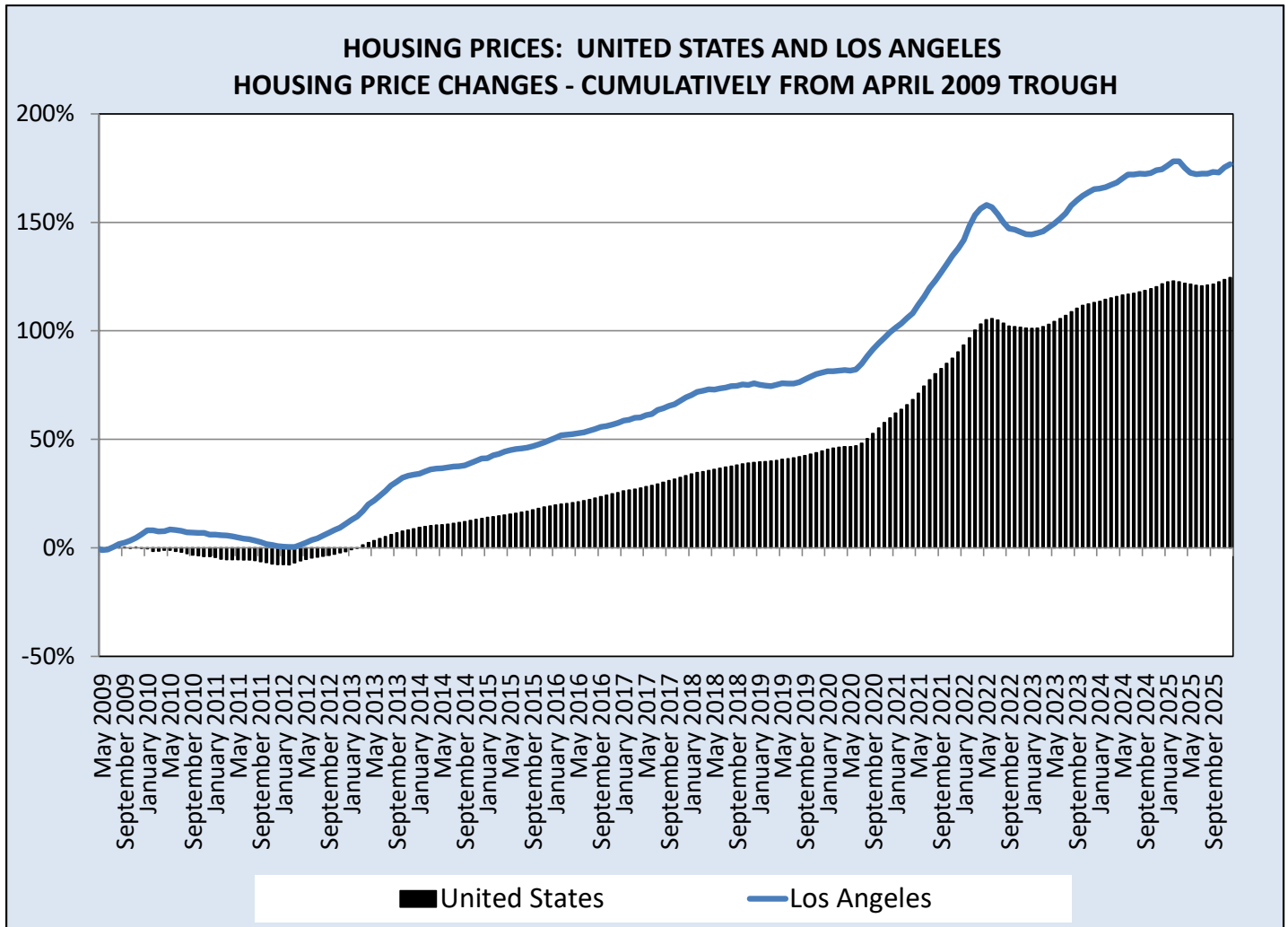
- A. Mortgage rates from 2018-2019 peaked in November 2018 at 4.9%.
- B. Rates then declined to their lowest level of 2.8% from November 2020 to January 2021, due to Fed policies to stimulate the economy.
- C. Rates remained at historically low levels, below 3.2%, through November 2021
- D. Due to the Fed policies to reduce inflation, mortgage rates rose to about 7.0% in October 2022, but have since declined to about 6% in early 2026.



RECENT HOUSING PRICE TRENDS/PATTERNS UNITED STATES AND LOS ANGELES COUNTY

Since 2009, housing prices in the United States have increased by approximately 124%.

By comparison housing prices in the Los Angeles area have increased by about 177%.



CONSENSUS SURVEY OF 40 PROFESSIONAL FORECASTERS

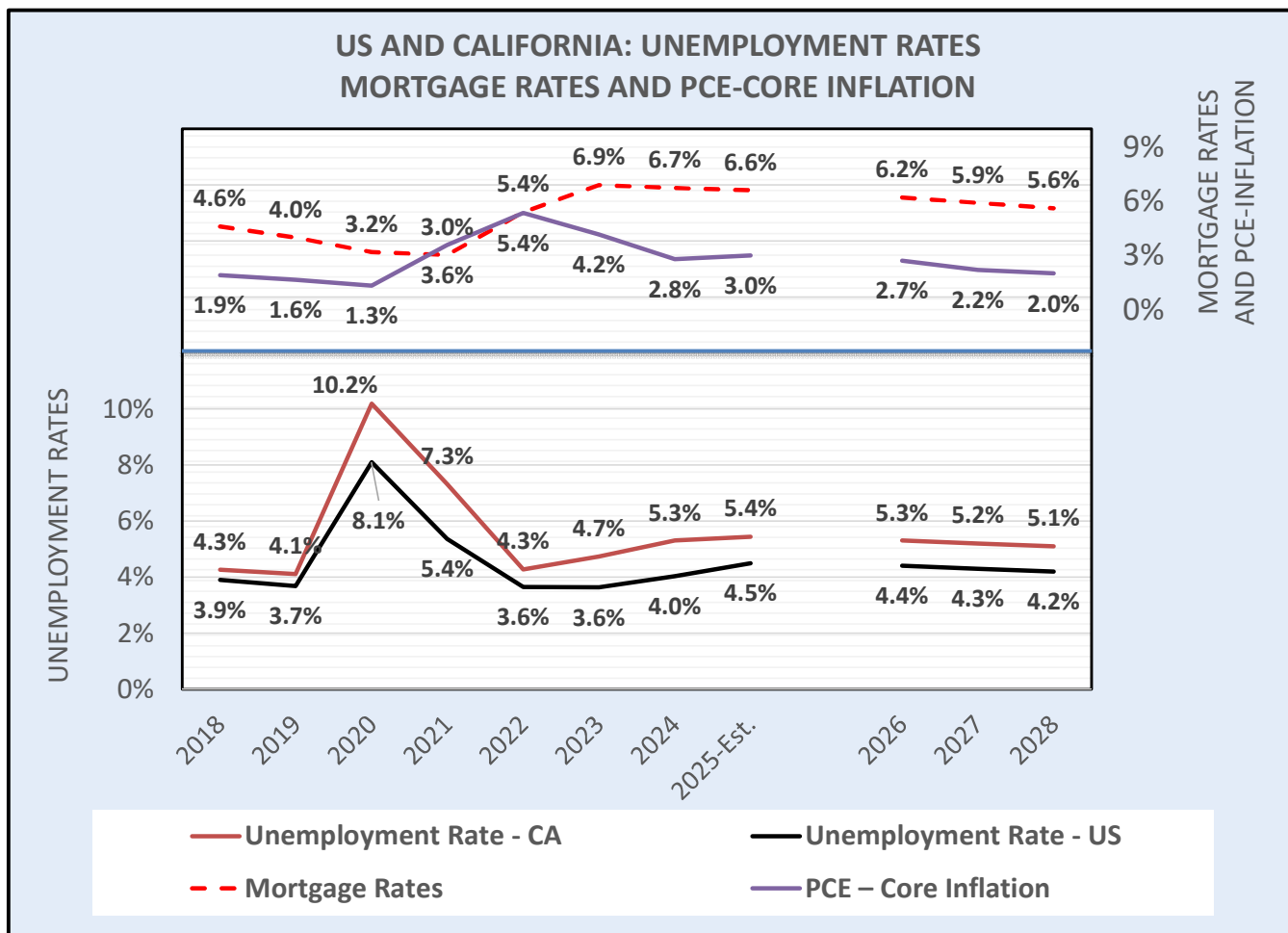
SOURCE: FEDERAL RESERVE BANK – MARCH 18, 2026

The PCE core inflation rate is expected to decline from 2.7% in 2026 to 2.0% in 2028.

Mortgage rates are expected to decline from 6.2% in 2026 to 5.6% in 2028.

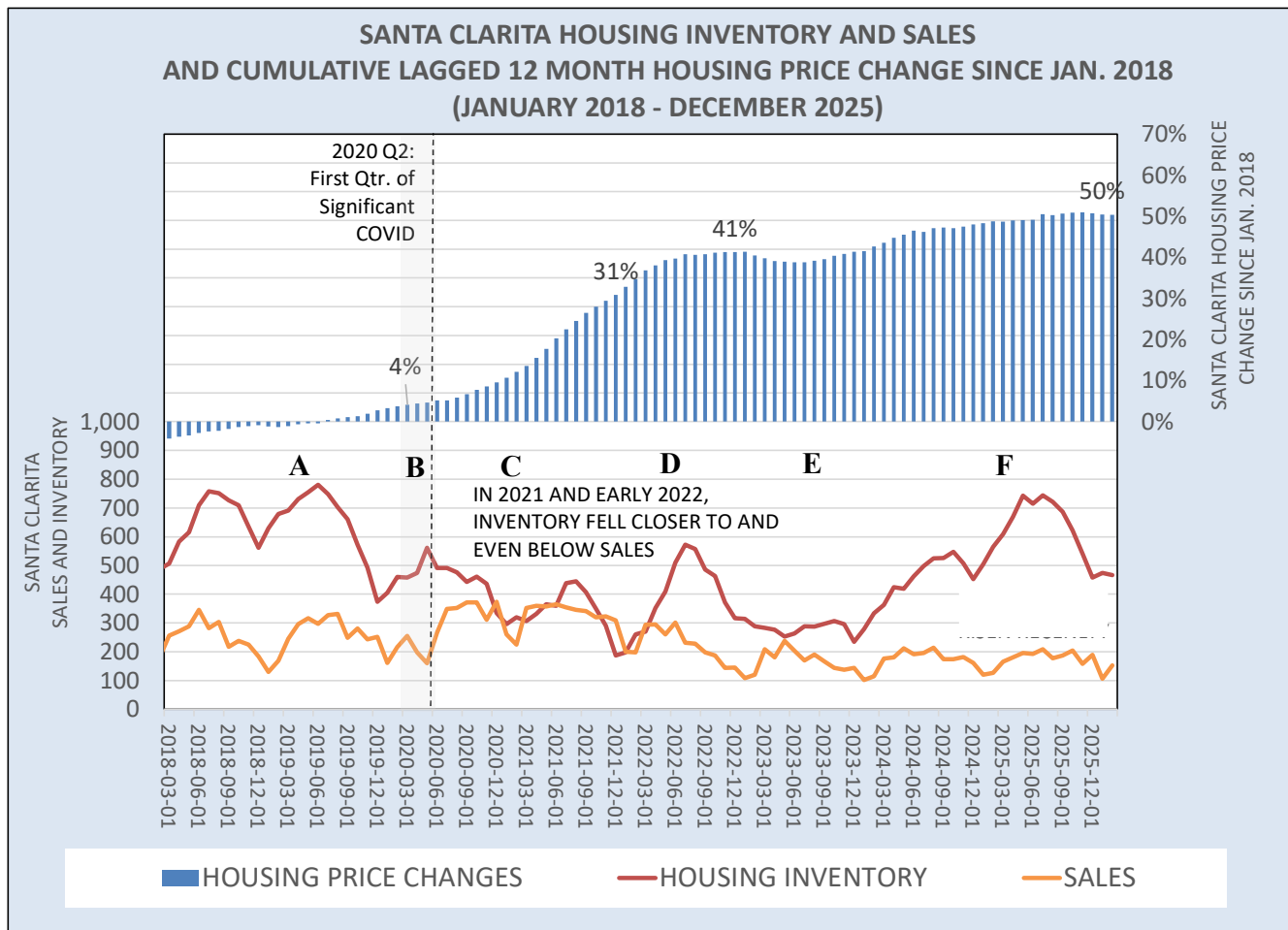
The unemployment rate for US is expected to decrease from 4.4% in 2026 to 4.2% 2028.

The unemployment rate for CA is expected to decline from 5.3% in 2026 to 5.1% in 2028.



C. RELATIONSHIP OF HOUSING DEMAND AND PRICE CHANGE

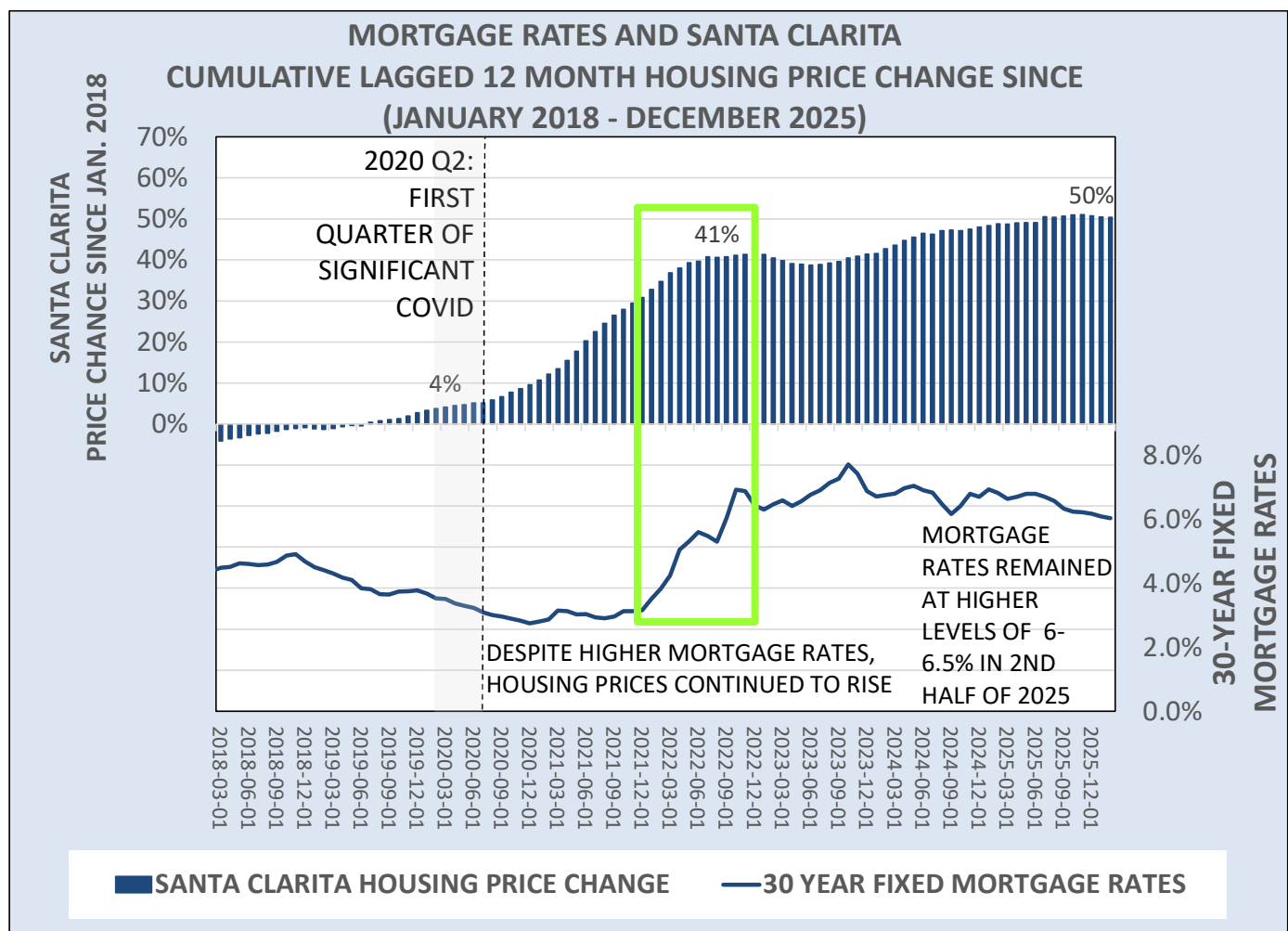
- A. In 2018 to early 2020, the Santa Clarita Valley housing inventory (*supply/red*) exceeded sales (*demand/orange*), reflecting typical relative levels for each.
- B. However, beginning in the second quarter of 2020, housing demand and supply started to converge and met in 2023 third quarter, during the second year of COVID-19.
- C. Once supply and demand curves started to converge, this resulted in significant price appreciation.
- D. During 2022, inventory exceeded sales, but inventory was still low due to higher mortgage rates.
- E. During 2023, with high mortgage rates, inventory declined to levels only slightly above sales.
- F. In 2024-2025, inventory rose to levels that were similar to pre-COVID; however, sales did not increase due to relatively high mortgage rates and economic uncertainty.



RECENT PATTERNS FOR CHANGES IN MORTGAGE RATES AND HOME PRICE CHANGES

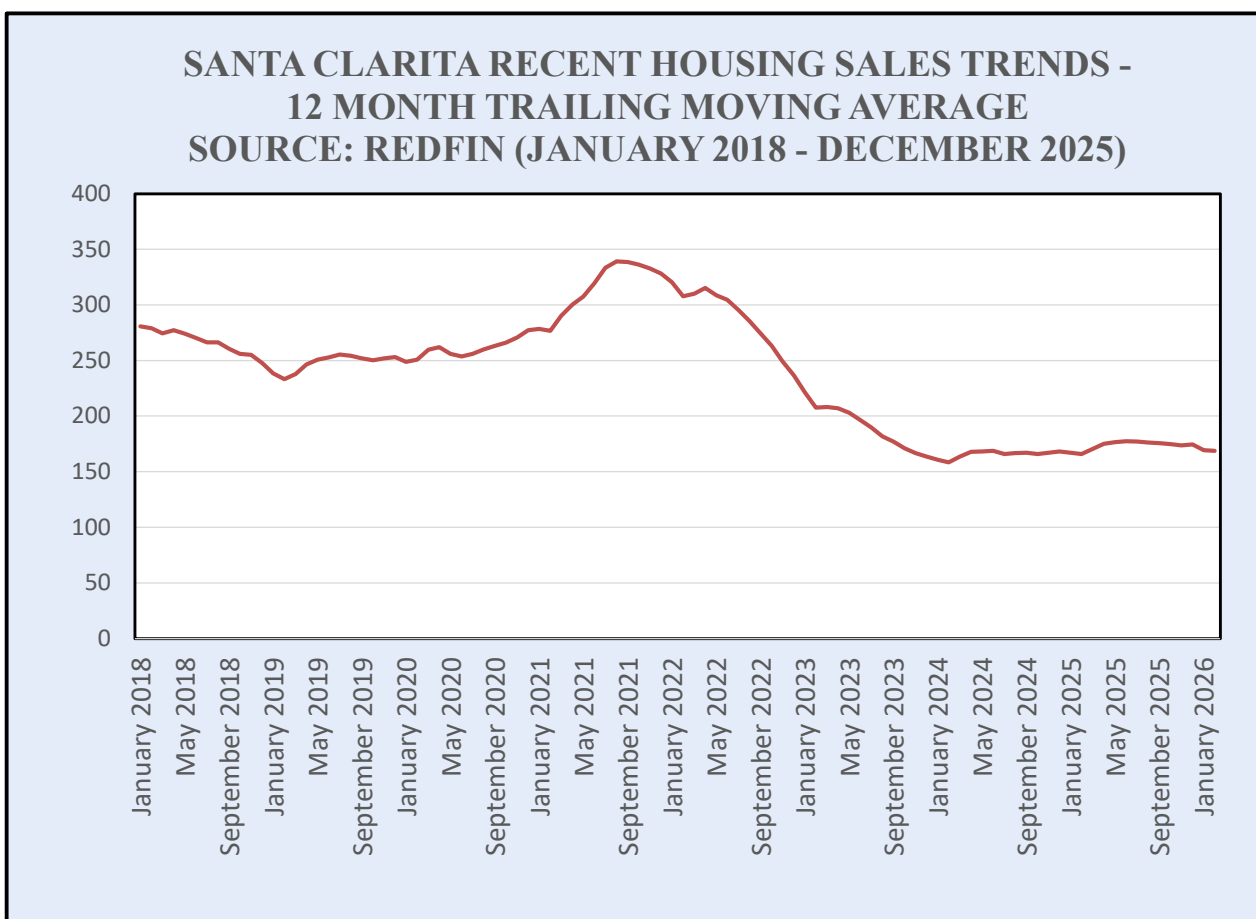
Starting in January 2022, due to the restrictive FED policies, mortgage rates increased from 3.2% in December 2021 to a level of 6.9% in October 2022. The mortgage rate increase caused the rate of housing price appreciation to moderate some in 2023.

From mid-2023 to latter 2025, mortgage rates remained above 6%, peaking at 7.7% in October 2023. Housing price appreciation has increased to a level around ~10% since 2022, which can be attributed to the constricted amount of housing supply; this will be discussed hereafter.



The level of housing sales (existing and new) has recently declined in the Santa Clarita area due to the following factors:

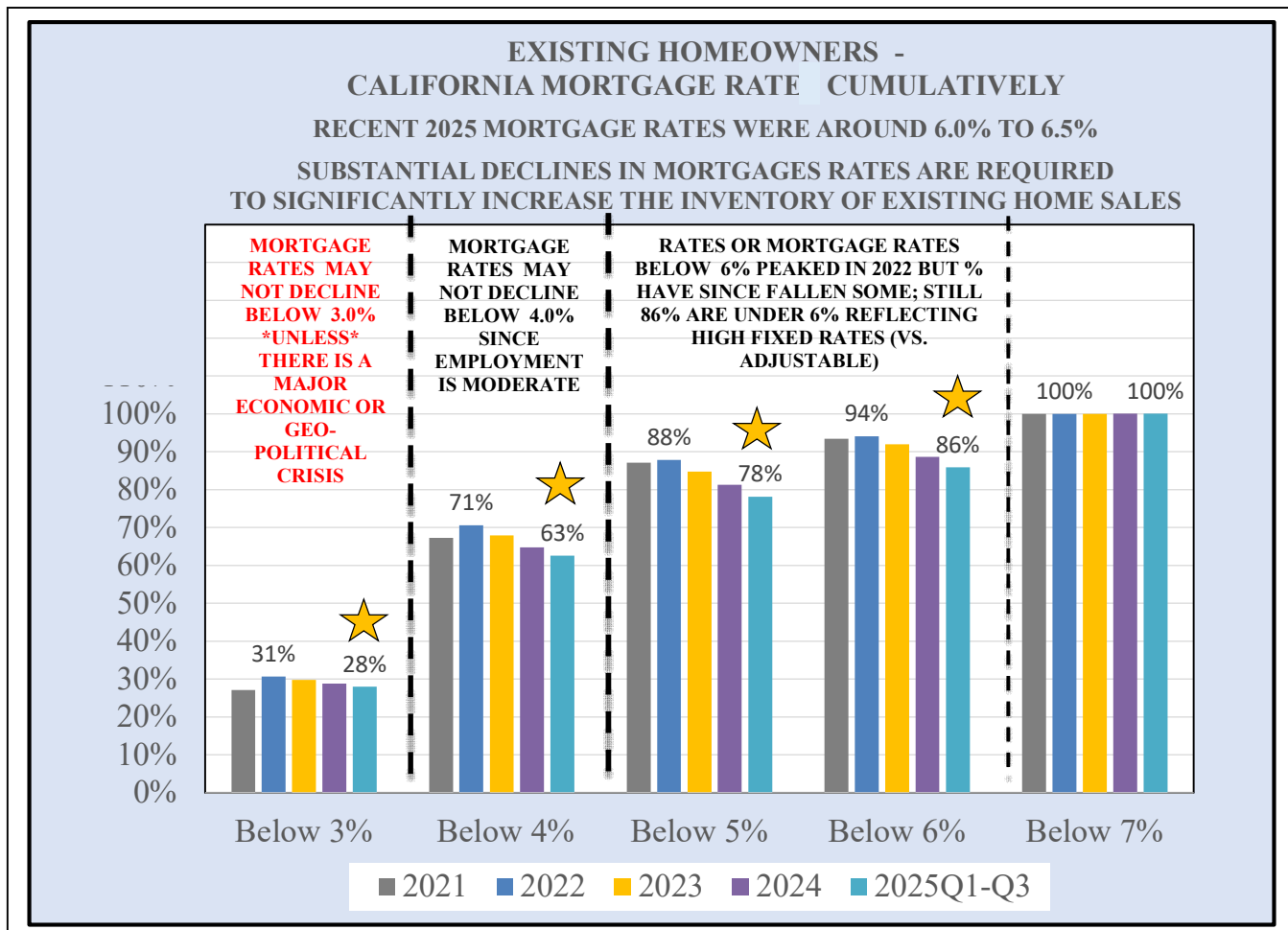
- The inventory of for-sale existing homes has decreased due to homeowners with historically low mortgage rates remaining in their current homes.
- The rise in mortgage rates to 6%+ has reduced the affordability of homes, thereby lowering the level of demand.



CALIFORNIA MORTGAGE RATE LOAN COHORTS

For existing homeowners, for the average of 2025 from Q1 through Q3, 63% have mortgage rates below 4.0%, which is significantly below recent mortgage rate levels of 6-6.5% with key trends as follows:

- Mortgages below 3% at 28% in 2025Q1-Q3 average, down from a peak of 31% in 2022
- Mortgage rates below 4% at 63% in 2025Q1-Q3 average, down from a peak of 71% in 2022
- Mortgage rates below 5% at 78% in 2025Q1-Q3 average, down from a peak of 88% in 2022
- Mortgage rates below 6% at 86% in 2025Q1-Q3 average, down from a peak of 94% in 2022



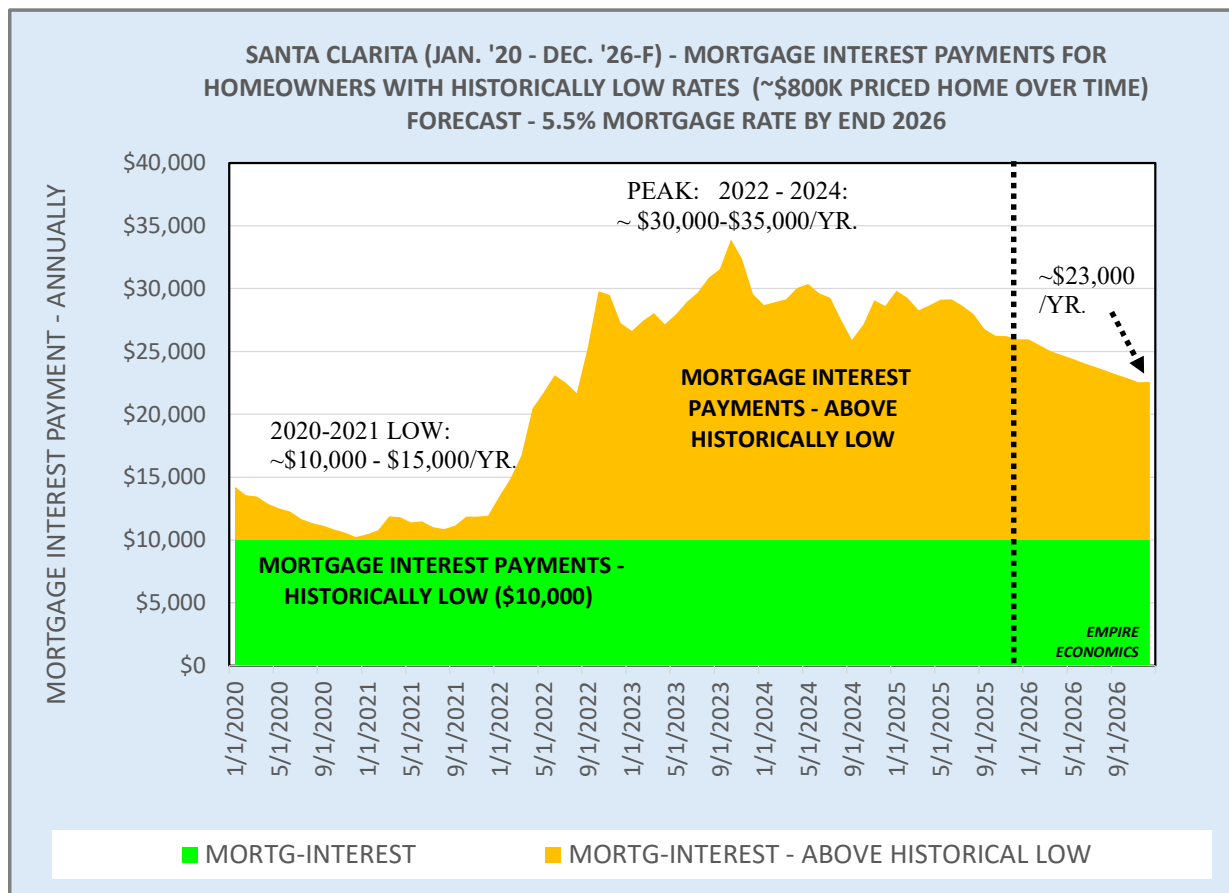
ECONOMIC INCENTIVES OF EXISTING HOMEOWNERS TO REMAIN IN THEIR HOMES

For a ~\$800,000 house purchase, households that used a **3.0% mortgage rate in 2021** have mortgage interest rate payments of about **\$10,000 a year**.

- If such a household would decide to move **currently**, at a ~6.0% mortgage rate, then for the same price home, the new mortgage interest component **would now be higher by \$16,000 per year**.
- If such a household considers moving when the rate when declines to 5.5% at some point in the future, then for that same priced home, the new mortgage interest component **would still be higher by \$13,000 per year compared to 2021 (more than double)**.

Therefore, for current homes with historically low mortgage rates, there is a considerable economic incentive to remain in their current homes.

Although this incentive may decrease as mortgage rates decline, the decrease may *not* occur in the near term as the FED seeks to attain an inflation at 2.0%.



SECTION III: MICROECONOMIC ANALYSIS

A. METHODOLOGY UNDERLYING THE MICROECONOMIC ANALYSIS OF THE RESIDENTIAL PROJECTS IN CFD NO. 2021-01 IA-3

The microeconomic analysis focuses upon the competitiveness of the active residential projects in CFD No. 2021-01 IA-3 with regards to the regional geographic development patterns within Southern California as well as the currently active comparable projects within the Market Area.

Competitiveness from a Geographical Regional Perspective

* Location of CFD No. 2021-01 IA-3
Relative to Competing Planned Communities,
Retail Centers and Business Parks

* Socioeconomic Characteristics:
School Quality and Neighborhood Safety

The existing/active Planned Communities, Retail Centers and Business Parks, in conjunction with the transportation system, determine the locations of the employment centers and residential areas along with retail centers; accordingly, these patterns can then be utilized to gauge the marketing potential of CFD No. 2021-01 IA-3 from a geographic regional perspective.

Competitive Market Analysis of Projects in CFD No. 2021-01 IA-3

Identification of the Currently Active Residential Projects in the CFD Market Area
and Selection of Comparable Projects

Competitive Market Analysis of the Projects in the CFD
Statistical Analysis of the Prices, Living Areas and Special Taxes

The Competitive Market Analysis evaluates the competitiveness of the residential projects in CFD No. 2021-01 IA-3 relative to the currently active comparable projects, with regards to their prices, sizes of living areas, and the amounts of their annual special tax obligations.

B. RECENT DEVELOPMENT TRENDS/PATTERNS IN THE CFD NO. 2021-01 IA-3 MARKET AREA

From a regional perspective, the competitiveness of CFD No. 2021-01 IA-3 Market Area, the Santa Clarita Valley, is influenced by the geographic development patterns for employment and housing within Los Angeles County, primarily the Los Angeles Urban Core as well as the San Fernando Valley.

Specifically, Business Parks generate industrial-office development while Planned Communities generate residential development which, in turn, generates a demand for Retail Centers; additionally, the flow of traffic between them is facilitated by the freeways and transportation corridors.

➤ Expansion of Business Parks and Industrial-Office Employment

The currently established major employment centers are Los Angeles, Orange, and San Diego (LA/OC/SD) urban cores as well as the western portions of Riverside and San Bernardino counties. There has also been moderate/strong growth for the various Business Parks located in the CFD No. 2021-01 IA-3 San Fernando/Santa Clarita Valley Market Area. Specifically, these Business Parks are situated primarily along Interstate 5, a major north-south freeway that links the cities/communities in the CFD No. 2021-01 IA-3 Market Area with the Los Angeles Urban Core.

➤ Commuting Patterns: Employment Centers to Residential Areas

The CFD No. 2021-01 IA-3 Market Area has an emerging economic base, and this, in turn, generates a substantial demand for housing in the Market Area, along with retail centers.

- Households employed in the Los Angeles Urban Core and San Fernando Valley employment centers may choose to reside in the Santa Clarita Valley since it offers moderately priced homes, as compared to the Los Angeles Urban Core and San Fernando Valley. These commuting patterns are based upon the Interstate 5 freeway that links the Los Angeles Urban Core as well as the San Fernando Valley employment centers to the Santa Clarita Valley, including CFD No. 2021-01 IA-3.

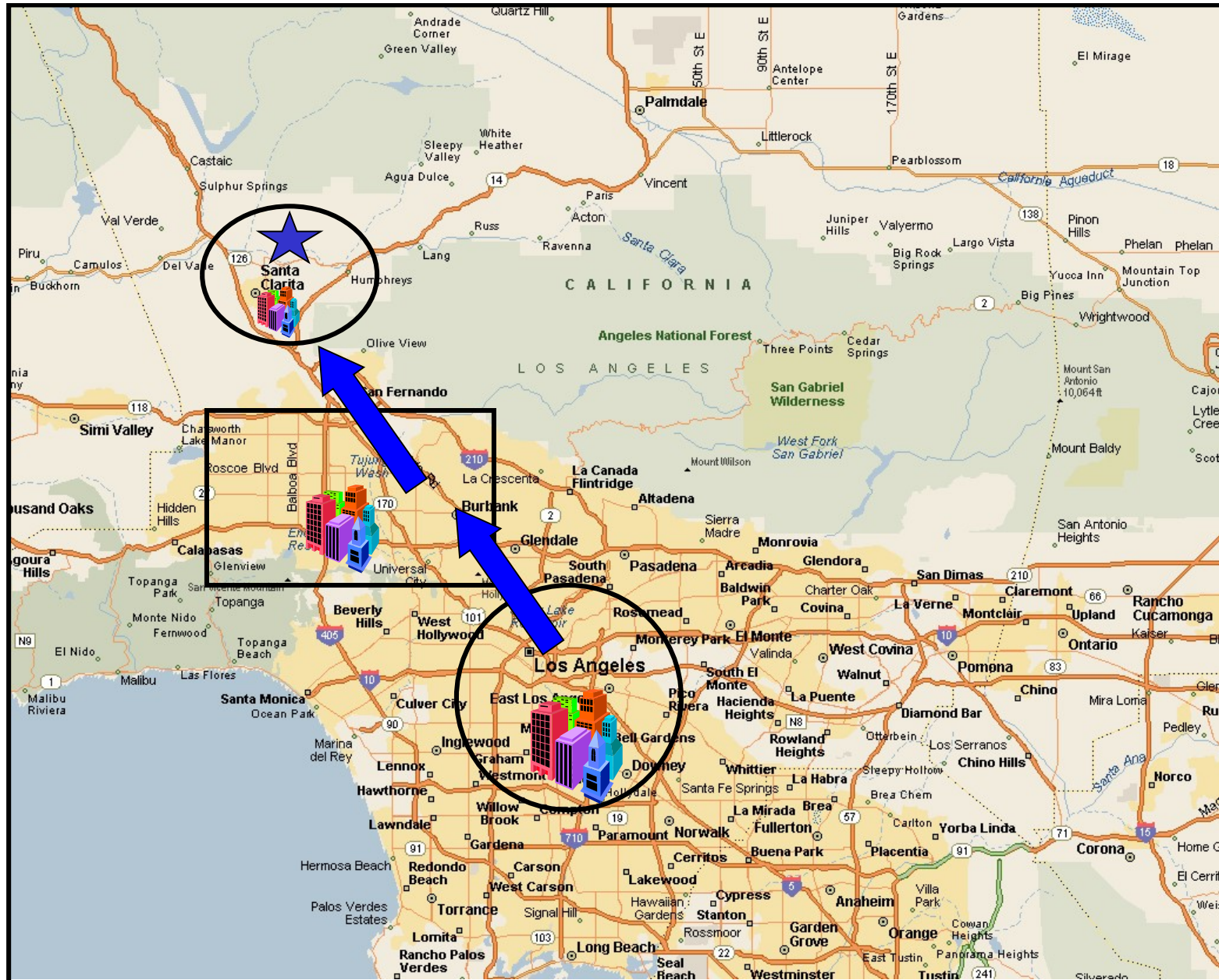
Therefore, the CFD No. 2021-01 IA-3 Market Area, the Santa Clarita Valley, is strategically situated in close proximity to the Los Angeles Urban Core and also the San Fernando Valley, and, as such, has an emerging economic base.

Additionally, it also offers moderately priced housing opportunities to both households employed in the Los Angeles Urban Core as well as the San Fernando Valley.

Furthermore, the Santa Clarita Valley is well positioned geographically, since there are other cities located at further distances from the LA Urban Core, such as Palmdale and Lancaster.

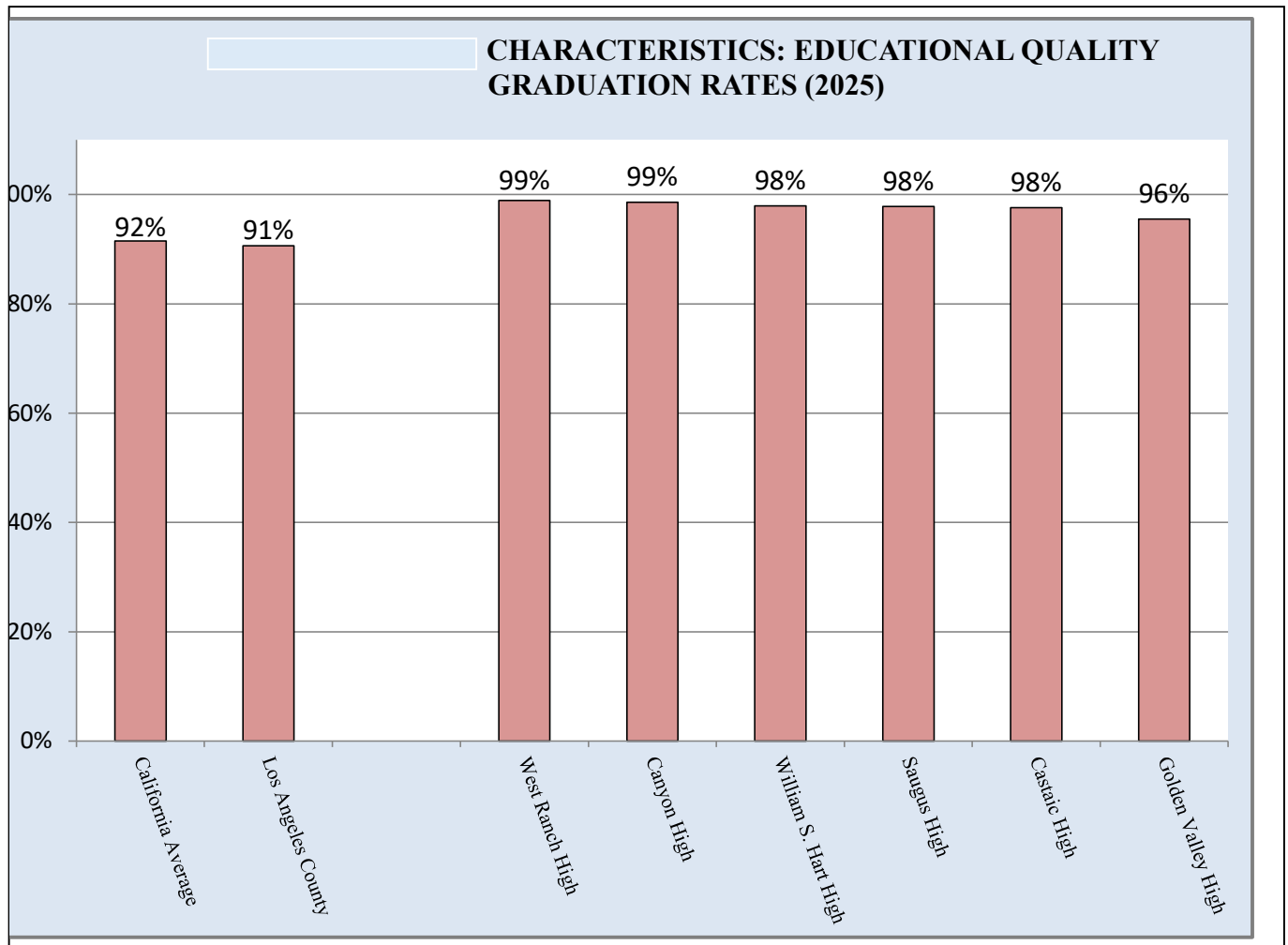
For additional information on the regional development patterns, please refer to the following exhibit.

ECONOMIC BASES SUPPORTING THE DEMAND FOR HOMES IN CFD NO. 2021-01 IA-3



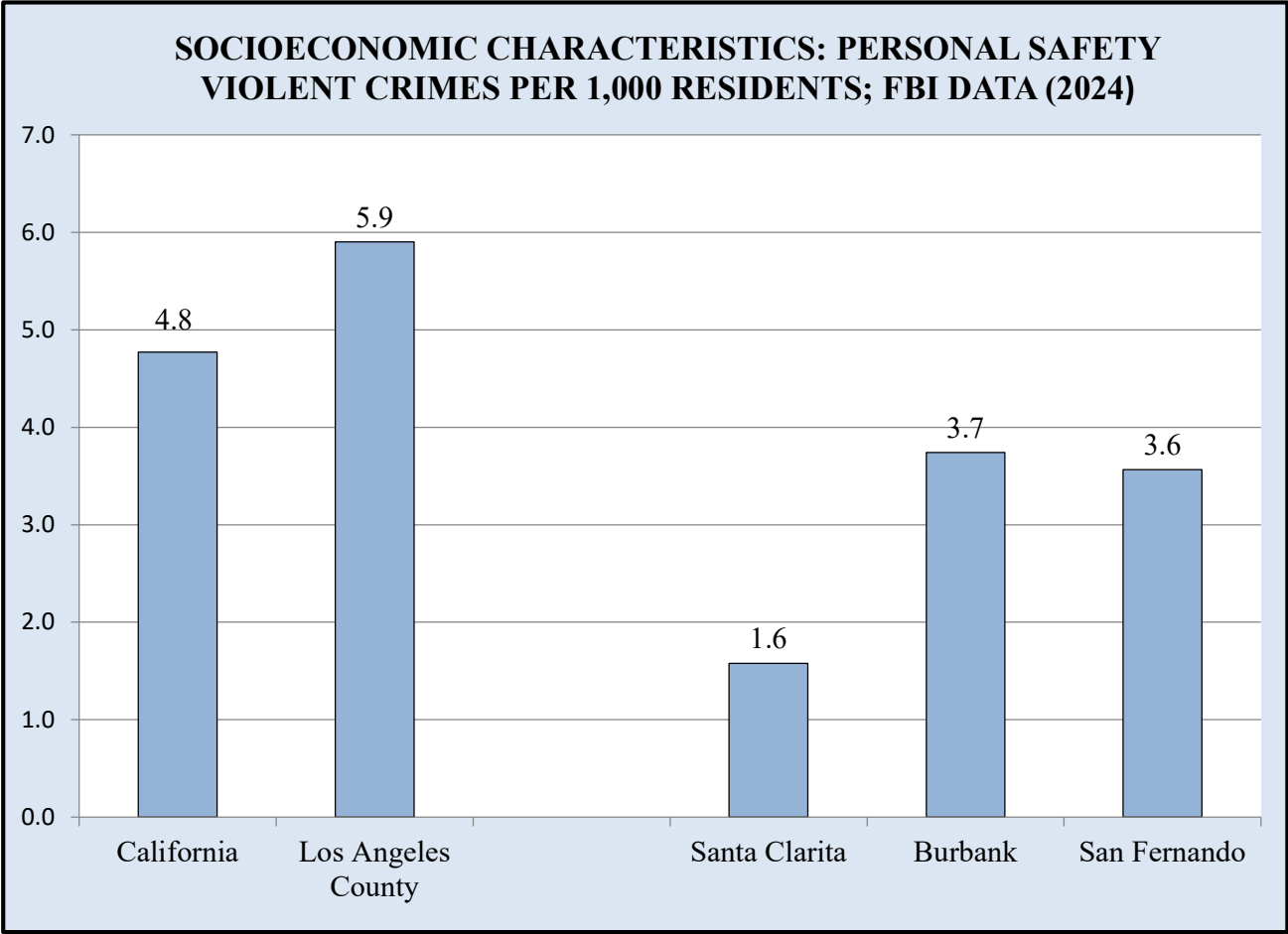
C. SOCIOECONOMIC CHARACTERISTICS: QUALITY OF SCHOOLS AND NEIGHBORHOOD SAFETY

To gauge the quality of schools in the CFD No. 2021-01 IA-3 Market Area and its vicinity, information was compiled on educational achievement, specifically the four year adjusted cohort graduation rates for 2025, which are published by the California Department of Education.



Accordingly, six public high schools in Santa Clarita Valley have graduation rates ranging from 96% to 99%, all of which exceed both the California (92%) and Los Angeles County (91%) rates.

The personal safety of neighborhoods is also a significant socioeconomic factor considered by prospective housing purchasers. Specifically, this is pulled together by the California Department of Justice and looks at total violent crimes per 1,000 people per year using the most recent data from 2024.



The County of Los Angeles has a violent crime rate of 5.9 crimes per 1,000 residents. Santa Clarita Valley at 1.6 violent crimes per 1,000 residents is well below the County of Los Angeles as well as the nearby cities of Burbank (3.7) and San Fernando (3.6), as well as the California state average (4.8).

Therefore, from a socioeconomic perspective, the CFD No. 2021-01 IA-3 Market Area has a higher educational achievement level than that of California and Los Angeles County and, additionally, a significantly lower violent crime rate than California, Los Angeles County and the nearby cities of San Fernando and Burbank, as well.

Accordingly, these are positive socioeconomic factors that support the demand for homes in CFD No. 2021-01 IA-3.

D. COMPETITIVE MARKET ANALYSIS OF THE PROJECTS IN CFD NO. 2021-01 IA-3

A Competitive Market Analysis of the projects in CFD No. 2021-01 IA-3 is now performed by comparing the characteristics of the projects in the CFD with the currently active nearby comparable projects, with regards to their prices, square footages and special taxes, among other factors.

To identify specific market projects that are regarded as being comparable to the projects in CFD No. 2021-01 IA-3, Empire compiled general information on the currently active projects in the Master Planned Community of Valencia; these are now discussed-

Empire Economics, based upon its market surveys and criteria, selected the following comparable projects:

Single-family Attached (SFA)

Coral by Lennar Homes; Duplex-Small 3-Story

Iris by KB; Triplex Row 3- Story

Jewel by Lennar Duplex Large 3-Story

Single-family Detached Condo (SFDC)

Lark by TriPointe Threepack 3 Story

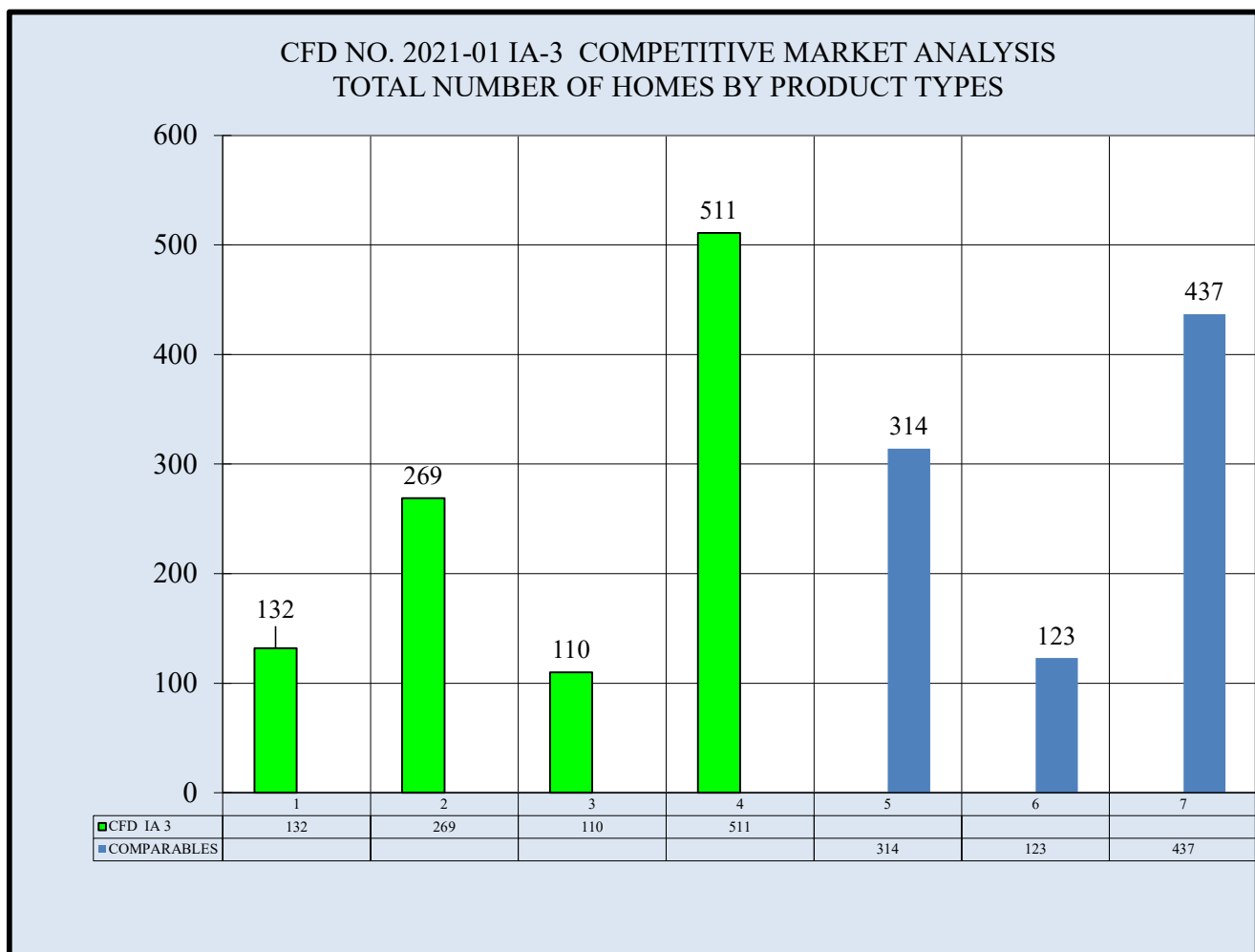
Single-Family Luxury Detached – Traditional;

No Active Comparables

Composition of Homes by Projects/Product Types

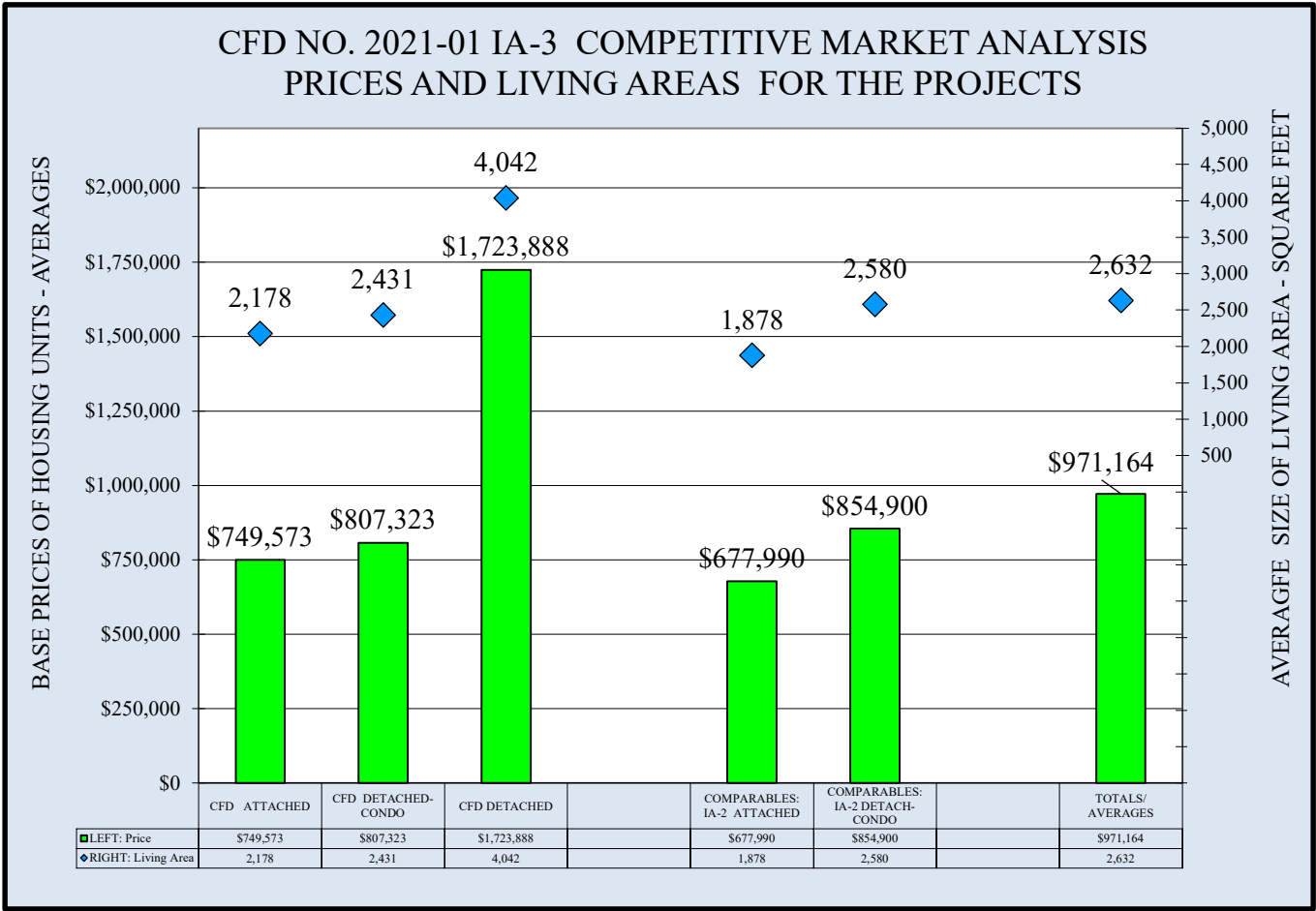
CFD No. 2021-01 IA-3 has 511 entitled homes in 10 projects/product types; their product types are attached (2), detached condo (5) and traditional luxury detached (3).

Valencia comparables have 437 homes in 4 projects; their product types are attached (3) and detached condo (1).



For all of the projects, including those in CFD No. 2021-01 IA-3 and the market comparables, their average base price is \$971,164 while their average living areas are 2,632 sq.ft.

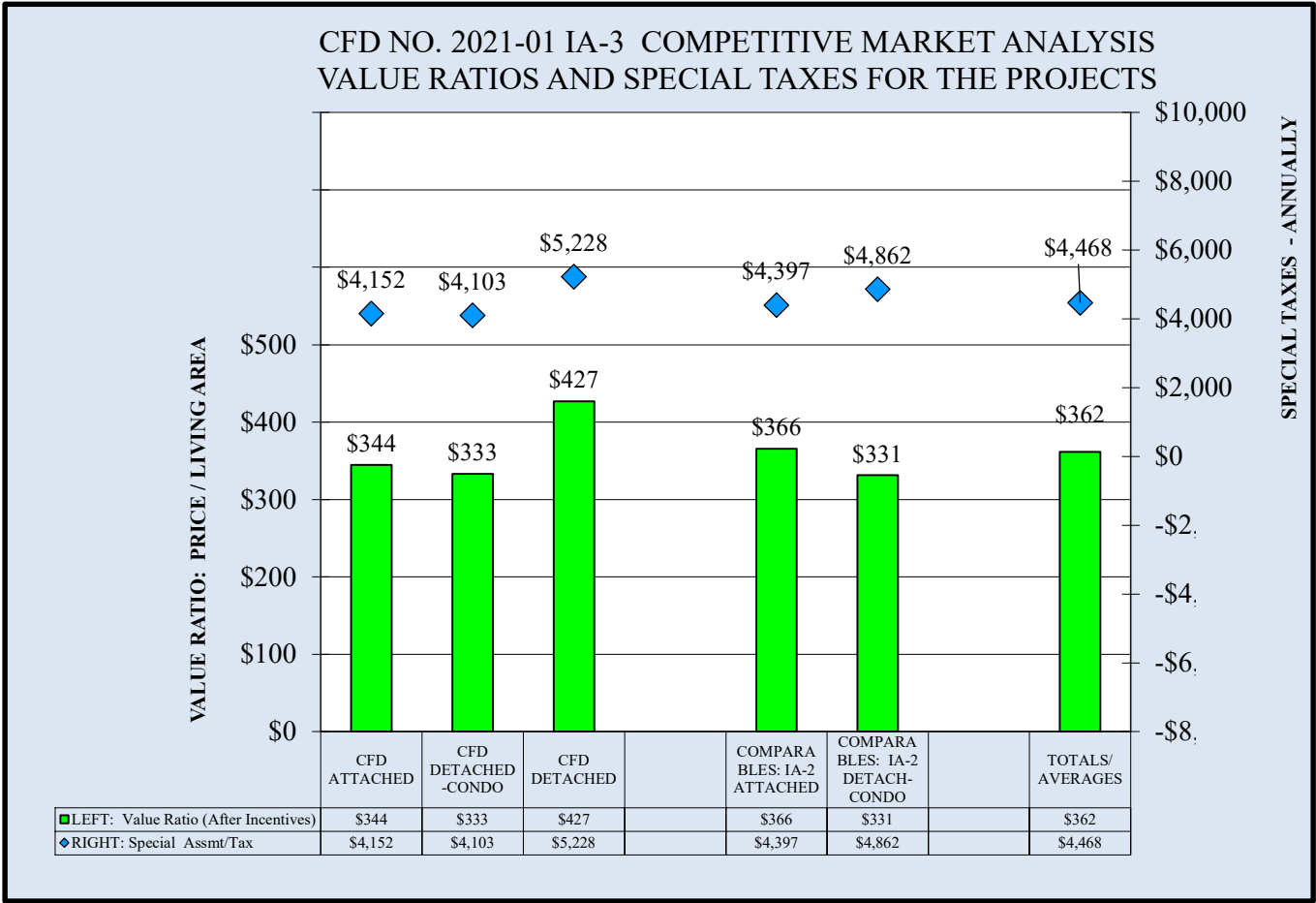
Note: Simple averages are utilized; weighted averages not available for comparables.



To compare the prices of the comparable projects as well as the projects in CFD No. 2021-01 IA-3 their value ratios are utilized, since this effectively makes adjustments for differences in their sizes of living areas.

Value Ratio = Housing Base Price “divided by” Living Area

For all of the projects, including those in CFD No. 2021-01 IA-3 and the market comparables, their average value ratio is \$362/sq.ft., while their average special tax is \$4,468/yr., on the average.



The culmination of the Competitive Market Analysis involves a statistical analysis of the projects in CFD No. 2021-01 IA-3 and the market comparable projects, based upon total housing prices (base price plus Special Tax liens) and their respective living areas:

➤ Attached Products:

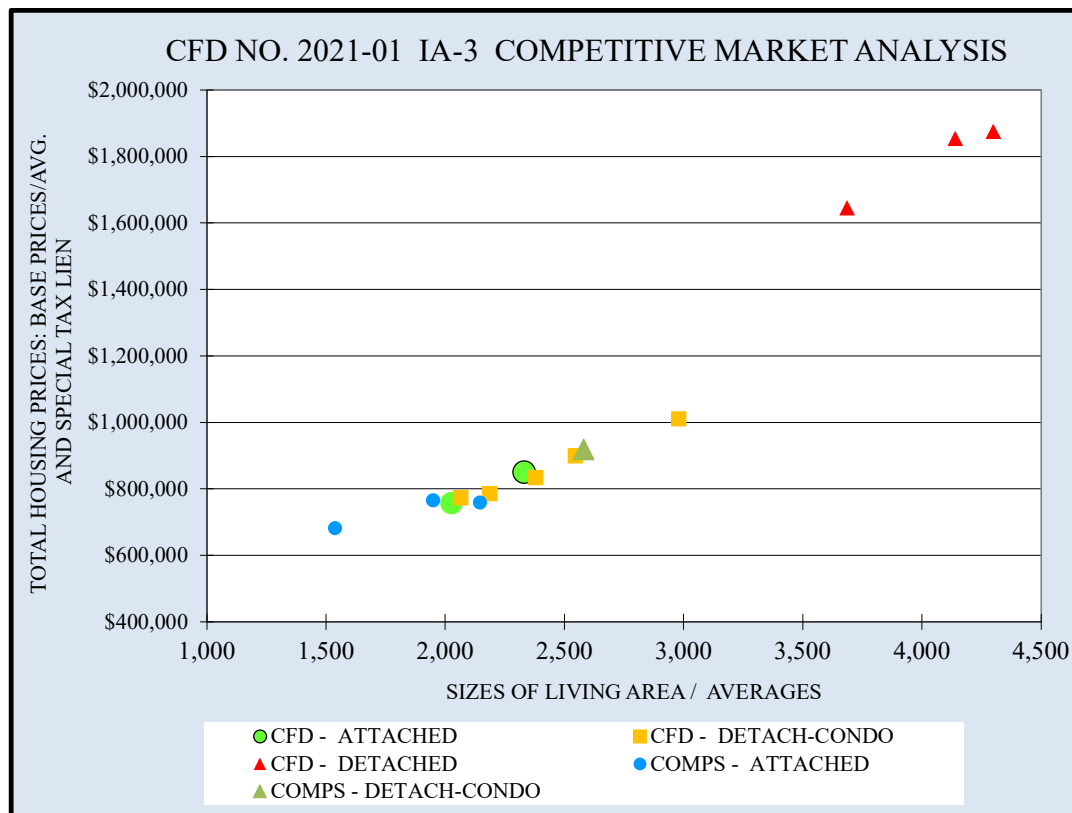
- CFD attached projects (green circles) are similar/slightly higher to the attached comparables (blue circles), so they are competitive in the marketplace. Additionally, the comparables are 3-story while the CFD projects are primarily 2-story, which is preferred.

➤ Detached Condo Products:

- The CFD detached condo projects (orange squares) are similar to the detached condo comparable (green triangle), so it is regarded as being competitive. Additionally, most of the CFD detached condo projects are 2-story, which is preferred, versus 3-story comparable homes.

➤ Detached – Luxury Products:

- The CFD detached luxury projects (red triangles) has three projects; there are not any currently active projects in this market segment.



**CHARACTERISTICS OF THE PROJECTS IN CFD NO. 2021-01 IA-3
AND THE MARKET COMPETITIVE PROJECTS
(PART 1)**

Product Type	Planned Community & Market Segments	Project Name	Builder	Product Type	Product Configuration	Number Stories	Total Units
	CFD NO. 2021-01 IA - 3						
	IMPROVEMENT AREA IA-3						
SFA	CFD 2021-01 IA-3 ; ATTACHED	Ruby-SFA	Lennar	SFA	Duplexes	2	46
SFDC	CFD 2021-01 IA-3 ; ATTACHED	Sunstone-SFA	Lennar	SFA	Tripack	2/3	86
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Opal	Lennar	SFDC	10-Pack	3	101
SFD	CFD 2021-01 IA-3 ; DETACHED-CONDO	Ruby-SFDC	Lennar	SFDC	Duplexes	2	21
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Sunstone-SFDC	Lennar	SFDC	Tripack	3	1
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Sapphire	Lennar	SFDC	35x65	2	92
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Esprit	Richmond	SFDC	40x90	2	54
SFD	CFD 2021-01 IA-3 : DETACHED	Skylar II	Toll	SFD	50x110	2	62
SFD	CFD 2021-01 IA-3 : DETACHED	Volara	Toll	SFD	60x110	2	30
SFD	CFD 2021-01 IA-3 : DETACHED	TBD	TBD	SFD	60x110	TBD	18
	ACTIVE MARKET COMPARABLES						
	IMPROVEMENT AREA IA-2						
SFA	CFD 2021-01 IA-2 ; ATTACHED	Coral	Lennar	SFA	Duplex-Small	3	72
SFA	CFD 2021-01 IA-2 ; ATTACHED	Iris	KB	SFA	Triplex- Row	3	78
SFA	CFD 2021-01 IA-2 ; ATTACHED	Jewel	Lennar	SFA	Duplex-Large	3	164
SFDC	CFD 2021-01 IA-2 : DETACH-CONDO	Lark	TriPointe	SFDC	Threepack	3	123
	Statistical Summary						
				Projects			
	CFD 2021-01 IA-3 ; ATTACHED			2			132
	CFD 2021-01 IA-3 ; DETACHED-CONDO			5			269
	CFD 2021-01 IA-3 : DETACHED			3			110
	COMPARABLES: IA-2 ATTACHED			3			314
	COMPARABLES: IA-2 DETACH-CONDO			1			123
	Totals/Averages			4			948

**CHARACTERISTICS OF THE PROJECTS IN CFD NO. 2021-01 IA-3
AND THE MARKET COMPETITIVE PROJECTS
(PART 2 of 2)**

Product Type	Planned Community & Market Segments	Project Name	Base Housing Prices			Size of Living Area			Value Ratio	(Above Base Rate)	
			Lower	Average	Upper	Lower	Average	Upper		Amount/Year	Ratio/Price
	CFD NO. 2021-01 IA - 3										
	IMPROVEMENT AREA IA-3										
SFA	CFD 2021-01 IA-3 ; ATTACHED	Ruby-SFA	\$704,990	\$707,490	\$709,990	1,976	2,026	2,075	\$349	\$3,792	0.54%
SFDC	CFD 2021-01 IA-3 ; ATTACHED	Sunstone-SFA	\$699,990	\$791,657	\$864,990	2,064	2,331	2,584	\$340	\$4,511	0.57%
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Opal	\$664,990	\$779,990	\$899,990	1,704	2,379	2,949	\$328	\$4,145	0.53%
SFD	CFD 2021-01 IA-3 ; DETACHED-CONDO	Ruby-SFDC	\$849,990	\$849,990	\$849,990	2,546	2,546	2,546	\$334	\$3,792	0.45%
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Sunstone-SFDC	\$714,990	\$714,990	\$714,990	2,064	2,064	2,064	\$346	\$4,511	0.63%
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Sapphire	\$719,990	\$739,990	\$759,990	2,134	2,188	2,246	\$338	\$3,534	0.48%
SFDC	CFD 2021-01 IA-3 ; DETACHED-CONDO	Esprit	\$899,990	\$951,657	\$999,990	2,733	2,979	3,234	\$319	\$4,535	0.48%
SFD	CFD 2021-01 IA-3 : DETACHED	Skylar II	\$1,553,000	\$1,583,667	\$1,619,000	3,622	3,686	3,731	\$430	\$4,762	0.30%
SFD	CFD 2021-01 IA-3 : DETACHED	Volara	\$1,724,000	\$1,787,997	\$1,839,995	4,045	4,140	4,273	\$432	\$5,113	0.29%
SFD	CFD 2021-01 IA-3 : DETACHED	TBD	\$1,700,000	\$1,800,000	\$1,900,000	4,100	4,300	4,500	\$419	\$5,809	0.32%
	ACTIVE MARKET COMPARABLES										
	IMPROVEMENT AREA IA-2										
SFA	CFD 2021-01 IA-2 ; ATTACHED	Coral	\$574,990	\$627,490	\$679,990	1,326	1,538	1,750	\$408	\$4,145	0.65%
SFA	CFD 2021-01 IA-2 ; ATTACHED	Iris	\$679,990	\$706,490	\$732,990	1,858	1,949	2,040	\$362	\$4,511	0.65%
SFA	CFD 2021-01 IA-2 ; ATTACHED	Jewel	\$659,990	\$699,990	\$739,990	1,810	2,146	2,481	\$326	\$4,535	0.65%
SFDC	CFD 2021-01 IA-2 : DETACH-CONDO	Lark	\$799,900	\$854,900	\$909,900	2,338	2,580	2,822	\$331	\$4,862	0.57%
	Statistical Summary										
	CFD 2021-01 IA-3 ; ATTACHED		\$702,490	\$749,573	\$787,490	2,020	2,178	2,330	\$344	\$4,152	0.55%
	CFD 2021-01 IA-3 ; DETACHED-CONDO		\$769,990	\$807,323	\$844,990	2,236	2,431	2,608	\$333	\$4,103	0.51%
	CFD 2021-01 IA-3 : DETACHED		\$1,659,000	\$1,723,888	\$1,786,332	3,922	4,042	4,168	\$427	\$5,228	0.30%
	COMPARABLES: IA-2 ATTACHED		\$638,323	\$677,990	\$717,657	1,665	1,878	2,090	\$366	\$4,397	0.65%
	COMPARABLES: IA-2 DETACH-CONDO		\$799,900	\$854,900	\$909,900	2,338	2,580	2,822	\$331	\$4,862	0.57%
	Totals/Averages		\$924,771	\$971,164	\$1,015,843	2,451	2,632	2,807	\$362	\$4,468	0.51%

SECTION IV: ESTIMATED ABSORPTION SCHEDULES AND DISCUSSION OF POTENTIAL RISK AND OTHER FACTORS

A. OVERVIEW OF THE ECONOMIC AND REAL ESTATE MODEL UNDERLYING ABSORPTION FORECASTS

The purpose of this section is to estimate the absorption schedules for the currently active and future homes in the residential projects in CFD No. 2021-01 IA-3, based upon the economic/real estate analysis discussed in the prior sections:

CHARACTERISTICS OF THE CFD NO. 2021-01 IA-3 PROJECTS

Project Name	Opal	Ruby-SFA	Ruby-SFDC	Sunstone-SFA	Sunstone-SFDC	Sapphire	Esprit	Skylar II	Volara	TBD
Product Type	SFDC	SFA	SFDC	SFA	SFDC	SFDC	SFDC	SFD	SFD	SFD
Number of Stories	3	2	2	2/3	3	2	2	2	2	TBD
Builder Incentives	-\$8,000	-\$5,000	-\$5,000	-\$5,000	-\$28,000	-\$5,000	-\$45,000	-\$75,000	-\$37,500	-\$50,000
Net Base Price	\$771,990	\$702,490	\$844,990	\$786,657	\$686,990	\$734,990	\$906,657	\$1,508,667	\$1,750,497	\$1,750,000
Living Area/Avg.	2,379	2,026	2,546	2,331	2,064	2,188	2,979	3,686	4,140	4,300
Market-Entry	Jul-25	Aug-25	Aug-25	Jan-26	Jan-26	Jan-26	Mar-25	Feb-24	Mar-24	. 2028.
Escrows Closed May 6, 2026	40	21	6	8	1	5	5	39	30	0
Remaining Closings May 7, 2026+	61	25	15	78	0	87	49	23	0	18
NET - Sold - After Closings	0	5	5	9	0	7	0	10	0	0
Net Permits After Closings	36	23	15	40	0	38	35	23	0	N/A
Estimated Absorption - Annually	50	35	35	35	35	30	20	18	Closed-Out	12

Overview of Recent/Expected Economic and Housing Market Conditions

- **Comparison to Prior Housing Price Bubble:** Creative financing in 2002-2006 was followed by price declines, due to mortgage delinquencies and high unemployment. Whereas 2022-2025, prices have been stable despite high mortgage rates, due to lower inventory and low delinquency rates.
- **FED Policies:** The types of FED stimulus policies during January 2020 to April 2022 included setting the Federal Funds Rate at 0% and also purchasing treasury and mortgage bonds. Since May 2022, the FED policies have been restrictive, due to inflation, raising the Federal Funds Rate and also selling from its portfolio treasury and mortgage bonds.
- **Employment Growth:** Slowing (Oct. 2022-June. 2024): US at 2.1%, CA at 1.2% and Los Angeles. At 0.8%. Recent (July 2024-Dec. 2025) employment growth has been minimal: US at 0.6%, CA at 0.4% and Los Angeles also at 0.4%
- **Mortgage Rates:** Mortgage rates declined to their lowest level of 2.8% from November 2020 to January 2021, due to FED policies to stimulate the economy. But then FED policies shifted to reduce inflation Mortgage rates rose to 7.7% in October 2023, but have fallen to about 6.0% in early 2026. Mortgage rates have recently increased due to higher levels of inflation, resulting from tariffs and escalating gas prices.
- **Demand, Supply and Appreciation:** During 2018-2019, Santa Clarita Valley's housing inventory significantly exceeded pending sales. But in 2020, inventory fell to a level similar to pending sales, resulting in subsequent price appreciation of about 41% by 2023. Furthermore, appreciation has continued reaching 50% in latter 2026, due to the constraint inventory of locked-in homeowners at historically low rates.
- **Homeowner Mortgage Rate Levels:** Driven by the very low mortgage rates of 2019-2021, the share of California contracted mortgage rates that are below 4% increased from 40% to 63%; additionally, some 28% of homeowners are below 3.0%.
- **Economic Incentives to Remain in Home:** Those benefiting from the 2019-2021 historically low mortgage interest rates levels (3%-4%) pay significantly lower payments for mortgage interest and property taxes than current purchasers, thereby providing a significant economic incentive for them to stay in their current homes.
- **Socioeconomic Considerations:** The CFD No. 2021-01 IA-3 Market Area has a higher educational achievement level than that of California and Los Angeles County and, additionally, a significantly lower violent crime rate than California, Los Angeles County and the nearby cities of San Fernando and Burbank, as well.
- **Conclusions on the Demand for New Housing Projects:** The typical adverse impacts of higher mortgage rates along with moderate employment growth are being counterbalanced by the excess demand for existing homes spilling over to new homes, supporting price stability.

B. POTENTIAL RISK FACTOR THAT MAY ADVERSELY IMPACT ABSORPTION

Potential for Mortgage Rates Above 6.5%

Although the expectation is that the FED will continue to make progress toward the 2% inflation rate goal over time, higher than expected inflation metrics from time to time may delay the pace of future decreases in the Federal Funds Rate which will keep mortgage rates high and cause higher unemployment rates.

Specifically, if mortgage rates exceed 6.5%, then it is more difficult for builders to buy down mortgage rates for prospective buyers, and so the prices of new homes may soften to attain absorption levels.

Potential Impact of Higher Oil/Gas Prices

For someone who purchases a home in the Santa Clarita Area and then commutes to their place of employment in Los Angeles City .

*** Benchmarks ***

Total commuting costs amounts to \$17,500/yr.; gas component is \$5,200

Mortgage payment amounts to about \$29,000/yr. for a 6.00% rate

Therefore, for comparative purposes, the impact on housing affordability of an increase in the price of oil from \$60 to \$100 is similar to a mortgage rate increase, such as from 6.00 % to 7.00%.

Consequently suburban/rural areas are more impacted than urbanized areas due to the lengthy commute of such households

High Fire Severity Zone and Homeowners Insurance Costs

The property in CFD No. 2021-01 IA-3 has recently been designated as a “High Fire Hazard Severity Zone which has resulted in higher insurance premiums for some homeowners.

Specifically, attached homes with 3+ units that have adjoining walls have had increases in their Homeowner Association insurance premiums.

However, IA-3 does NOT appear to have any such product types.

C. EMPIRE ECONOMICS'S ESTIMATED ABSORPTION SCHEDULES MOST PROBABLE SCENARIO

Empire's Most Probable forecast of absorption takes into account the above recent/expected macroeconomic/microeconomic factors along with development and marketing characteristics of the residential products in CFD No. 2021-01 IA-3 in estimating the residential absorption schedules (escrow closings by homeowners).

ESTIMATED ABSORPTION SCHEDULES

Accordingly, the estimated absorption schedules for the CFD No. 2021-01 IA-3 projects are as follows:

Note: Empire's absorption represents escrow closings to homeowners.

Escrows Closed: May 6, 2026: 155 homes; all but one of the 10 projects/products are active

May 7 to December 31, 2026 : 135 more escrow closings, for 290 homes cumulatively.

2027: 136 more escrow closings, for 426 homes cumulatively.

2028: 77 more escrow closings, for 503 homes cumulatively.

2029: 8 more escrow closings, for 511 homes cumulatively; all projects closed out.

For more information on the estimated absorption schedules for the various projects, please refer to the following graphs and table for more detailed information.

POTENTIAL RISK FACTORS

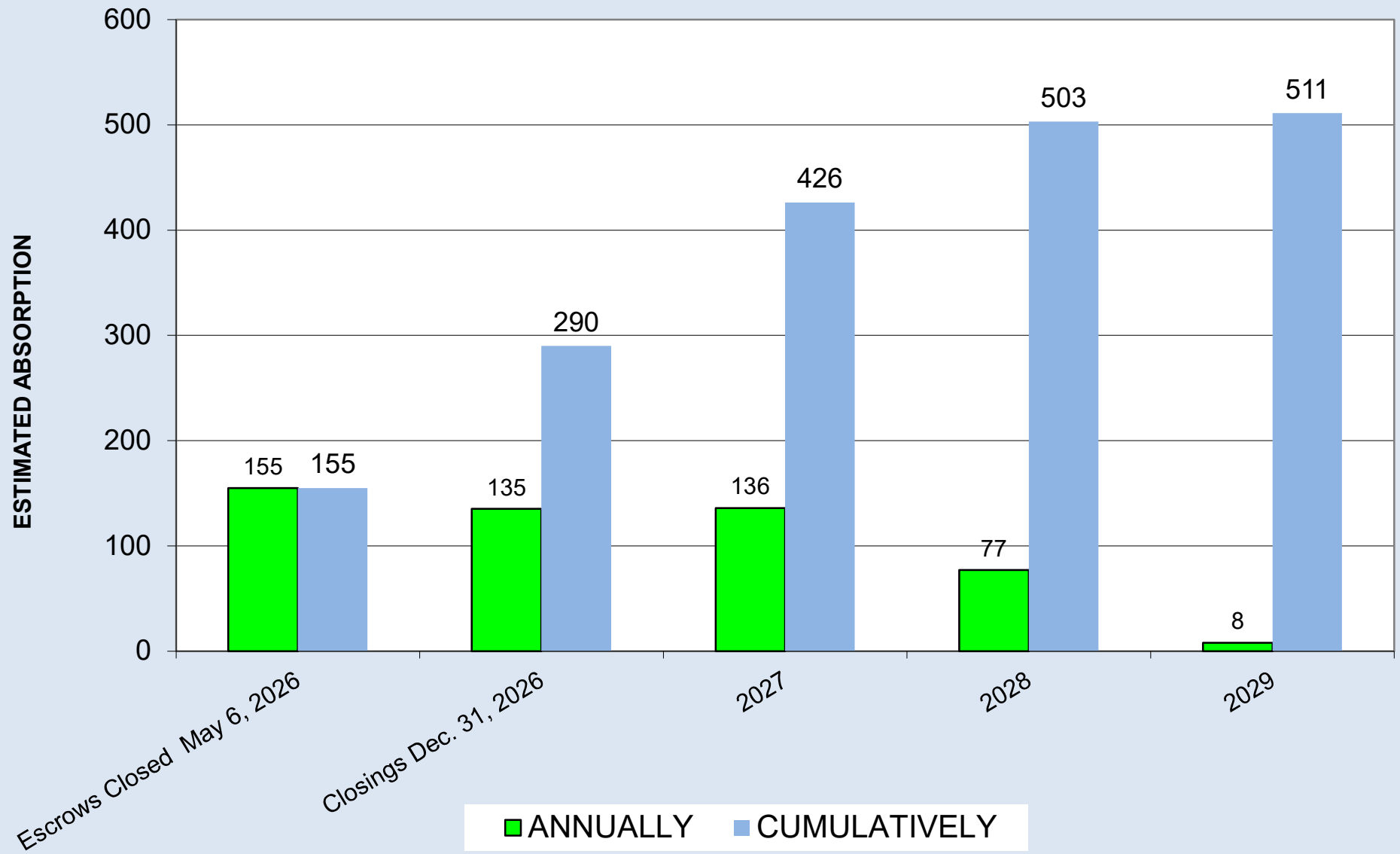
Possibility of higher inflation due to consumer expectations, tariffs, higher military spending
Resulting in the FED taking longer to achieve its goal of 2.0% inflation.

Additionally, IA-3 is located within a "High Fire Hazard Severity Zone"
which may result in higher fire insurance premiums, especially for attached housing products.

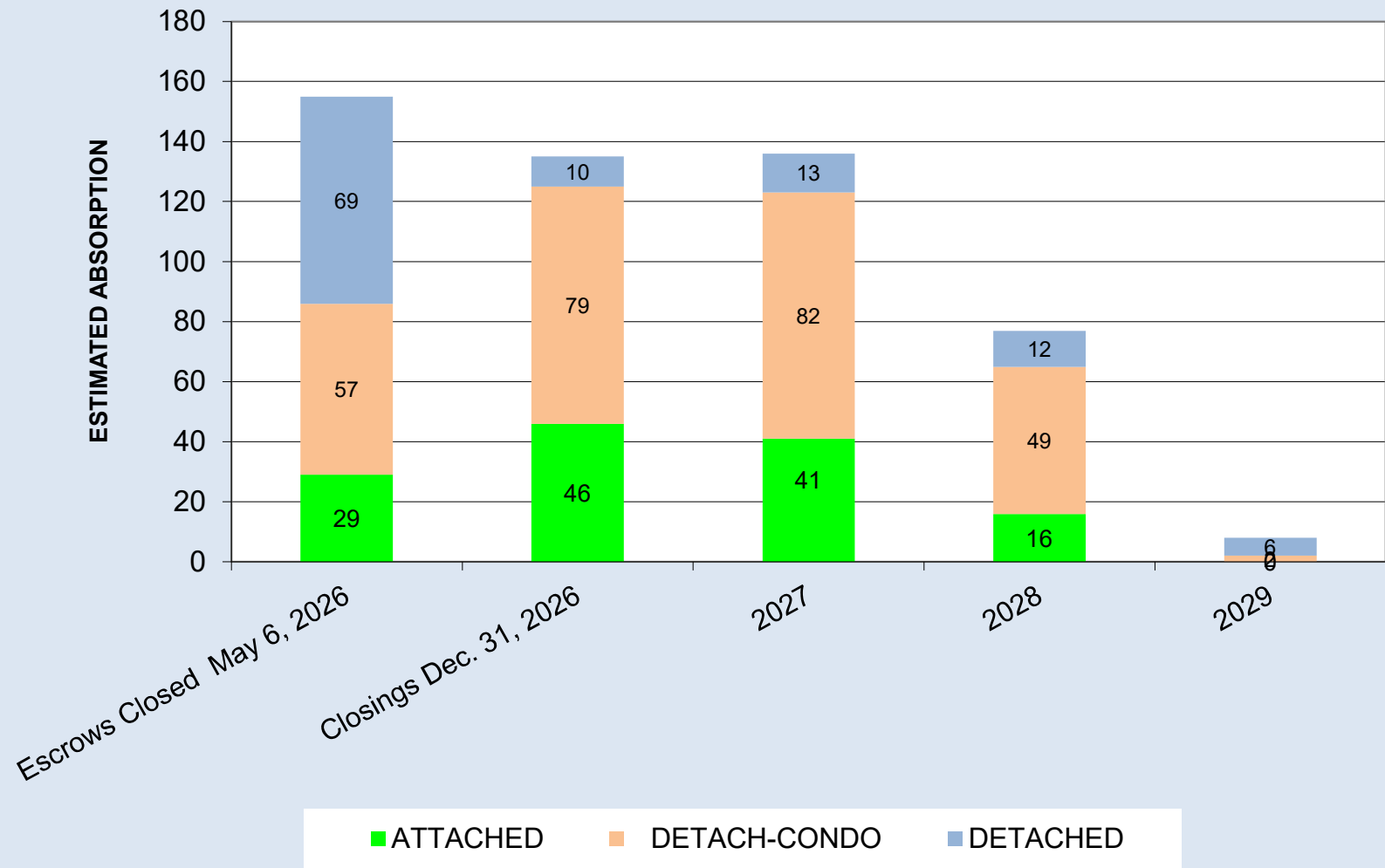
Specifically, attached homes with 3+ units that have adjoining walls have had
increases in their Homeowner Association insurance premiums.

However, IA-3 does not appear to have any such product types.

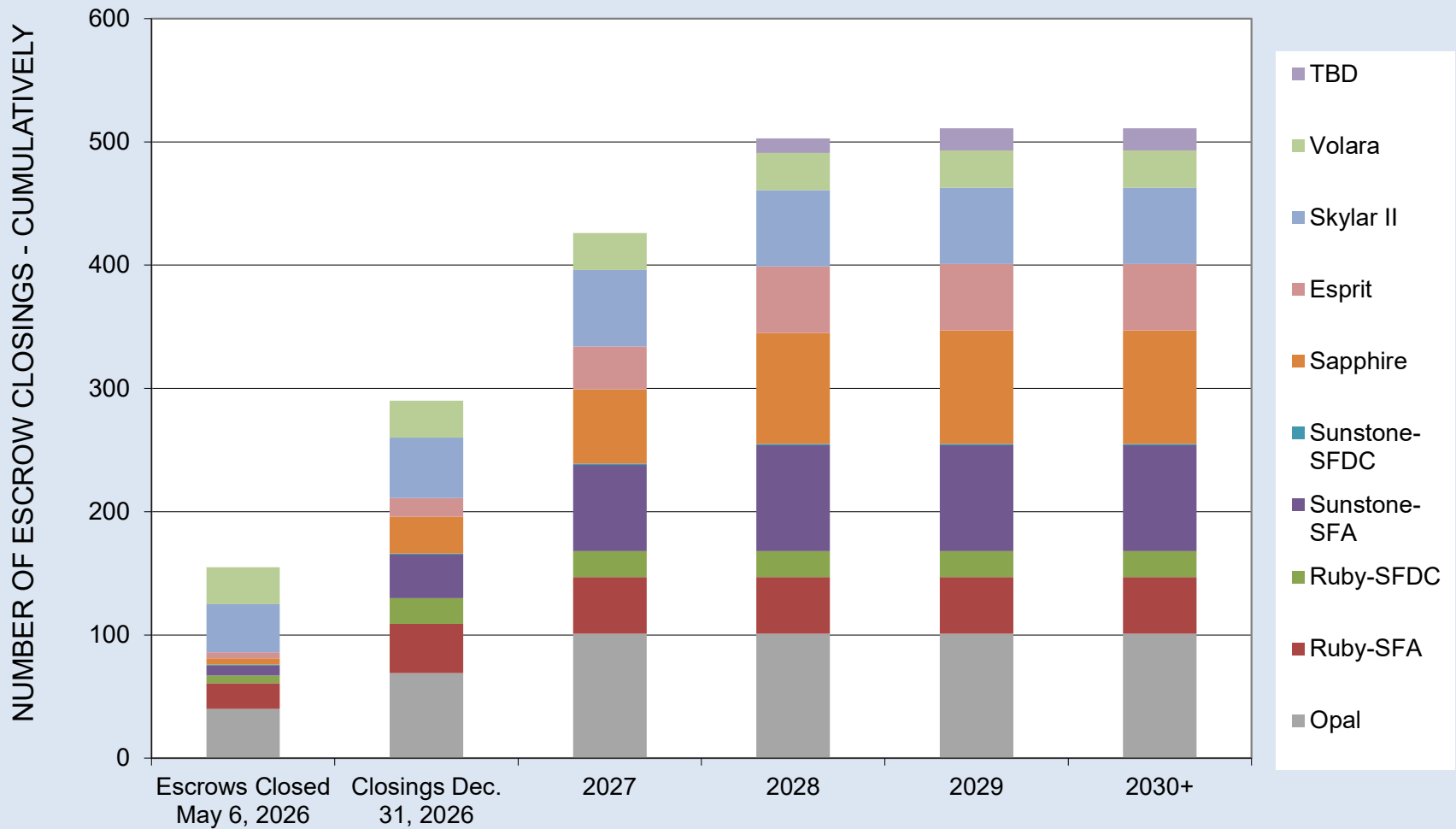
CFD NO. 2021-1 IA-3
ESTIMATED ABSORPTION SCHEDULES - ESCROW CLOSINGS



CFD NO. 2021-1 IA-3 PRODUCT TYPES
ESTIMATED ABSORPTION SCHEDULES - ESCROW CLOSINGS



CFD NO. 2021-01 IA-3
ESTIMATED ABSORPTION SCHEDULES BY PROJECTS - CUMULATIVELY



ESTIMATED ABSORPTION SCHEDULES
CFD NO. 2021-01 IA -3 (VALENCIA)
SUBJECT TO REVISION

Project Name>	Opal	Ruby-SFA	Ruby-SFDC	Sunstone-SFA	Sunstone-SFDC	Sapphire	Esprit	Skylar II	Volara	TBD	Overall	
<u>Planning Area ≥</u>	B1b1/B1b2	B2	B2	C7	C7	C8	A10	A7a	A7b	A8	Totals	Averages
Builder	Lennar	Lennar	Lennar	Lennar	Lennar	Lennar	Richmond	Toll	Toll	TBD		
Product Type	SFDC	SFA	SFDC	SFA	SFDC	SFDC	SFDC	SFD	SFD	SFD		
Lot Size Configuration	10-Pack	Duplexes	Duplexes	Tripack	Tripack	35x65	40x90	50x110	60x110	60x110		
Number of Stories	3	2	2	2/3	3	2	2	2	2	TBD		
										Estimated		
Market-Entry- Active/Developing Projects	Jul-25	Aug-25	Aug-25	Jan-26	Jan-26	Jan-26	Mar-25	Feb-24	Mar-24	. 2028.		
Development/Marketing Status												
Total Homes	101	46	21	86	1	92	54	62	30	18	511	
Permits	76	44	21	48	1	43	40	62	30	0	365	
Sold	40	26	11	17	1	12	5	49	30	0	191	
Escrows Closed May 6, 2026	40	21	6	8	1	5	5	39	30	0	155	
Remaining Closings May 7, 2026+	61	25	15	78	0	87	49	23	0	18	356	
Active or Closed Out - Date	Active	Active	Active	Active	Active	Active	Active	Active	Jun-25	Est.-2028		
Empire's Absorption - Cumulatively											CUMULATIVELY	ANNUALLY
Escrows Closed May 6, 2026	40	21	6	8	1	5	5	39	30	0	155	
Closings Dec. 31, 2026	69	40	21	35	1	30	15	49	30	0	290	
2027	101	46	21	70	1	60	35	62	30	0	426	
2028	101	46	21	86	1	90	54	62	30	12	503	
2029	101	46	21	86	1	92	54	62	30	18	511	
2030+	101	46	21	86	1	92	54	62	30	18	511	
Empire's Absorption Annually												
Escrows Closed May 6, 2026	40	21	6	8	1	5	5	39	30	0		155
Closing May 7, 2026 -Dec. 31, 2026	29	19	15	27	0	25	10	10	0	0		135
2027	32	6	0	35	0	30	20	13	0	0		136
2028	0	0	0	16	0	30	19	0	0	12		77
2029	0	0	0	0	0	2	0	0	0	6		8
2030+	0	0	0	0	0	0	0	0	0	0		0
Totals	101	46	21	86	1	92	54	62	30	18		511

SECTION V: ASSUMPTIONS AND LIMITING CONDITIONS

The Market Absorption Study is based upon various assumptions and limiting conditions; accordingly, these are as follows:

Property Boundaries

No survey or engineering analysis of CFD No. 2021-01 IA-3 property has been made by the market analyst; the CFD Boundary Map utilized for the CFD is deemed to be reliable. The market analyst assumes the existing boundaries to be correct, that no encroachments exist and assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premise, which might affect the valuation, excepting those items which were specifically mentioned in the report.

Maps and Exhibits

Maps and exhibits included in this report are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.

Title to Property

No opinion as to title is rendered. Data related to ownership and legal description, obtained from governmental records related to the formation of the District that forms the basis for identifying the boundaries of CFD No. 2021-01 IA-3 are considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report. The property is evaluated assuming it is under responsible ownership and competent management and available for development to highest and best use.

Earthquakes and Seismic Hazards

The property which is the subject of this market analysis is within a geographic area prone to earthquakes and seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the market analyst concerning the geologic and/or seismic condition of the subject property. The market analyst assumes no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

Soil and Geological Studies

No detailed soil studies or geological studies or reports were made available to the market analyst. Assumptions employed in this report regarding soils and geologic qualities of the subject property have been provided to the client. However, such assumptions are not conclusive and the market analyst assumes no responsibility for soils or geologic conditions discovered to be different from the conditions assumed unless otherwise stated in this report.

Hidden or Unapparent Conditions

The market analyst assumes no responsibility for hidden or unapparent conditions of the property, subsoil, groundwater or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Presence and Impact of Hazardous Material

Unless otherwise stated in the report, the market analyst did not become aware of the presence of any hazardous material or substance during the market analyst's general inspection of the subject property. However, the market analyst is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the evaluation of the subject property. The market analyst assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material.

Structural Deficiencies of Improvements

The market analyst has not performed a thorough inspection of the subject property, and except as noted in this report has not found obvious evidence of structural deficiencies in any improvements located on the subject property. Consequently, the market analyst assumes no responsibility for hidden defects or nonconformity with specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, unless inspections by qualified independent professions or governmental agencies were provided to the market analyst. Further, the market analyst is not a licensed engineer or architect and assumes no responsibility for structural deficiencies not apparent to the market analyst at the time of their inspection.

Presence of Asbestos

The market analyst is not aware of the existence of asbestos in any existing improvements on the subject property. However, the market analyst is not trained to discover the presence of asbestos and assumes no responsibility should asbestos be found in or at the subject property. For the purposes of this report, the market analyst assumes the subject property is free of asbestos and the subject property meets all federal, state and local laws regarding asbestos abatement.

Environmental and Other Regulations

The property is evaluated assuming it to be in full compliance with all applicable federal, state and local environmental regulations and laws, unless otherwise stated, and that there are no lawsuits that may adversely impact the rate of development.

Required Permits and Other Governmental Authority

Unless otherwise stated, the property evaluated is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization that have been or can be obtained or renewed for any use on which the evaluation analysis contained in this report is based upon.

Designated Economic Scenario

The Market Absorption Study focuses upon the expected absorption schedule for the products in CFD No. 2021-01 IA-3 according to the designated economic scenario. Specifically, this scenario represents the economic and real estate conditions for the Market Region and also the Market Area during the foreseeable future according to the most probable conditions, and this is regarded as being appropriate for the Bond Financing. However, the economic and market conditions which actually materialize on a year by year basis may differ from those presented according to the designated economic scenario, as a result of exogenous factors which are difficult to forecast/quantify. Accordingly, the designated scenario should be utilized as an economic framework for evaluating the marketing prospects of the properties within CFD No. 2021-01 IA-3 rather than a “literal” representation of what is expected to occur on a year/year basis during the foreseeable future.

Provision of the Infrastructure

The Market Absorption Study assumes that the governmental agencies that supply public facilities and services, including water, provide these in a timely manner so that the proposed products/projects in CFD No. 2021-01 IA-3 can respond to the expected market demand for their products. Otherwise, if the required infrastructure is not available in a timely manner, then the absorption of the products/projects could be adversely impacted.

Developer/Builders Responsiveness to Market Conditions

The Market Absorption Study assumes that the developer/builders in CFD No. 2021-01 IA-3 respond to the market conditions with products that are competitively priced and have the features/amenities that are desired by the purchasers. **Furthermore, to the extent that projects, due to unexpected changes in market conditions, have prices/features that differ from the competitive market standards, then their absorption schedule would need to be modified from those presented according to the designated economic scenario.**

Financial Strength of the Projects' Developer/Builders

The Market Absorption Study assumes that the developer/builders in CFD No. 2021-01 IA-3 (and also their lenders) have sufficient financial strength to adequately fund their projects, including paying their Special Taxes/Assessments, and that they have sufficient financial reserves which could be utilized to supplement their cash flow positions, in the event that adverse economic or market conditions occur.

Accuracy of Information from Others

In preparing this report, the market analyst was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either expressed or implied, is given by the market analyst for the accuracy of such information and the market analyst assumes no responsibility for information relied upon and later found to have been inaccurate. The market analyst reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Liability of Market Analyst

The liability of Empire Economics, the market analyst responsible for this report, is limited to the client only and to the fee actually received by the market analyst. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussion. The market analyst is in no way to be responsible for any costs incurred to discover or correct any deficiencies or any type present in the property—physical, financial, and/or legal.

Testimony or Court Attendance

Testimony or attendance in court or at any other hearing is not required by reason of rendering this market analysis, unless such arrangements are made a reasonable time in advance of said hearing. Separate arrangements would need to be made concerning compensation for the market analyst's time to prepare for and attend any such hearing.

Right of Publication of Report

Possession of this report, or a copy of it, does not carry with it the right of publication except for the party to whom it is addressed. Without the written consent of the market analyst, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose.

Timeliness of the Market Absorption Study

The Market Absorption Study performs a comprehensive analysis of the relevant land-use, economic and residential market conditions that are expected to influence the marketing success of the products/projects in CFD No. 2021-01 IA-3. Nevertheless, the Study should be dated within six-months of the Bond Sale, or even sooner, should these land-use and/or economic market as well as real estate conditions change significantly.

CREDENTIALS/QUALIFICATIONS OF EMPIRE ECONOMICS

RESUME: JOSEPH T. JANCZYK, Ph.D.

Education: University of California, Riverside, Ph.D. in Economics, Completed in 1976
Specializations in Urban Economics, Mathematical Modeling and Econometric Analysis

State University of New York at Buffalo, Bachelors, Completed in 1970
Dual Majors: Economics and Psychology

Prior Employment: California State University, Tenured Economics Professor: 1976-1985
Courses Taught: Microeconomics, Macroeconomics, Urban Economics, Regional, Computer Modeling, Econometrics, among others

Empire Economics: Chairman and President: 1986-Present

- Perform Independent Real Estate Consulting Services Primarily for Land Secured Financings
- Work for Public Entities including Counties, Cities, School Districts and Water Districts
- Long-term Relationships with Many Clients, 25+ years
- Well Established Relationships with Numerous Professionals in the Municipal Finance Industry
- Performed 500+ Studies on behalf of Public Entities for \$15B+ in municipal financing
 - Land Secured Financings for Planned Communities, Business Parks and Retail Centers for 400+ CFDs/Ads for \$7.5B bonds
 - Price Point Study – Establish Special Taxes that conform to public entities' policies
 - Market Absorption Studies – Provide timelines for phasing infrastructure
 - Homeowner Equity Studies and Forecasts of Assessed Values
 - Economic Forecasting Studies: Forecast Employment and Housing Demand
- Socioeconomic Studies Orange County Transportation Corridors: 2 studies \$2.75B bonds
 - Designated as Municipal Bond Issue of the Year for 1999
 - Rating Agency and Bond Insurer Presentations – Trips to New York City
- Mortgage Revenue Bond Issues: Lower Mortgage Rates 50+ studies for \$1.7B bonds
- Other Municipal Bond Issues: 35+ studies \$2B+ bonds; Certificates of Participation, others
- Forthcoming Bond Issues: 30+ studies for \$500M+ future bond sales

Industry Contributions – Regular Speaker/Panelist at Following Events:

- State Treasurer, Mr. John Chiang: Council of Economic Advisors: January 2015 – December 2018
 - Bi-annual meetings and published articles in the Treasurer's Newsletter, Intersections
- UCLA Municipal Bond Financing Seminars (10+ times, as Featured Speaker)
- Bond Buyer Conference
- League of Cities
- Municipal Bond Industry Association
- Best Practices for Continuing Disclosure
- Appraisal Standards for Land Secured Financing by CDIAC
- Meetings with Municipal Bond Funds

Dedicated to Public Sector: Certifications Provided in each Study:

Empire has not performed any consulting services for the CFD/AD property owners nor the developers/builders, during the past thirty-five+ years.

Empire will not perform any consulting services for the CFD/AD property owners nor the developers/builders, during the next five years.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
LOS ANGELES COUNTY, CALIFORNIA, MAKING A
DECLARATION OF OFFICIAL INTENT TO REIMBURSE
PROJECT EXPENDITURES WITH BOND PROCEEDS AND
RELATED ACTIONS IN CONNECTION WITH THE
COUNTY OF LOS ANGELES COMMUNITY FACILITIES
DISTRICT NO. 2021-01 (VALENCIA-FACILITIES)**

WHEREAS, in connection with the development of the Valencia project by The Newhall Land and Farming Company (A California Limited Partnership) (the “**Company**”), on March 9, 2021, the Board of Supervisors of the County of Los Angeles (the “**Board of Supervisors**”) formed and established the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (herein, the “**District**”) pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Act**”), and the District has been established as a legally constituted governmental entity pursuant to the Act; and

WHEREAS, the District consists of five improvement areas (the “**Improvement Areas**”) and property identified as the Future Annexation Area that may, in the future, be annexed into the District, including as one or more new improvement areas (the “**Future Improvement Areas**”); and

WHEREAS, the District is authorized under the Act, or will be authorized under the Act upon annexation of property to the District, to levy a special tax (the “**Special Tax**”) within each Improvement Area and each Future Improvement Area to pay for the costs of certain public facilities, including, but not limited to, certain costs for the financing of the “Old Road Phase II Improvements” and any related capital improvements (collectively, the “**Project**”) and to issue bonds payable from the Special Tax; and

WHEREAS, in forming the District, on March 9, 2021, the Board of Supervisors adopted a resolution determining the necessity to incur bonded indebtedness in Improvement Area No. 1 and permitting the amount of future bond indebtedness to be determined by the Board upon acceptance of a unanimous consent and waiver of property owners requesting annexation into the District; and

WHEREAS, based on the foregoing the maximum principal amount of bonded indebtedness of each of the Improvement Areas within the District is as follows:

Improvement Area No. 1:	\$70,000,000
Improvement Area No. 2:	\$47,500,000
Improvement Area No. 3:	\$50,000,000
Improvement Area No. 4:	\$50,000,000
Improvement Area No. 5:	\$20,000,000

Future Improvement Areas: To be determined upon acquisition

WHEREAS, in order to provide funds to finance the Project, the District intends to issue special tax bonds in each Improvement Area and Future Improvement Area (the “**Bonds**”); and

WHEREAS, beginning the 60-day period prior to the date hereof, the County has paid or incurred, or expects to pay or incur, costs with respect to the Project prior to the issuance of the Bonds in order to finance the Project; and

WHEREAS, in order to reimburse the payment, or pay unpaid costs, of the Project, the District anticipates it may issue Bonds up to the maximum amount authorized for each Improvement Area and Future Improvement Area for the purpose of financing costs of the Project; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the County to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of indebtedness; and

WHEREAS, the County wishes to declare its official intent to use proceeds of indebtedness (such as the Bonds) to reimburse expenditures of the Project paid before its obligations are issued and to finance Project costs on a long-term basis with the proceeds of such indebtedness.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. This Resolution is adopted by the Board of Supervisors solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. Unless otherwise defined, terms used herein shall have the meaning set forth in the Internal Revenue Code of 1986 and in Section 1.150-2 of the Treasury Regulations.

Section 3. The District intends to issue Bonds and other debt in one or more series in each of the Improvement Areas and in each of the Future Improvement Areas of the District for the purpose of paying the costs of the Project.

Section 4. The County hereby declares that it reasonably expects (i) to pay or cause to be paid certain costs of the Project prior to the date of issuance of such Bonds and other debt and (ii) to use a portion of the proceeds of such Bonds and other debt for reimbursement of expenditures for the Project that are paid before the date of issuance of such Bonds and other debt.

Section 5. All actions heretofore taken by the officers, employees and agents of the County with respect to the actions set forth above are hereby approved, confirmed and ratified.

Section 6. The officers, employees and agents of the County are, and each of them is, hereby authorized and directed, for and in the name of the District to take all actions and do any and all things that they, or any of them, may deem necessary or advisable in order to consummate

the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution not inconsistent with the provisions hereof.

Section 7. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was adopted on the ____ day of _____, 2026, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN, Executive Officer-Clerk of the
Board of Supervisors of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By:  _____
Senior Deputy County Counsel

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, ACTING AS THE
LEGISLATIVE BODY OF COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES), ACCEPTING UNANIMOUS
CONSENT AND APPROVAL OF PROPERTY OWNER TO
ANNEX CERTAIN PROPERTY AS TO COUNTY OF LOS
ANGELES COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

WHEREAS, on January 26, 2021, the Board of Supervisors (“Board of Supervisors”) of the County of Los Angeles (“County”) adopted a resolution (“Resolution of Intention”) declaring its intention to form County of Los Angeles Community Facilities District No. 2021-02 (Valencia–Services) (the “District”) and designate territory proposed for annexation to the District in the future (“Future Annexation Area”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, on March 9, 2021, after providing all notice required by the Act, the Board of Supervisors conducted a noticed public hearing required by the Act relative to: (i) the proposed formation of the District and the designation of the Future Annexation Area, (ii) the proposed levy of a special tax within the District to finance certain authorized services described in the Resolution of Intention, and (iii) the proposed levy of a special tax in any Future Improvement Area annexed to the District to finance certain authorized services described in the Resolution of Intention, subject to the receipt of the unanimous consent and approval of the owner or owners of the parcel or parcels at the time of annexation (“Unanimous Consent and Approval”) and approval by the Board of Supervisors, acting as the legislative body of the District (“Legislative Body”) in accordance with the Act; and

WHEREAS, on March 9, 2021, following the close of the public hearing, the Board of Supervisors adopted a resolution which formed the District and designated the Future Annexation Area (“Resolution of Formation”), which resolution called a special election within the District on March 9, 2021 on two propositions for the District relating to the levy of a special tax within the District and the establishment of an appropriations limit within the District; and

WHEREAS, on March 9, 2021, a special election was held within the District at which the qualified electors therein approved by at least two-thirds vote, Propositions A and B as set forth in Attachment “C” to the Resolution of Formation, authorizing the levy of a special tax within the District for the purposes described in the Resolution of Formation and establishing an appropriations limit for the District; and

WHEREAS, on March 23, 2021, the Board of Supervisors adopted Ordinance No. 2021-016 (the “Ordinance”) authorizing the levy of a special tax within the District in accordance with the rate and method of apportionment of special tax for the District; and

WHEREAS, the property owner (the “Owner”) owns the property located within the Future Annexation Area which is described and depicted in Exhibit B hereto (the “Property”) and has requested that the Property be annexed to the District; and

WHEREAS, the Owner has executed and delivered to the District a Unanimous Consent and Approval requesting and approving the annexation of the Property to the District in accordance with the Act, the Resolution of Intention and the Resolution of Formation (the “Unanimous Consent and Approval”); and

WHEREAS, the Unanimous Consent and Approval requests and approves the levy of a special tax in accordance with the rate and method of apportionment of special tax for the District attached thereto as Exhibit B and attached to the Resolution of Formation (the “Rate and Method”).

NOW, THEREFORE, the Board of Supervisors of the County acting in its capacity as the legislative body of County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

1. Each of the above recitals is true and correct.
2. The boundaries of the District and the Future Annexation Area are as shown on the map designated “County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) County of Los Angeles, State of California,” which map was recorded pursuant to Section 3111 of the California Streets and Highways Code in the County of Los Angeles Book of Maps of Assessment and Community Facilities Districts in the Office of the County Registrar-Recorder/County Clerk in Book No. 195 at Page Nos. 84-87, as Instrument No. 2021-10197580, on February 4, 2021. The Property to be annexed to the District has the legal boundaries described in, and the boundaries shown on, the annexation map attached as Exhibit B hereto. Pursuant to Section 3110.5 of the California Streets and Highways Code, the Executive Officer-Clerk of the Board of Supervisors is hereby directed to sign the original annexation map of the Property to be annexed to the District and record it within 15 days of the date hereof with all proper endorsements thereon with the Office of the County Registrar-Recorder/County Clerk.
3. The Board of Supervisors, as the Legislative Body of the District, hereby finds that the Unanimous Consent and Approval executed and delivered by the Owner satisfies the requirements under Sections 53329.6 and 53339 et seq. of the Act. The Board of Supervisors, acting as the Legislative Body of the District, hereby accepts the Unanimous Consent and Approval executed and delivered by the Owner. The Legislative Body hereby determines that the Property is annexed to and added to the District with full legal effect.
4. The Board of Supervisors, as the Legislative Body of the District, is hereby authorized to levy on the land within the Property annexed to the District the special tax in each fiscal year in accordance with the Rate and Method and the Ordinance for the purposes described in the Resolution of Formation.
5. The Executive Officer-Clerk of the Board of Supervisors is hereby directed to record in the Office of the County Registrar-Recorder/County Clerk within 15 days of the date hereof an amended notice of special tax lien for the District pursuant to Section 3117.5 of the Streets and Highways Code so that the District includes the Property annexed to the District, in the form required by Streets and Highways Code Section 3114.5, a form of which is attached hereto as Exhibit C. The Executive Officer-Clerk of the Board of Supervisors and other appropriate officers of the County are authorized to make all necessary revisions, additions and deletions to the form of notice of special tax lien attached hereto as necessary to finalize such notice for recordation.

6. This Resolution shall be effective upon its adoption.

The foregoing resolution was adopted on the ____ day of _____, 2026, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN, Executive Officer-Clerk of the Board
of Supervisors of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By:  _____
Senior Deputy County Counsel

EXHIBIT A

**RATE AND METHOD OF APPORTIONMENT FOR
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

**RATE AND METHOD OF APPORTIONMENT
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) ("CFD No. 2021-02") and collected each Fiscal Year commencing in Fiscal Year 2021-2022, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-02, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, of Part 1 of 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 2021-02: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2021-02 or any designee thereof related to an appeal of the Special Tax; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2021-02 for any other administrative purposes of CFD No. 2021-02, 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.

"Affordable Housing Property" means Dwelling Units, located on one or more Assessor's Parcels for which a Building Permit for new construction was issued after January 1, 2020 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the County providing affordable housing for households with incomes below 120% of the County of Los Angeles median income, and are therefore exempt from the Special Tax.

"Apartment Property" means Assessor's Parcels for which Building Permits have been issued for Dwelling Units located in a building or buildings comprised of

Dwelling Units available for rent, but not purchase, by the general public and under common management.

"Apartment Floor Area" means the total building square footage of Apartment Property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the Building Permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the CFD Administrator.

"Assessor's Parcel" means any real property to which an Assessor's Parcel Number is assigned as shown on an Assessor's Parcel Map.

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

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Attached Property" means, in any Fiscal Year, all Residential Property for which Building Permits were issued for construction of a residential structure consisting of two or more Dwelling Units that share common walls, including garage walls. Dwelling Units to be included in this category shall include, but not be limited to, townhomes, condominiums, triplex units, and duplex units. Dwelling Units on Apartment Property shall be excluded from this category.

"Annual Special Tax Requirement" means the sum of the Developed Property Special Tax Requirement and the Final Mapped Property/Undeveloped Property Special Tax Requirement.

"Authorized Services" means those services eligible to be funded, as defined in the Resolution of Formation and authorized to be financed by CFD No. 2021-02 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2021-02 shall finance Authorized Services only to the extent that they are in addition to those provided in the territory before the CFD was created and such Authorized Services may not supplant services already available within CFD No. 2021-02 when the CFD was created.

"Board" means the Board of Supervisors of the County.

"Boundary Map" means a recorded map(s) which indicates the boundaries of CFD No. 2021-02.

"Building Permit" means the first legal document issued by the County giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

"CFD Administrator" means an official of the County, or designee thereof, responsible for determining the Annual Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD Formation" means the date on which the Board approved documents to form CFD No. 2021-02.

"CFD No. 2021-02" means the County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services).

"Cluster Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to (i) share a lot, designated by a Final Map, with one or more Dwelling Units; and (ii) be surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator. Dwelling Units to be included in this category shall include, but not be limited to, 3-Pack units, 8-Pack units, and 10-Pack units.

"Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles – Long Beach – Anaheim Area, measured as of the month of December in the previous Fiscal Year. 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 Los Angeles – Long Beach – Anaheim Area.

"County" means the County of Los Angeles.

"Detached Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to be (i) each located on a separate lot designated by a Final Map, and (ii) surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator.

"Developed Property" means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

"Developed Property Special Tax Requirement" means that amount to (i) pay for Authorized Services; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone; and (iii) pay Administrative Expenses; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Developed Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Dwelling Unit" means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, apartment, mobile home, or otherwise.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

"Final Map" means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which Building Permits may be issued

without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

"Final Mapped Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Final Mapped Property/Undeveloped Property Special Tax Requirement" means that amount to (i) pay for Authorized Services not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; and (iii) pay Administrative Expenses not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Final Mapped Property/Undeveloped Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Future Annexation Area" means that geographic area that, at the time of CFD Formation, was considered potential annexation area for CFD No. 2021-02 and which was, therefore, identified as "future annexation area" on the recorded CFD No. 2021-02 Boundary Map. Such designation does not mean that any or all of the Future Annexation Area will annex into CFD No. 2021-02, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the Act for territory included in a future annexation area, as well as the procedures established by the Board.

"Land Use Class" means any of the categories listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Floor Area" means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the County, as reasonably determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

"Property Owner Association" means, collectively, any property owner association or homeowners association, including any master- or sub-association, created for the property in CFD No. 2021-02.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2021-02 that was owned by (i) a Property Owner Association, as of January 1 of the prior Fiscal Year, or (ii) a transportation management organization, as of January 1 of the prior Fiscal Year.

"Proportionately" means, within each Zone, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Final Mapped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Final Mapped Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means, for each Fiscal Year, any property within CFD No. 2021-02 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, or any other public agency as of June 30 of the prior Fiscal Year; 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 in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Taxes, County of Los Angeles, Community Facilities District No. 2021-02 (Valencia-Services).

"Reserve Fund" means a reserve fund to be used for one-time setup costs, capital replacement, and maintenance costs.

"Reserve Fund Requirement" means for each Zone, an amount equal to up to 100% of the anticipated annual cost of Authorized Services at buildout of that Zone.

"Residential Property" means Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

"Resolution of Formation" means the resolution adopted by the Board pursuant to Section 53325.1 of the Act, establishing CFD No. 2021-02.

"Special Tax" means a special tax levied in any Fiscal Year to pay the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2021-02 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are

not Developed Property, Final Mapped Property, Public Property, or Property Owner's Association Property.

"Zone" means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2021-02 is identified as Zone 1. Additional Zones may be created when property is annexed into CFD No. 2021-02.

B ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, beginning with Fiscal Year 2021-2022, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Finally, each Assessor's Parcel of Residential Property shall further be classified as a Detached Property, Cluster Property, Attached Property, Apartment Property, or Affordable Housing Property.

C MAXIMUM SPECIAL TAX

C.1 Developed Property

C.1.a Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2021-2022 for Developed Property is shown below in Table 1.

Table 1: Maximum Special Taxes for Developed Property

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING PROPERTY	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

C.1.b Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on the Assessor's Parcel. The CFD Administrator's allocation to each Land Use Class shall be final.

C.1.c Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.2 Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.3 Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

D ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2021-02 from time to time. For Land Use Classes not included in the initial boundaries of CFD No. 2021-02, a study and report describing the Authorized Services to be provided to such properties and the estimated cost of such Authorized Services shall be provided to the Board as the legislative body of CFD No. 2021-02 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Class as provided herein or as defined and detailed when annexed and included in Exhibit A.

E APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the County shall levy the Special Tax as follows:

First: Determine the Developed Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Developed Property until the amount levied on Developed Property is equal to the lesser of (i) the Developed Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Developed Property;

Second: Determine the Final Mapped Property/Undeveloped Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Final Mapped Property until the amount levied on Final Mapped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Final Mapped Property;

Third: If additional monies are needed to satisfy the Final Mapped Property/Undeveloped Property Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement less the amount levied pursuant to the second step above, or (ii) 100% of the applicable Maximum Special Tax for Undeveloped Property.

F PREPAYMENT

No prepayments of the Special Tax are permitted.

G EXEMPTIONS

No Special Tax shall be levied on (i) Assessor's Parcels which are Public Property, Property Owner Association Property, Affordable Housing Property, or Exempt Welfare Exemption 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 with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; (iv) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses; or (v) Assessor's Parcels restricted to other types of public uses determined by the Board.

H APPEALS AND INTERPRETATIONS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

I MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-02 may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

J TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Annual Special Tax Requirement, unless no longer required to pay for Authorized Services as determined at the discretion of the Board.

EXHIBIT A
MAXIMUM SPECIAL TAXES BY ZONE
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)

Table A-1: Maximum Special Tax Rates for Developed Property
Zone 1
(Fiscal Year 2021-2022)

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

Increases in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

EXHIBIT B
DESCRIPTION OF PROPERTY (ANNEXATION MAP)

SHEET 1 OF 2

ANNEXATION MAP NO. 1 TO
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA - SERVICES)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

LEGEND

■

Boundaries of Annexation Map No. 1 to
County of Los Angeles Community
Facilities District No. 2021-02
(Valencia-Services), County of Los
Angeles, State of California

Reference is hereby made to
the Assessor maps of the
County of Los Angeles
for a description of the lines
and dimensions of these
parcels.

PERLITE DRIVE

MERCURY LANE

JADESTONE LANE

SANDSTONE PLACE

GEMSTONE PLACE

LIMESTONE

-007

-006

-005

-004

-003

-002

-001

Assessor Parcels within the Boundaries of
Annexation Map No. 1 to County of Los Angeles
Community Facilities District No. 2021-02
(Valencia - Services), County of Los Angeles:
2826-219-001 through 2826-219-007

Reference is hereby made to that certain map
entitled "Proposed Boundaries of County of Los
Angeles Community Facilities District No. 2021-02
(Valencia - Services), County of Los Angeles,
State of California," filed the 4th day of February,
2021, at the hour of 8:04 o'clock a.m. in Book 195
of Maps of Assessment and Community Facilities
Districts at pages 84-87, and as Instrument No.
2021-10197580, in the office of the County
Recorder of the County of Los Angeles, State of
California, which this Annexation Map affects.

Prepared by DTA

(1)

Filed in the office of the Executive Officer of the Board of
Supervisors of Los Angeles County this ____ day of
_____, 2026.

Edward Yen,
Executive Officer of the Board of Supervisors
Los Angeles County, California

(2)

I hereby certify that the within map showing the proposed
boundaries of Annexation Map No. 1 to County of Los
Angeles Community Facilities District No. 2021-02
(Valencia - Services), County of Los Angeles, State of
California, was approved by the Board of Supervisors at a
regular meeting thereof, held on this ____ day of
_____, 2026, by its Resolution No. ____.

Edward Yen,
Executive Officer of the Board of Supervisors
Los Angeles County, California

(3)

Recording Requested by: County of Los Angeles
Filed this ____ day of _____, 2026, at the hour of
o'clock ____ m. in Book ____ of Maps of
Assessment and Community Facilities Districts at Page ____
the office of the County Recorder in the County of Los
Angeles, State of California.

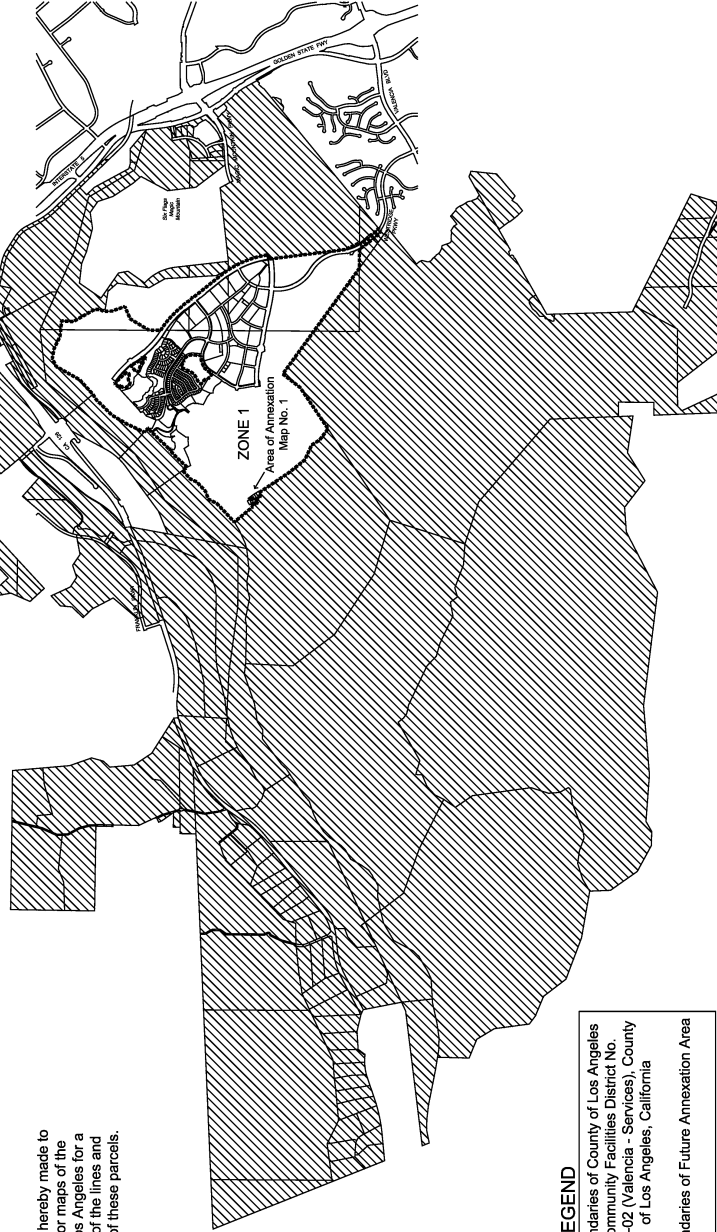
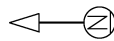
Dean C. Logan
Registrar-Recorder/County Clerk, County of Los Angeles
By _____ Deputy
Fee _____
Exempt recording requested,
per CA Government Code §27383

4927-6509-2797v3/022311-0033

B-2

ANNEXATION MAP NO. 1 TO
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA - SERVICES)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

Reference is hereby made to
the Assessor maps of the
County of Los Angeles for a
description of the lines and
dimensions of these parcels.



LEGEND

- Boundaries of County of Los Angeles
Community Facilities District No.
2021-02 (Valencia - Services), County
of Los Angeles, California
-  Boundaries of Future Annexation Area

Prepared by DTA

EXHIBIT C

AMENDED NOTICE OF SPECIAL TAX LIEN

**Recording Requested By and
When Recorded Mail To:**

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Brian P. Forbath, Esq.

This document is exempt from the
payment of a recording fee pursuant to
Government Code Section 6103.

AMENDED NOTICE OF SPECIAL TAX LIEN

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

Pursuant to the requirements of Section 3117.5 of the Streets and Highways Code and Section 53328.3 of the Government Code, the undersigned Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles, State of California, as the legislative body of County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) (the “District”), hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the Board of Supervisors of the County of Los Angeles, State of California, sitting as the legislative body of the District (the “Board”) on the District. The special tax secured by this lien is authorized to be levied for the purpose of financing all or a portion of the costs of the types of services permitted pursuant to Section 53313 of the Government Code (the “Services”), which shall include, but not be limited to, parkway and median landscaping for streets, maintenance of water quality system improvements, maintenance of property of The Newhall Ranch High Country Recreation and Conservation Authority, and public park maintenance, excluding park recreation services/programming, and incidental expenses (the “Incidental Expenses”) to be incurred in connection with financing the Services and forming and administering the District.

The special tax is authorized to be levied within the District, and the lien of the special tax is a continuing lien that shall secure each annual levy of the special tax and that shall continue in force and effect until canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

This Amended Notice of Special Tax Lien amends the Notice of Special Tax Lien recorded as Document No. 20210445221 on March 19, 2021 (“Notice of Special Tax Lien”) to add to the territory of the District the property described in that certain Annexation Map No. 1 to the District recorded at Book No. _____ of Maps of Assessment and Community Facilities Districts at Page No. _____, and as Document No. _____ in the office of the Registrar-Recorder/County Clerk for the County of Los Angeles (the “Annexation No. 1 Property”).

Notice is further given that upon the recording of this notice in the office of the County Recorder, the obligation to pay the special tax levy shall become a lien upon the Annexation No. 1 Property in accordance with Section 3115.5 and 3117.5 of the Streets and Highway Code.

The names of the owners and the assessor's tax parcel numbers of the Annexation No. 1 Property which are included in this Amended Notice of Special Tax Lien and annexed to the District and not exempt from the special tax are as set forth in Appendix B attached hereto and incorporated herein by this reference.

The rate, method of apportionment and manner of collection of the authorized special tax applicable to the Annexation No. 1 Property is as set forth in Appendix A attached hereto and incorporated herein by this reference. The obligation of parcels within the Annexation No. 1 Property to pay special taxes may not be prepaid. Reference is made to the boundary map of the District recorded at Book No. 195 of Maps of Assessment and Community Facilities Districts at Page Nos. 84-87, in the office of the County Recorder for the County of Los Angeles, State of California (the "Original Boundary Map"), which Original Boundary Map identified, among other things, property for future annexation to the District (the "Future Annexation Area"). The Annexation No. 1 Property described in Appendix B hereto is part of the Future Annexation Area set forth in the Original Boundary Map and has been annexed into the District pursuant to a Unanimous Consent and Approval of the owner of the Annexation No. 1 Property described in Appendix B hereto submitted to the County of Los Angeles.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the Executive Officer-Clerk of the Board of Supervisors, County of Los Angeles, 500 West Temple Street, Suite 383, Los Angeles, California 90012, telephone number (213) 974-1411.

Executive Officer-Clerk of the Board of Supervisors of
the County of Los Angeles, acting in its capacity as the
legislative body of County of Los Angeles Community
Facilities District No. 2021-02 (Valencia-Services)

APPENDIX A

**RATE AND METHOD OF APPORTIONMENT FOR
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

**RATE AND METHOD OF APPORTIONMENT
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) ("CFD No. 2021-02") and collected each Fiscal Year commencing in Fiscal Year 2021-2022, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-02, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, of Part 1 of 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 2021-02: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2021-02 or any designee thereof related to an appeal of the Special Tax; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2021-02 for any other administrative purposes of CFD No. 2021-02, 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.

"Affordable Housing Property" means Dwelling Units, located on one or more Assessor's Parcels for which a Building Permit for new construction was issued after January 1, 2020 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the County providing affordable housing for households with incomes below 120% of the County of Los Angeles median income, and are therefore exempt from the Special Tax.

"Apartment Property" means Assessor's Parcels for which Building Permits have been issued for Dwelling Units located in a building or buildings comprised of

Dwelling Units available for rent, but not purchase, by the general public and under common management.

"Apartment Floor Area" means the total building square footage of Apartment Property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the Building Permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the CFD Administrator.

"Assessor's Parcel" means any real property to which an Assessor's Parcel Number is assigned as shown on an Assessor's Parcel Map.

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

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Attached Property" means, in any Fiscal Year, all Residential Property for which Building Permits were issued for construction of a residential structure consisting of two or more Dwelling Units that share common walls, including garage walls. Dwelling Units to be included in this category shall include, but not be limited to, townhomes, condominiums, triplex units, and duplex units. Dwelling Units on Apartment Property shall be excluded from this category.

"Annual Special Tax Requirement" means the sum of the Developed Property Special Tax Requirement and the Final Mapped Property/Undeveloped Property Special Tax Requirement.

"Authorized Services" means those services eligible to be funded, as defined in the Resolution of Formation and authorized to be financed by CFD No. 2021-02 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2021-02 shall finance Authorized Services only to the extent that they are in addition to those provided in the territory before the CFD was created and such Authorized Services may not supplant services already available within CFD No. 2021-02 when the CFD was created.

"Board" means the Board of Supervisors of the County.

"Boundary Map" means a recorded map(s) which indicates the boundaries of CFD No. 2021-02.

"Building Permit" means the first legal document issued by the County giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

"CFD Administrator" means an official of the County, or designee thereof, responsible for determining the Annual Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD Formation" means the date on which the Board approved documents to form CFD No. 2021-02.

"CFD No. 2021-02" means the County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services).

"Cluster Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to (i) share a lot, designated by a Final Map, with one or more Dwelling Units; and (ii) be surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator. Dwelling Units to be included in this category shall include, but not be limited to, 3-Pack units, 8-Pack units, and 10-Pack units.

"Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles – Long Beach – Anaheim Area, measured as of the month of December in the previous Fiscal Year. 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 Los Angeles – Long Beach – Anaheim Area.

"County" means the County of Los Angeles.

"Detached Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to be (i) each located on a separate lot designated by a Final Map, and (ii) surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator.

"Developed Property" means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

"Developed Property Special Tax Requirement" means that amount to (i) pay for Authorized Services; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone; and (iii) pay Administrative Expenses; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Developed Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Dwelling Unit" means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, apartment, mobile home, or otherwise.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

"Final Map" means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which Building Permits may be issued

without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

"Final Mapped Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Final Mapped Property/Undeveloped Property Special Tax Requirement" means that amount to (i) pay for Authorized Services not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; and (iii) pay Administrative Expenses not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Final Mapped Property/Undeveloped Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Future Annexation Area" means that geographic area that, at the time of CFD Formation, was considered potential annexation area for CFD No. 2021-02 and which was, therefore, identified as "future annexation area" on the recorded CFD No. 2021-02 Boundary Map. Such designation does not mean that any or all of the Future Annexation Area will annex into CFD No. 2021-02, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the Act for territory included in a future annexation area, as well as the procedures established by the Board.

"Land Use Class" means any of the categories listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Floor Area" means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the County, as reasonably determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

"Property Owner Association" means, collectively, any property owner association or homeowners association, including any master- or sub-association, created for the property in CFD No. 2021-02.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2021-02 that was owned by (i) a Property Owner Association, as of January 1 of the prior Fiscal Year, or (ii) a transportation management organization, as of January 1 of the prior Fiscal Year.

"Proportionately" means, within each Zone, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Final Mapped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Final Mapped Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means, for each Fiscal Year, any property within CFD No. 2021-02 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, or any other public agency as of June 30 of the prior Fiscal Year; 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 in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Taxes, County of Los Angeles, Community Facilities District No. 2021-02 (Valencia-Services).

"Reserve Fund" means a reserve fund to be used for one-time setup costs, capital replacement, and maintenance costs.

"Reserve Fund Requirement" means for each Zone, an amount equal to up to 100% of the anticipated annual cost of Authorized Services at buildout of that Zone.

"Residential Property" means Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

"Resolution of Formation" means the resolution adopted by the Board pursuant to Section 53325.1 of the Act, establishing CFD No. 2021-02.

"Special Tax" means a special tax levied in any Fiscal Year to pay the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2021-02 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are

not Developed Property, Final Mapped Property, Public Property, or Property Owner's Association Property.

"Zone" means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2021-02 is identified as Zone 1. Additional Zones may be created when property is annexed into CFD No. 2021-02.

B ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, beginning with Fiscal Year 2021-2022, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Finally, each Assessor's Parcel of Residential Property shall further be classified as a Detached Property, Cluster Property, Attached Property, Apartment Property, or Affordable Housing Property.

C MAXIMUM SPECIAL TAX

C.1 Developed Property

C.1.a Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2021-2022 for Developed Property is shown below in Table 1.

Table 1: Maximum Special Taxes for Developed Property

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING PROPERTY	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

C.1.b Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on the Assessor's Parcel. The CFD Administrator's allocation to each Land Use Class shall be final.

C.1.c Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.2 Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.3 Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

D ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2021-02 from time to time. For Land Use Classes not included in the initial boundaries of CFD No. 2021-02, a study and report describing the Authorized Services to be provided to such properties and the estimated cost of such Authorized Services shall be provided to the Board as the legislative body of CFD No. 2021-02 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Class as provided herein or as defined and detailed when annexed and included in Exhibit A.

E APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the County shall levy the Special Tax as follows:

First: Determine the Developed Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Developed Property until the amount levied on Developed Property is equal to the lesser of (i) the Developed Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Developed Property;

Second: Determine the Final Mapped Property/Undeveloped Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Final Mapped Property until the amount levied on Final Mapped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Final Mapped Property;

Third: If additional monies are needed to satisfy the Final Mapped Property/Undeveloped Property Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement less the amount levied pursuant to the second step above, or (ii) 100% of the applicable Maximum Special Tax for Undeveloped Property.

F PREPAYMENT

No prepayments of the Special Tax are permitted.

G EXEMPTIONS

No Special Tax shall be levied on (i) Assessor's Parcels which are Public Property, Property Owner Association Property, Affordable Housing Property, or Exempt Welfare Exemption 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 with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; (iv) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses; or (v) Assessor's Parcels restricted to other types of public uses determined by the Board.

H APPEALS AND INTERPRETATIONS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

I MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-02 may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

J TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Annual Special Tax Requirement, unless no longer required to pay for Authorized Services as determined at the discretion of the Board.

EXHIBIT A
MAXIMUM SPECIAL TAXES BY ZONE
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)

Table A-1: Maximum Special Tax Rates for Developed Property
Zone 1
(Fiscal Year 2021-2022)

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

Increases in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

APPENDIX B

ANNEXATION NO. 1 PROPERTY

APN	Owner Name
2826-219-001	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-002	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-003	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-004	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-005	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-006	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership
2826-219-007	The Newhall Land and Farming Company (A California Limited Partnership), a California limited partnership

**COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02 (VALENCIA-SERVICES)**

UNANIMOUS CONSENT AND APPROVAL

County of Los Angeles
Community Facilities District No. 2021-02 (Valencia–Services)

The County of Los Angeles (the “County”) has formed County of Los Angeles Community Facilities District No. 2021-02 (Valencia–Services) (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the “Act”).

The undersigned property owner (the “Owner”) hereby states and certifies as follows:

1. This Unanimous Consent and Approval is submitted by the Owner who is the record owner of fee title to the real property as described in Exhibit “A” hereto (the “Property”). The Owner has provided the District sufficient and current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Unanimous Consent and Approval.

2. To the best of the undersigned’s knowledge, there are no registered voters residing within the Property and there have been none during the 90-day period preceding September 1, 2026.

3. This Unanimous Consent and Approval constitutes the unanimous approval of the Owner of the following within the meaning of Sections 53329.6 and 53339 et seq. and 53350 of the Act for purposes of:

(a) Annexation. The Owner hereby requests the annexation of the Property to the District. The Property consists of several parcels annexing to the District, as shown on the annexation map attached as Exhibit “C” hereto.

(b) Special Tax. Special taxes with respect to the District (the “Special Tax”) on the Property shall be levied in accordance with the rate and method of apportionment of special tax for the District (the “Rate and Method”), which is attached hereto as Exhibit “B.” The Special Tax shall be used to finance the Services and Incidental Expenses (as defined in the Resolution of Formation defined below) described in Attachment “B” to the resolution establishing the District, adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on March 9, 2021 (the “Resolution of Formation”).

Pursuant to Section 53329.6 of the Act, this Unanimous Consent and Approval constitutes the vote of the qualified elector in favor of the matters addressed in this Section 3 for purposes of the California Constitution, including, but not limited to Articles XIII A and XIII C.

4. The Owner hereby acknowledges that no further hearings are required with respect to the approval of the matters set forth in Section 3 above.

5. The Owner understands and hereby unanimously approves that the Special Tax is authorized to be levied on the Property annexed to the District, and the lien of the Special Tax is a continuing lien which shall secure each annual levy of the Special Tax and which shall continue in force and effect until the Special Tax obligation is canceled in accordance with law or until the Special Tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the California Government Code.

6. Having been fully advised with respect to the unanimous approval process set forth herein, the Owner waives compliance with any and all provisions of the Elections Code and Government Code, with any time limits or other procedural requirements, including without limitation, the preparation of an impartial analysis, arguments or rebuttals concerning elections as provided for by Elections Code Sections 9160 to 9167, inclusive, and 9190 and preparation of a tax rate statement as provided in Section 9401 of the Elections Code and any further notices of such approvals as may be required pursuant to the Elections Code or the Government Code.

7. The undersigned hereby represents that compliance with any additional procedural requirements, including the receipt of any arguments for or against such approval and impartial analyses and the time limitations which may apply in connection with scheduling, mailing and publishing notices, are unnecessary in light of the fact that the undersigned has received sufficient information regarding the imposition of the Special Tax to allow it to properly complete this Unanimous Consent and Approval. The Owner further waives its right to make any protest or complaint or undertake any legal action challenging the validity of this Unanimous Consent and Approval and any proceedings taken in connection therewith or the levy of the Special Tax in accordance with the Rate and Method to finance the costs of the Services and Incidental Expenses for the benefit of the Property.

8. The Owner hereby authorizes the District to execute and record against the Property in the Office of the County Registrar-Recorder/County Clerk, an amended notice of special tax lien for the District in accordance with Section 3117.5 of the California Streets & Highways Code, which shall give notice that a lien to secure payment of the Special Tax is imposed by the District on the Property.

9. This Unanimous Consent and Approval shall be effective upon its execution and delivery and acceptance by the Board of Supervisors, acting as the legislative body of the District.

The foregoing Unanimous Consent and Approval is hereby executed this ____ day of _____, 2026 in _____.

THE NEWHALL LAND AND FARMING COMPANY (A
CALIFORNIA LIMITED PARTNERSHIP),
a California limited partnership

By: NWHL GP, LLC,
a Delaware limited liability company
its General Partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[THIS UNANIMOUS APPROVAL SHALL BE NOTARIZED]

EXHIBIT A TO UNANIMOUS CONSENT AND APPROVAL

LEGAL DESCRIPTION OF PROPERTY

County of Los Angeles Assessor Parcel Numbers:

2826-219-001

2826-219-002

2826-219-003

2826-219-004

2826-219-005

2826-219-006

2826-219-007

EXHIBIT B TO UNANIMOUS CONSENT AND APPROVAL
RATE AND METHOD OF APPORTIONMENT FOR
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)

**RATE AND METHOD OF APPORTIONMENT
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services) ("CFD No. 2021-02") and collected each Fiscal Year commencing in Fiscal Year 2021-2022, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-02, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, of Part 1 of 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 2021-02: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2021-02 or any designee thereof related to an appeal of the Special Tax; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2021-02 for any other administrative purposes of CFD No. 2021-02, 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.

"Affordable Housing Property" means Dwelling Units, located on one or more Assessor's Parcels for which a Building Permit for new construction was issued after January 1, 2020 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the County providing affordable housing for households with incomes below 120% of the County of Los Angeles median income, and are therefore exempt from the Special Tax.

"Apartment Property" means Assessor's Parcels for which Building Permits have been issued for Dwelling Units located in a building or buildings comprised of

Dwelling Units available for rent, but not purchase, by the general public and under common management.

"Apartment Floor Area" means the total building square footage of Apartment Property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the Building Permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the CFD Administrator.

"Assessor's Parcel" means any real property to which an Assessor's Parcel Number is assigned as shown on an Assessor's Parcel Map.

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

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Attached Property" means, in any Fiscal Year, all Residential Property for which Building Permits were issued for construction of a residential structure consisting of two or more Dwelling Units that share common walls, including garage walls. Dwelling Units to be included in this category shall include, but not be limited to, townhomes, condominiums, triplex units, and duplex units. Dwelling Units on Apartment Property shall be excluded from this category.

"Annual Special Tax Requirement" means the sum of the Developed Property Special Tax Requirement and the Final Mapped Property/Undeveloped Property Special Tax Requirement.

"Authorized Services" means those services eligible to be funded, as defined in the Resolution of Formation and authorized to be financed by CFD No. 2021-02 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2021-02 shall finance Authorized Services only to the extent that they are in addition to those provided in the territory before the CFD was created and such Authorized Services may not supplant services already available within CFD No. 2021-02 when the CFD was created.

"Board" means the Board of Supervisors of the County.

"Boundary Map" means a recorded map(s) which indicates the boundaries of CFD No. 2021-02.

"Building Permit" means the first legal document issued by the County giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

"CFD Administrator" means an official of the County, or designee thereof, responsible for determining the Annual Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD Formation" means the date on which the Board approved documents to form CFD No. 2021-02.

"CFD No. 2021-02" means the County of Los Angeles Community Facilities District No. 2021-02 (Valencia-Services).

"Cluster Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to (i) share a lot, designated by a Final Map, with one or more Dwelling Units; and (ii) be surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator. Dwelling Units to be included in this category shall include, but not be limited to, 3-Pack units, 8-Pack units, and 10-Pack units.

"Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles – Long Beach – Anaheim Area, measured as of the month of December in the previous Fiscal Year. 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 Los Angeles – Long Beach – Anaheim Area.

"County" means the County of Los Angeles.

"Detached Property" means Assessor's Parcels of Developed Property for which Building Permits have been issued for Dwelling Units that are or are expected to be (i) each located on a separate lot designated by a Final Map, and (ii) surrounded by freestanding walls and that do not share an inside wall with any other Dwelling Unit, as determined by the CFD Administrator.

"Developed Property" means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

"Developed Property Special Tax Requirement" means that amount to (i) pay for Authorized Services; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone; and (iii) pay Administrative Expenses; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Developed Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Dwelling Unit" means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, apartment, mobile home, or otherwise.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

"Final Map" means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which Building Permits may be issued

without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

"Final Mapped Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

"Final Mapped Property/Undeveloped Property Special Tax Requirement" means that amount to (i) pay for Authorized Services not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; (ii) build up the Reserve Fund up to the Reserve Fund Requirement for each Zone not to exceed in any given Fiscal Year 20% of Authorized Services for that Zone not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; and (iii) pay Administrative Expenses not funded by the levy of Special Taxes on Developed Property through the Developed Property Special Tax Requirement; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Final Mapped Property/Undeveloped Property Special Tax Requirement include debt service payments for debt financings by CFD No. 2021-02.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Future Annexation Area" means that geographic area that, at the time of CFD Formation, was considered potential annexation area for CFD No. 2021-02 and which was, therefore, identified as "future annexation area" on the recorded CFD No. 2021-02 Boundary Map. Such designation does not mean that any or all of the Future Annexation Area will annex into CFD No. 2021-02, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the Act for territory included in a future annexation area, as well as the procedures established by the Board.

"Land Use Class" means any of the categories listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Floor Area" means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the County, as reasonably determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

"Property Owner Association" means, collectively, any property owner association or homeowners association, including any master- or sub-association, created for the property in CFD No. 2021-02.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2021-02 that was owned by (i) a Property Owner Association, as of January 1 of the prior Fiscal Year, or (ii) a transportation management organization, as of January 1 of the prior Fiscal Year.

"Proportionately" means, within each Zone, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Final Mapped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Final Mapped Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means, for each Fiscal Year, any property within CFD No. 2021-02 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, or any other public agency as of June 30 of the prior Fiscal Year; 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 in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Taxes, County of Los Angeles, Community Facilities District No. 2021-02 (Valencia-Services).

"Reserve Fund" means a reserve fund to be used for one-time setup costs, capital replacement, and maintenance costs.

"Reserve Fund Requirement" means for each Zone, an amount equal to up to 100% of the anticipated annual cost of Authorized Services at buildout of that Zone.

"Residential Property" means Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

"Resolution of Formation" means the resolution adopted by the Board pursuant to Section 53325.1 of the Act, establishing CFD No. 2021-02.

"Special Tax" means a special tax levied in any Fiscal Year to pay the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2021-02 which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are

not Developed Property, Final Mapped Property, Public Property, or Property Owner's Association Property.

"Zone" means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2021-02 is identified as Zone 1. Additional Zones may be created when property is annexed into CFD No. 2021-02.

B ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, beginning with Fiscal Year 2021-2022, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner's Association Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Finally, each Assessor's Parcel of Residential Property shall further be classified as a Detached Property, Cluster Property, Attached Property, Apartment Property, or Affordable Housing Property.

C MAXIMUM SPECIAL TAX

C.1 Developed Property

C.1.a Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2021-2022 for Developed Property is shown below in Table 1.

Table 1: Maximum Special Taxes for Developed Property

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING PROPERTY	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

C.1.b Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on the Assessor's Parcel. The CFD Administrator's allocation to each Land Use Class shall be final.

C.1.c Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.2 Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

C.3 Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

D ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2021-02 from time to time. For Land Use Classes not included in the initial boundaries of CFD No. 2021-02, a study and report describing the Authorized Services to be provided to such properties and the estimated cost of such Authorized Services shall be provided to the Board as the legislative body of CFD No. 2021-02 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Class as provided herein or as defined and detailed when annexed and included in Exhibit A.

E APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the County shall levy the Special Tax as follows:

First: Determine the Developed Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Developed Property until the amount levied on Developed Property is equal to the lesser of (i) the Developed Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Developed Property;

Second: Determine the Final Mapped Property/Undeveloped Property Special Tax Requirement and Proportionately levy the Special Tax on each Assessor's Parcel of Final Mapped Property until the amount levied on Final Mapped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement, or (ii) 100% of the applicable Maximum Special Tax for Final Mapped Property;

Third: If additional monies are needed to satisfy the Final Mapped Property/Undeveloped Property Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Special Tax Requirement less the amount levied pursuant to the second step above, or (ii) 100% of the applicable Maximum Special Tax for Undeveloped Property.

F PREPAYMENT

No prepayments of the Special Tax are permitted.

G EXEMPTIONS

No Special Tax shall be levied on (i) Assessor's Parcels which are Public Property, Property Owner Association Property, Affordable Housing Property, or Exempt Welfare Exemption 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 with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; (iv) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses; or (v) Assessor's Parcels restricted to other types of public uses determined by the Board.

H APPEALS AND INTERPRETATIONS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

I MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-02 may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

J TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Annual Special Tax Requirement, unless no longer required to pay for Authorized Services as determined at the discretion of the Board.

EXHIBIT A
MAXIMUM SPECIAL TAXES BY ZONE
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA-SERVICES)

Table A-1: Maximum Special Tax Rates for Developed Property
Zone 1
(Fiscal Year 2021-2022)

Land Use Class	Description	Fiscal Year 2021-2022 Maximum Special Tax
1	DETACHED PROPERTY	\$615 PER DWELLING UNIT
2	CLUSTER PROPERTY	\$567 PER DWELLING UNIT
3	ATTACHED PROPERTY	\$476 PER DWELLING UNIT
4	AFFORDABLE HOUSING	\$0 PER DWELLING UNIT
5	APARTMENT PROPERTY	\$0.29 PER SQUARE FOOT OF APARTMENT FLOOR AREA
6	NON-RESIDENTIAL PROPERTY	\$0.29 PER SQUARE FOOT OF NON-RESIDENTIAL FLOOR AREA

Increases in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Final Mapped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

Undeveloped Property

The Fiscal Year 2021-2022 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,402 per Acre, and shall increase annually thereafter, commencing on July 1, 2022 and on July 1 of each Fiscal Year thereafter, by the greater of the change in the Consumer Price Index during the 12 months prior to December of the previous Fiscal Year and two percent (2.00%), but such annual increase shall not exceed five percent (5.00%).

ANNEXATION MAP NO. 1

ANNEXATION MAP NO. 1 TO
COUNTY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 2021-02
(VALENCIA - SERVICES)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA

(1) Filed in the office of the Executive Officer of the Board of Supervisors of Los Angeles County this ____ day of _____, 2026.

Edward Yen,
Executive Officer of the Board of Supervisors
Los Angeles County, California

(2) I hereby certify that the within map showing the proposed boundaries of Annexation Map No. 1 to County of Los Angeles Community Facilities District No. 2021-02 (Valencia - Services), County of Los Angeles, State of California, was approved by the Board of Supervisors at a regular meeting thereof, held on this ____ day of _____, 2026, by its Resolution No. _____.

Edward Yen,
Executive Officer of the Board of Supervisors
Los Angeles County, California

(3) Recording Requested by: County of Los Angeles

Filed this ____ day of _____, 2026, at the hour of ____ o'clock ____ m, in Book ____ of Maps of Assessment and Community Facilities Districts at Page ____ and as Instrument No. ____ in the office of the County Recorder in the County of Los Angeles, State of California.

Dean C. Logan
Registrar-Recorder/County Clerk, County of Los Angeles

By _____ Deputy

Fee _____

Exempt recording requested, per CA Government Code §27383

