This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

NEW ISSUE—BOOK-ENTRY ONLY **NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$5,735,000*
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL) OF THE CITY OF MENIFEE
SPECIAL TAX BONDS, SERIES 2026

Dated: Delivery Date **Due: September 1, as shown on inside cover page**

The Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee Special Tax Bonds, Series 2026 (the "Bonds") are being issued by Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee (the "District") to: (i) finance certain public improvements to be owned by the City of Menifee (the "City") and water and sewer facilities to be owned and operated by the Eastern Municipal Water District, and needed with respect to the development of property located within the District; (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 December 1, 2026 (the "Indenture"), by and between the District and Wilmington Trust, 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 the District 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 City Council of the City and the qualified electors within the District. 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 CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES 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 City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, and for the District by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, 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 December 10, 2026.

RAYMOND JAMES®

Dated: November __, 2026

* Preliminary, subject to change.

$_____
COMMUNITY FACILITIES DISTRICT NO. 2025-2
(QUARTZ TRAIL) OF THE CITY OF MENIFEE
SPECIAL TAX BONDS, SERIES 2026

MATURITY SCHEDULE

BASE CUSIP[†]:

Maturity Date (September 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP No.***[†]

$_____ ____% Term Bonds due September 1, 20__ Yield: ____% Price: _____ CUSIP No.[†] ____

$_____ ____% Term Bonds due September 1, 20__ Yield: ____% Price: _____ CUSIP No.[†] ____

[†] *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 City, the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.*

CITY OF MENIFEE
COUNTY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Ricky Estrada, *Mayor*
Bob Karwin, *Mayor Pro Tem*, *District 1*
Ben Diederich, *District 2*
Dan Temple, *District 3*
Dean Deines, *District 4*

CITY ADMINISTRATORS

Armando G. Villa, *City Manager*
Bryan Jones, *Assistant City Manager*
Rodolfo Aguayo, *Assistant City Manager*
Margarita Cornejo, *Chief Financial Officer*

CITY ATTORNEY

Rutan & Tucker, LLP
Irvine, California

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

TRUSTEE

Wilmington Trust, National Association
Costa Mesa, California

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

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

The 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 City, 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 City 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 "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 City 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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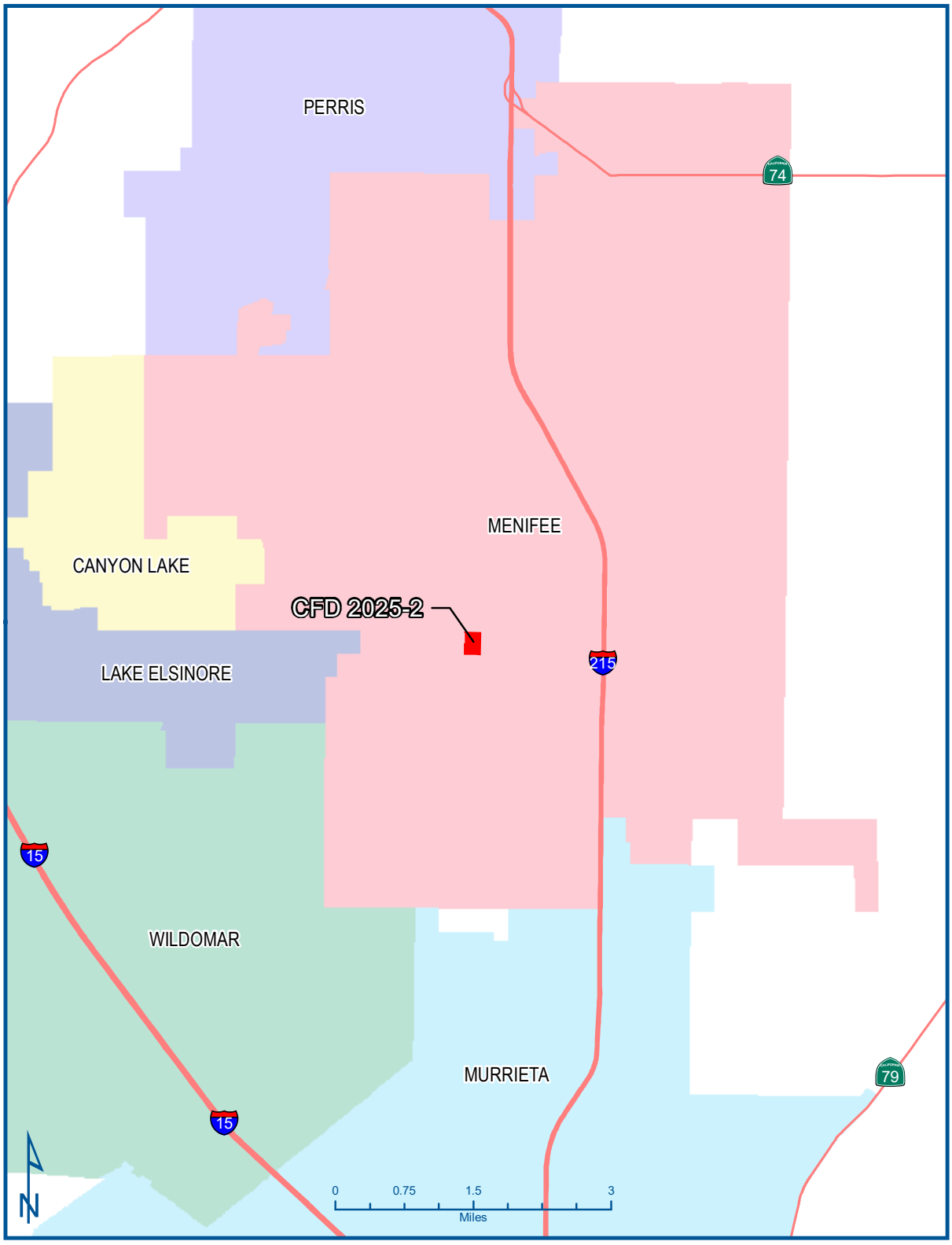
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REGIONAL MAP

COMMUNITY FACILITIES DISTRICT NO. 2025-2
(QUARTZ TRAIL)

SPICER CONSULTING GROUP


City of Menifee
Community Facilities District No. 2025-2
(Quartz Trail)
Countryside Marketplace
215
Newport Road
Evans Ranch Elementary
Quartz Ranch Park
Evans Road
Holland Road
Paloma Valley High School
Boundaries Approximate
Aerial flown by AirViews 8/12/26

$5,735,000[*]
COMMUNITY FACILITIES DISTRICT NO. 2025-2
(QUARTZ TRAIL) OF THE CITY OF MENIFEE
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 Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee (the "District") of its Special Tax Bonds, Series 2026 in the aggregate principal amount of $5,735,000[*] (the "Bonds"). The proceeds of the Bonds will be used to: (i) finance certain public improvements to be owned by the City of Menifee (the "City") and water and sewer facilities to be owned and operated by the Eastern Municipal Water District, and needed with respect to the development of property located within the District; (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 November 4, 2026, by the City Council of the City, acting as the legislative body of the District, and a Bond Indenture, dated as of December 1, 2026 (the "Indenture"), by and between the District and Wilmington Trust, 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

General. The District contains approximately 26 gross acres, and is located on the southeast corner of Evans Road and Holland Road in the City. The property within the District is being developed by Lennar Homes of California, LLC, a California limited liability company ("Lennar Homes") in a community known as Quartz Trail. At completion, the District is expected to consist of 80 single-family detached homes.

As of August 20, 2026, Lennar Homes had completed and conveyed 61 homes within the District to individual homeowners. As of such date, Lennar Homes owned three model homes (all of which were in escrow) and 16 production homes under construction (with eight over 95 percent complete and 12 in escrow).

Development in the District has progressed since August 20, 2026. As of November 1, 2026, Lennar Homes had completed and conveyed 71 homes in the District to individual homeowners. As of such date, Lennar Homes owned four completed homes (all of which were in escrow) and five production homes under construction (with four in escrow). Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of calendar year 2026.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. The remaining in-tract infrastructure within the District to be completed by Lennar Homes consists of landscaping and certain interior sidewalks.

[*] *Preliminary, subject to change.*

See the captions "THE DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT" for further information with respect to the District, Lennar Homes and development within the District.

Formation Proceedings. The District was formed on April 2, 2025 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 February 5, 2025 the City Council adopted Resolution No. 25-1531 (the "Resolution of Intention"), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District, and Resolution No. 25-1532, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed $7,000,000 for the purpose of financing the purchase, construction, expansion or rehabilitation of certain public facilities to serve the area within the District.

Subsequent to a noticed public hearing on April 2, 2025, the City Council adopted Resolution Nos. 25-1556 and 25-1557 (collectively the "Resolution of Formation"). The Resolution of Formation: (i) established the District; (ii) authorized the levy of a special tax (the "Special Tax") within the District; (iii) determined the necessity to incur bonded indebtedness in an amount not to exceed $7,000,000 within the District; and (iv) called an election within the District on the proposition of incurring bonded indebtedness, levying the Special Tax and setting an appropriations limit.

On April 2, 2025, an election was held within the District in which the property owner within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed $7,000,000. A Notice of Special Tax Lien for the District was recorded in the office of the County Recorder on April 10, 2025 as Document No. 2025-016934. On April 16, 2025, the City Council adopted Ordinance No. 2025-409 (the "Ordinance") which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment approved at the April 2, 2025 election (the "Rate and Method"), a copy of which is attached hereto as Appendix A.

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 the District. 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."

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 the District can be sold for the appraised or assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. 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 CITY 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

Kitty Siino & Associates, Inc. (the "Appraiser") has conducted an appraisal (the "Appraisal Report") with a date of value of August 20, 2026 (the "Date of Value") of certain land and existing improvements within the District to provide an estimate of the market value of the fee simple interest of such land and improvements. The Appraisal Report provides an estimate of the approximate market value of the property in the District subject to the levy of Special Taxes, assuming that development of the property as currently planned will consist of 80 residential units. Based on the contingencies, assumptions and limiting conditions in the Appraisal Report, the Appraiser concluded that the minimum market value of all of the parcels within the District subject to the Special Tax was $50,888,607 as of the Date of Value.

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. See "THE DISTRICT — Appraisal Report" and "— Estimated Appraised Value-to-Lien Ratios." There is no assurance that property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by a property owner. See "THE DISTRICT," "SPECIAL RISK FACTORS — Property Values" herein and Appendix D.

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 G — "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 G — "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, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. 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 MATTERS" 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 MATTERS."

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. Raymond James & Associates, Inc. (the "Underwriter") is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. Other professional services have been performed by Spicer Consulting Group, LLC, Murrieta, California, as Special Tax Consultant (the "Special Tax Consultant"), Urban Futures, Inc., Walnut Creek, California, as Municipal Advisor, and by Kitty Siino & Associates, Tustin, 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").

See "CONTINUING DISCLOSURE," Appendix F — "FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE."

Parity Bonds for Refunding Purposes Only

Under the Indenture, the District may issue additional indebtedness secured by the Net Taxes on a parity with the Bonds ("Parity Bonds") but only for the purpose of refunding all or a portion of the Bonds or Parity

Bonds. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds for Refunding Purposes Only." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may also be levied in the future on the property within the District, which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See the captions "THE DISTRICT — 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 City Council, 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.

Copies of the Indenture and other documents and information are available for inspection and copies may be obtained from the City, 29844 Haun Road, Menifee, California, 92586, Attention: Chief Financial Officer.

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/Less Original Issue Premium/Discount	
Total Sources	$
Uses of Funds:	
Acquisition and Construction Fund	$
Costs of Issuance[(1)]	
Reserve Account of the Special Tax Fund	
Total Uses	$

(1) To pay costs of issuance of the Bonds, including legal fees, underwriter's discount, printing costs, Appraiser, Special Tax Consultant 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 Costa Mesa, 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 G — "BOOK-ENTRY-ONLY SYSTEM."

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

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Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming that there are no optional or special mandatory redemptions. See the caption "—Redemption" below.

Year Ending September 1	*Principal*	*Interest*	*Total Debt Service*
	$	$	$

Total

Redemption

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

Redemption Date	*Redemption Price*
	%

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 45 but no more than 60 calendar 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" and together with the 20__ Term Bonds, the "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, 2027, and will be redeemed by the Trustee, from any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method (the "Prepayments") deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the 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:

Redemption Date	***Redemption Price***
	%

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.

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 G — "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, including any scheduled payments and Prepayments thereof, and the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds.

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

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

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on April 2, 2025 for the purpose of financing of various public improvements required in connection with the proposed development within the District. At a special election held on April 2, 2025, the qualified elector within the District authorized the District to incur indebtedness in an amount not to exceed $7,000,000 for the District and the levy of the Special Taxes on property within the District to repay such bonds and to finance the Facilities (as defined below). The qualified elector within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness of the District, 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 for an Assessor's Parcel, 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 the District depending upon whether such Taxable Property is classified as: (i) "Developed Property" (in general, Taxable Property not classified as Approved Property, Undeveloped Property, Provisional Undeveloped Property that are not Exempt Property pursuant to the provisions of the Rate and Method and which is included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied and a building permit for new construction has been issued before May 1 preceding such Fiscal Year), (ii) "Approved Property" (in general, parcels of Taxable Property included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, that have an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, but for which no building permit was issued before May 1 preceding such Fiscal Year), (iii) "Undeveloped Property" (in general, Taxable Property that is not "Developed Property," "Approved Property" or "Provisional Undeveloped Property") or (iv) "Provisional Undeveloped Property" (in general, Taxable Property that would otherwise be classified as Exempt Property but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in the Rate and

Method). Different Maximum Special Taxes are also applicable to Developed Property depending upon: (a) its status as either "Residential Property" or "Non-Residential Property," (b) in the case of Residential Property, its status as "Single Family Residential Property" or "Multifamily Property" or (c) in the case of Single Family Residential Property, the Building Square Footage of the structure.

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 the District is the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds and Parity Bonds due in the calendar year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount equal to establish or replenish any reserve funds established in association with the Bonds and Parity Bonds (provided that the same amount was not previously levied), (v) an amount up to any anticipated shortfall due to Special Tax delinquencies, (vi) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by the District or the payment of debt service on Bonds or Parity Bonds anticipated to be issued, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property, and, less (vii) any amounts available to pay debt service or other periodic costs on the Bonds and Parity Bonds pursuant to the Indenture.

The Special Tax Requirement for the District is to be satisfied first by levying the Special Tax Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned 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 Approved 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 for which the Maximum Special Tax is the Backup Special Tax will be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax. 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 Provisional Undeveloped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. 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.

Notwithstanding the foregoing, all Taxable Property will be classified as Developed Property commencing with the Fiscal Year 2027-28 Special Tax levy and there will not be any Approved Property and Undeveloped Property within the District. There are certain parcels which are expected to remain as open space when development in the District is complete. Such parcels are Exempt Property but may be classified as Provisional Undeveloped Property in the future, if necessary, in accordance with the Rate and Method.

For Fiscal Year 2027-28, the Assigned Special Tax for Developed Property within the District that is classified as Single Family Residential Property will range from $4,120 to $5,196 per single family residence depending on the square footage of the home. On each July 1 the Assigned Special Tax rates for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Single Family Residential Property shall be the Backup Special Tax computed pursuant to the Rate and Method. For Fiscal Year 2027-28, the Maximum Special Tax on Approved Property not classified as Single Family Residential Property is $21,936 per acre.

Table 1 below sets forth the Assigned Special Tax for Developed Property, the Maximum Special Tax for Approved Property, the projected Fiscal Year 2027-28 Special Tax levy and the percent of such levy based on land use type.

All 80 parcels within the District will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy. Annual Debt Service on the Bonds has been sized based on the expected Special Tax revenues to be received in each Fiscal Year from all 80 parcels classified as Developed Property, assuming that the Special Taxes are levied at 100% of the Assigned Special Tax. Assuming no delinquencies, the Special Tax levy on all 80 parcels of Developed Property within the District 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.

TABLE 1
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2027-28

Land Use Category	*Land Use Type*	*Residential Floor Area (sq. ft.)*	*Maximum/ Assigned Special Tax Rates Fiscal Year 2027-28*[(1)]	*Special Tax Levy Rates Fiscal Year 2027-28*	*Percent of Maximum/ Assigned Rate*	*No. of Units*	*Aggregate Estimated Special Taxes Fiscal Year 2027-28*[(2)]	*Percent of Total*
1	Residential Property	<2,800 sq ft	$ 4,120	$ 4,120	100.0%	18	$ 74,160	20.4%
2	Residential Property	2,800 - 3,000 sq ft	4,152	0	0.0	0	0	0.0
3	Residential Property	3,001 - 3,200 sq ft	4,186	4,186	100.0	19	79,525	21.9
4	Residential Property	3,201 – 3,400 sq ft	4,328	0	0.0	0	0	0.0
5	Residential Property	3,401 - 3,600 sq ft	4,471	4,471	100.0	19	84,941	23.4
6	Residential Property	3,601 - 3,800 sq ft	4,713	0	0.0	0	0	0.0
7	Residential Property	3,801 - 4,000 sq ft	4,954	0	0.0	0	0	0.0
8	Residential Property	> 4,000 sq ft	5,196	5,196	100.0	24	124,698	34.3
9	Approved Property	N/A	21,936	0	0.0	0	0	0.0
Total						80	$363,324	100.0%

(1) Maximum Rate for Land Use Type Approved Property.
(2) Includes the Administrative Expenses Cap of $31,212 for Fiscal Year 2027-28.

Backup Special Tax Rates. The Backup Special Tax for an Assessor's Parcel within a Final Map classified as Single Family Residential Property or Approved Property expected to be classified as Single Family Residential Property is calculated by multiplying the Maximum Special Tax per acre of Undeveloped Property by the acreage of Single Family Residential Property expected to exist in such Final Map at the time of calculation and dividing such product by the number of residential units expected to exist in such Final Map at the time of calculation.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be $21,936 per acre for Fiscal Year 2027-28. Notwithstanding the foregoing, the Backup Special Tax for an Assessor's Parcel of Developed Property for which a certificate of occupancy has been granted may not be revised. In the event any superseding Final Map is recorded as a Final Map within the boundaries of the District, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be $21,936 per acre for Fiscal Year 2027-28. The Backup Special Tax shall not apply to Multifamily Residential Property or Non-Residential Property. On each July 1 the Backup Special Tax rate will increase by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Prepayment of Special Taxes. The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a building permit has been issued, (iii) Approved Property or Undeveloped Property for which a building permit has not been issued, and (iv) Assessor's Parcels of Provisional Undeveloped Property that are not Exempt Property. In addition, the Maximum Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property may be partially prepaid. 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), 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. Based on the sizing of the Bonds, Special Taxes levied on all 80 parcels which will be classified as Developed Property in Fiscal Year 2027-28, at the Assigned Special Tax rates, assuming no delinquencies, will generate in each Fiscal Year beginning with Fiscal Year 2027-28 not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus the Administrative Expenses Cap. Both the Assigned Special Tax rates and the Administrative Expenses Cap escalate by 2% each Fiscal Year.

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 the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, 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 the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

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

Fourth, the District will covenant in the Indenture that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

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

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

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

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Taxes levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a Superior Court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant in the Indenture for the benefit of the owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $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 City and the District. See the caption "SPECIAL RISK FACTORS — Enforcement Delays – Bankruptcy." Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the net proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See the caption "SPECIAL RISK FACTORS — Property Values." Although the Act authorizes the District to cause such an action to be

commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

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

First: To the Administrative Expense Account in an amount up to the Administrative Expenses Cap.

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

Third: To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 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 City.

Seventh: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.

Eighth: To the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers on September 1.

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.

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."

No Teeter Plan

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

Parity Bonds for Refunding Purposes Only

The District may at any time after the issuance and delivery of the Bonds 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; provided, however, Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds by the Indenture:

(a) The District 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 the Parity Bonds to be issued shall not exceed the maturity of the Bonds and Parity 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 City Council, acting as the legislative body of the District, authorizing the issuance of such Parity Bonds; (2) a written request of the District as to the delivery of such Parity Bonds; (3) an opinion of Bond Counsel and/or general counsel to the District substantially to the effect that: (i) the District has the right and power under the Act to execute and deliver the Supplemental Indenture relating to such Parity Bonds, and such Supplemental Indenture has been duly and lawfully executed by the District, and the Indenture and such Supplemental Indenture are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and the Supplemental Indenture executed and delivered in connection with such Parity Bonds and are entitled to the benefits of the Indenture and such Supplemental Indenture, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and such Supplemental Indenture; (4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; (5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and (6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

THE DISTRICT

General Description of the District

The District contains approximately 26 gross acres, and is located on the southeast corner of Evans Road and Holland Road in the City. The property within the District is being developed by Lennar Homes in a community known as Quartz Trail. At completion, the District is expected to consist of 80 single-family detached homes.

As of August 20, 2026, Lennar Homes had completed and conveyed 61 homes within the District to individual homeowners. As of such date, Lennar Homes owned three model homes (all of which were in escrow) and 16 production homes under construction (with eight over 95 percent complete and 12 in escrow).

Development in the District has progressed since August 20, 2026. As of November 1, 2026, Lennar Homes had completed and conveyed 71 homes in the District to individual homeowners. As of such date, Lennar Homes owned four completed homes (all of which were in escrow) and five production homes under construction (with four in escrow). Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of calendar year 2026.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. The remaining in-tract infrastructure within the District to be completed by Lennar Homes consists of landscaping and certain interior sidewalks.

Water and sewer service to the property within the District is currently supplied by the Eastern Municipal Water District. Electricity is currently supplied by Southern California Edison and gas by The Gas Company. Public education instruction is provided by Menifee Union School District and Perris Union High School District.

The property within the District is not located in an Alquist-Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. The District is not located in a Fault Zone or Liquefaction Area. The District is not located in a Very High Fire Hazard Severity Zone per the Cal Fire Hazard Severity Zone Map. The District is not mapped in a flood plain by the Federal Emergency Management Agency ("FEMA"). The property in the District 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

Proceeds of the Bonds are authorized to be used to pay for the costs of construction of City facilities, including certain storm drain and street improvements, and water and sewer facilities of Eastern Municipal Water District. See the caption "FINANCING PLAN."

Appraisal Report

The estimated assessed value of the property within the District, as shown on the County's assessment roll for Fiscal Year 2026-27 is approximately $22,075,950, which as a result of timing of the County's determination of the assessed values for Fiscal Year 2026-27, does not reflect the substantial development activity that has taken place since such value was determined.

A property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the taxable property within the District, the City engaged the Appraiser to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City and has no material relationships with the City or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as Appendix D — "APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the property within the District subject to the lien of the Special Taxes. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the remaining costs to develop the project within the District provided to the Appraiser by Lennar Homes are correct. As a result, the value conclusions are based upon a hypothetical condition that all improvements and benefits to the District, which are to be funded with the proceeds of the Bonds, are completed and in place or have accrued to the property.

Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of August 20, 2026, the market value of the Taxable Property within the District was $50,888,607. In valuing the property within the District, the Appraiser used a sales comparison approach for the property to be developed and, with respect to the Lennar Homes-owned models and production units more than 95% complete, a discounted cash flow analysis was applied. The discounted cash flow analysis accounts for remaining development costs, marketing and carrying costs and a discount rate through the estimated absorption period for such models and production units. Lots with homes less than 95% complete were valued as finished lots.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The City, the Underwriter and the District make no representation as to the accuracy of the Appraisal Report. There is no assurance that the property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See "SPECIAL RISK FACTORS — Property Values" and Appendix D — "APPRAISAL REPORT."

Estimated Appraised Value-to-Lien Ratios

The aggregate appraised value of property within the District is $50,888,607. Dividing the aggregate estimate of value by the principal amount of the Bonds results in a value to lien ratio of 8.87-to-1* for the District. Including overlapping indebtedness, the estimated value to lien ratio based on the appraised value is 8.27-to-1*. See Table 4 below and "SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness." The assessed value of the property within the District is $22,075,950 for Fiscal Year 2026-27, which as a result of timing of the County's determination of the assessed values for Fiscal Year 2026-27, does not reflect the substantial development activity that has taken place since such value was determined. Dividing the assessed value by the principal amount of the Bonds and all other overlapping debt issued results in an estimated assessed value-to-lien ratio of 3.59-to-1* for the District.

Table 2 below sets forth the appraised value-to-lien ratio of the Taxable Property within the District based on ownership status as of August 20, 2026, the appraised values set forth in the Appraisal Report, the principal amount of the Bonds and overlapping debt. Table 3 below sets forth the estimated appraised value-to-lien ratios for Developed Property within the District by various ranges based upon the principal amount of the Bonds and overlapping debt.

Building permits have been issued for all 80 parcels within the District planned for residential development. Annual Debt Service on the Bonds has been sized based on the expected Special Tax revenues to be received in each Fiscal Year from the 80 parcels to be classified as Developed Property in Fiscal Year 2027-28, assuming that the Special Taxes are levied at 100% of the Assigned Special Tax.

In Fiscal Year 2026-27, the District levied the Special Tax in the amount of $332,776 on 75 parcels of Developed Property. Based on development and ownership status as of August 20, 2026 (and assuming no further development activity and transfer of ownership), individual homeowners and Lennar Homes are responsible for approximately 81.59% and 18.41% of the Fiscal Year 2026-27 Special Tax levy.

* *Preliminary, subject to change.*

TABLE 2
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
ESTIMATED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2027-28 PROJECTED LEVY ON TAXABLE PROPERTY

Property Owner[(1)]	*No. of Parcels*	*Appraised Property Value*[(2)]	*% of Appraised Value*	*Fiscal Year 2027-28 Maximum Special Tax*	*Fiscal Year 2027-28 Percentage of Maximum Tax*	*Projected Fiscal Year 2027-28 Special Tax Levy*[(3)]	*% of Estimated Fiscal Year 2027-28 Special Tax Levy*	*CFD 2025-2 Bonds*[*]	*All other Overlapping Debt Issued*[(4)]	*Appraised Value-to-Lien Ratio*[*]
Developed Property										
Individually Owned	61	$ 42,787,680	84.08%	$307,993	76.23%	$276,925	76.22%	$4,371,210	$ 319,765	9.12:1
Lennar Homes Owned	19	8,100,927	15.92	96,014	23.77	86,399	23.78	1,363,790	99,765	5.54:1
Total	**80**	**$ 50,888,607**	**100.00%**	**$404,007**	**100.00%**	**$363,324**	**100.00%**	**$5,735,000**	**$ 419,530**	**8.27:1**

[*] *Preliminary, subject to change.*

(1) Based on ownership as of August 20, 2026 the date of value of the Appraisal Report. Development in the District has progressed since August 20, 2026. See " PROPERTY OWNERSHIP AND THE DEVELOPMENT."

(2) Reflects the appraised value as of August 20, 2026, the date of value of the Appraisal Report.

(3) Reflects the projectized Fiscal Year 2027-28 Special Tax Levy and includes the Fiscal Year 2027-28 Administrative Expenses Cap of $31,212. All 80 parcels planned for residential development in the District will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy

(4) See Table 4 below.

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

TABLE 3
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
FISCAL YEAR 2027-28 PROJECTED VALUE-TO-LIEN STRATIFICATION*

Value-to-Lien Category	*No. of Parcels of Developed Property*	*% of Developed Property*	*Appraised Value*[(1)]	*% of Appraised Value*	*CFD 2025-2 Projected Fiscal Year 2027-28 Special Tax Levy*	*Percent Share of Projected Fiscal Year 2027-28 Special Tax Levy*	*CFD 2025-2 Bonds*	*Percent Share of CFD 2025-2 Bonds*	*All Other Overlapping Debt*	*Aggregate Value-to-Lien*
Less than 6.00:1[(2)]	8	10.00%	$ 2,154,280	4.23%	$ 37,679	10.37%	$ 594,757	10.37%	$ 43,508	3.38:1
Between 6.01:1 to 7.00:1	4	5.00	2,082,912	4.09	17,752	4.89	280,217	4.89	20,499	6.93:1
Between 7.01:1 to 8.00:1	7	8.75	3,863,735	7.59	30,968	8.52	488,816	8.52	35,758	7.37:1
Between 8.01:1 to 9.00:1	18	22.50	14,138,280	27.78	93,524	25.74	1,476,251	25.74	107,992	8.92:1
Greater than 9.00:1[(2)]	43	53.75	28,649,400	56.30	183,402	50.48	2,894,958	50.48	211,774	9.22:1
Totals	**80**	**100.00%**	**$50,888,607**	**100.00%**	**$363,324**	**100.00%**	**$ 5,735,000**	**100.00%**	**$419,530**	**8.27:1**

* *Preliminary, subject to change.*

(1) Reflects the appraised value as of August 20, 2026, the date of value of the Appraisal Report.

(2) The minimum value to lien in the Less than 6.00:1 category is 3.05:1*. The maximum value to lien in the Greater than 9.00:1 category is 9.27:1*.

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

Direct and Overlapping Debt

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

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TABLE 4
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
DIRECT AND OVERLAPPING DEBT
AS OF AUGUST 20, 2026

I. Appraisal Value [(1)] $50,888,607

II. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	*Type*	*Issued*	*Outstanding*	*% Applicable*	*Parcels in CFD No. 2025-2[(4)]*	*Amount Applicable*
City of Menifee CFD No. 2025-2, Series 2026	CFD	$ 5,735,000	$ 5,735,000	100.000%	80	$ 5,735,000*
Total Land Secured Bonded Debt [(2)]						**$ 5,735,000***

Authorized but Unissued Direct and Overlapping Indebtedness	*Type*	*Authorized*	*Unissued*	*% Applicable*	*Parcels in CFD No. 2025-2[(4)]*	*Amount Applicable*
City of Menifee CFD No. 2025-2, Series 2026	CFD	$ 7,000,000	$ 1,265,000	100.000%	80	$ 1,265,000*
Total Unissued Land Secured Indebtedness [(2)]						**$ 1,265,000***

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **$ 7,000,000**

III. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	*Type*	*Issued*	*Outstanding*	*% Applicable*	*Parcels in CFD No. 2025-2[(4)]*	*Amount Applicable*
Metropolitan Water District Debt Service	GO	$ 850,000,000	$ 16,045,000	0.016%	80	$ 2,580
Perris Union High School District Debt Service	GO	363,415,283	269,920,532	0.067	80	180,036
Mt. San Jacinto Jr. College District Debt Service	GO	295,000,000	228,220,000	0.014	80	32,830
Menifee Union School District Debt Service	GO	180,955,495	170,166,292	0.111	80	189,146
EMWD Improvement District U-35	GO	9,000,000	3,745,000	0.200	80	7,474
EMWD Improvement District U-36	GO	9,012,000	3,740,000	0.200	80	7,465
Total Outstanding General Obligation Bonded Debt [(3)]						**$ 419,530**

Authorized but Unissued Direct and Overlapping Indebtedness	*Type*	*Authorized*	*Unissued*	*% Applicable*	*Parcels in CFD No. 2025-2[(4)]*	*Amount Applicable*
Metropolitan Water District Debt Service	GO	$ 850,000,000	$ 0	0.016%	80	$ 0
Perris Union High School District Debt Service	GO	363,420,000	4,717	0.067	80	3
Mt. San Jacinto Jr. College District Debt Service	GO	295,000,000	0	0.014	80	0
Menifee Union School District Debt Service	GO	180,960,000	4,506	0.111	80	5
EMWD Improvement District U-35	GO	46,200,000	37,200,000	0.200	80	74,243
EMWD Improvement District U-36	GO	19,700,000	10,688,000	0.200	80	21,332
Total Unissued General Obligation Indebtedness [(3)]						**$ 95,584**

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **$ 515,114**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	**$ 6,154,530***
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS	**$ 7,515,114***

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt..... 8.87:1*
Total Outstanding Bonded Debt..... 8.27:1*

* *Preliminary, subject to change.*

(1) Reflects the appraised value as of August 20, 2026, the date of value of the Appraisal Report.

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

(3) Calculated by dividing the appraised value by the total assessed value for Fiscal Year 2026-27.

(4) All parcels have subdivided into 80 individual parcels and all 80 parcels will be classified as Developed Property under the Rate and Method for Fiscal Year 2027-28.

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

Table 5 below describes the estimated Fiscal Year 2026-27 effective tax burden for the development in the District based on the average appraised value of homes within each Land Use Category (as defined in the Rate and Method) as of the Date of Value, the Fiscal Year 2026-27 Special Tax levy and Fiscal Year 2025-26 actual levies for all other overlapping taxing jurisdictions. Based on the foregoing, in Fiscal Year 2026-27, the estimated effective tax rate on Developed Property in the District is estimated to range from approximately 1.89% to 1.92%.

TABLE 5
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
FISCAL YEAR 2026-27 TAX OBLIGATION
FOR A SAMPLE OF DEVELOPED PROPERTY

CFD Tax Category	Less than 2,800 SF	3,001 to 3,200 SF	3,401 to 3,600 SF	Greater than 4,000 SF
Plan	1	2	3	4
Home Size SqFt	2,760	3,010	3,418	4,134
Average Home Value [1]	$ 648,600	$ 647,150	$ 700,690	$ 785,460
***Ad Valorem* Property Taxes:**				
General Purpose	$ 6,486	$ 6,472	$ 7,007	$ 7,855
Metro Water West (0.00700%)	55	55	60	67
Mt. San Jacinto Jr College (0.00254%)	20	20	22	24
Menifee Union School (0.07500%)	486	485	526	589
Perris Union High School (0.04712%)	306	305	330	370
EMWD Improvement District U-35 (0.0043%)	28	28	30	34
EMWD Improvement District U-36 (0.0043%)	28	28	30	34
Total General Property Taxes	$ 7,409	$ 7,393	$ 8,004	$ 8,972
Assessment, Special Taxes & Parcel Charges:				
Flood Control Stormwater / Cleanwater / Santa Ana	$ 4	$ 4	$ 4	$ 4
MWD Standby East charge	7	7	7	7
EMWD Infrastructure Availability Charge	25	25	25	25
Perris Union High School CFD 92-1	350	350	350	350
Menifee CFD 2017-1, Zone 13	640	640	640	640
Menifee CFD 2025-2 (Quartz Trail)[2]	4,039	4,103	4,383	5,094
Total Assessments & Special Taxes	$ 5,065	$ 5,129	$ 5,409	$ 6,120
Total Property Tax	$ 12,474	$ 12,522	$ 13,413	$ 15,092
Effective Tax Rate	**1.92%**	**1.89%**	**1.91%**	**1.92%**

(1) Reflects the average appraised value of homes within each Land Use Category, as of August 20, 2026, the Date of Value of the Appraisal.
(2) Includes the Fiscal Year 2026-27 Assigned Special Tax Rate for each category.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquency History

The following table shows the Special Tax levy delinquency information for the District for Fiscal Year 2025-26 as of September 4, 2026, which was the first year of the Special Tax levy. In Fiscal Year 2026-27, the District levied the Special Tax in the amount of $332,776 on 75 parcels of Developed Property. The first installment of the Special Tax levy becomes delinquent on December 10 and the second installment becomes delinquent on April 10 of each Fiscal Year.

TABLE 6
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES

			Delinquencies as of September 4, 2026		
Fiscal Year	***Amount Levied***	***Parcels Levied***	***Parcels Delinquent***	***Amount Delinquent***	***Percent Delinquent***
2025-26[(1)]	$238,288	72	0	$0	0.00%

(1) Fiscal Year 2025-26 was the first year levied.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LC.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information about the property in the District contained in this Official Statement has been provided by representatives of Lennar Homes and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City, and the District make no representation as to the accuracy or adequacy of the information contained in this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Net Taxes securing the Bonds and any Parity Bonds are personal obligations of Lennar Homes or any affiliate thereof or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See the caption "SPECIAL RISK FACTORS."

Notwithstanding the belief of Lennar Homes that it will have sufficient funds to complete its planned development in the District, no assurance can be given that amounts necessary to fund the remaining planned development by Lennar Homes in the District will be available when needed. None of Lennar Homes, or any other entity or person, is under any legal obligation of any kind to expend funds for the development of the property as planned by Lennar Homes in the District. Any contributions by Lennar Homes or any other entity or person to fund the costs of its development are entirely voluntary. If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Lennar Homes within the District, the remaining portions of such development may not be completed. Lennar Homes has no legal obligation to Bondholders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. See the caption "SPECIAL RISK FACTORS."

General

The District contains approximately 26 gross acres, and is located on the southeast corner of Evans Road and Holland Road in the City. The property within the District is being developed by Lennar Homes in a community known as Quartz Trail. At completion, the District is expected to consist of 80 single-family detached homes.

Planned Development Within the District

As of August 20, 2026, Lennar Homes had completed and conveyed 61 homes within the District to individual homeowners. As of such date, Lennar Homes owned three model homes (all of which were in escrow) and 16 production homes under construction (with eight over 95 percent complete and 12 in escrow).

Home sizes within the District range from 2,760 square feet to 4,134 square feet and, through August 20, 2026, actual net sales prices (including premium, upgrades, options, and all incentives, including financing incentives) within the District ranged from $602,921 to $886,110. Of the 15 homes that were in escrow to individual homeowners as of August 20, 2026, the estimated pricing ranges from $653,510 to $910,069. Lennar

Homes is offering concessions including an interest rate buydown for quick move-in homes. As of August 20, 2026, concessions within the District have ranged from $31,509 to upwards of $140,000 with the average concession per home equating to $82,017.

Development in the District has progressed since August 20, 2026. As of November 1, 2026, Lennar Homes had completed and conveyed 71 homes in the District to individual homeowners. As of such date, Lennar Homes owned four completed homes (all of which were in escrow) and five production homes under construction (with four in escrow). Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of calendar year 2026.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. The remaining in-tract infrastructure within the District to be completed by Lennar Homes consists of landscaping and certain interior sidewalks.

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 has no actual knowledge of any 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 the District as described in the Official Statement.

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. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Lennar Homes continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Lennar Homes

As previously defined in this Official Statement, "Lennar Homes" refers to Lennar Homes of California, LLC, a California limited liability company. 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 Securities Exchange Act of 1934, as amended, 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 Lennar Corporation's annual report on Form 10-K and its most recent quarterly report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such filings can also be accessed over the internet at the SEC's website at www.sec.gov.

Copies of Lennar Corporation's Annual Report on Form 10-K and related financial statements are available from Lennar Corporation's website at www.lennar.com. *This internet address is included for reference*

only and the information on the internet site 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 the internet site.

Financing Plan

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

Through September 1, 2026, Lennar Homes has expended approximately $54.3 million on land acquisition costs, site development costs, homebuilding costs, permits and impact fees, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its development in the District. Lennar Homes expects to incur approximately $1.8 million on remaining homebuilding costs, permits and impact fees, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) between September 1, 2026 and full build-out of the homes proposed to be constructed in the District.

Although Lennar Homes expects to have sufficient funds available to complete its development in the District as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available to Lennar Homes 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 its property in the District. Any contributions by Lennar Homes to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Lennar Homes within the District and other financing is not put into place, there could be a shortfall in the funds required to complete the planned development by Lennar Homes in the District.

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 Property 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 the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "— Property Values" 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 the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

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

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

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

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds (if the Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to limitations described above under the caption "THE DISTRICT — Rate and Method of Apportionment," to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to replenish the 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 the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See "— Enforcement Delays — Bankruptcy."

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

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

Impact of Economic Conditions on the Development in the District

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

Increasing Mortgage Interest Rates

Increases in mortgage interest rates could have a negative impact on the estimated absorption rates of the planned for-sale residential units in the District described herein. With respect to entry-level households, increased mortgage interest rates may adversely impact the affordability of homes and may increase mortgage

payment levels for owning a lower-priced home relative to renting a residence, thereby making purchasing less attractive. With respect to move-up households, higher mortgage interest rates may impact the desire of current homeowners to move from their present home due to the fact that their present home likely has a relatively low mortgage interest rate. In addition, in such instances, a new home would likely have a higher interest rate on a new mortgage loan as well as a higher purchase price and property taxes. Such considerations may decrease the desire for move-up households to purchase a new home. The foregoing factors could reduce demand for and/or the ability to achieve the sales prices of the planned for-sale homes within the District as described herein.

Concentration of Ownership

Based on development and ownership status as of August 20, 2026 (and assuming no further development activity and transfer of ownership), individual homeowners and Lennar Homes are responsible for approximately 81.59% and 18.41% of the Fiscal Year 2026-27 Special Tax levy. Based on development and ownership status as of August 20, 2026 (and assuming no further development activity and transfer of ownership), individual homeowners and Lennar Homes would be responsible for approximately 76.22% and 23.78%, respectively, of the projected Fiscal Year 2027-28 Special Tax levy.

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 the District 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 the District, a failure by Lennar Homes 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 the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE DISTRICT — Appraisal Report" and Appendix D — "APPRAISAL REPORT."

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Appraisal Report, that as of the Date of Value, the market value of the land and improvements within the District was approximately $50,888,607. See "THE DISTRICT — 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 the District 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 the District, 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 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 the District 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

The District, 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 the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is not located in an Alquist-Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Additionally, the District is not mapped in a flood plain by the Federal FEMA.

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.

The District is not 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. However, there is a risk of residential property within the District being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District. 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 the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

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

It is possible that property in the District may be liable for hazardous substances in the future as a result of the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or the existence, currently, on the property of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may

arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of the applicable property.

Enforcement Delays – Bankruptcy

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

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular ad valorem property tax bills sent to owners of such properties by the County 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 the District 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 the District to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See "THE DISTRICT — Direct and Overlapping Debt" herein. The City and other public agencies whose boundaries overlap those of the District could impose additional taxes or assessment liens on the property within the District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the District through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within the District.

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

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

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

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

Failure by owners of the parcels to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels that have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Bonds, which may in turn result in the depletion of the 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 City, 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 City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. 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 that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. 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 XIIIA, Section 4 thereof and Article XIIIC, Section 2 thereof require that the electors in such an election be the registered voters within the district.

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

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

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

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

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The election held in the District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District approved Special Tax on April 2, 2025. 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 MATTERS," 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 City. 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 on an annual basis, 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 the District are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments*."

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation, the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the levy and collection of Special Taxes or the payment of debt service on the Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate, dated as of December 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 initial Annual Report to be filed by March 1, 2027, shall consist of this Official Statement and audited financial statements of the District, if any. 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 District has not had any continuing disclosure undertakings outstanding during the previous five-year period. The City has retained Spicer Consulting Group, LLC to serve as Dissemination Agent for the continuing disclosure undertaking related to the Bonds, and has adopted policies and procedures with respect to its continuing disclosure practices.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming 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.

In the opinion of Bond Counsel, the difference between 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) and the stated redemption price at maturity of such Bond 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 a 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 City and others and is subject to the condition that the District, the City 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 City 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 City 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 City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, and for the District by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, 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, the City Attorney 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 Raymond James & Associates, Inc. (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/less original issue premium/discount 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.

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 Urban Futures, Inc., Walnut Creek, 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.

Urban Futures, 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 City.

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

COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL) OF THE CITY OF MENIFEE

By _____
Armando G. Villa
City Manager of the City of Menifee

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL)
OF THE CITY OF MENIFEE

A Special Tax (all capitalized terms not otherwise defined herein are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of the City of Menifee Community Facilities District No. 2025-2 (Quartz Trail) ("CFD No. 2025-2"). The amount of Special Tax to be levied in each Fiscal Year on an Assessor's Parcel shall be determined by the City Council of the City of Menifee, acting in its capacity as the legislative body of CFD No. 2025-2, by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, 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:

"Accessory Dwelling Unit" means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel with Single Family Residential Property that has a stand-alone Residential Unit.

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

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) 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. 2025-2: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2025-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2025-2 or any designee thereof of complying with continuing disclosure requirements of the City, CFD No. 2025-2 and any major property owner associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2025-2 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 City's annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2025-2 for any other administrative purposes of CFD No. 2025-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, (ii) that have an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the 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 of that name described in Section D below.

"Backup Special Tax" means the Special Tax of that name described in Section D below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Tax of CFD No. 2025-2 have been pledged.

"Boundary Map" means a recorded map of the CFD which indicates the boundaries of the CFD.

"Building Permit" means the first legal document issued by the City giving official permission for new construction. For purposes of this definition, "Building Permit" may or may not include expired or cancelled building permits, or any subsequent building permit document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the first original issuance, as determined by the CFD Administrator, provided that following such determination the Maximum Special Tax that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

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

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

"CFD" or **"CFD No. 2025-2"** means Community Facilities District No. 2025-2 (Quartz Trail) established by the City under the Act.

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

"City" means the City of Menifee, State of California.

"City Council" means the City Council of the City of Menifee, acting as the legislative body of CFD No. 2025-2.

"Condominium Plan" means a condominium plan pursuant to California Civil Code, Section 6624.

"County" means the County of Riverside, State of California.

"Developed Property" means all Assessor's Parcels that: (i) are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, (ii) have an Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) for which a Building Permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 6624 that creates individual lots for which Building Permits may be issued without further subdivision.

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

"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, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Table 1 of Section D.

"Maximum Special Tax" means for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section D below, that can be levied by CFD No. 2025-2 on such Assessor's Parcel.

"Multifamily Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing a building or buildings comprised of attached Residential Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Developed 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.

"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.

"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.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property or Provisional Undeveloped Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Assessor's Parcels of Undeveloped Property or Provisional Undeveloped Property, as applicable.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section F, but cannot be classified as Exempt Property because to do so would be reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section F.

"**Rate and Method of Apportionment**" means this Rate and Method of Apportionment of Special Tax for CFD No. 2025-2.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Residential Units.

"Residential Unit" or **"RU"** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator. An Accessory Dwelling Unit that shares an Assessor's Parcel with a Single Family Residential Property shall not be considered a Residential Unit for purposes of this Rate and Method of Apportionment.

"Single Family Residential Property" means all Assessor's Parcels of Residential Property other than Multifamily Property.

"Special Tax" or **"Special Taxes"** means any of the special taxes authorized to be levied within CFD No. 2025-2 pursuant to the Act to fund the Special Tax Requirement.

"Special Tax Requirement " means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to replenish any reserve funds established in association with the Bonds (provided that the same amount was not previously levied), (v) an amount up to any anticipated shortfall due to Special Tax delinquencies and (vi) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2025-2 or the payment of debt service on Bonds anticipated to be issued, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Steps Two or Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

"Taxable Property" means all Assessor's Parcels within CFD No. 2025-2, which are not Exempt Property.

"Taxable Unit" means either a Residential Unit or an Acre.

"Trustee" means the trustee, fiscal agent, or paying agent under the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, Approved Property, or Provisional Undeveloped Property.

B. SPECIAL TAX

Commencing Fiscal Year 2025-2026 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property, up to the applicable Maximum Special Tax, to fund the Special Tax Requirement.

C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX

Each Fiscal Year, beginning with Fiscal Year 2025-2026, each Assessor's Parcel within CFD No. 2025-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further assigned to a Land Use Category based on its Building Square Footage.

In the event that there are Assessor's Parcel(s) for which one or more Building Permits for Residential Units have been issued and the County has not yet assigned final Assessor's Parcel Number(s) to such Assessor's Parcel(s) (in accordance with the Final Map or Condominium Plan), the amount of the Special Tax levy on such Assessor's Parcel for each Fiscal Year shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Special Tax rates and such amount shall be levied as Developed Property in accordance with Step 1 of Section E below; and (3) the amount of the Special Tax on the Taxable Property in such Assessor's Parcel not subject to the Special Tax levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax rate levied on Undeveloped Property pursuant to Step 3 of Section E below, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2).

D. MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax for such Assessor's Parcel or (ii) the Backup Special Tax.

The Maximum Special Tax for each Assessor's Parcel of Multifamily Property and Non-Residential Property shall be the applicable Assigned Special Tax described in Table 1 of Section D.

a. Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property or Non-Residential Property shall be subject to an Assigned Special Tax. The Assigned Special Tax for Fiscal Year 2025-2026 applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
FISCAL YEAR 2025-2026

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 2,800 sq. ft	$3,960.00
2. Single Family Residential Property	RU	2,800 sq. ft to 3,000 sq. ft	$3,991.00
3. Single Family Residential Property	RU	3,001 sq. ft to 3,200 sq. ft	$4,023.00
4. Single Family Residential Property	RU	3,201 sq. ft to 3,400 sq. ft	$4,160.00
5. Single Family Residential Property	RU	3,401 sq. ft to 3,600 sq. ft	$4,297.00
6. Single Family Residential Property	RU	3,601 sq. ft to 3,800 sq. ft	$4,530.00
7. Single Family Residential Property	RU	3,801 sq. ft to 4,000 sq. ft	$4,762.00
8. Single Family Residential Property	RU	Greater than 4,000 sq. ft	$4,994.00
9. Multifamily Property	Acre	N/A	$21,084.00
10. Non-Residential Property	Acre	N/A	$21,084.00

On each July 1, commencing July 1, 2026, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for each Taxable Unit for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax

The Backup Special Tax for an Assessor's Parcel within a Final Map classified as Single Family Residential Property or Approved Property expected to be classified as Single Family Residential Property shall be calculated according to the following formula.

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel classified as Single Family Residential Property or Approved Property expected to be classified as Single Family Residential Property within the Final Map.

U = Maximum Special Tax per Acre of Undeveloped Property per Section D.3 below.

A = Acreage of Single Family Residential Property expected to exist after build out in such Final Map at the time of calculation, as determined by the Administrator

L = Number of Assessor's Parcels of Single Family Residential Property expected to exist after build out in such Final Map at the time of calculation, as determined by the Administrator.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be $21,084 per Acre.

Notwithstanding the foregoing, the Backup Special Tax for an Assessor's Parcel of Developed Property for which a certificate of occupancy has been granted may not be revised.

In the event any superseding Final Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be $21,084 per Acre. The Backup Special Tax shall not apply to Multifamily Residential Property or Non-Residential Property.

On each July 1, commencing July 1, 2026, the Backup Special Tax rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Approved Property

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Single Family Residential Property shall be the Backup Special Tax computed pursuant to Section D.1.c above.

The Maximum Special Tax for each Assessor's Parcel of Approved Property not expected to be classified as Single Family Residential Property shall be $21,084 per Acre.

On each July 1, commencing July 1, 2026, the Maximum Special Tax rate for Approved Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

3. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property shall be $21,084 per Acre.

On each July 1, commencing July 1, 2026, the Maximum Special Tax rate for Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2025-2026 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property in accordance with the following steps:

Step One: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates in Table 1 to satisfy the Special Tax Requirement.

Step Two: If additional moneys 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 Approved 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.

Step Three: 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.

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

Step Five: 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 Provisional 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.

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 ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the following order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (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 which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 16.39 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 16.39 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 16.39 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section G:

"CFD Facilities" means $5,000,000 expressed in 2025 dollars, which shall increase by the Construction Inflation Index on July 1, 2026, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the facilities under the authorized bonding program for CFD No. 2025-2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to finance additional facilities to be supported by Special Tax levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are available for expenditure to acquire or construct facilities eligible to be financed by CFD No. 2025-2.

"Construction Inflation Index" means the greater of (i) 2% and (ii) the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Facilities minus (i) amounts deposited in the Construction Fund, (ii) amounts deposited in any escrow accounts funded by the Outstanding Bonds and anticipated to fund public facilities costs, and (iii) public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment, but in no event shall such amount be less than zero.

"Outstanding Bonds" means all previously issued Bonds issued and secured by the levy of 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 Special Tax.

1. Prepayment in Full

The Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has not been issued and (iv) Assessor's Parcels of Provisional Undeveloped Property. The 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 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 the CFD 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 prepaid Special Taxes.

The Prepayment Amount shall be calculated as follows (some capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	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 Approved 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 Approved Property or Undeveloped Property for which a Building Permit has not been issued, or Provisional Undeveloped Property, 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 Maximum Special Taxes that could be levied assuming 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 Costs.

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 (the "Future Facilities Amount").

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have 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 the CFD, 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 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, 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 from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. 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.

15. 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 the CFD.

The Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Bonds. 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 Special Tax obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of 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.

Tenders of Bonds in prepayment of the Special Tax obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Undeveloped Property 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 = Partial Prepayment Amount

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
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 Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax obligation, (ii) the percentage of the 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 the CFD in calculating the Partial Prepayment Amount. 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 Amount for the Assessor's Parcel. A Partial Prepayment Amount 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 Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD 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 the applicable Special Tax will continue to be levied on the Assessor's Parcel pursuant to Section E.

H. TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax pursuant to Section E. The Special Tax shall cease not later than the 2070-2071 Fiscal Year, however, Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all the required interest and principal payments on the CFD No. 2025-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2025-2 have been acquired and all reimbursements to the developer have been paid, (iii) no delinquent Special Taxes remain uncollected and (iv) all other obligations of CFD No. 2025-2 have been satisfied.

I. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2025-2 may collect Special Taxes 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. APPEALS OF SPECIAL TAXES

Any taxpayer may file a written appeal of the Special Taxes levied on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Assessor's Parcel(s). No refunds of previously paid Special Taxes shall be made unless approved by the CFD Administrator.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

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APPENDIX B

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING

The following information relating to the City of Menifee (the "City") and the County of Riverside, California (the "County"), California (the "State") is supplied solely for purposes of information. Neither the City 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

The City of Menifee is located approximately 80 miles southeast of Los Angeles in the southwestern portion of Riverside County. The City was incorporated on October 1, 2008, as a general law City. As of January 1, 2025, the City has slightly more than 115,000 residents and covers an area of over 46 square miles.

Population

The following table offers population figures for the City, the County and the State for 2021 through 2025.

Area	*2021*	*2022*	*2023*	*2024*	*2025*
City of Menifee	104,361	107,512	111,221	113,837	115,316
County of Riverside	2,423,069	2,435,510	2,467,690	2,491,037	2,495,640
State of California	39,369,530	39,179,680	39,228,444	39,420,663	39,529,101

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State. 2020 Census Benchmark for 2021 through 2025.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2020 through 2024.

BUILDING PERMIT VALUATIONS
City of Menifee
2020-2024
(Dollars in Thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Valuation ($000):					
Residential	$448,581	$391,923	$295,989	$525,602	$287,465
Non-residential	94,195	39,831	27,092	93,407	92,516
Total*	$542,776	$431,754	$323,081	$619,009	$379,981
Residential Units:					
Single family	1,457	1,256	796	1,384	630
Multiple family	0	0	0	30	229
Total	1,457	1,256	796	1,414	859

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2020-2024
(Dollars in Thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Residential	$3,071,183	$2,262,642	$2,921,113	$3,306,086	$2,650,676
Non-residential	1,153,778	1,543,998	1,701,618	1,676,498	1,436,924
Total*	$4,224,961	$3,806,640	$4,622,731	$4,982,584	$4,087,600
Residential Units:					
Single family	8,443	7,360	8,863	8,894	6,882
Multiple family	723	1,126	2,861	6,428	2,275
Total	9,166	8,486	11,724	15,322	9,157

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Employment

The following tables show the largest employers located in the City and County as of June 30, 2025.

LARGEST EMPLOYERS
City of Menifee
(as of June 30, 2025)

Rank	*Name of Business*	*Employees*	*Type of Business*
1.	Menifee Union School District	1,620	School District
2.	Mt. San Jacinto College District	1,309	School District
3.	Romoland Elementary School District	746	School District
4.	Target	450	Merchandise Retailer
5.	Stater Brothers	348	Supermarkets
6.	City of Menifee	345	City Government
7.	Texas Roadhouse	188	Casual Dining
8.	Southern California Edison	185	Community Services

Source: City of Menifee Comprehensive Annual Financial Report for the year ending June 30, 2025.

LARGEST EMPLOYERS
County of Riverside
(as of June 30, 2025)

Rank	*Name of Business*	*Employees*	*Type of Business*
1.	County of Riverside	25,345	County Government
2.	Amazon	14,317	Online Retailer
3.	State of California	8,398	State Government
4.	Wal-Mart	7,523	Supermarket
5.	Riverside Unified School District	6,562	School District
6.	Moreno Valley Unified School District	6,306	School District
7.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
8.	Stater Brothers Market	5,145	Supermarket
9.	University of California, Riverside	5,137	University
10.	Eisenhower Medical Center	4,971	Medical Center

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2025.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"), which includes all of Riverside and San Bernardino counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the period from 2020 through 2024.

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

	2020	*2021*	*2022*	*2023*	*2024*
Civilian Labor Force	1,100,500	1,119,000	1,140,400	1,165,500	1,181,300
Civilian Employment	988,600	1,036,100	1,091,800	1,110,100	1,118,600
Civilian Unemployment	111,900	82,900	48,700	55,400	62,700
Civilian Unemployment Rate	10.2%	7.4%	4.3%	4.8%	5.3%
Total Farm	11,800	11,400	11,300	10,800	11,600
Total Nonfarm	722,100	761,700	802,700	818,500	837,100
Goods Producing	110,100	115,000	119,300	119,200	119,600
Mining and Logging	400	400	500	400	500
Construction	66,800	70,900	73,900	73,700	74,700
Manufacturing	43,000	43,700	44,900	45,100	44,400
Service Providing	612,000	646,800	683,400	699,200	717,500
Trade, Transportation and Utilities	173,200	188,100	197,900	196,900	198,600
Wholesale Trade	24,400	25,700	27,300	27,100	26,900
Retail Trade	87,000	91,400	92,500	94,400	94,000
Transportation, Warehousing and Utilities	61,700	71,100	78,100	75,500	77,600
Information	5,300	5,300	5,500	5,700	5,700
Financial Activities	20,900	21,400	22,500	21,200	21,100
Professional and Business Services	71,500	77,200	78,600	76,300	77,000
Educational and Health Services	119,600	124,600	131,700	141,400	153,800
Leisure and Hospitality	77,600	88,600	101,100	104,700	104,000
Other Services	19,900	21,800	24,400	25,600	26,400
Government	124,000	119,800	121,700	127,600	130,900
Total, All Industries	734,000	773,200	813,900	829,300	848,700

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

Source: State of California, Employment Development Department, March 2024 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2020 through 2024 for the City, the County, the State and the nation as a whole.

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

Year and Area	*Labor Force*	*Employment*[(1)]	*Unemployment*[(2)]	*Unemployment Rate (%)*[(3)]
2020				
City of Menifee	41,800	37,600	4,200	10.1%
County of Riverside	1,121,100	1,008,000	113,000	10.1
State of California	18,971,600	17,047,600	1,924,000	10.1
United States	160,757,000	149,961,000	10,795,000	6.7
2021				
City of Menifee	42,300	39,100	3,200	7.5%
County of Riverside	1,133,000	1,050,000	83,000	7.3
State of California	18,973,400	17,586,300	1,387,100	7.3
United States	162,410,000	156,081,000	6,329,000	3.9
2022				
City of Menifee	43,000	41,200	1,800	4.2%
County of Riverside	1,152,100	1,104,100	48,000	4.1
State of California	19,252,000	18,440,900	811,000	4.2
United States	164,966,000	159,244,000	5,722,000	3.5
2023				
City of Menifee	43,200	41,100	2,200	5.0%
County of Riverside	1,157,900	1,102,300	55,600	4.8
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	158,772,000	6,080,000	3.6
2024				
City of Menifee	N/A	N/A	N/A	N/A
County of Riverside	1,181,300	1,118,600	62,700	5.3
State of California	19,644,100	18,600,900	1,043,100	5.3
United States	168,106,000	161,346	6,761,000	4.0

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2024 Benchmark.

Personal Income

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

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

Total personal income in the County increased by 23.68% between 2020 and 2024. The following tables summarize personal income for the County for 2020 through 2024.

PERSONAL INCOME
Riverside County
2020-2024
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
2020	$115,370,344	N/A
2021	126,493,256	9.64
2022	126,174,731	(0.25)
2023	133,968,557	6.18
2024	142,697,421	6.51

Source: U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" (accessed Friday, March 2, 2026).

The following table summarizes per capita personal income for the County, California and the United States for 2020-2024. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2020-2024

Year	*Riverside County*	*State of California*	*United States*
2020	47,600	70,100	59,151
2021	51,584	77,134	64,692
2022	51,449	77,196	66,298
2023	53,350	81,196	70,002
2024	56,404	86,232	73,204

Source: U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income" (accessed Friday, March 2, 2026).

Taxable Sales

The table below presents taxable sales for the years 2020 through 2024 for the City.

TAXABLE SALES
City of Menifee
2020-2024
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2020	1,726	$752,610
2021	1,756	974,142
2022	1,915	1,073,446
2023	2,027	1,455,766
2024	2,085	1,385,891

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2020-2024.

The table below presents taxable sales for the years 2020 through 2024 for the County.

TAXABLE SALES
County of Riverside
2020-2024
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2020	69,284	$42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274
2024	70,577	60,826,952

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2020-2024.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

December __, 2026

City of Menifee
Community Facilities District No. 2025-2 (Quartz Trail)
Menifee, California

Re: *$_____ Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee 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 City of Menifee (the "City") taken in connection with the formation of Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee (the "District") and the authorization and issuance of the District's Special Tax Bonds, Series 2026 in the aggregate principal amount of $_____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "City Council") on November 4, 2026 (the "Resolution"), and a Bond Indenture (the "Indenture") dated as of December 1, 2026, by and between the District and Wilmington Trust, 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 City, 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 City, 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 City 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 City 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 City 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,

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APPENDIX D

APPRAISAL REPORT

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APPRAISAL REPORT

COMMUNITY FACILITIES DISTRICT NO. 2025-2
OF THE CITY OF MENIFEE
(Quartz Trail)

City of Menifee, Riverside County, California
(Appraiser's File No. 2026-1319)



Prepared For
City of Menifee
29844 Haun Road
Menifee, California 92586

Prepared By
Kitty Siino & Associates, Inc.
115 East Second Street, Suite 100
Tustin, California 92780

KITTY SIINO & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

October 2, 2026

Travis Hickey, Chief Financial Officer
City of Menifee
29844 Haun Road
Menifee, California 92586

Reference: Appraisal Report – City of Menifee
Community Facilities District No. 2025-2 Quartz Trail by Lennar
Menifee, California

Dear Mr. Hickey:

At the request and authorization of the City of Menifee, we have completed an Appraisal Report for Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee ("Menifee CFD No. 2025-2"). Menifee CFD No. 2025-2 consists of a new home community known as Quartz Trail by Lennar Homes of California, LLC ("Lennar"). Quartz Trail includes a total of 80 proposed single-family detached homes on minimum 8,000 square foot lots, with four plans ranging in size from 2,760 to 4,134 square feet. There are three model homes and eight production homes over 95 percent complete along with eight homes under construction owned by Lennar. Sixty-one of the homes are closed to individuals with three model homes, eight production homes (over 95 percent complete) and eight homes under construction owned by Lennar. While Lennar had used a land bank earlier in the development process, they have taken down all of the lots at this time.

The valuation method used in this report is the Sales Comparison Approach along with a mass appraisal technique as defined within this report. The fee simple estate of the subject property has been valued subject to the Menifee CFD No. 2025-2 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by the 2026 series of bonds issued by City of Menifee CFD No. 2025-2. As a result of our investigation, the concluded market value for the subject property is shown below.

Quartz Trail

Lennar Ownership (8 lots & 11 houses)	$ 8,100,927
Individual Owners (61 houses)	42,787,680
Total Aggregate Value Menifee CFD No. 2025-2	**$ 50,888,607**

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 20, 2026.

115 East Second Street, Suite 100, Tustin, California 92780
(714) 544-9978 - Phone, (714) 544-9985 – Fax, E-Mail: kssiino@msn.com

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2024) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report. The appraised value contained within this report is being estimated with the hypothetical condition of the special tax lien of the Menifee CFD No. 2025-2 bonds along with the benefits that accrue.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which our opinion of value is, in part, predicated.

Respectfully submitted,

KITTY SIINO & ASSOCIATES, INC.



Kitty S. Siino, MAI
California State Certified General
Real Estate Appraiser (AG004793)

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ADDENDA

CFD No. 2025-2 Boundary Map
Tract Map No. 36803
CalFire Fire Hazard Severity Zone Map – Updated March 24, 2025
Discounted Cash Flow Analysis
Residential Land Sales Map and Summary Chart
Improved Residential Sales Map and Summary Chart
Appraiser's Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

1. This report might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised subject to the special tax lien of the City of Menifee CFD No. 2025-2 special tax bonds.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.

16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.

17. It is assumed there are no environmental concerns that would slow or thwart development of the subject property and that the soils are adequate to support the highest and best use conclusion.

18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document in association with the Menifee CFD No. 2025-2 Special Tax Bonds.

HYPOTHETICAL CONDITION

1. It is assumed that all improvements and/or benefits to the subject property, which are to be funded by the Menifee CFD No. 2025-2 Special Tax Bond proceeds, are completed and in place or have accrued to the property.

EXTRAORDINARY ASSUMPTION

1. It is an extraordinary assumption that the reported sales and remaining land development costs, as received from the builder, are true and accurate. We have reviewed both the sales and cost information and they appear reasonable. We have reviewed sample sales against public records in order to verify the sample sales, however we have not reviewed each sale against public record. Additionally, we are not experts in cost estimating and if the cost estimates change, it may change the value conclusions.


City of Menifee
Community Facilities District No. 2025-2
(Quartz Trail)
Countryside Marketplace
215
Newport Road
Evans Ranch Elementary
Quartz Ranch Park
Evans Road
Holland Road
Paloma Valley High School
Boundaries Approximate
Aerial flown by AirViews 8/12/26

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of the City of Menifee CFD No. 2025-2 Special Tax Bonds.

THE SUBJECT PROPERTY

The subject property is located at the southeast corner of Evans Road and Holland Road in the central portion of the City of Menifee. It is encompassed by Menifee CFD No. 2025-2 and is proposed for 80 single-family detached homes as shown in Tract Map No. 36803, being built out as the community of Quartz Trail by Lennar. Quartz Trail has a total of 61 homes closed to individuals, three model homes, eight production homes over 95 percent complete (seven in escrow and due to close in the coming weeks) and the final eight homes under construction, with five of those in escrow. A more detailed table showing the status and ownership of the lots is shown below.

Description	No. Lots	Owner	Condition/Status
Lots 1-24, 36-46 and 55-80	61	Individuals	Completed Homes
Lots 47-49	3	Lennar	Model Homes (3 in escrow)
Lots 25-28 and 32-35	8	Lennar	Homes over 95% complete (7 in escrow
Lots 29-31 and 50-54	8	Lennar	Homes Under Construction (5 in escrow)
Quartz Trail Total	**80**		

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Menifee, will utilize this report in disclosure documents associated with selling the bonds for Menifee CFD No. 2025-2 and that this report is to be included in the Official Statement or similar document to be distributed in connection with the offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

DEFINITIONS

Market Value

The term “Market Value” as used in this report 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, 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 each acting in what he or she considers his or her own best interest;
> 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]

Inherent in the Market Value definition is exposure time or the time the property would have had to have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions, the exposure time for the builder-owned lots and houses or for an individually owned home is under one year.

Minimum Market Value

The term “Minimum Market Value” as used in this report is defined as:

> “The base market value of a home. That is, most buyers purchase some upgrades, options and/or lot premiums when purchasing a new home. The sales price for the new home typically includes the base price for the plan, plus any upgrades, options or lot premiums, less concessions, if any, which were given or paid for by the builder. The concluded minimum market value is for the base value of the plan only, not taking into consideration any upgrades, options or premiums; however, does take into consideration concessions given by the builder.”

[1] The Appraisal of Real Estate, 13th Edition

Mass Appraisal

The term "Mass Appraisal" as used in this report is defined as:

> "The process of valuing a universe of properties as of a given date using standard methodology employing common data and allowing for statistical testing"[2]

In the case at hand, the statistical testing included reviewing all original builder sales, reviewing the Multiple Listing Service for re-sales and current escrows (if any) and determining the actual range of sales and escrow prices for each plan type which is utilized in the valuation process.

Hypothetical Condition

The term "Hypothetical Condition" is defined by USPAP as:

> "That which is contrary to what exists but is supposed for the purpose of the analysis"

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued for Menifee CFD No. 2025-2.

Extraordinary Assumption

The term "extraordinary assumption" is defined by USPAP as:

> *"An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusion"*

The extraordinary assumption in this report is that the reported sales information and remaining land development cost information, as received from the builder, are true and accurate. We have reviewed the sales information and verified samples against public record information; however, all sales have not been verified through public record. In addition, we have reviewed the costs and they appear reasonable; however, we are not experts in the field of cost estimating. It should be noted that these costs were relied upon in the valuation of the subject properties and if the actual costs differ, it could alter the value conclusions.

[2] USPAP 2020-2021 Edition

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple interest, subject to easements of record and Menifee CFD No. 2025-2 bonds. The definition of "fee simple estate" is defined by USPAP as:

> "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."

EFFECTIVE DATE OF VALUE

The subject property is valued as of August 20, 2026.

DATE OF REPORT

The date of this report is October 2, 2026.

SCOPE OF APPRAISAL

As previously stated, the purpose of this appraisal is to report the appraiser's best estimate of the market value for the subject properties. This appraisal will be presented in the following format:

- County of Riverside Description
- City of Menifee Description
- Immediate Surroundings
- Brief Description of City of Menifee CFD No. 2025-2
- Subject Property Description
- Riverside County Housing Market Discussion
- Highest and Best Use Analysis
- Valuation Procedures, Analyses and Conclusions
- Appraisal Report Summary

The subject property consists of 80 proposed single-family houses within the community known as Quartz Trail. There are 61 homes completed and closed to individuals, three models (all in escrow), eight production homes over 95 percent complete (seven in

escrow) and eight homes under construction (five in escrow). In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

> "…a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales is available."[3]

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject property that have recently been sold, are listed for sale or are under contract. Along with the Sales Comparison Approach, a Discounted Cash Flow Analysis is considered for the builder-owned existing houses. Due to the number of homes under a single ownership, a bulk value is needed in order to determine the current market value. Neither a cost nor income approach was utilized as they were not considered necessary to arrive at credible results.

The due diligence of this appraisal assignment included the following:

1. Compiled demographic information and related that data to the subject properties to perform a feasibility/demand analysis.

2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macroeconomics within Riverside County and the Menifee area.

3. Inspected the subject property between August 1, 2026, and August 30, 2026.

4. Had the property flown for an aerial photograph on August 12, 2026.

5. Interviewed representatives from the builders to obtain available information on the subject property.

6. Reviewed a Preliminary Title Report on the subject property.

7. Reviewed the City of Menifee General Plan Land Use Map, Zoning Map, Tentative Map/Site Plan and a recorded Tract Map regarding entitlements and allowances on the subject site.

[3]Dictionary of Real Estate Appraisal, 4th Edition, 2002

8. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable neighborhood.

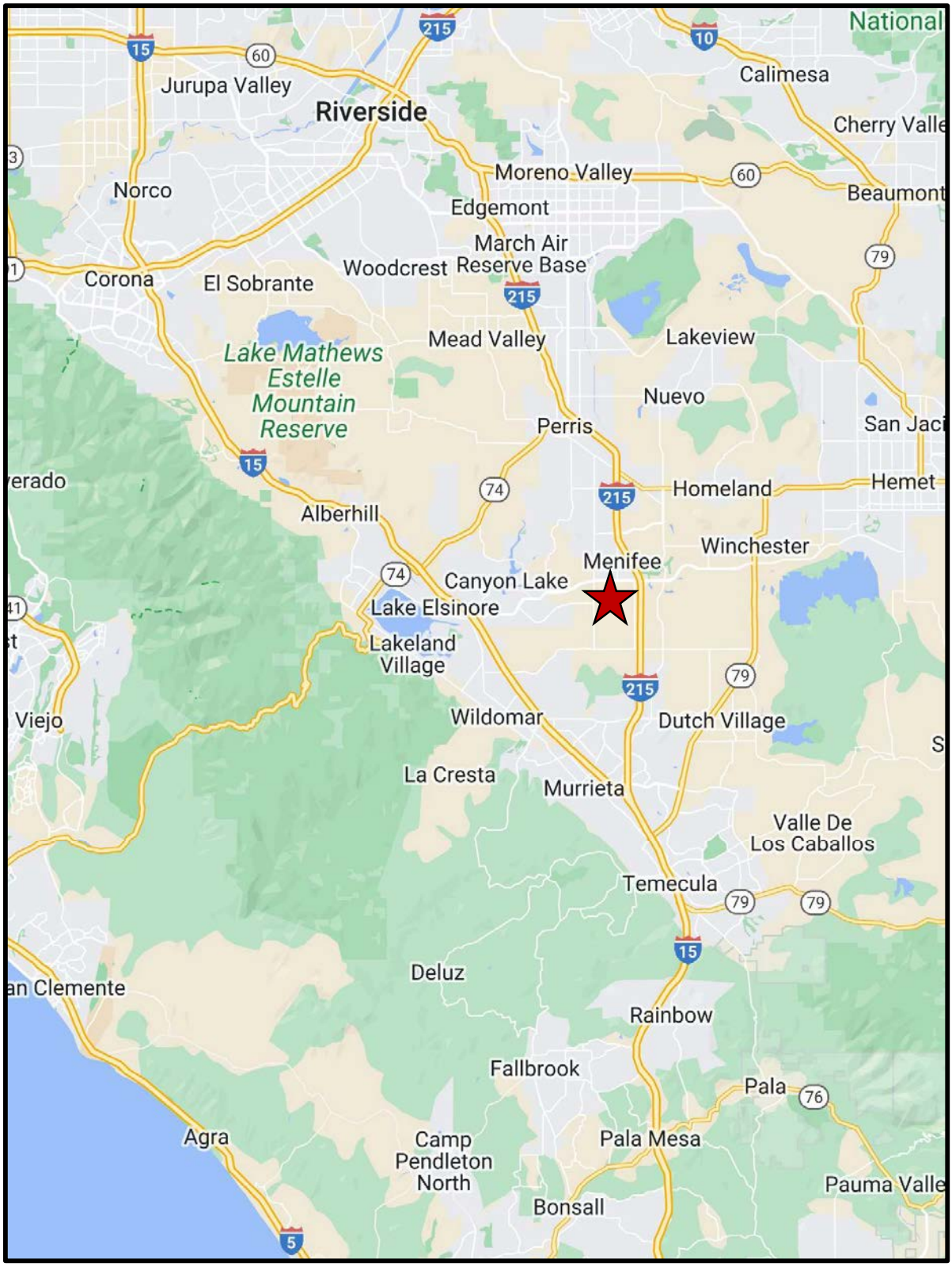
9. Reviewed sales brochures and sales information on each of the subject neighborhoods.

10. Reviewed actual builder sales information on all closed homes and current escrows for each neighborhood.

11. Reviewed Multiple Listing Service ("MLS") information on re-sales and current listings of existing homes within City of Menifee CFD No. 2025-2.

12. Inspected the subject property for any for-sale or property listing signs that may not be listed on the MLS yet.

REGIONAL AREA MAP



COUNTY OF RIVERSIDE AREA DESCRIPTION

Location

The subject property is located in the southwest portion of Riverside County (the "County") west of I-215 along the east side of Evans Road south of Holland Road in the central portion of the City of Menifee ("City"). The County encompasses approximately 7,300 square miles, and includes large expanses of undeveloped deserts, valleys, canyons, and mountains. The County is a major beneficiary of outward urban pressure from Orange and Los Angeles Counties as well as growth from San Diego County to the south. Although located at the periphery of most urban activity in Southern California, Riverside County, particularly the western area, has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

Transportation

The subject property is situated northeast of I-15, west of I-215 and south of Newport Road in Menifee. I-15 travels in a northerly/southerly direction about six miles west and provides access to Barstow and Nevada to the north and San Diego to the south. Highway 74 is approximately seven miles northwest of the subject and provides access to the west into Orange County on what is also known as Ortega Highway and access to the east into the Cities of Perris and Hemet. Interstate 215 is approximately 1.5 miles east, travels in a northerly/southerly direction within the County, branching off from I-15 and heading generally north where it parallels I-15 to the east and merges back into I-15 approximately 40 miles northwest of the subject in San Bernardino County. In addition, the 60 Freeway runs in an east-west direction approximately 26 miles northwest of the subject providing access into Los Angeles County to the west and merges with Interstate 10 to the east which provides access across California and into Arizona.

The County is served by Amtrak and Metrolink as well as several rail freight lines. The Ontario International Airport provides regional air service and is located approximately 35

miles northwest of the subject property while the Orange County Airport is located approximately 38 miles west and the San Diego International Airport is located about 65 miles south. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways, and state freeways.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, January 1, 2026 (most recent available), County population was 2.507 million, representing a one-year increase of 0.4 percent. This compares to an average annual growth rate over the past fourteen years of about 0.7 percent, and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. It should be noted however, California's overall population increased for the first time in 2024 by 0.2 percent following three years of decreasing population statewide. The 2026 Release notes that the State experienced a 0.14 percent decline in year over year population, largely due to the restrictive federal policy changes on legal international migration. Current State projections for Riverside County suggest the population is anticipated to reach approximately 2.533 million by 2030, indicating an average annual increase of approximately 0.26 percent over the next five years. The forecasted population for 2030 was reduced from an estimated 0.7 percent annual growth rate over the past year. Future growth is predicted assuming a more stable market than was seen prior to the Great Recession.

Economy

The U.S. economy has experienced challenging times in the past six years due to reactions from the COVID disruption and changes in the federal administration. These economic challenges include significant inflation, volatile interest rates, global wars, the unknowns of tariff agreements and reaching an agreement on the debt ceiling which shut down the government for 43 days in 2025.

During COVID, the Federal, State, County and City Governments ("Governments") originally shut down non-essential businesses and areas where social gatherings occur

in order to slow the spread of the virus. This created a strain on small and large businesses alike. Restaurants and hotels were hit hard and travel reduced drastically as citizens were urged to stay home. Layoffs occurred with reports of 40 million people filing for unemployment in the first few months of the pandemic. The Governments attempted to curtail the job losses and hardships with the approval of over $5.6 trillion in COVID relief to our nation. In addition, the Federal Reserve Board ("Board") reduced interest rates and started quantitative easing by buying bonds. This legislation helped shore up the U.S. economy; however, due to the significant amount of new money introduced into the economy, inflation began occurring at a rate not seen for 40 years. In June 2022 the national inflation rate hit a peak of 9.1 percent with the current (July 2026) rate at 3.4, which is down from May and June's rates of 4.2 and 3.5 percent, mostly due to the spike in oil prices due to the Iran war. This compares to a 1.4 percent annual inflation rate for 2020, a 4.7 percent annual rate for 2021, an 8.0 percent annual rate for 2022, a 4.1 percent annual rate for 2023, a 2.9 percent annual rate for 2024 and a 2.7 percent annual rate of 2025. This compares to an average of 1.74 percent annual rate between 2010 and 2020. Whether it was a result of world turmoil, supply chain issues due to the COVID disruption, additional money entering the economy or tariffs, inflation hit Americans hard.

In an effort to curb inflation, the Board began raising interest rates. Between March 2022 and August 2023, there were eleven interest rate increases rising the Federal Funds Rate ("FFR") from 0.25 – 0.50 percent to 5.25 – 5.50 percent. The Board kept rates at 5.25 – 5.50 percent from September 2023 until September 2024 with three decreases occurring through December 2024, ending with the rate at 4.25 – 4.50 percent. This rate continued until September, October and December 2025, with three additional decreases bringing it down. At the first five Board meetings of 2026, they have kept the rate steady at the current rate of 3.50—3.75 percent as they are closely watching all signs of the economy and do not want to create additional inflation. While the eleven increases appeared to help slow inflation, the quick, significant increases strained bank balance sheets and created significant volatility on home mortgages. The FFR increases which occurred between March 2022 and August 2023, increased a typical 30-year fixed mortgage rate from 2.98 percent as of November 10, 2021, to the high of 7.79 percent as of October 2023; however, the rate has dropped to 6.65 percent as of August 20, 2026 (per Federal

Reserve Economic Data-St. Louis) with mortgage rates generally between 6.0 and 6.75 percent since October 2025. This steep increase which occurred in mortgage interest rates significantly affected the real estate market. The first-time homebuyer pool grew up thinking interest rates were always sub-four percent and are still reeling from shock over the recent 6.0 to 7.0 percent rates. In order to combat the unaffordability of these higher rates, many homebuilders however, have been "buying down" the mortgage rates in order to keep new home sales going. This will be discussed further in the Riverside County Housing Market section later within this report.

On October 1, 2025, the US government shut down due to the government being unable to reach agreement on a spending plan. The main issue was the extension of health care subsidies which began during the COVID pandemic due to healthcare costs skyrocketing. After a 43-day shutdown, an agreement was reached which extended money for most federal agencies until January 30, 2026, along with funding for food aid, the Department of Agriculture, Congress and veterans affairs until September 2026. The government had a partial shutdown this year due to disagreement on Department of Homeland Security funding, however another temporary agreement was reached with December 11, 2026, being the next deadline.

The COVID disruption to the economy also caused extreme volatility in the stock market with the Dow Jones Industrial Average ("DJIA") dropping from 29,398 in February 2020 to 19,174 in March 2020, a drop of 37 percent. Government interventions resulted in a bounce back in the DJIA to 27,111 by June 2020 with the stock market then climbing up to a peak of 36,799 in January 2022. In February 2022, Russia began invading Ukraine which caused volatility in world economics followed by U.S. inflation resulting in a 20 percent drop to a low on September 30, 2022 (28,150) with a bounce back to between 33,000 and 34,000 throughout the majority of 2023. The FFR rate increases began helping to stabilize the economy (reducing inflation) to a point where analysts began predicting decreases in the FFR in 2024. This occurred in late 2024 with three reductions which buoyed the stock market to a new high of 44,910 which was reached in late 2024. In 2025 the stock market saw volatility due to the new administration's uncertain tariffs (hit annual low of 38,315 in April), followed by a generally steady increase mostly due to

the NASDAQ (tech heavy index) increasing about 50 percent, partially due to the race for Artificial Intelligence ("AI") with a new high of 50,188 in February 2026. However, on February 28, 2026, the U.S. and Israel launched airstrikes on Iran, which caused additional volatility. However, at the beginning of August 2026, the DJIA reached a new record high of 54,349 and as of August 25, 2026, the DJIA was at 53,577. Current concerns on the U.S. economy include the nation's debt, global wars, tariff uncertainties and the debt limit which can only be increased through government approvals.

The significant increase in mortgage rates between 2022 and 2023 is just one part of the puzzle affecting the impact of new housing on the broader economy. Additional risks include homebuilders trying to find balanced inventory levels, supply chain issues, both wage and price increases, unknown tariffs on building materials, construction workers immigration status, the affordability index at all-time lows and persistent inflation. Over the past 25 years, the Inland Empire economy saw significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels in 2011. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Inland Empire housing market seeing an improvement beginning in mid-2012. Contrary to homebuilders' original thoughts of a slowdown due to the pandemic, new home buyers stepped up in the spring of 2020 and new home sales were significantly higher during the second half of 2020 versus the previous year and continued extremely strong throughout 2021. This exceptional activity in new home sales was the one bright spot in the COVID recession and is thought to be due to several factors, including: a tight supply of resale homes; historically low interest rates; millennials finally buying homes; and the work from home factor which began during the pandemic and allowed residents to live in more suburban areas without long commutes. As rates began increasing in early 2022, there was a significant slowdown in home sales within the Inland Empire, with year-over-year decreases in home listings of about 30 percent between October 2022 and October 2023 as homeowners did not want to give up their low-interest mortgages. The scarcity of existing home listings put pressure on pricing as the demand for homes continued with median home prices in the Inland Empire increasing about 50 percent from 2019 levels. It should be noted, however, the increase in pricing has slowed substantially with most

indexes reporting a slight decrease over the past year. Even with the recent slow-down in growth, the current real estate cycle upturn is the longest in recent history.

While most jobs have come back, job losses were significant during the COVID recession as the Nation's unemployment rate went from 3.5 percent in February 2020 to 14.4 percent in April 2020 with decreases through the fall season of 2020. Since that time the national unemployment rate generally ranged between 3.5 percent and 4.5 percent between December 2021 and today with the July 2026 National unemployment rate at 4.4 percent. The unemployment rate for the MSA was estimated at 5.7 percent (as of July 2026, most recent available per the Employment Development Department). This reflects a decrease from the peak during the Great Recession of 15.1 percent in 2010 and a decrease from the peak during COVID of 14.9 percent. As of July 2026, Riverside County's unemployment rate was 5.9 percent and San Bernardino County had a 5.5 percent unemployment rate. The current unemployment rate for the MSA of 5.7 percent is similar to the California rate at 5.3 percent and higher than the July 2026 National rate of 4.4 percent. Below is a table comparing Riverside County's unemployment rate to the unemployment rates of the surrounding counties as of July 2026.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	Jul-2026	5.2%
Riverside County	Jul-2026	5.9%
San Bernardino County	Jul-2026	5.5%
Orange County	Jul-2026	4.2%
San Diego County	Jul-2026	4.7%

Source: State of California E.D.D.; *Not Seasonally Adjusted

The latest UCLA Anderson Forecast ("Forecast") was June 3, 2026, with a finding that the economy is confronting another inflationary shock driven by the war in Iran. In the last Forecast in March 2026, the essence was that tariff-driven inflation had appeared to peak and the labor market began to stabilize, however with the Strait of Hormuz closed down due to the war in Iran, rising energy prices are creating a new source of pressure on households, businesses and the Federal Reserve. The National Forecast states "the 2020s are beginning to look eerily similar to the 1970s," a decade marked by high inflation,

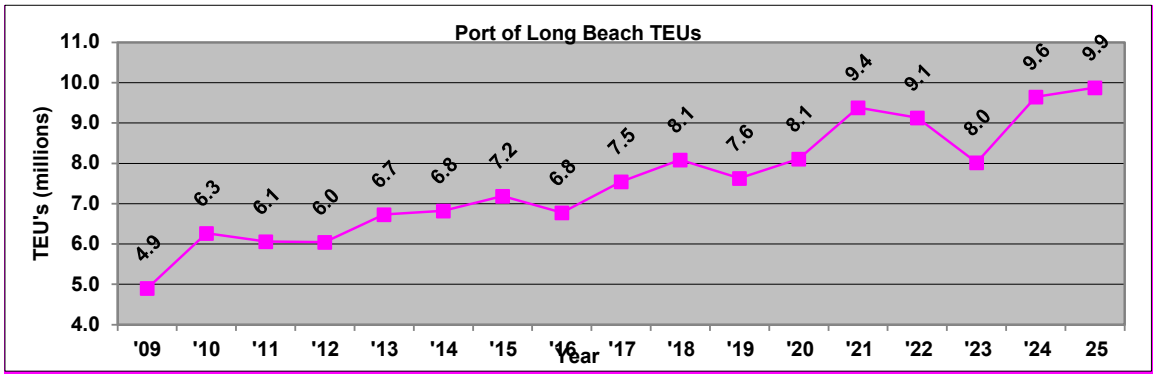
slow growth and the reemergence of the term “stagflation.” The current Forecast does not predict a repeat of the 1970s but the comparison reflects the sequence of supply shocks this economy has experienced since 2020: pandemic-era supply-chain disruptions, the war in Ukraine, tariffs, and now the war in Iran. The primary economic impact of the oil shock is inflation. CPI inflation rose from 2.4 percent in January and February, to 3.3 percent in March and 3.8 percent in April. Since the Forecast, the May 2026 inflation rate came out at 4.2 followed by a 3.5 percent rate in June and 3.4 percent rate in July 2026. The labor market has held up better than expected but remains more stagnant than strong. They anticipate unemployment to increase to 4.5 percent (national rate) by the end of the year (currently 4.4 percent). Regarding the Federal Reserve, the Forecast anticipates the central bank to hold rates steady for the remainder of the year (this outlook has changed since the Forecast). GDP growth grew at 2.1 percent in 2025 with the same 2.1 percent growth anticipated this year followed by a weaker 1.8 percent growth rate in 2027. The main counterweight for higher inflation and slower growth is the surge in artificial intelligence investment. Combined with tax cuts, this investment is anticipated to help the U.S. economy absorb the oil shock without falling into a recession. In summary, the national economy is being tested with another supply shock with the central risk shifted from tariff-driven inflation to energy-driven inflation. The baseline forecast does not call for a recession, but it does anticipate slower growth, higher inflation and a Federal Reserve with little room to cut interest rates.

The California Forecast describes a state economy that remains bifurcated. California continues to outperform the U.S. in output and income growth, but employment remains weak and uneven. The bifurcation is not geographic, but sectoral, with AI, aerospace and other tech on one side, and the rest of the economy on the other. Increased demand for commercial aircraft, defense goods and space products is expected to continue into late 2026, 2027 and 2028. At the same time, California’s labor market remains weak with an over 5.0 percent unemployment rate for over 27 months (currently at 5.3 percent). The logistics sector had been a large part of the employment growth over the past few years but is anticipated to show little growth in 2026 and 2027 due to lower consumer demand, higher fuel costs and supply chain interruptions. Housing remains a major constraint with new home permits remaining relatively flat at around 110,000 new units over the past

year, significantly below what is needed to address the State's housing affordability problem. The Forecast estimates 115,000 new permits for the 2026 year increasing up to 122,000 new permits in 2028. It should be noted that these estimates are significantly lower than the Forecast estimates of one year ago.

The California Forecast includes estimated unemployment rates of 5.5 percent for 2026, 5.1 percent for 2027 and 4.2 percent for 2028. This compares with real personal income growth estimated at 2.3 percent for 2026, 2.4 percent for 2027 and 2.5 percent for 2028. In summary, California continues to benefit from AI, aerospace and high-productivity sectors, but its labor market remains weak and its exposure to fuel prices, logistics disruption, deportations and housing constraints makes the outlook weaker than it was three months ago.

As a final indicator of overall economic activity for the region, we have reviewed the rise and fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the Inland communities, as it represents much of the growth in development of West Coast distribution centers and warehouses in the Inland Empire linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there had been increases since 2009 except for slight dips in 2016, 2019, 2022 followed by an over 12 percent dip in 2023 due to cooling consumer demand. The calendar year 2024 saw an over 20 percent increase while in 2025 there was a 2.5 percent increase, back to a typical overall trendline. Current year to date total TEUs for 2026 is at nearly 5.8 million as of July 2026, which is trending at a 1.2 percent increase over the previous year.



Government

A Board of Supervisors oversees the County as the governing body of the County, certain County special districts, and the County Housing Authority. The Supervisors enact ordinances and resolutions, adopt the annual budget, approve contracts, and appropriate funds, determine land use zoning for unincorporated areas, and appoint certain County officers and members of various boards and commissions. The Board of Supervisors is elected from five different districts within the County.

Education

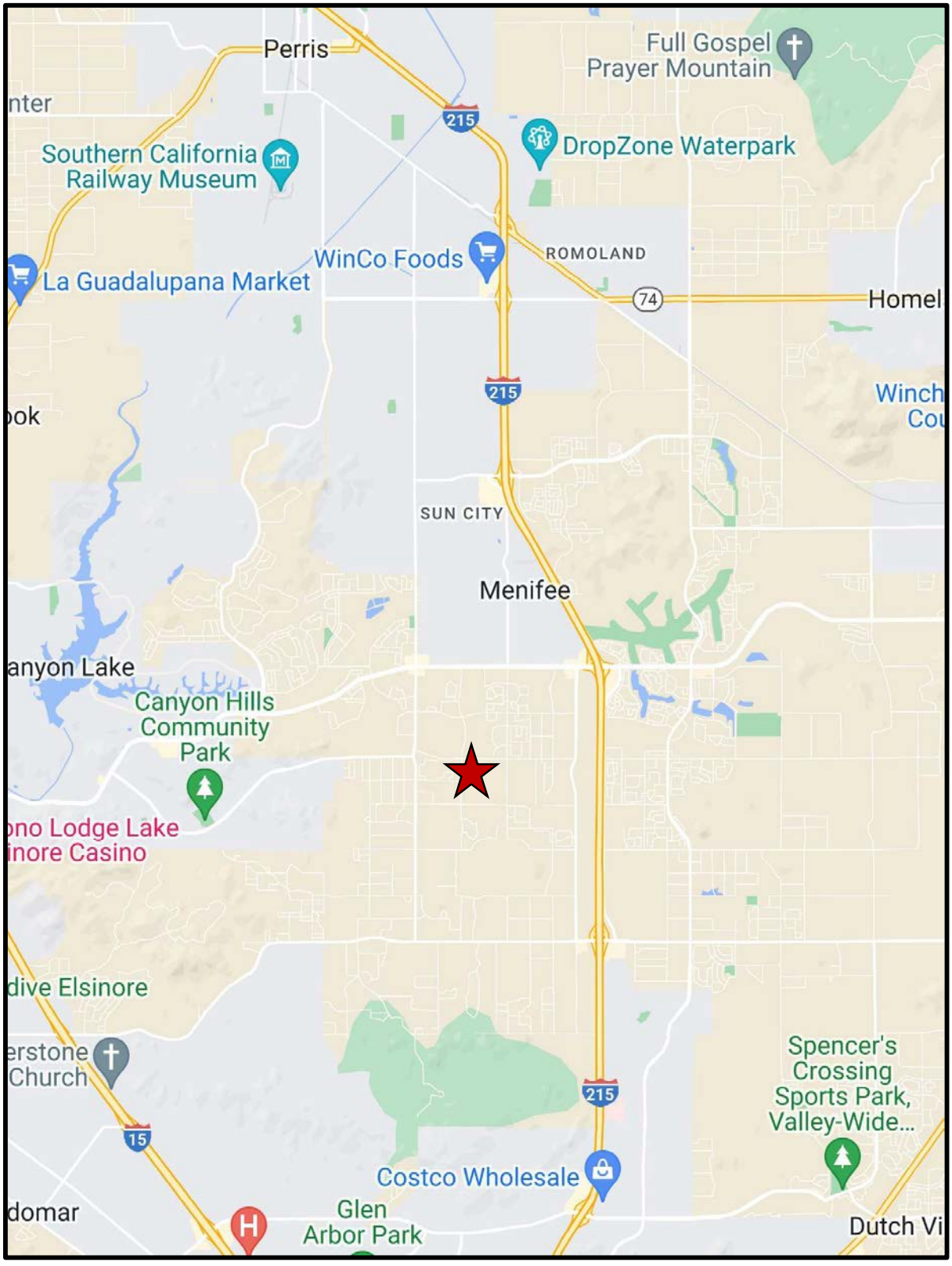
Menifee Union School District (K thru 8th) and the Perris Union High School District serve the subject area. The Menifee Union School District operates 11 elementary schools and four middle schools, one K-8 school (Harvest Hill STEAM Academy), two alternative schools and one preschool. Perris Union High School District covers a larger area than Menifee Union and operates five high schools, four alternative high schools and one alternative middle school to serve the greater Perris area including Menifee. Higher education is available within an hour's drive at the University of California campuses at Riverside and Irvine or California State University campuses in San Bernardino, San Marcos, Fullerton, and Pomona along with several additional private colleges. The closest community college is Mt. San Jacinto College, which has a campus in Menifee. The subject is zoned for the following schools: Evans Ranch Elementary, Menifee Valley Middle, and Paloma Valley High School.

Conclusion

Population in the County has increased over the past 20 years with predictions for continued population growth, however at a slower growth rate. The Nation's economy has been slowing after the Board increased the FFR to over five percent to fight historical inflation which began during COVID. One bright spot during COVID was housing: the region's relative affordability and low interest rates, coupled with the rising prices in the coastal market and the demand for housing, set up a new housing boom. This was followed by a significant drop in sales due to increasing mortgage rates and existing homeowners being unwilling to give up their low-rate mortgages. Current concerns for the Inland Empire economy include stubborn inflation, the high prices of homes, higher

interest rates, supply chain issues, and global wars, which are all creating volatility in both local and global financial markets. What effect the Iran war will have on the economy is still unknown at this time. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land, and the relatively lower land and housing prices in comparison to adjacent Orange, Los Angeles, and San Diego Counties.

MENIFEE AREA MAP



CITY OF MENIFEE DESCRIPTION

The subject property is located in the central portion of the City of Menifee, which is located in the southwestern portion of the County. Menifee became a city in October 2008 after voting to incorporate. Menifee was the 26th city within the County of Riverside and is located along both sides of I-215 between Murrieta and Perris. The City includes the diverse lifestyle communities of Menifee, Sun City, Quail Valley, and portions of Romoland. The City is bordered by unincorporated lands and the City of Murrieta to the south, the cities of Lake Elsinore and Canyon Lake to the west, the City of Perris, area of Winchester and unincorporated lands to the north and unincorporated lands (portion known as the French Valley) to the east.

In the 1960s, early development of the Menifee Valley began when the concept of an active retirement community was envisioned for Sun City. Since that time the Menifee Valley has grown substantially. At incorporation in 2008, the City of Menifee had a total population of 60,000 residents. The Menifee Valley includes some portions of Romoland that are not included within the city limits. Although this area currently serves as a bedroom community for the workforces of North San Diego County, Temecula, Riverside, Corona and Orange County, economic development groups are in the process of recruiting future quality employers to relocate in the Menifee Valley. There have been several new commercial developments in the past 15 years on the I-215 corridor south of McCall Boulevard including major shopping centers at the Newport Road offramp, the Menifee Town Center west of the offramp and an additional shopping center at Clinton Keith Road. Per the City of Menifee (August 2026) there are currently six development projects either in process or recently approved (or under construction). These include three industrial projects for warehouses/distribution centers, one apartment project with office buildings (The Boulders), one commercial center (Newport Pointe), and one residential project (Legado, approved for 1,016 single family homes with 20 acres of commercial, with some planning areas already actively selling). This is down considerably from the City's previous pipeline, as it noted in 2025 there were 42 new commercial projects within 22 centers either recently opened, coming soon or under construction

within the overall City, and eight residential projects either in planning or engineering, plus an additional eight industrial projects.

Between 1990 and 2003, there was an extraordinary growth rate of 48 percent in the community of Menifee. The population is estimated at 117,847 as of January 2026 per the California Department of Finance (most recent available), representing a growth of 1.8 percent year-over-year. This compares to the Riverside County past year's growth of 0.4 percent from January 2025 to January 2026. The City's higher growth rate than the County is due to the wide expanses of land available for development within the city, and because of the currently selling planned communities such as Quartz Trail (subject), Legado (Lennar), Nautical Cove (KB Home), Banner Park (Pulte), and Cimmaron Ridge (Pulte).

In the past 15 years Menifee has had exceptional growth in the commercial and retail sector. Prior to the Great Recession several shopping centers were either constructed or planned. Included are the Town Center Marketplace, which is anchored by Aldi Market, PetSmart, and several national restaurants (located at the southwest corner of Haun and Newport Roads), and the popular Menifee Countryside Marketplace, which is anchored by Target, Lowe's, Kohls, Ulta, TJ Maxx, Best Buy and Home Goods along with numerous restaurants (located at the southeast corner of Haun and Newport Roads, just 1.5 miles northeast of the subject). The Town Center Specific Plan ("TCSP") includes 170 acres of mixed use with a proposed City Hall, a Fairfield Inn & Suites by Marriott on Town Center Drive, the Family and Civil Courthouse (now open), along with several completed new home neighborhoods and Riverwalk Village at Town Center by Richmond American which is currently selling. While the Krikorian retail center and partially completed theaters were demolished in 2025 after several years of litigation, other new commercial development has proceeded within TCSP, with Center Pointe (retail northwest of the old theater location) and Menifee Plaza (retail northeast of the old theater location), which front Newport Road, both of which opened in 2025. Along the north side of Newport at Haun Road is a newer commercial area that houses the Menifee Union School District's administration building, the existing City Hall, a Post Office, and several national chain restaurants.

The Menifee community also benefits from its proximity to Diamond Valley Lake, which was dedicated on March 18, 2000, and initially filled by the end of 2002. Diamond Valley Lake is located approximately five miles east of the City and is a 13,000-acre site with a 4,500-acre reservoir for boating and fishing. There is no swimming, water skiing or personal watercraft allowed in Diamond Valley Lake. The reservoir contains 800,000 acre-feet (260 billion gallons) of water and is owned by the Metropolitan Water District. Access to Diamond Valley Lake is via Newport Road which becomes Domenigoni Parkway about 1.5 miles east of I-215 near Winchester.

Land prices in the Menifee area have been historically lower than prices in the Murrieta and Temecula areas. As housing prices increased during the COVID disruption, the price difference narrowed between Menifee and Murrieta/Temecula, however, there is still a variance. The price difference appears to be due to the Murrieta/Temecula area being along the I-15 corridor, which commands a premium due to easier commuting to adjacent counties. Menifee is located along the I-215 corridor, which creates a slightly longer commute to employment centers.

As discussed under the economy section under County of Riverside Area Description, new home sales had prospered during the COVID pandemic and Menifee is no exception. Per the August 23, 2026, Ryness Report (a new home sales tracking and research company), there are 55 new home projects currently selling in the South Riverside submarket with 19 of the 55 new home projects located in Menifee. This compares to 46 new home projects within the South Riverside submarket selling one year ago with 16 in Menifee. The average sales rate per project for year-to-date ending August 23, 2026, in the South Riverside submarket was 2.9 homes per month which is slightly lower than the 2025 year-end average per project sales of 3.0 per month. In comparing the South Riverside submarket with the overall Inland Empire, the average sales rate per project year to date as of August 23, 2026, in the Inland Empire was 2.8 sales per month.

In summary, the future growth of Menifee should continue. While there are a slightly higher number of new home communities currently selling in the city compared to one

year ago, several have sold out and closed and new communities have opened. Additionally, there are a significant number of new home communities in the planning stages, suggesting population growth. Housing is less expensive than the Murrieta/Temecula neighboring communities, which is attractive to homebuyers as price points are important in today's Inland Empire housing market. Diamond Valley Lake is another asset to the Menifee Valley area. The lower land prices and the availability of land for development combine to make Menifee an excellent candidate for future growth.

IMMEDIATE SURROUNDINGS

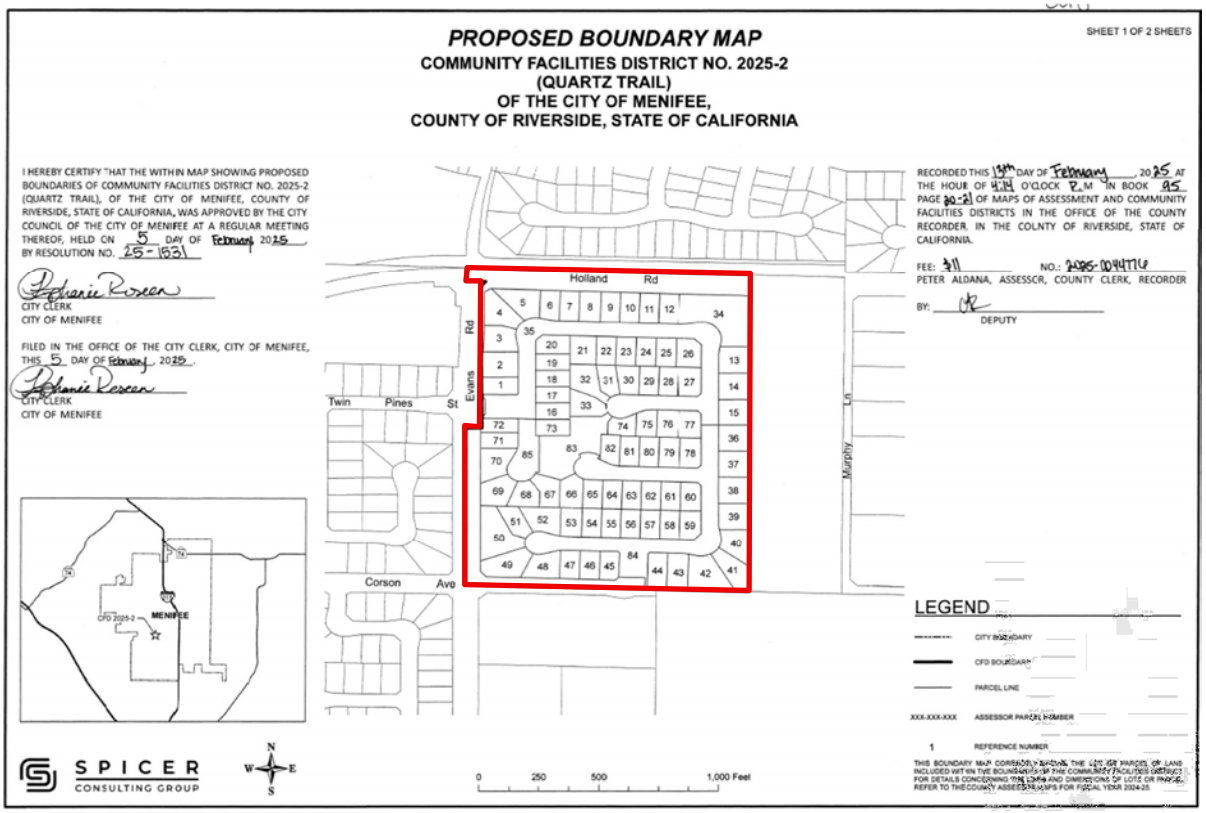
The subject site is located at the southeast corner of Holland Road and Evans Road in the central portion of the City. The project has access both from I-215 via Newport Road or Scott Road and from I-15 via Railroad Canyon Road to Canyon Hills Road which becomes Holland Road in Menifee. The immediate area is generally made up of existing homes to the north and northwest (Quartz Ranch by Lennar developed around 2024), a vacant parcel along with more rural housing, another vacant parcel and existing housing to the east, Paloma Valley High School and a vacant parcel to the south and existing housing to the west while southwest is Hidden Hills which was developed by KB Home around 2018. The subject property was in a generally finished lot condition when it was purchased by Lennar in late 2024.

Shopping is available within 1.5 miles at all quadrants of I-215 and Newport Road with the successful Countryside Marketplace anchored by Target, Lowe's, Best Buy and Kohl's at the southwest quadrant with an Aldi Supermarket across the street, a Ralph's supermarket at the southeast quadrant and a Baron's Market at the northeast quadrant. Approximately ten miles south is Promenade Temecula, a major shopping mall anchored by Macy's and JC Penney, located off the I-15 near the intersection of I-15 and Winchester Road (State Route 79). In addition to the aforementioned shopping and entertainment, the community is about four miles away from Loma Linda University Medical Center in Murrieta.

The subject property is located within the Menifee Union School District (K-8th) and the Perris Union High School District (9th -12th). The community is served by Paloma Valley High School, just southeast of the subject; Menifee Valley Middle School (within one mile southwest of the subject) and Evans Ranch Elementary School, about one-half mile north of the subject.

CITY OF MENIFEE CFD NO. 2025-2 (QUARTZ TRAIL)

Menifee CFD No. 2025-2 (Quartz Trail) was formed per the Resolution of Intention of the City Council of the City of Menifee dated February 5, 2025. Per the City of Menifee CFD No. 2025-2 CFD Report, the CFD is comprised of approximately 26 gross acres (actually 30 acres per recorded tract map) being subdivided into 80 single family detached residential lots. The boundaries of Menifee CFD 2025-2 generally conform with the boundaries of Tract Map No. 36803. The boundary map is shown below with the approximate shape of the subject property outlined in red. A larger version of the overall map is located in the Addenda.



Per the CFD Report prepared by Spicer Consulting Group and dated April 2, 2025, the types of facilities that are proposed to be funded by Menifee CFD No. 2025-2 consist of the construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) drainage, library, park, street, roadway, traffic signal and street lights, administration and general government facilities, fire and public safety and other public facilities of the

City including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Mello-Roos Community Facilities Act of 1982, as amended (the "City Facilities"); (ii) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of the Eastern Municipal Water District which are included in EMWD's water and sewer capacity and connection fee programs (the "Water District Facilities") and all appurtenances and appurtenant work in connection with the foregoing Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities. In addition, incidental expenses include the cost of engineering, planning and designing the Facilities; and all costs including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District and any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

According to the CFD Report, the Cost Estimate of the eligible facilities is shown in the table below.

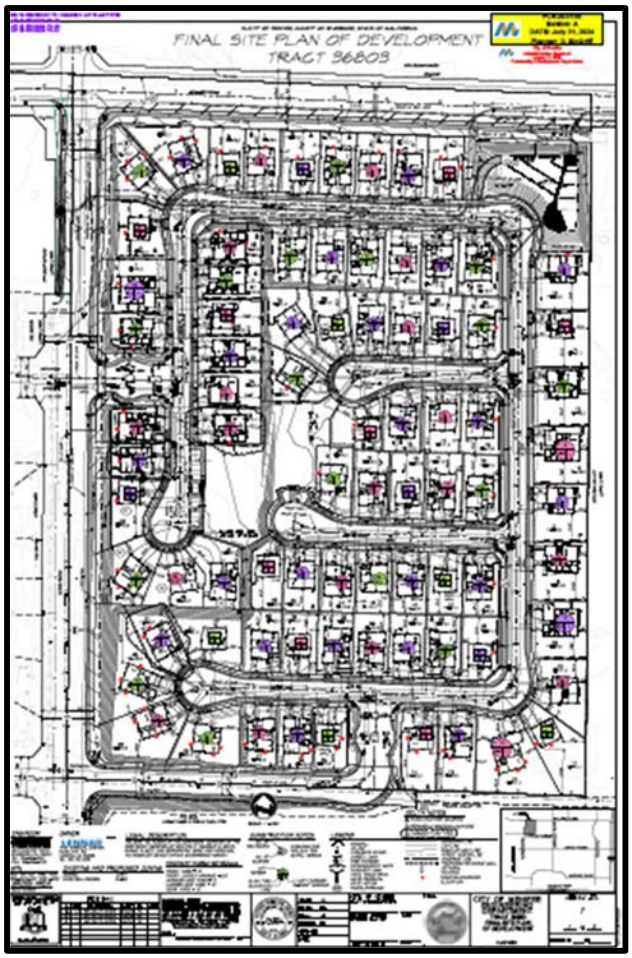
	Total	**Bond Allocation**
City Fees		
Law Enforcement	$80,960	$80,960
Fire Facilities	$56,640	$56,640
Circulation	$621,120	$621,120
General Government	$102,960	$102,960
Parks and Recreation	$150,800	$150,800
Quimby	$233,700	$233,700
Storm Drain A-B Watershed	$22,720	$22,720
City Facilities	$253,780	$253,780
Total City Fees	$1,522,680	$1,522,680
City Facilities		
Offsite Storm Drain	$937,589	$937,589
City Landscape	$250,000	$250,000
Street Improvements	$884,562	$884,562
Total City Facilities	**$2,072,151**	**$2,072,151**
EMWD Facilities		
Water Improvements	$447,929	$447,929

Sewer Improvements	$349,704	$349,704
Recycled Water Improv.	$660,649	$387,511
Total EMWD Facilities	**$1,458,282**	**$1,185,144**
EMWD Fees		
Sewer Financial Charge	$281,120	$0
Sewer Treatment Charge	$532,960	$0
Water Financial Charge	$599,840	$0
Water Supply Fee	$32,560	$0
1" Water Drop Fee	$32,400	$0
Irrigation Meter Fees	$65,680	$0
Total EMWD Fees	**$1,544,560**	**$0**
Total Eligible Fees/Improve.	$5,511,196	$4,779,975
Incidental Financing Costs		$850,025
Total Funded by Bond Proceeds		$5,630,000
Total Funded by Developer		$731,221

Per the latest sources and uses of funds for Menifee CFD 2025-2 dated September 28, 2026, they are projecting a bond par amount of $5,050,000 along with a net original issue discount of ($51,140) totaling $4,998,860. The expenditures include $4,161,562 of project fund deposits, a reserve fund of $496,548 and costs of issuance and underwriter's discount of $340,750 (all estimated amounts subject to change).

SUBJECT PROPERTY DESCRIPTION

The subject property consists of 80 proposed single-family homes within the community known as Quartz Trail being developed by Lennar as shown on the site plan below.



Location: Southeast corner of Holland Road and Evans Road, Menifee, California

Legal Description: Lots 1-81 of Tract No. 36803 (with Lot 81 serving as the community park), located in City of Menifee, County of Riverside, California.

Owner of Record: Individual owners as to Lots 1-24, 36-46 and 55-80 of Tract 36803. Lennar Homes of California LLC as to Lots 25-35 and 47-54 of Tract 36803

Three-Year Sales History: Lennar purchased the subject from Foremost Pacific on September 5, 2024, for $22,076,500. The property was in a finished condition with a Final Map recorded for 80 lots with a minimum lot size of 7,200 square feet. At time of purchase, the price was based on a finished lot value estimate of about $325,000, per land brokers familiar with

the transaction. Out of the total 80 subject homes, 61 homes have closed to individual homebuyers with closing dates between July 25, 2025, and August 20, 2026. An additional 15 homes are in escrow to individuals and due to close upon completion.

Assessor's Parcel Numbers: The subject 80 lots encompass Assessor's Parcel 358-790-001 through -033 and 358-800-001 through -047. Parcel Nos. 358-790-034 and 358-800-048 refer to a detention basin and the park within the community.

Property Taxes: We have reviewed the Riverside County Tax Collector's 2026 tax bill for APN 358-790-007, a sample lot within Quartz Trail. Per the tax collector the total 2026 property tax invoice is $14,958.96 based on an assessed value of $836,021. The general-purpose taxes are $8,360.21; the miscellaneous charges (includes Perris Union HS, Mt. San Jacinto Jr. College, MWD East 1301999, Menifee School, and EMWD IMP U-35 and U-36 which total $1,189.83; and the Special Assessments total $5,408.92 (includes Menifee CFD 2025-2 (subject) for $4,382.94, CFD 2017-1 (Maintenance Services) for $640.06 and Perris Union CFD 92-1 for $349.84 and miscellaneous charges of $35.68). This equates to a total tax rate of 1.79 percent based on the assessed value. This amount is typical for new homes in the subject market area.

Flood Zone: Per the County of Riverside, a flood plain review is not required.

Size and Shape: The subject property is rectangular in shape and includes 30 gross acres and 19.77 net acres per recorded Tract Map No. 36803.

Zoning: Per the City of Menifee Zoning Map (dated March 23, 2023), the subject site is zoned for Low Density Residential-2, which allows for 7,200 sf minimum lot size. This is consistent with the City of Menifee Land Use Map (dated March 23, 2023), which shows the subject's General Plan Designated land use as 2.1-5 du/ac Residential, which correlates to the 7,200 square foot minimum lot size.

Entitlements: The subject property is covered by Tract Map No. 36803 (recorded March 23, 2023) which includes a total of 30 gross acres and 19.77 net acres, and numbered lots for 80 homes, reflecting a density of 2.67 dwelling units per acre. While the lots have a minimum lot size of 7,200 square feet per the zoning, the smallest lot is just under 8,000 square feet with the average lot size closer to 9,000 square feet. A copy of the above tract map is located within the Addenda of this report.

Topography: The original topography was generally level at street grade of surrounding streets (Holland and Evans Roads). After grading, the lots are at street level of the surrounding and internal streets. The

lands have been graded and developed into single-family detached lots. Drainage is within an engineered street drainage system with a detention/water quality basin onsite, and one adjoining the park site.

Soils Condition: We have reviewed an Updated Geotechnical Report for the project conducted by GeoTek of Corona, California and dated September 23, 2024. The report is an update to several GeoSoils reports (conducted in 2020, 2022 and 2023) and earlier Geo Tek reports (completed in 2024). The report concludes that based on GeoTek's knowledge of the project, the proposed development remains essentially geotechnically unchanged since the previous reports. The report concluded on and gave recommendations for Seismic design parameters, foundation design, conventional foundation and building slab design, Structural slab moisture and vapor retarding systems, miscellaneous foundation recommendations and the soil sulfate content. It appears all were normal for subject type lands in the area. It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any soil's reports were adhered to during construction. This is supported by existing development on the subject lands which was overseen by City inspectors.

Seismic Conditions: Per the County of Riverside, the subject is not located in a Fault Zone or in a Liquefaction Area.

Fire Hazard Map: Per the 2025 CalFire maps, the subject is not located within a high severity fire hazard zone. A copy of the map with the subject shown as a blue star is located in the Addenda for your review.

Environmental Concerns: We have not received an environmental report to review. The builder and/or their representatives have stated (and this appraisal assumes) that there are no environmental issues that would slow or thwart development of the site. This is supported by existing development on the subject lands which was overseen by City inspectors.

Easements/
Encumbrances: We have reviewed a preliminary Title Report on the Lennar owned property as of August 4, 2026 (Lots 23-35 and 47-54 of Tract Map No. 36803 prepared by Lennar Title Inc., along with a Lenders Supplemental Report. The exceptions within the report are as follows:

Item Nos. 1-2, 4, 5 & 6 pertain to property taxes and assessments on the property including CFD 2017-1 and the subject CFD 2025-2 (Quartz Trail). Item No. 3 pertains to water rights. Item No. 7 pertains to a right of way for ditches recorded in 1924 on the property. Item No. 8 is in regards to the Scott Road and Bridge Benefit District. Item Nos. 9 through 14 and 17 through 20 refer to easements which appear to be typical for subject type lands. Item Nos. 15-16 are in regards to two resolutions recorded on the site. Item Nos. 21 and 22 are hold harmless agreements for Water and Sewer. Item No. 23 refers to the option agreement between Lennar and the Land Bank (TPG AG EHC SD (LEN) CA 1, L.P. Item No. 24 pertains to the CC & Rs recorded on the site. Item No. 25 pertains to the Water Quality Management Plan and Stormwater Best Management Practices Operation, Transfer, Maintenance and Right of Entry Agreement. Item No. 26 refers to the solar declaration of CC & Rs for Quartz Trail. Item No. 27 refers to the Notice of Builder's Election of Handling of Construction Claims. Item No. 28 refers to a Private Street Easement Deed. Item No. 29 pertains to a Completion Easement Grant Deed. Item No. 30 states no known matters otherwise appropriate to be shown were deleted from the report. The Lenders Supplemental Report states when lots were transferred, first between FPG and Sun Menifee 80, LLC (seller) and TPG AG EHC SD (LEN) CA 1, L.P. (land bank for Lennar) and secondly when they were transferred between the land bank and Lennar.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances except for Menifee CFD No. 2025-2 and the aforementioned assessments and CFDs. The appraiser is not a title expert, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

Utilities: All normal utilities serve the subject site by the following companies:

- Electrical: Southern California Edison Company
- Natural Gas: The Gas Company
- Sewer/Water: Eastern Municipal Water District
- Schools: Menifee Union School District / Perris Union High School District

Streets/Access: Access to the subject is via I-215 to Newport Road, west about 1.5 miles to Evans Road and south about one mile to the subject

property. The subject property is located on the east side of Evans Road with entrances from Estrella Way, or a secondary entrance from Corson Avenue via Aster Way.

I-215 is a major Southern California Freeway beginning at the I-15 in Murrieta in Southern Riverside County and providing access north through Riverside and into San Bernardino where it combines with I-15 once again.

Newport Road is a major commercial arterial through the City of Menifee with on/off ramps to I-215. West of the freeway at the City limits Newport Road becomes Railroad Canyon Road providing access into the Cities of Canyon Lake and Lake Elsinore. East of the freeway, Newport Road becomes Domenigoni Parkway and provides access into the area of Hemet and to Diamond Valley Lake, a large reservoir in Riverside County.

Evans Road is a small north/south access road through central Menifee that starts north of the subject at Newport Road, and runs approximately two miles, terminating south of the subject at Garbani Road.

Internal public streets within the subject include: Vesper Way, Vega Street, Zenith Court, Aster Way, Antares Street, Nebula Court and Rigel Street. Access into the community is via Rigel Street from Corson Avenue, which stems off of Evans Road, and directly from Evans Road via Estrella Way to Antares Street.

Current Condition: The subject property has been developed into 80 single-family detached lots, with a minimum lot size of 8,000 square feet. The lots have been graded with streets completed and utilities stubbed to each lot. Sixty-one of the completed homes have closed to individuals. In addition, there are three completed model homes, an additional eight production homes are over 95 percent complete and eight houses under construction (under 95 percent complete) which are owned by Lennar.

Remaining Costs: The subject lots are in a physically finished lot condition with minimal remaining land development costs and fees. These remaining costs and fees are estimated at $583,580. The remaining costs for the subject property are associated with all of the builder-owned property which includes the three models, eight homes over 95 percent complete and eight homes under construction for a total of 19 lots. Dividing the $583,580 by the 19 builder-owned lots suggests an average amount of $30,714.74 per lot in remaining costs for each of the builder-owned parcels. These costs will be taken into consideration in the valuation section later within this report.

HOA Amounts: There is a Homeowner's Association at Quartz Trail which maintains a community park with BBQ and picnic area, playground, and pickleball court in addition to the community gate, lighting and landscaping. The HOA monthly assessment for the overall community is estimated at $268 per month per home at build-out.

Improvement Description: Quartz Trail by Lennar includes 80 proposed homes situated on lots with an 8,000-sf minimum lot size. Quartz Trail includes four floorplans, featuring one and two-stories, ranging in size from 2,760 to 4,134 square feet. All of the homes offer attached two or three-car garages, Westlake cool roof tiles, roll-up insulated garage doors, gourmet kitchens with slab granite or quartz countertops, interior laundry rooms and primary suites with dual sinks, soaking tubs and walk-in closets. Interiors include bullnose corners throughout, raised panel interior doors, vinyl flooring at kitchen, dining, laundry, and bathrooms, with ceramic tile at entry and carpeting in bedrooms and living room. Homes include high efficiency electric water heaters, energy efficient HVAC units with an electric heat pump system, kitchen islands open to great rooms, stainless steel GE appliances, LED lighting and drought tolerant front yard landscaping. Lennar also offers their NextGen option, which includes a separate entrance and living room and suite for some of the floorplans.

Sixty-one of the 80 proposed homes have closed to individual homebuyers with closing dates between July 25, 2025, and August 20, 2026. Actual net sales prices to individuals (including premium, upgrades, options, and all incentives, including financing incentives) within Quartz Trail ranged from $602,921 to $886,110. There are an additional 15 homes in escrow to individuals which are due to close upon completion with estimated pricing from $653,510 to $910,069. Base pricing at project opening in March of 2025 ranged from $729,990 to $909,990 with current base pricing (or final for the sold-out plans) ranging from $743,990 to $947,990. It should be noted that Lennar is offering concessions including an interest rate buy-down for quick move-in homes. Concessions within Quartz Trail ranged from $31,509 to upwards of $140,000 with the average concession per home equating to $82,017. It should be noted that the average option and lot premium added to the base prices was $18,610. All plans but one have seen a base price increase ranging from 1.6 to 4.1 percent (or $13,000 to $38,000) while Plan 2 experienced a nominal 0.3 percent base price decrease ($2,000).

Our search of the MLS revealed no homes currently listed for resale and no homes which have closed as resales. Our physical search noted all homes appeared to be in excellent condition. The plans are detailed below.

Quartz Trail by Lennar					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
1	4 / 3.5	1 / 2	2,760	13	3*
2	5 / 3	2 / 3	3,010	15	3
3	5 / 3	2 / 3	3,418	15	3*
4	5 / 4.5	2 / 3	4,134	18	2*
Total Quartz Trail				**61**	**11**

*One of each of these plans is a model home. There are an additional eight homes under construction.

RIVERSIDE COUNTY HOUSING MARKET

In analyzing the County's housing market, population growth and economic conditions need to first be considered.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the population as of January 1, 2026, was 2.507 million, representing a one-year increase of 0.4 percent. This compares to an average annual growth rate over the previous four years of about 0.7 percent, and an average annual growth rate of approximately 2.3 percent for the previous twenty-year period. It should be noted however, that California's overall population decreased between 2020 and 2022 (during COVID) with the current population still not back up to the peak of 2020. Current State projections for Riverside County suggest the population is expected to reach approximately 2.533 million by 2030, indicating an average annual increase of approximately 0.3 percent over the next five years. It should be noted that the forecasted population for 2030 was recently reduced from an estimated 0.7 percent annual growth rate to 0.3 percent in the past year.

Economic Conditions

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than that of other Southern California regions. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 were considerably steeper than almost anywhere in the State. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012 through January 2020. Once the COVID pandemic hit in March 2020, the economy entered what is now known as the COVID disruption. The housing market slowed down significantly early on, but by May 2020, new homes were going under contract and selling at well above average absorption rates from May 2020 through spring of 2022 in the region. Beginning in mid-2022, the new home market saw a slowdown in absorption rates

due to the increasing interest rates, the high prices of homes, and the high rate of inflation which was shaking consumer confidence. As interest rates and home prices remain elevated, sales absorption rates for 2025 continued to perform slightly lower than average with 2026 seeing even slower sales thus far. The average absorption rate for the Inland Empire from 2020 – 2024 was 3.7 sales per month per project while the absorption rate for 2025 dropped to 3.0 sales per project per month. Thus far in 2026, the average absorption rate in the Inland Empire is 2.8 home sales per month per project. (Ryness Report dated August 23, 2026).

Economic growth in the Inland Empire was strong generally between 2015 (after the Great Recession), and until the economic shutdown due to COVID. The second half of 2020 and all of 2021 saw economic growth, however the first two quarters of 2022 saw GDP shrinking as interest rates rose and consumer confidence slowed. The most recent unemployment rate for the MSA is 5.7 percent (per the July 2026 EDD report most recent) which is higher than the previous month (5.3 percent) and below the July 2025 year ago rate of 6.1 percent. While unemployment rates are still near historical lows, the inflation factor has significantly affected the economy.

The housing market played a large role in the past two recessions. In the Great Recession, due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives, such as sub-prime and non-conventional mortgages, to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up because of the problems in the sub-prime and non-conventional mortgage markets, which played a role in the 2008 upheaval of Wall Street and contributed significantly to the U.S. economic downturn of the Great Recession. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years and essentially remained flat until mid-2012 when home prices began a steady climb.

During the COVID disruption, new home sales were one of the brightest spots in both the local and national economies. While new home sales slowed in March and April 2020 due

to the onset of the COVID pandemic, both sales and prices increased significantly due to strong demand from May 2020 throughout COVID until spring 2022 when interest rate increases began affecting the home-buying market. A combination of increasing home prices and falling consumer confidence, added to the significant interest rate increases, and slowed new home sales significantly beginning in mid-2022. Due to the significantly higher mortgage interest rates, existing homeowners were not moving which stifled the existing home market, making the new home market the only option for some. Both new homes and existing home sales have slowed considerably from mid-2022 to now. In January 2022, mortgage rates were 3.22 percent (for a typical 30-year fixed conventional mortgage) while as of August 20, 2026, the rate for the same loan is 6.65 percent, after hitting a low of 5.98 in February 2026. On a $500,000 mortgage, the current monthly payment for this loan has increased from $2,162 to $3,210 or over 50 percent which has hit homebuyers hard.

Per the Zonda National Economic and Housing Market Update in January 2026, the new home market in 2025 remained essentially flat from 2024. Buyers remained paralyzed by poor affordability and low confidence. With affordability declining, sales struggled to gain traction. This forced builders to lean heavily on aggressive price cuts or financing incentives to maintain sales momentum, move standing inventory and sell future homesites. The year 2026 began with lower rates, however the war increased inflation with rates rising once again beginning in March. Builders have remained disciplined with supply which has helped prevent the types of surpluses we've seen in the past cycles. On a more micro level in the Inland Empire Zonda believes affordability is the main driver of slow sales with current home prices 22 percent above the income supported prices (based on both new and existing sales). This has led to further slowing of sales, significant incentives including rate buy-downs and some builders lowering their pricing.

The public homebuilders began offering significant interest rate buy-downs in early 2023 in order to keep absorption rates steady, which reportedly cost between $30,000 and $100,000 in incentives. The question is, how long can builders continue to offer these significant incentives. As rates go higher, the extent that builders can buy-down the mortgage rates goes down. From conversations with active public homebuilders, they

fully expect rate buy-downs to be prevalent in the new home buying process until rates come down to the mid-five percent to six percent range. Although rate buydowns are setting new home communities apart from the resale market, it is very costly to the builders to absorb which is greatly affecting their profitability.

Home loan mortgage rates have been and are still playing a huge part in the housing market. The Board held mortgage rates at all-time lows after the Great Recession and again after the COVID Recession in an attempt to assist the housing market's recovery. Low rates helped home sales during this time. However, first-time buyers are now having a hard time entering the housing market due to rising prices and rising interest rates. Mortgage applications had been spiking in late 2020 and 2021 due to the low rates and the fear rates were going to start ticking up, which began happening in March 2022. The Board increased the rate eleven times between March 2022 and August 2023, which increased the FFR from 0-0.25 percent to 5.25-5.50 percent. The Board kept rates steady from September 2023 until September 2024 with three decreases in late 2024 and three decreases in late 2025 bringing the FFR to the current rate of 3.5 – 3.75 percent. Thus far in 2026 there have been no rate increases, however it appears Wall Street is anticipating at least one increase by year-end.

Residential Land Development

While there had been little land development going on in most of the Inland Empire during the Great Recession years 2008-2011, the second half of 2012 saw a resurgence in the more coveted areas of the Inland Empire. The increase in housing prices since 2012 combined with the limited availability of supply made land development feasible once again for homebuilders. It is thought that the increase in regulations, which has significantly increased the timeline for processing entitlements, has limited the master developers' further entitlement of developable land in California. While prior to the recession it was not unusual to see numerous large master-planned communities selling lots to various builders, there are few currently available in the subject area such as Legado (Menifee), Canterwood (Winchester), and Alberhill Ranch (Lake Elsinore). The majority of land sales over the past few years include single tracts of land with maps ready to record (such as the subject) or a public builder purchasing a larger piece of land but

developing the land for its own use (such as Cimarron Ridge and Phase I of Legado in Menifee). The lack of master-planned communities delivering finished lots to home builders has greatly decreased the new home supply in the Inland Empire and is not expected to change in the near future.

Land sales in the Inland Empire slowly grew from 2012 up to a peak in 2017, with 2018 and 2019 showing fewer land transactions. Once home sales exploded in May 2020, land sales followed with a significant number of residential land sales to builders in the Inland Empire during the second half of 2020 and throughout 2021. In late 2021 and the beginning of 2022, prior to the FFR increases, builders were paying significantly more for residential land that was ready to develop as demand was strong and supply was shrinking. The beginning of 2022 continued with strong residential land sales until May when land sales began to fall sharply due to slowing new home sales. Land sales in the Inland Empire bounced back slightly in 2024, but were down about 50 percent in 2025. Thus far in 2026 residential land sales have been slow. There have been 20 residential land sales to builders in the Inland Empire thus far in 2026 with ten occurring prior to May representing six homebuilders, however since May, Lennar was the only buyer of the additional ten sales. Brokers familiar with the residential land market in the Inland Empire believe that the pipelines of the land held by builders other than Lennar has been drying up and that they will be back in the market in the next 12 months or so.

New Home Sales and Pricing

We have researched new single-family homes within the subject market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. In reviewing new home sales in the Inland Empire market area, per the August 23, 2026, Ryness Report, the year-to-date average sales rate (2.8 sales per month) is slightly below the same time period of the previous year (3.2 sales per month) with previous year averages of 4.2 sales per month per project for 2024, 3.9 sales per month average for 2023, 5.5 sales per month average for 2022 and 5.2 sales per month per project in 2021. There are many reasons impacting the slowing new home sales but one of the main reasons is the affordability issue. According to Zonda, the new home affordability ratio is at its 10-year low. The key

factors that contributed to the affordability problem are increased mortgage rates, stagnant job and wage growth, inflation, tariffs and increasing insurance costs. Surprisingly, even with the high pricing and mortgage rates, sales of new homes are still occurring, however at a slower rate than in the last few years. This is partially due to the extremely limited supply of existing homes on the market which is creating more demand for new homes coupled with the concessions that are being offered by the homebuilders.

When comparing the August 23, 2026, Inland Empire Ryness Report to one year prior, there are nine additional projects (242 in August 2026 and 233 in August 2025) and sales are down with the monthly average year to date at 2.8 sales per month per project. New single-family home pricing (combines both attached and detached) in the Inland Empire has also seen changes. The median new home price in the Inland Empire changed from the peak value of $437,200 in the third quarter of 2006 to $268,155 in early 2009 (decrease of 39 percent) while the current Inland Empire median new home price is $610,480, down 0.2 percent from one year ago. In addition to decreasing prices, builders are offering significant incentives, some which don't show up in the sales price. New home sale prices fluctuate based on the land value and competition more than on the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis typically do not fluctuate as much as land values; however, there have been inflationary increases in construction costs adding to this increase. Construction materials have increased over 50 percent since 2019. The subject community is utilizing incentives and concessions to close homes.

Within our search for the most comparable actively selling new home communities, we searched the subject's Ryness submarket of South Riverside which houses Lake Elsinore, Wildomar, Menifee, the French Valley and Winchester. The South Riverside submarket has 55 new home communities which have an average sales rate year to date of 2.9 homes per month. This is in line with the Inland Empire average of 2.8 sales per month. Out of the 55 total new home communities in the South Riverside submarket, Menifee houses 19 of them. Lennar has six of the 19, including the subject plus four in Legado and Heritage Village (a standalone project). Pulte has seven neighborhoods which includes three in Banner Park and four in Cimarron Ridge. KB has three

neighborhoods, two in Nautical Cove and Ladera. Richmond American has two neighborhoods, Oakstone and Riverwalk Village at Town Center. Lastly, DR Horton has one project in Menifee known as Springcreek. In our analysis we have utilized eight comparable new home communities which feature similar products to the subject. These include: the subject Quartz Trail, D.R. Horton's Springcreek and KB Home's Ladera, one Nautical Cove community, one Banner Park Community, one Legado and one Cimarron Ridge community, plus La Ventana, D.R Horton's community in Winchester, and Wilder at Leon Ridge, a similar large lot community by Beazer also located in Winchester. The comparable projects have base prices ranging from $544,990 to $947,990. The subject's most recent base pricing is from $743,990 to $947,990, which creates the higher end of the comparables price range, however it should be noted that the subject features larger homes and larger lots than most of the comparables and has been selling at a much faster pace than the majority of the comparables, showing that the product and pricing has been well received. The subject has experienced an average sales rate of 4.5 sales per month since opening, and has only four homes left to sell at this time.

Existing Homes Sales and Pricing

While the previous section looked at new home sales and pricing, this section refers to existing homes in the Inland Empire. According to the California Association of Realtors' ("CAR") most recent data, within overall Southern California, the median price paid for an existing single-family home in July 2026 ($899,000) is 0.1 percent lower than the month prior median home price ($900,000), and up 2.7 percent year-over-year from $875,030 in July 2025. These overall Southern California numbers compare to Riverside County with $649,000 as the median price paid for an existing home in the County in July 2026, up 2.2 percent from the previous month ($635,000), and up 3.0 percent on a year-over-year basis ($630,000). On the following page is a table showing the sales and prices for the Southern California area by County per CAR.

Southern California Existing Home Sales						
County	**July 2026**	**June 2026**	**July 2025**	**Price MTM % Change**	**Price YTY % Change**	**Sales YTY % Change**
Los Angeles	$888,120	$910,370	$911,360	-2.4%	-2.6%	-0.9%
Orange	$1,475,000	$1,490,000	$1,400,000	-1.0%	5.4%	0.6%
Riverside	$649,000	$635,000	$630,000	2.2%	3.0%	-2.6%
San Bernardino	$488,280	$508,080	$486,290	-3.9%	0.4%	4.5%
San Diego	$1,099,500	$1,085,000	$1,040,000	1.3%	5.7%	4.5%
Ventura	$950,000	$937,500	$949,500	1.3%	0.1%	-0.3%
Southern Calif.	$899,000	$900,000	$875,030	-0.1%	2.7%	0.1%

Source: California Association of Realtors

Based on July 2026, median existing homes prices, in comparison to the majority of the surrounding counties, Riverside County has a definite price advantage. The "Riverside County Advantage" (price difference between Riverside and surrounding counties) is $239,120 as compared to Los Angeles County, $301,000 as compared to Ventura County, $450,500 as compared to San Diego County and $826,000 as compared to Orange County. That is, in July 2026, the median priced home in Riverside County was $826,000 less (or over 50 percent less) than the median priced home in Orange County ($1,475,000). However, San Bernardino County has a $160,720 price advantage over Riverside County. Typically, as the price advantage widens, homebuyers are more open to commuting to further out areas. With the work-from-home concept, the suburban areas have seen more growth which puts pressure on home prices in the Inland Empire.

In a separate attempt to capture the neighborhood specific price changes, the resale activity of existing homes in the subject area (per Redfin.com's Housing Market Trends) has been reviewed. The number of sales and sale prices of existing homes within market areas in the immediate area of the subject are shown in the table below.

ZIP Code/Community Name	**Border To Subject**	**Sales of Homes June 2026**	**Sales of Homes June 2025**	**June 2026 Price Median**	**Price % Change from June 2025**	**June 2026 PSF Median**
92584 (Menifee)	Subject	218	231	$635,000	0.8%	$278
92586 (Sun City area of Menifee)	North	138	132	$387,000	(4.8%)	$303
92587 (Canyon Lake)	Northwest	77	80	$749,000	11.4%	$349
92596 (Winchester)	East	242	224	$640,000	6.2%	$295

92563 (Murrieta Hot Springs)	Southeast	208	204	$688,000	(3.7%)	$300
92595 (Wildomar)	Southwest	67	57	$650,000	(6.5%)	$274
92562 (Murrieta)	Southwest	241	237	$684,000	(0.8%)	$320
92532 (Lake Elsinore)	West	52	89	$630,000	(3.1%)	$250

Source: Redfin.com Housing Market Trends June 2026

The median price of a detached resale home in the subject's market area is $635,000, in the lower range of the surrounding area. It should be noted that the outlier and lowest of the surrounding area is the Sun City area of Menifee, which generally has older and smaller homes. The above price fluctuations from year-to-year relate to the California Association of Realtors overall Riverside County detached home resale price increase of 3.0 percent year-over-year and a -2.6 percent sales decrease year-over-year.

Quartz Trail Sales, Pricing and Competition

Quartz Trail had opening base pricing ranging from $729,990 to $909,990. The current (and likely final) base pricing at Quartz Trail ranges from $743,990 to $947,990, with all but one plan showing base price increases. Three of the plans experienced base price increases from 1.6 to 4.0 percent (or $13,000 to $38,000), while Plan 2 experienced a nominal 0.3 percent base price decrease ($2,000). It is important to note that the vast majority of the homes within Quartz Trail are closing with premiums, upgrades and options along with incentives, which are common in today's marketplace. Actual closed net prices, including options, upgrades, and premiums, along with taking all concessions into consideration, have ranged from $602,921 to $886,110. Within the subject, Lennar has closed 61 homes to individuals between July 2025, and August 20, 2026, with an additional 15 homes in escrow to individuals which are due to close upon completion. The total of 76 sales suggests an average overall absorption rate of 4.5 homes per month, which is much stronger than the average sales rates in the competitive market area. This is considered to be an excellent absorption rate for the subject marketplace, significantly, higher than the Inland Empire's overall average sales rate (2.8 sales per month). According to the Ryness Report dated August 23, 2026, there are currently 55 new home projects in the South Riverside submarket which includes the communities of Winchester, Menifee, Wildomar, Lake Elsinore and the French Valley. The 55 projects include 19

projects within Menifee. The average absorption rate within the 55 South Riverside communities' year to date per the August 23, 2026, Ryness Report is 2.9 sales per month. The subject sales rate of 4.5 sales per month beats the overall average in the area.

Summary

Riverside County has seen a substantial increase in pricing since 2012 with most areas, including the subject, showing astronomical increases from mid-2020 into 2025, however there have been some decreases in the past year. Due to existing home sales being down when COVID began in spring/early summer 2020, new home sales subsequently shot up due to the existing home market supply being constrained and interest rates hitting all-time lows during COVID. The past four years have seen a slowdown in sales which appears to be due to limited inventory, high home pricing and high interest rates. The Menifee new-home submarket has seen some decreasing prices in the past year along with increased incentives, however the subject community has been well received and has sold above the average rates. Despite uncertainty hitting the market due to uncertainty in the global economy, interest rates, consumer confidence and inflation, most observers agree that the Inland Empire housing market is healthy, and population growth is still estimated to occur in the area. It is believed that as the population continues to increase, housing growth will also continue, despite a possible economic slowdown.

HIGHEST AND BEST USE ANALYSIS

The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

> *"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"*[4]

Proper application of this analysis requires the subject properties to first be considered "As If Vacant" in order to identify the "ideal" improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

"As If Vacant"

In the following analysis, we have considered the site's probable uses, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible uses, or those uses which generate a positive return on investment; and the maximally productive uses, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

Physically Possible Uses

The subject property consists of an estimated 30 gross acres in a generally rectangular shape at the southeast corner of Holland and Evans Roads in Menifee. The site has access from I-215 to Scott Road or Newport Road and west to Evans Road with additional access via I-15 to Railroad Canyon Road to Canyon Hills Road (becomes Holland in the City). The site was generally level at surrounding street grades. The property has been graded and developed into 80 generally level, finished lots with internal streets in and utilities stubbed to each lot. The property is surrounded by existing housing, some vacant parcels and a high school to the south. We have reviewed an update to a geotechnical

[4] The Appraisal of Real Estate, 11th Edition

report with no negative aspects for the site noted. It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that there are no environmental issues which would slow or thwart development of the site. This is evidenced by City approvals along with City inspectors on site during construction. There is a 0.86-acre detention basin and a 0.96-acre park located within the community, both which are complete. An engineered drainage system appears to have been designed to alleviate any potential flooding problems and to control project water runoff with detention basins throughout the site incorporated into the development. All standard utilities serve the subject property. There is neighborhood shopping and major shopping centers within two miles of the subject site.

Based on the physical analysis, the size, access, and topography make the subject property physically suited for numerous types of development; however, the grading and development that has occurred on the site along with the surrounding uses, suggests single-family residential use.

Legality of Use

The subject property is located within the City of Menifee, the entity responsible for land use and zoning regulation. Per the City's Land Use Map, the subject site is designated as 2.1 – 5.0 dwelling units per acre Residential and per the City's Zoning Map the site is designated Low Density Residential – 2 allowing for minimum 7,200 square foot lots. In addition, Recorded Tract Map No. 36803 subdivides the subject 30 estimated gross acres into 80 single-family lots with a minimum lot size of 7,200 square feet, however an average lot size closer to 9,000 square feet. This equates to a density of 2.67 dwelling units per acre. The approved mapping is consistent with the current land use and zoning on the property. Based on the legality of use analysis, the type of development for which the subject properties can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Riverside County Housing Market section earlier within this report, the market had shown

strong increases in both sales and pricing since COVID. There was a slowdown in sales in late 2022 when high home prices and increasing interest rates began to slow sales. Overall home sales have slowed down significantly, partially due to existing homeowners not moving due to the higher interest rates, which is stifling the existing home market, at times leaving new homes the only option for homebuyers. Interest rates dropped by around 50 basis points in late 2025 and early 2026, however the Iran war is creating volatility in gas prices which in turn is increasing inflation resulting in an increase in mortgage rates once again.

Within Menifee CFD No. 2025-2, out of 80 proposed houses, there have been 76 home sales to individuals to date including 61 home closings to individuals along with 15 escrows at this time. All structures appear to be in excellent condition with no physical depreciation apparent. Within the new home market in Menifee and the surrounding area, we found seven additional projects to be comparable to Quartz Trail. Homebuilding had not been able to keep up with the demand during COVID with low interest rates, millennials joining the home buying market and the work from home factor all adding to the demand. As interest rates increased, the market softened, however the limited supply of existing homes on the market has increased the capture of new homes in the overall real estate market. The Menifee housing market is priced slightly higher when compared to the nearby areas of Perris and Lake Elsinore, however lower than Murrieta and Temecula (adjoining north San Diego County). Population growth is still occurring in the area and will continue to create the need for housing. Our search of the Menifee and immediately surrounding area for comparable land sales resulted in eight land sales in the subject marketplace in the past 22 months, including neighboring Winchester and Perris.

Based on the above analysis, the highest and best use for the subject property appears to be for single-family detached residential development at the right price points.

Maximum Productivity

Based on the market activity of residential lands in the immediate area, we have concluded there is a need/demand for residential lands.

Highest and Best Use Conclusion – "As If Vacant"

The final determinant of highest and best use, as vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property "As if Vacant" is for residential development.

Highest and Best Use – "As Improved"

The subject property consists of the community known as Quartz Trail with 80 proposed homes being offered by Lennar with four plans ranging in size from 2,760 to 4,134 square feet. Quartz Trail sales began on March 22, 2025, with 76 homes sold to date resulting in a sales rate of 4.5 sales per month. There are 55 actively marketing new home communities in the subject's South Riverside submarket (19 of those within Menifee however one of the communities has only one house left) that have a year-to-date average absorption rate of about 3.2 sales per month (according to the Ryness Report dated August 23, 2026). When comparing the subject project's sales rate of 4.5 home sales per month to the overall Inland Empire, where the average sales rate is 2.8 sales per month or the subject's submarket where the average sales rate is 2.9 sales per month. It appears Quartz Trail has been well received and is selling at the correct price points for the area. Our search within the subject area found eight communities (including the subject) considered to be comparable with similar sized homes in the Menifee market area. The absorption or sales rates within the comparable projects used in our analysis range from 1.4 to 5.5 sales per month.

Base pricing within Quartz Trail has had price adjustments since opening, with three of the four plans showing base price increases ranging from 1.6 percent to 4.6 percent between the opening base pricing to current base pricing with one plan having a slight decrease (0.2 percent). While the majority of base pricing has seen increases since opening base pricing, the seller is offering incentives which generally range from $35,000 to $125,000 for all incentives and an average of around $82,000 per home. The Quartz Trail incentives appear to be keeping their absorption rate up in the higher interest rate mixed with slower sales environment.

The sales rate within Quartz Trail has been excellent, suggesting there is demand for the subject homes in the current market at the right price points. All of the homes are of good design and appear to be of good quality workmanship. In addition, there are only four remaining homes that are not yet sold. Based on Quartz Trail's sales rates, current demand and the condition of the homes, it is our conclusion that the highest and best use for the subject property is for the continued use of new homes for sale, as improved.

VALUATION ANALYSES AND CONCLUSIONS

The Sales Comparison Approach will be used to value the subject property. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the property, a unit of comparison needs to be addressed. For single-family detached lots, the lots are typically sold on a finished lot basis. That is, the sales price is determined by a finished lot value and then the remaining costs to develop the property to a finished lot condition are considered in the sales price. Therefore, in determining a current market value for the residential lands, the current condition of the lots will be considered. In the case of the existing home valuations, a single home sale is the unit of comparison. In determining the value for each existing house, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home.

The valuation will be presented as follows. First, a discussion of the single-family detached lot market data will be given. Each of the comparable market data (on a finished lot basis) will be detailed along with a comparison discussion of their relationship to the subject property. The remaining construction costs and development fees for the subject site will be taken into consideration. This analysis will be followed by a finished lot value conclusion for the subject property. Houses which are under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement.

In the case of the completed (over 95 percent complete) builder-owned models and production units, the homes will be valued using a DCF due to the “bulk” or single ownership of the homes. The DCF will consider the fair market value of the completed homes (utilizing the Sales Comparison Approach), any remaining land development costs and fees, the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period.

In the case of the individually owned homes, a concluded base value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. All concessions including financing incentives will be considered as they are a cost to the builder. While some financing incentives (mortgage rate buy-downs and help with closing costs) are not reported in the sales price, they are a cost to the builder and will be considered in this analysis. In addition, resales, if any, will be taken into consideration. All of the value conclusions will take into consideration improvements funded by the Menifee CFD No. 2025-2 Special Tax Bonds and their lien. A summary of the final value conclusions will be reported at the end of this valuation section.

Market Data Discussion – Detached Residential Lots

Quartz Trail is comprised of 80 proposed homes including 61 individually owned homes, three model homes (all in escrow) eight Lennar owned production houses (over 95 percent complete – seven in escrow) and eight homes under construction (five in escrow). The lots have a minimum size of 7,945 square feet (only one lot below 8,000 square feet), however an average closer to 9,000 square feet. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially completed improvement, therefore, we will value eight lots.

We have searched the area and found the eight land transactions summarized in the Addenda. A discussion of each transaction in relation to the subject site is below.

Land Sale No. 1 pertains to the Lennar purchase of 192 lots in June 2026, located northwest of Palomar Road and US Highway 74 in Menifee, about five miles northeast of the subject site. The property was in an unimproved condition with an approved final map at time of sale. Lennar purchased the lots for $16,500,000 or $85,938 per lot based on a finished lot estimate of $204,000 per lot. The 192 lots have a minimum lot size of 4,000 square feet. The project is planned to be open for sale in 2027. In comparison to the subject property, these lots are considered to be significantly inferior in lot size, slightly

inferior in location, and within an inferior school district. The subject property is located in the Menifee Union School District, while Land Sale No. 1 is located in Romoland Elementary School District.

Land Sale No. 2 refers to the Lennar purchase of 550 lots in May 2026, located at the southeast corner of Busby Road and Leon Road in the area of Unincorporated Riverside known as Winchester, about 5.0 miles east of the subject site. The property is referenced to as Meadowlands. The property was in an unimproved condition with an approved final map at time of sale. Lennar purchased the lots for $28,500,00 or $51,818 per lot based on a finished lot estimate of $255,000 per lot. The project has three lot segmentations with lot sizes of 4,500, 6,000, and 7,200 square feet. The project is planned to be open for sale in 2027. In comparison to the subject property, these lots are considered to be slightly inferior in lot size and slightly inferior in location. In addition, the number of lots is considered to be a bulk sale. That is, when a homebuilder purchases over 250 or 300 lots in a single transaction, they would expect a discount due to the time it will take to sell off, in this case 550 homes.

Land Sale No. 3 refers to the KB Home take down of the final phase in the community known as Canterwood at the northwest corner of Leon Road and Craig Avenue in Winchester. This final takedown consisted of 94 lots with a lot size of 5,500 square feet and closed on February 6, 2026. D.R. Horton purchased the first phase within Canterwood back in 2022 based on an estimated finished lot of $175,000, significantly below market value due to the location (in an undeveloped area) and amount of infrastructure needed in the immediate area. The site is located about 4.5 miles east of the subject. D.R. Horton began selling homes in Canterwood in late 2023 which brought people to the neighborhood. KB Home purchased what is known as Canterwood Phase 2 and Phase 3 in two takedowns with the first encompassing 53 lots and closing in June 2024 based on a finished lot price of $227,500. The second take-down which this land sale refers to was also based on the finished lot price of $227,500, however KB did renegotiate due to cost increases since 2024 which decreased the per lot price about $10,000 per lot with the finished lot price remaining the same. The project is now called Hudson and KB Home is now actively selling with base pricing from $552,990 to

$652,990. The property will have an overall tax rate in the 2 percent range, similar to the subject property. In comparison to the subject property this transaction is considered to be inferior due to lot size and slightly inferior due to location.

Land Sale No. 4 refers to the final takedown of lots within the Nautical Cove neighborhood in Menifee, about 3.0 miles east of the subject along Briggs Road at Holland Road. KB Home negotiated the transaction for a total of 243 lots with closings in three takedowns, the first in July 2024 for 120 lots, the second in August 2025 for 71 lots and this final purchase of 52 lots in January 2026. The finished lot price for the 6,000 square foot lots was negotiated back in 2024. The original takedown was at $253,000 per finished lot in July 2024, however when the second takedown occurred, it was renegotiated to $250,000 per finished lot for the second and third takedowns. The site is an infill lot that is adjacent to an elementary school, making it a coveted location. KB Home is now selling their Amelia and Gatsby neighborhoods with base pricing from $558,990 to $741,990. The property will have an overall tax rate in the 2 percent range, similar to the subject property. In comparison to the subject property, this location is considered similar in location and but slight inferior due to lot size.

Land Sale No. 5 refers to the September 2025 closing of a large 150+ acre site just north of Canterwood, about 4.5 miles east of the subject property at the northeast corner of Leon and Holland Roads in unincorporated Riverside County in the area known as Winchester. The property was in an unimproved condition with major infrastructure needed and approved final mapping in place. KB Home purchased the entire site mapped for 510 lots which range from 4,000 to 6,000 square feet for $7,000,000 or $13,725 per lot, however due to the significant improvements needed, the finished lot was estimated at $240,000. The site is adjacent to Canterwood with homes currently selling by D.R. Horton and KB Home. The property will have an overall tax rate in the 2 percent range, similar to the subject property. In comparison to the subject property this transaction is considered to be inferior due to the risk associated with the development and the lot size. That is, while the estimated costs to finish the lots are taken into account, there is risk due to the significant off-site infrastructure which needs to be completed. In addition, the lots range in size from 4,000 to 6,000 square feet in size while the subject lots of 7,200

square feet. In addition, this transaction is also considered slightly inferior due to the number of lots as previously discussed.

Land Sale No. 6 refers to the Meritage Homes purchase of 310 lots located at the southwest corner of Briggs Road and Simpson Road about 4.0 miles northeast of the subject property in Menifee. The site is mapped for 310 lots with cluster lots, 4,500 square foot lots and 5,000 square foot lots. Meritage purchased the site in May 2025 for $15,000,000 or $48,387 per lot based on a finished lot estimate of $228,000 assuming a similar overall tax rate. The property is just south of the master planned community of Heritage Lake in the northern portion of Menifee which is now built out. The project is expected to be open for sale in 2027. In comparison to the subject property this transaction is considered to be inferior due to lot size. The subject has generally minimum 8,000 square foot lots, while these range from cluster (typically around 3,000 square feet) to 5,000 square feet.

Land Sale No. 7 refers to the May 2025 purchase of 96 mapped lots located roughly 4.0 miles north of subject property along the northeast side of Valley Boulevard, northwest of Rouse Road and Byers Road, near the master planned community of Cimarron Ridge. Richmond American Homes purchased the 96 mapped lots for $10,055,000 or $104,740 per lot based on a finished lot price of $260,000 assuming a similar CFD on the site. The lots closed with an approved final map in an unimproved condition. The lots have a minimum lot size of 7,200 square feet which is considered similar to the subject property. Richmond American recently opened the community, now called Oakstone, with home sizes from 1,690 to 3,030 square feet and base pricing ranging from $630,990 to $669,990. In comparison to the subject property this project is considered similar due to lot size but slightly inferior in location and school district.

Land Sale No. 8 pertains to the KB Homes purchase of 184 lots in December 2024, located south of Nuevo Road at Evans Road in Perris, about 8.0 miles north of the subject site. The property was in a blue-topped condition with an approved final map at time of sale. KB Home purchased the lots for $34,478,042 or $187,381 per lot based on a finished lot estimate of $257,500 per lot. The 184 lots have a minimum lot size of 5,000

square feet. KB Home is now selling their Lennox at Park West community with homes from $531,990 to $652,990. In comparison to the subject property, these lots are considered to be slightly inferior in lot size and slightly inferior in both school district and location as Perris is further out for commuters from San Diego and Orange Counties.

The chart below summarizes the considerations used in adjusting the market data to the subject lot.

Data No.	Location	Date of Sale	Lot Size	Finished Lot Price	Comparison to Subject
1	Menifee	6 / 26	4,000	$204,000	Inferior – Lot Size, Location and School District
2	Winchester	5 / 26	4,500 – 7,200	$255,000	Slightly Inferior – Lot Size Inferior – Location & No. of Lots
3	Winchester	2 / 26	5,500	$227,500	Inferior – Lot Size and Location
4	Menifee	1 / 26	6,000	$250,000	Slightly Inferior – Lot Size
5	Winchester	9 / 25	4,000 – 6,000	$240,000	Inferior Condition, No. of Lots and Lot Size
6	Menifee	5 / 25	Cluster – 5,000	$228,000	Inferior – Lot Size
7	Menifee	5 / 25	7,200	$260,000	Inferior – Location and School District
8	Perris	12 / 24	5,000	$257,500	Inferior Lot Size, Location and School District

The market data has an overall finished lot range from $204,000 to $260,000. The subject lots have a minimum size of 7,945 square feet, however, have an average size of over 9,000 square feet, larger than any of the market data. Data Nos. 1 and 6 are at the lowest end of the range ($204,000 and 228,000), and both have significantly smaller lots (cluster to 5,000 square feet and 4,000 square feet) than the subject's generally 8,000 minimum square foot lot. Additionally, Data No. 1 is located in an inferior school district. Data Nos. 2, 3 and 5 are all located in Winchester, a bit farther out than the subject, and sold between $227,500 (for smaller lots) and $255,000. It should be noted that Data Nos. 2 and 5 also were considered bulk sales as Lennar purchased 550 lots and KB purchased 510 lots respectively, each in a single purchase. Data Nos. 4 and 7 are considered to be the most similar to the subject lots and sold for $250,000 and $260,000 respectively. It should be noted that some builders have recently backed out of escrows and/or option agreements and others have renegotiated the most recent takedowns to a lesser purchase price due to the softening of the real estate market. The subject lots are in a

physically finished condition with no remaining development risk. As reported by brokers familiar with the subject property land purchase, at time of sale Lennar was considering the finished lot value in the $325,000 range. The market has softened since that time. The above market data is considered to be good and plentiful, however there are limited other large lot sales. We have concluded that the subject lots have a current market value of $300,000. As discussed under the Property Description Section, there are remaining costs associated with developing the subject property into true finished lots. These costs are estimated at $30,715 per lot. The value conclusion for the lots within Quartz Trail is calculated below:

8 Lots x $300,000	$ 2,400,000
Less: Remaining Costs (8 x $30,715)	(245,720)
Current Value for Remaining Lots	**$ 2,154,280**

Retail House Valuations

Due to the single ownership of multiple houses by Lennar (including model homes and production homes over 95 percent complete), a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk sale value for the single ownership. First, a retail value for each plan will be concluded followed by a DCF for the builder-owned lots, which will consider the absorption time to sell off the houses, the costs associated with selling off the homes and any remaining costs owed by the builder. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value. The DCF analyses will be followed by a reporting of the concluded values for the individually owned homes using the concluded base retail value for each plan with a separate check of the analysis utilizing a mass appraisal technique based on actual sales prices of the homes and considering any re-sale market data.

Quartz Trail consists of 61 individually owned homes, three model homes (all in escrow), eight homes over 95 percent complete (seven in escrow) and eight houses under construction (five in escrow). The homes under construction have been valued above on the basis of a finished lot as previously described. The 11 builder-owned homes over 95 percent complete (including three model homes) are addressed in this section with a separate valuation for each plan.

Below is a summary of the floor plans within Quartz Trail. A listing of the improved residential comparable properties is located in the Addenda of this report. All of the improved residential properties are located within the subject area of Menifee or nearby Winchester. Our search of the subject property and the local Multiple Listing Service (MLS) has resulted in no resales and no current listings of resale homes within Quartz Trail.

The plans are detailed on the following page.

Quartz Trail by Lennar					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
1	4 / 3.5	1 / 2	2,760	13	3*
2	5 / 3	2 / 3	3,010	15	3
3	5 / 3	2 / 3	3,418	15	3*
4	5 / 4.5	2 / 3	4,134	18	2*
Total Quartz Trail				**61**	**11**

*One of each of these plans is a model home. There are an additional eight homes under construction.

The most appropriate new home comparable data for Quartz Trail Plan 1 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	4 / 3.5	1 / 2	2,760	--
1	2	5 / 3	2 / 3T	3,010	$247.17
2	6	5 / 3.5	2 / 2	2,763	$229.46
3	3	4 / 2	1 / 2	2,613	$272.86
3	4	5 / 3	2 / 2	2,874	$249.82
4	1	4 / 2.5	2 / 3	2,845	$240.07
5	2	4 / 3.5	1 / 2	2,760	$247.46
6	1	4 / 3	1 / 3	2,550	$265.09
8	1	3 / 3	1 / 2	2,456	$278.90
8	2	4 / 3	2 / 3	2,853	$240.09

All new home comparables are located within either Menifee or Winchester. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that the single-story home on large lots appears to carry a premium at this time. The new home comparables have a base price range from $229.46 to $278.90 per square foot. Plan 1 has a current base asking price of $269.56 per square foot. There have been 13

closings of Plan 1 with net sales prices ranging from $223.55 to $252.11 per square foot. There are three escrows of Plan 1 with reported final pricing between $236.78 to $244.49 per square foot, however it should be noted that these escrow prices are not finalized at this time. It should be noted that the reported net sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering all concessions. The builder is currently giving concessions which may include interest rate buy-downs. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of $235.00 per square foot. This calculates as follows:

2,760 sf x $235.00 = $648,600

The most appropriate new home comparable data for Quartz Trail Plan 2 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	5 / 3	2 / 3T	3,010	--
1	1	4 / 3.5	1 / 2	2,760	$269.56
1	3	5 / 3	2 / 3	3,418	$236.69
3	4	5 / 3	2 / 2	2,874	$249.82
3	5	5 / 3	2 / 2	3,119	$237.89
4	2 (NG)	5 / 3.5	2 / 3	3,047	$232.68
5	3	5 / 3	2 / 3T	3,010	$234.22
7	5	5 / 4	2 / 2	2,946	$255.60
7	6	5 / 3	2 / 3	3,015	$244.77
8	2	4 / 3	2 / 3	2,853	$240.09
8	3	3 / 3	2 / 2	3,231	$221.29

All new home comparables are located within either Menifee or Winchester. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that the single-story home within Quartz Trail appears to carry a premium at this time. The new home comparables have a base price range from $221.29 to $269.56 per square foot. Plan 2 has a current base asking price of $247.17 per square foot. There have been 15 closings of Plan 2 with net sales prices ranging from $200.31 to $231.67 per square foot. There are three escrows of Plan 2 with reported final pricing between $215.84 to $236.79

per square foot, however it should be noted that these escrow prices are not finalized at this time. It should be noted that the reported net sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering all concessions. The builder is currently giving concessions which may include interest rate buy-downs. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of $215.00 per square foot. This calculates as follows:

3,010 sf x $215.00 = $647,150

The most appropriate new home comparable data for Quartz Trail Plan 3 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	5 / 3	2 / 3	3,418	--
1	2	5 / 3	2 / 3T	3,010	$247.17
1	4 (NG)	5 / 4.5	2 / 3	4,134	$229.32
3	5	5 / 3	2 / 2	3,119	$237.89
4	2 (NG)	5 / 3.5	2 / 3	3,047	$232.68
4	3 (NG)	5 / 3.5	2 / 3	3,237	$224.28
5	3	5 / 3	2 / 3T	3,010	$234.22
6	2	5 / 4	2 / 3	3,520	$220.17
6	3	6 / 4	2 / 3	3,699	$205.46
7	6	5 / 3	2 / 3	3,015	$244.77
8	3	3 / 3	2 / 2	3,231	$221.29

All new home comparables are located within either Menifee or Winchester. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $205.46 to $247.17 per square foot. Plan 3 has a current base asking price of $236.69 per square foot. There have been 15 closings of Plan 3 with net sales prices ranging from $196.59 to $214.79 per square foot. There are two escrows of Plan 3 with reported final pricing between $212.77 to $213.01 per square foot, however it should be noted that these escrow prices are not finalized at this time. It should be noted that the reported net sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base

price for the plan considering all concessions. The builder is currently giving concessions which may include interest rate buy-downs. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of $205.00 per square foot. This calculates as follows:

3,418 sf x $205.00 = $700,690

The most appropriate new home comparable data for Quartz Trail Plan 4 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	4 (NG)	5 / 4.5	2 / 3	4,134	--
1	3	5 / 3	2 / 3	3,418	$236.69
4	3 (NG)	5 / 3.5	2 / 3	3,237	$224.28
5	4	5 / 3.5	2 / 3	4,184	$208.89
6	2	5 / 4	2 / 3	3,520	$220.17
6	3	6 / 4	2 / 3	3,699	$205.46
6	4 (NG)	6 / 4.5	2 / 3	3,994	$199.05
8	3	3 / 3	2 / 2	3,231	$221.29

All new home comparables are located within either Menifee or Winchester. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $199.05 to $236.69 per square foot. Plan 4 has a current base asking price of $229.32 per square foot. There have been 18 closings of Plan 4 with net sales prices ranging from $178.07 to $196.84 per square foot. There are four escrows of Plan 4 with reported final pricing between $205.11 to $220.14 per square foot, however it should be noted that these escrow prices are not finalized at this time. It should be noted that the reported net sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering all concessions. The builder is currently giving concessions which may include interest rate buy-downs. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 4 has a base current market value of $190.00 per square foot. This calculates as follows:

4,134 sf x $190.00 = $785,460

Due to the number of homes under a single ownership (Lennar owns eight homes over 95 percent complete along with three model homes), a Discounted Cash Flow Analysis needs to be considered.

Retail Value

Plan 1 (3 x $648,600)	$ 1,945,800
Plan 2 (3 x $647,150)	1,941,450
Plan 3 (3 x $700,690)	2,102,070
Plan 4 (2 x $785,460)	1,570,920
Model Upgrades (3 x $75,000)	225,000
Retail Value	$7,785,240

Absorption Period

In order to arrive at an absorption period for the 11 builder-owned homes, the absorption rate for the subject neighborhoods along with the surrounding developments has been reviewed. Quartz Trail has an average absorption rate of 4.5 homes per month which is considered to be excellent, partially due to the limited availability of new homes on large lots in the immediate area. When looking at just the 2026 sales within Quartz Trail, there have been 31 sales in 2026 suggesting an average sales rate of 3.6 homes per month. Per the Ryness Report dated August 23, 2026, within the overall Inland Empire the average sales rate per project year to date 2026 is 2.8 sales per month. Within the subject's market area of South Riverside, the average sales per project was 2.9 sales per month year to date. It appears the subject project is selling above both the average per project absorption rate in the overall Inland Empire and in the South Riverside submarket. Ten of the 11 builder-owned homes are in escrow with closings scheduled as the homes are completed. Taking into consideration the product and concluded sales prices along with the current escrows and current market conditions, it is the appraiser's opinion that the 11 builder-owned homes will be absorbed within a three-month period at the concluded values.

Remaining Costs

As discussed under the property description section above, there is $30,715 per lot remaining for land development costs associated with the builder-owned property. For the 11 builder-owned homes, this equates to $337,865 ($30,715 x 11) in remaining costs. For analysis purposes this will be spread evenly over the four-month absorption period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to possible buy-downs of interest and help with closing costs in the current market, an eight percent marketing cost is estimated along with two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. The subject has experienced a good sales rate. An eight percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Menifee area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales, and product on the subject property

The homes within Quartz Trail began sales in late March 2025 with the product being well received in the marketplace with over four homes per month being sold to date. Based on the sales rate within the subject project, the competition, the product and location, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analysis in addenda) for the Lennar-owned homes is $5,946,647.

Lennar Ownership Final Valuation

The builder-owned homes within Quartz Trail consist of three models along with eight production homes over 95 percent complete and eight homes under construction. The final valuation of the Lennar owned property is shown below:

Eight Lots	$ 2,154,280
Eleven Houses	5,946,647
Total Lennar Ownership	**$ 8,100,927**

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Individual Owned Homes Valuation Conclusion

There are sixty-one individually owned homes within Quartz Trail. Based on the concluded value for each plan, the individually owned homes are valued as:

Plan 1 (13 x $648,600)	$ 8,431,800
Plan 2 (15 x $647,150)	9,707,250
Plan 3 (15 x $700,690)	10,510,350
Plan 4 (18 x $785,460)	14,138,280
Total Individual Owned	**$42,787,680**

In an additional review, we have reviewed the original builder sales prices for the homes within the Quartz Trail community. Closings for the 61 homes occurred between July 2025, and August 20, 2026. The reported net closing prices by the builder for the individually owned homes total $43,257,738. The concluded value is about one percent lower than the reported net closing prices. The builder's reported net closing prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder. Three of the four plans have had base price increases since the project opened. Within Quartz Trail the options, upgrades and premiums averaged $18,610 per home on the 61 closed homes while the concessions averaged $82,017 on the 61 closed homes. The above valuation is for the minimum market value as it takes into consideration the base plan price only and does not consider any options, premiums or upgrades which were purchased by the buyers; however, it does take into consideration all concessions given by the builder, including the lender and financing concessions which may not be included in the sales prices. It is our conclusion that the original builder's sales prices further substantiate the concluded minimum market value for the individually owned homes.

APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property which is within the boundaries of Menifee CFD No. 2025-2. The property is being developed into the community of Quartz Trail being built and sold by Lennar. Quartz Trail has been well received in the marketplace. The neighborhood of 80 proposed homes is nearing sell out with the final phase under construction and four remaining homes available for sale. The homes have sold with a good absorption rate that is above the average in the marketplace.

Quartz Trail includes a total of 80 single-family proposed homes with 61 closed to individuals and an additional fifteen houses in escrow which are due to close upon completion. We have reviewed the builder sales and reviewed the area's Multiple Listing Service. Our MLS search resulted in no closed resale homes and no current listings of resale homes. All homes appear to be in excellent condition with no depreciation apparent. There are three model homes (all in escrow), eight production homes over 95 percent complete (seven in escrow), with the final eight homes under construction (five in escrow).

The subject property was valued using the Sales Comparison Approach to value and a mass appraisal technique. A minimum value was determined for the existing homes by concluding at a base value for each plan. The valuation considered the improvements/benefits to be funded by the Menifee CFD No. 2025-2 bond proceeds, along with the Menifee CFD No. 2025-2 special tax lien. As a result of our investigation, the concluded market value for the subject property is:

Quartz Trail

Lennar Ownership (8 lots & 11 houses)	$ 8,100,927
Individual Owners (61 houses)	42,787,680
Total Aggregate Value Menifee CFD No. 2025-2	**$ 50,888,607**

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 20, 2026.

APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his 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 my personal, unbiased, professional analyses, opinions, and conclusions.

3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.

4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

7. Kitty Siino has made a personal inspection of the property that is the subject of this report.

8. Kitty Siino has not performed appraisal services on the subject property in the past three years.

9. No other appraisers have provided significant professional assistance to the persons signing this report.

10. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12. As of the date of this report, Kitty Siino has completed the requirements of the continuing education program of the Appraisal Institute.



Kitty S. Siino, MAI
State Certified General
Real Estate Appraiser (AG004793)

ADDENDA

BOUNDARY MAP

PROPOSED BOUNDARY MAP

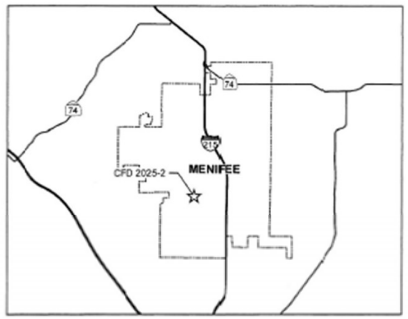
COMMUNITY FACILITIES DISTRICT NO. 2025-2
(QUARTZ TRAIL)
OF THE CITY OF MENIFEE,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL), OF THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MENIFEE AT A REGULAR MEETING THEREOF, HELD ON 5 DAY OF February 2025 BY RESOLUTION NO. 25-1531

Stephanie Roseen
CITY CLERK
CITY OF MENIFEE

FILED IN THE OFFICE OF THE CITY CLERK, CITY OF MENIFEE, THIS 5 DAY OF February, 2025.

Stephanie Roseen
CITY CLERK
CITY OF MENIFEE





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RECORDED THIS 13th DAY OF February, 2025 AT THE HOUR OF 4:14 O'CLOCK P.M. IN BOOK 95 PAGE 20-21 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: $11 NO.: 2025-0044716

PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: _____ DEPUTY

LEGEND

---·--·--·	CITY BOUNDARY
———	CFD BOUNDARY
———	PARCEL LINE
XXX-XXX-XXX	ASSESSOR PARCEL NUMBER
1	REFERENCE NUMBER

THIS BOUNDARY MAP CORRECTLY SHOWS THE LOT OR PARCEL OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR MAPS FOR FISCAL YEAR 2024-25.

TRACT MAP NO. 36803

IN THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 4 OF 8 SHEETS

TRACT NO. 36803

BEING A SUBDIVISION OF THE WEST 30 ACRES OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 6 SOUTH, RANGE 3 WEST, S.B.M., AS SHOWN BY UNITED STATES GOVERNMENT SURVEY.

adkan ENGINEERS

OCTOBER 2020

SEE SHEET 2 FOR SURVEYOR'S NOTES, ENVIRONMENTAL CONTROL NOTE, C.C.R.'S NOTE, AND CFD NOTE.

SEE SHEET 3 FOR BASIS OF BEARINGS AND GPS CONTROL.

CITY OF MENIFEE
COUNTY OF RIVERSIDE



VICINITY MAP

SHEET INDEX MAP

GRAPHIC SCALE

100 0 50 100 200 300

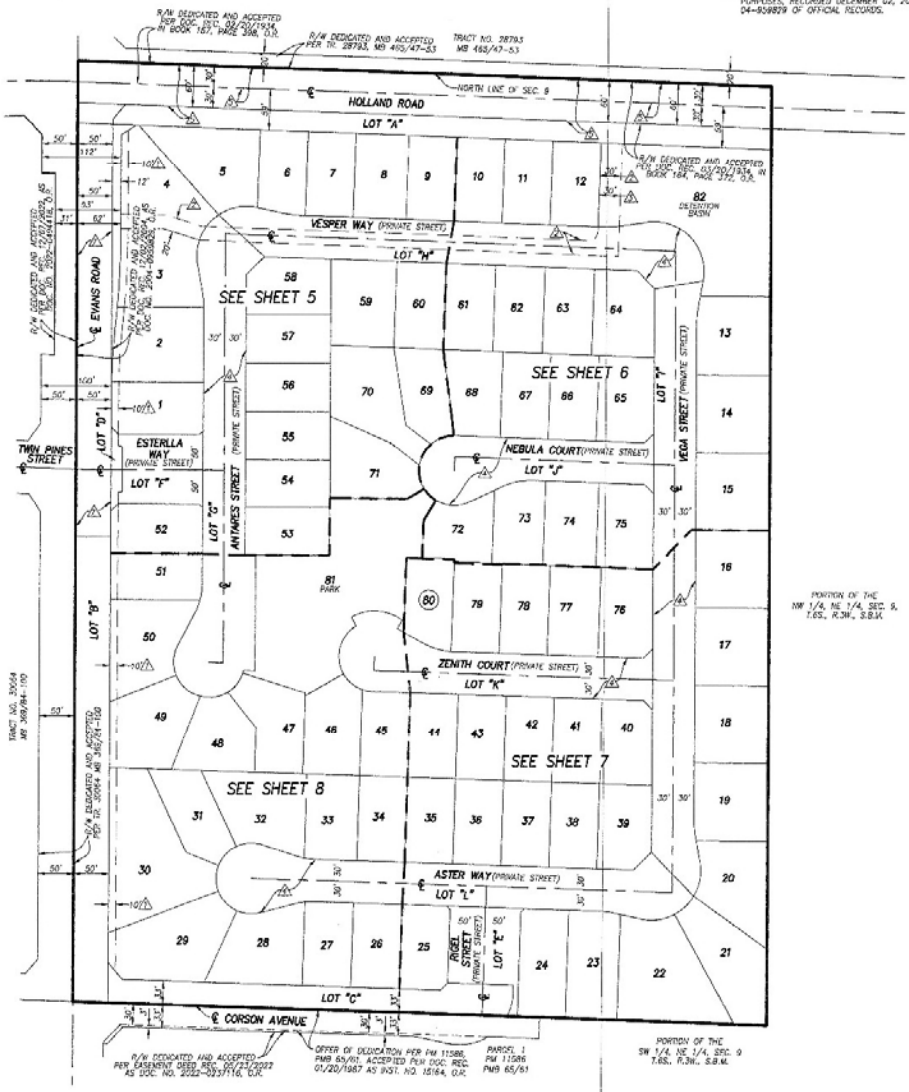
(IN FEET)
1 inch = 100 ft.

NOTE

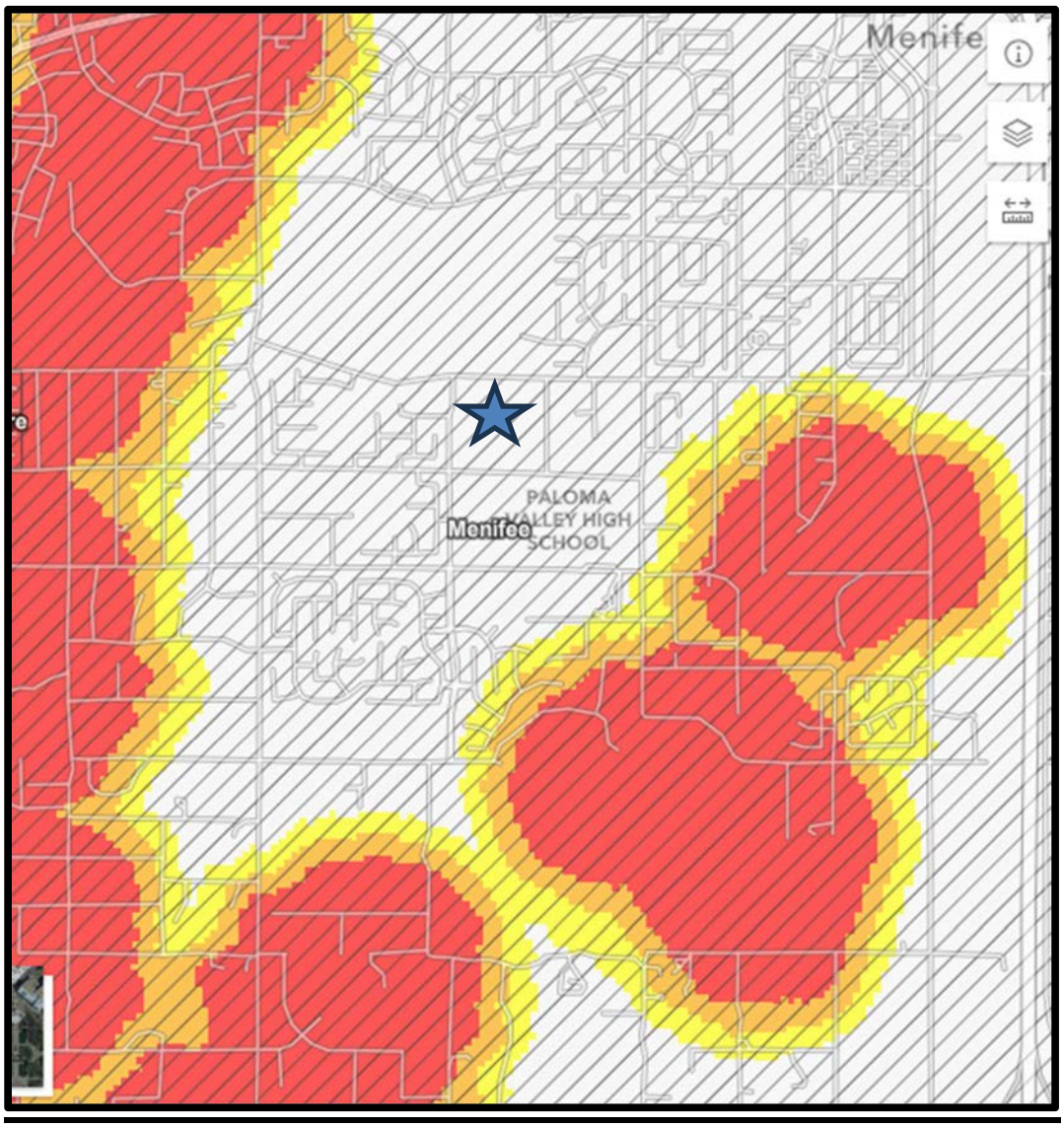
DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

EASEMENT NOTES

1. TRAIL EASEMENT, DEDICATED HEREON.
2. STORM DRAIN EASEMENT, DEDICATED HEREON.
3. PRIVATE SEWER EASEMENT, RETAINED HEREON.
4. PUBLIC UTILITY AND DRAINAGE, RIGHT OF INGRESS AND EGRESS FOR EMERGENCY VEHICLES, DEDICATED HEREON.
5. AN EASEMENT IN FAVOR OF THE COUNTY OF RIVERSIDE FOR PUBLIC ROADWAY AND PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED FEBRUARY 20, 1934 AS BOOK 137, PAGE 398, AND BY DEED RECORDED MARCH 20, 1934 IN BOOK 164, PAGE 372, BOTH OF OFFICIAL RECORDS.
6. AN EASEMENT IN FAVOR OF UNITED STATES OF AMERICA FOR DITCHES AND CANALS RECORDED MAY 10, 1924 IN BOOK 9 OF PATENTS, PAGE 29. THE LOCATION OF THE EASEMENT CANNOT BE DETERMINED FROM RECORD INFORMATION.
7. AN OFFER OF DEDICATION IN FAVOR OF THE COUNTY OF RIVERSIDE FOR PUBLIC ROAD AND DRAINAGE PURPOSES, INCLUDING PUBLIC UTILITY AND PUBLIC SERVICES AND INCIDENTAL PURPOSES, RECORDED DECEMBER 02, 2004 AS INSTRUMENT NO. 04-959879 OF OFFICIAL RECORDS.



CALFIRE - FIRE HAZARD SEVERITY ZONE MAP
(updated March 24, 2025)


Menife
PALOMA
VALLEY HIGH
SCHOOL
Menifee

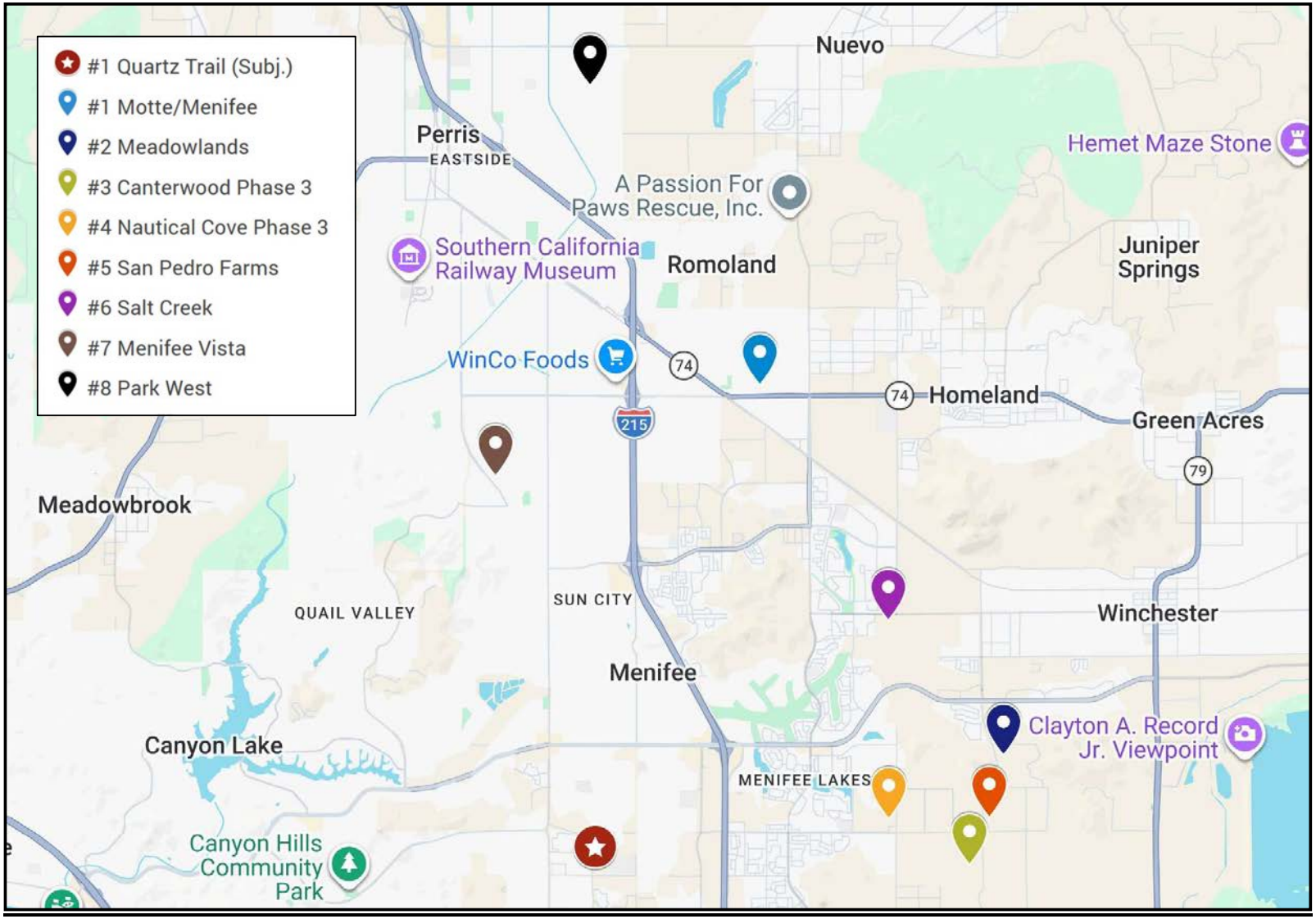
DISCOUNTED CASH FLOW ANALYSIS

Menifee CFD 2025-2 Quartz Trail Discounted Cash Flow Analysis

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	**TOTAL**
	3				
INCOME:					
Retail Sales	7,785,240	$2,595,080	$2,595,080	$2,595,080	$7,785,240
TOTAL INCOME		$2,595,080	$2,595,080	$2,595,080	$7,785,240
EXPENSES:					
Remaining Costs		($112,621)	($112,622)	($112,622)	($337,865)
Marketing & Carrying Expenses	10%	($259,508)	($259,508)	($259,508)	($778,524)
Profit	8%	($207,606)	($207,606)	($207,606)	($622,819)
TOTAL EXPENSES		($579,735)	($579,736)	($579,736)	($1,739,208)
NET CASH FLOW		$2,015,345	$2,015,344	$2,015,344	$6,046,032
Discount Factor	10%	0.9917	0.9835	0.9754	
DISCOUNTED CASH FLOW		$1,998,689	$1,982,170	$1,965,788	$5,946,647
CUMULATIVE DISCOUNTED CASH FLOW		**$1,998,689**	**$3,980,859**	**$5,946,647**	**$5,946,647**

RESIDENTIAL LAND SALES MAP
& SUMMARY CHART

RESIDENTIAL LAND SALES MAP



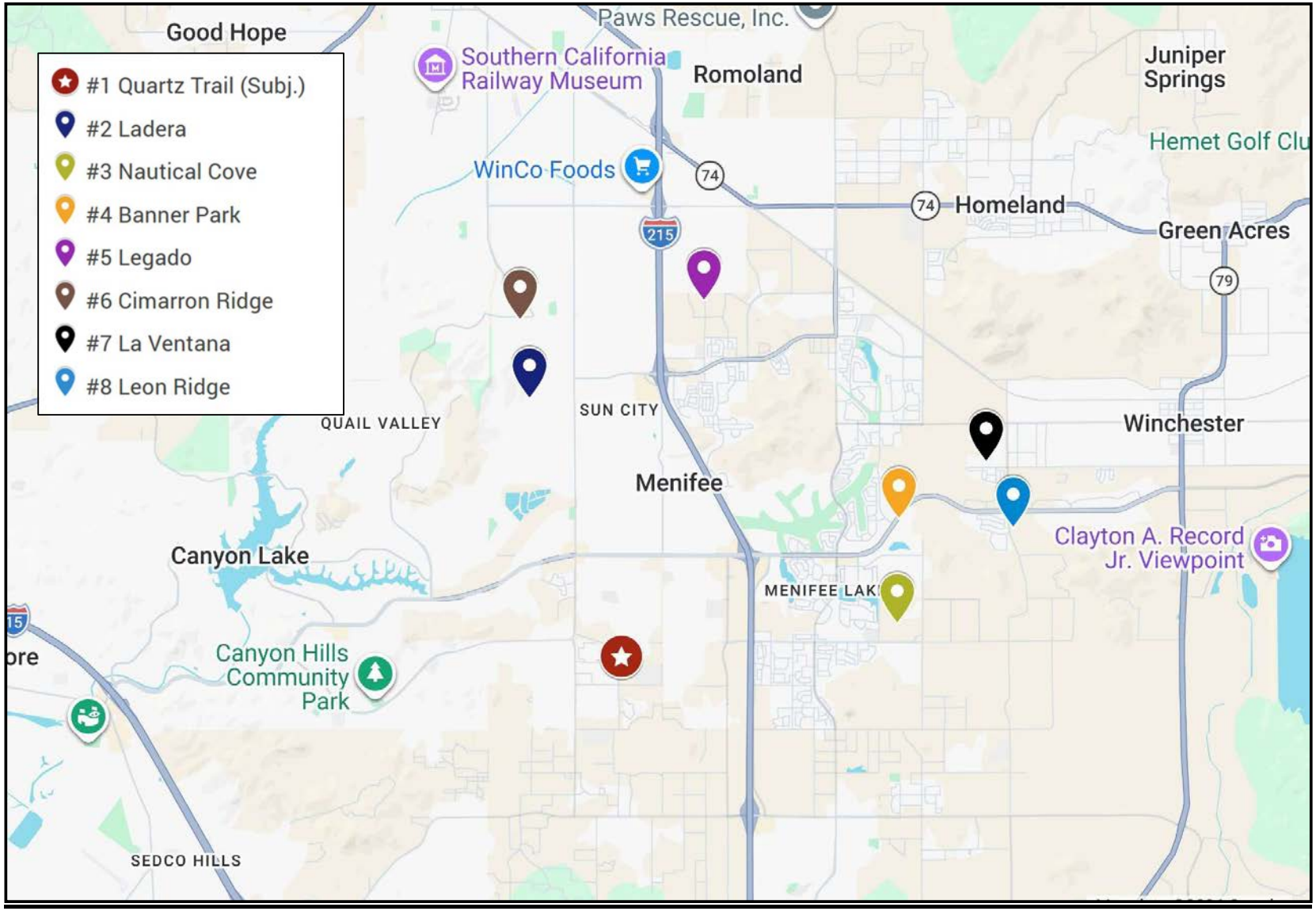
FINISHED LOT LAND SALES SUMMARY CHART

Data No.	Location / APN / Buyer / Seller	City	Sales Date	# Lots	Lot Size	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
1	Motte/Menifee / NW of Palomar Road and US Highway 74, Menifee / 329-110-042 / Lennar / Motte Family	Menifee	June 2026	192	4,000	$16,500,000 / $85,938	$204,000	Closed in an unimproved condition with an approved final map.
2	Meadowlands / SEC of Leon Road and Busby Road, Winchester / 466-340-046	Winchester	May 2026	550	4,500 – 7,200	$28,500,000 / $51,818	$255,000	Closed in an unimproved condition with an approved final map.
3	Canterwood Phase 3 / NWC of Leon Road and Craig Avenue, Winchester / 466-310-026 / KB Home / Ambient	Winchester	February 2026	94	5,500	$10,650,000 / $113,297	$227,500	Closing with a Final Map in process in an unimproved condition. This was the final phase at Canterwood. Phase 2 closed in June 2024.
4	Nautical Cove Phase 3, NWC Briggs Road and Holland Road, Menifee / 364-200-009 / KB Home / Ambient	Menifee	January 2026	52	6,000	$2,506,110 / $48,194	$250,000	Closed in an unimproved condition with an approved final map. This was the final takedown of three (first 7/24 and second 8/25).
5	San Pedro Farms, NEC of Leon Road and Holland Road, Winchester / 466-350-019 / KB Home / Rancon	Winchester	September 2025	510	4,000 - 6,000	$7,000,000 / $13,725	$240,000	Closed with an approved final map and in an unimproved condition.

6	Salt Creek, SWC of Briggs Road and Simpson Road, Menifee / 333-200-062 / Meritage Homes / Rancho De Los Cazadores	Menifee	May 2025	310	Cluster - 5,000	$15,000,000 / $48,387	$228,000	Closed with an Approved Tentative Tract Map in an unimproved condition. Three Lot Segmentations (Cluster, 4,500, 5,000 SF lots).
7	Menifee Vista, NW of Rouse Road and Byers Road, Menifee / 330-230-023 / Richmond American Homes / JEN Partners	Menifee	May 2025	96	7,200	$10,055,000 / $104,740	$260,000	Closed with an approved Final Map in an unimproved condition.
8	Park West Planning Area 4 / south of Nuevo Road at Evans Road, Perris / 310-180-072 / KB Home / Mission Pacific	Perris	December 2024	184	5,000	$34,478,042 / $187,381	$257,500	Closed in a blue-topped condition with an approved final map. KB Home now selling their Lennox at Park West Community with homes from $530K to $645K.

IMPROVED RESIDENTIAL SALES MAP & SUMMARY CHART

IMPROVED RESIDENTIAL SALES MAP



IMPROVED RESIDENTIAL SALES SUMMARY CHART

Data No.	Project Name Location/Developer	Plan	Room Count	Floors/ Parking	Size (SF)	Lot Size or Density / Absorption	Base Sales Price	Price/SF
1	Quartz Trail / SEC Holland Road and Evans Road, Menifee / Lennar	1	4 / 3.5	1 / 2	2,760		$743,990	$269.56
		2	5 / 3	2 / 3T	3,010	8,000 sf lots	$743,990	$247.17
		3	5 / 3	2 / 3	3,418	4.5 sales/mo	$808,990	$236.69
		4 (NG)	5 / 4.5	2 / 3	4,134		$947,990	$229.32
2	Ladera / SEC Valley Blvd and Enchanted Star Ln, Menifee / KB Home	1	3 / 2	1 / 2	1,548		$544,990	$352.06
		2	3 / 2	1 / 2	1,741		$560,990	$322.22
		3	3 / 2	1 / 2	2,097	8,000 sf lots	$587,990	$280.40
		4	4 / 2	1 / 2	2,378	1.5 sales/mo	$610,990	$256.93
		5	4 / 2.5	2 / 2	2,557		$622,990	$243.64
		6	5 / 3.5	2 / 2	2,763		$633,990	$229.46
3	Gatsby at Nautical Cove / NWC Briggs Road and Holland Road, Menifee / KB Home	1	3 / 2	1 / 2	2,080		$661,990	$318.26
		2	3 / 2	1 / 2	2,321	6,000 sf lots	$681,990	$293.83
		3	4 / 2	1 / 2	2,613	3.3 sales/mo	$712,990	$272.86
		4	5 / 3	2 / 2	2,874		$717,990	$249.82
		5	5 / 3	2 / 2	3,119		$741,990	$237.89
4	Crest at Banner Park / Domenigoni Pkwy and Lindenberger Rd, Menifee / Pulte	1	4 / 2.5	2 / 3	2,845	6,500 sf lots	$682,990	$240.07
		2 (NG)	5 / 3.5	2 / 3	3,047	2.1 sales/mo	$708,990	$232.68
		3 (NG)	5 / 3.5	2 / 3	3,237		$725,990	$224.28
5	Belleza at Legado / SWC Rouse Road and Sherman Road, Menifee / Lennar	1	4 / 3	2 / 2	2,662		$657,990	$247.18
		2	4 / 3.5	1 / 2	2,760	7,700 sf lots	$682,990	$247.46
		3	5 / 3	2 / 3T	3,010	3.8 sales/mo	$704,990	$234.22
		4	5 / 3.5	2 / 3	4,184		$873,990	$208.89
6	Meadows at Cimarron Ridge, Goetz Road and Thorton Ave, Menifee / Pulte	1	4 / 3	1 / 3	2,550		$675,990	$265.09
		2	5 / 4	2 / 3	3,520	7,000 sf lots	$774,990	$220.17
		3	6 / 4	2 / 3	3,699	2.5 sales/mo	$759,990	$205.46
		4 (NG)	6 / 4.5	2 / 3	3,994		$794,990	$199.05

7	La Ventana / SEC Simpson Road and La Ventana Road, Winchester / D.R. Horton	1 2 3 4 5 6	4 / 3 4 / 3 5 / 3 5 / 3 5 / 4 5 / 3	1 / 2 2 / 2 2 / 2 2 / 2 2 / 2 2 / 3	1,890 2,259 2,311 2,537 2,946 3,015	6,000 sf lots 5.5 sales/mo	$642,990 $659,990 $667,990 $697,490 $752,990 $737,990	$340.21 $292.16 $289.05 $274.93 $255.60 $244.77
8	Wilder at Leon Ridge / SE Domenigoni Parkway and Leon Road, Winchester / Beazer Homes	1 2 3	3 / 3 4 / 3 3 / 3	1 / 2 2 / 3 2 / 2	2,456 2,853 3,231	8,500 sf lots 1.8 sales/mo	$684,990 $684,990 $714,990	$278.90 $240.09 $221.29

*NG refers to a next generation home with separate living quarters attached to the home

APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF KITTY S. SIINO, MAI

Education

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

Employment

1988 - Present:

Self-Employed Real Estate Appraiser. Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos, and City of Moreno Valley.

1986-1988:

Project Manager of Development for Ferguson Partners, Irvine, California. Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California. Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

Investment Counselor, Newport Equity Funds, Newport Beach, California. Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

Licenses

Real Estate Sales Person, State of California, 1980
Certified General Appraiser, State of California (#AG004793)

Organizations

MAI #11145 - The Appraisal Institute

Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2022, 2024, 2025 and 2026
Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011

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 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 and the District, and any other costs otherwise incurred by City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

Administrative Expenses Cap. The term "Administrative Expenses Cap" means $30,600, which amount will escalate at 2.00% per Fiscal Year (all as calculated by the District), 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); and (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.

The value of the above investments will be determined as follows: (a) for the purpose of determining the amount in any fund, all Authorized Investments credited to such fund will be valued at market value. The Trustee will determine the market value based on accepted industry standards, including the Trustee's internal systems, and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch or Salomon Smith Barney. Notwithstanding anything to the contrary in the Indenture, in making any valuation of investments thereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and rely thereon; (b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest thereon; and (c) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

Authorized Representative of the District. The term "Authorized Representative of the District" means the Mayor, City Manager, Chief Financial Officer or City Clerk of the City, or any other officer or employee authorized by the City Council of the City or by an Authorized Representative of the District to undertake the action referenced in the Indenture as required to be undertaken by an Authorized Representative of the District.

Bond Counsel. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth 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 Special Tax Bonds, Series 2026 issued on December __, 2026 in the aggregate principal amount of $_____.

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) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions or trust companies in New York, New York, Wilmington, Delaware, Costa Mesa, California, or the city where the Principal Office of the Trustee is located, are not required or authorized by law, regulation or executive order, to close or to remain closed or (c) a day on which the New York Stock Exchange or the Federal Reserve Bank payment system is closed.

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

City. The term "City" means the City of Menifee, County of Riverside, State of California.

City Council. The term "City Council" means the City Council of the City.

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

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

Continuing Disclosure Certificate. The term "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate dated as of December 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.

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

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

District. The term "District" means Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee established pursuant to the Act and the Resolution of Formation.

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 following June 30.

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

Indenture. The term "Indenture" means the Bond Indenture, dated as of December 1, 2026, by and between the District and the Trustee, 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 City; (2) does not have any substantial interest, direct or indirect, in the District or the City; and (3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

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

Interest Payment Date. The term "Interest Payment Date" means 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 Ordinance No. 2025-409 adopted by the City Council on April 16, 2025, 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.

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 District made in accordance with the RMA.

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

Principal Office of the Trustee. The term "Principal Office of the Trustee" means the office of the Trustee located in Costa Mesa, California, or such other office or offices as the Trustee may designate from time to time, 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" 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; if any; provided, however, that the Reserve Requirement will not exceed $_____ except in connection with the issuance of Parity Bonds.

Resolution of Formation. The term "Resolution of Formation" means Resolution No. 25-1556 adopted by the City Council on April 2, 2025, pursuant to which the City Council established the District.

Responsible Officer. The term "Responsible Officer," when referring to the Trustee, means and includes any Vice President, Assistant Vice President or other officer of the Trustee having regular responsibility for the administration of the Indenture.

RMA. The term "RMA" means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District at the April 2, 2025 election.

Sinking Fund Payment. The term "Sinking Fund Payment" means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in

the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

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

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

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

Special Taxes. The term "Special Taxes" means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the April 2, 2025 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds.

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

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 Wilmington Trust, National Association., a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Costa Mesa, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture, and any successor thereto.

Underwriter. The term "Underwriter" means, with respect to the Bonds, Raymond James & Associates, Inc., 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.

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

GENERAL AUTHORIZATION AND BOND TERMS

Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds. Under and pursuant to the Act, the Bonds in the aggregate principal amount of $ _____, together with any Parity Bonds authorized by the City Council in accordance with the Indenture, will be issued for the purposes of financing and/or refinancing the Project, paying Costs of Issuance, funding the Reserve Account and funding capitalized interest; provided that the aggregate principal amount of the Bonds and any Parity Bonds may not exceed the total indebtedness presently authorized or subsequently authorized by the qualified electors within the District in accordance with the Act. 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 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 City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expense Account), as more fully described in the Indenture. The District's limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon, and neither the members of the legislative body of the District or the members of the City Council nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

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

Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds will be equally payable from and secured by a first pledge of and lien on the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund

(exclusive of the Administrative Expense Account) which are set aside for the payment of the Bonds and any Parity Bonds; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of Bonds or Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and, so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding, will not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund or the Administrative Expense Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

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 Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee 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 Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee Rebate Fund (the "Rebate Fund") (in which there will be established a Rebate Account and an Alternate Penalty Account).

(3) The Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there will be established a City Facilities Account, a Water Facilities Account and a Costs of Issuance Account).

(4) The Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee 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 as described in the Indenture, 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 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 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, 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; or (v) after all Project Costs have been paid, to the District, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund will be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes. Such amounts will be disbursed as directed by an Authorized Representative of the District.

Acquisition and Construction Fund. (a) The moneys in the Costs of Issuance Account will be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative 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) 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 (including all Accounts and Subaccounts therein).

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 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 such amounts 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 as described above, the Trustee shall hold all funds uninvested.

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 of 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 parties acknowledge that the Trustee is not providing investment supervision recommendations, or advice.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee 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; and (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. 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 City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the 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 District 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 District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in the 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 District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment and (ii) based on the current development plan for parcels within the District, do not reduce the maximum Special Taxes which could be levied upon Taxable Property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment;

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners; or

(g) to modify, alter, amend or supplement the Indenture in any other respect, as may be required to fund all or a portion of the 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. Wilmington Trust, 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 as finally adjudicated by a court of competent jurisdiction) 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 (including with respect to counsel fees, costs and expenses), a court of competent jurisdiction for the appointment of a successor Trustee and other appropriate relief, 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, as finally adjudicated by a court of competent jurisdiction. 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 actions taken or omitted to be taken, or any error of judgment made in good faith by it or any of its officers, employees or agents, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts, as finally adjudicated by a court of competent jurisdiction.

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 or any action of the District or any of its directors, members, officers, agents, affiliates or employees, nor will it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee 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, judgment, decree, certificate, report, Bond, Parity Bond or other paper or document signed or presented by the proper party or parties as provided under the Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained in 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 under the Indenture, the Trustee will, at the expense of the District, request, rely on and act in accordance with officer's certificates and/or opinions of counsel (unless other evidence in respect thereof is specifically prescribed in the Indenture), 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, but in its discretion the Trustee may but is not 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 will 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 provides 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 a Responsible Officer of the Trustee shall have received specific written notice thereof at the Principal Office of the Trustee.

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 in its sole and exclusive discretion 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 own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction.

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 shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee.

The Trustee may 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.

If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The District will, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, attorneys 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 City, 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 City, 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, as finally adjudicated by a court of competent jurisdiction. 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 City, 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 thereunder 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. Force majeure will include, but not limited to, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; quarantine restrictions; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or other similar occurrences.

The Trustee will have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as will be necessary to (i) create, preserve, perfect or validate the security interest granted to the Trustee pursuant to the Indenture or (ii) enable the Trustee to exercise and enforce its rights under the Indenture with respect to such pledge and security interest. In addition, the Trustee will have no responsibility or liability (i) in connection with the acts or omissions of the City or the District in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created under the Indenture or the perfection and priority of such security interest.

The Trustee will be entitled to request and receive written instructions from the District or other parties 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 the District or such other parties. 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 will 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 treats 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 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 and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee will be entitled, as a matter of right to which the District expressly agrees, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment confers.

Non-Waiver. Nothing in the Indenture, or in the Bonds or the Parity Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as

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 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 under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds by the Indenture:

(a) The District is in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds has been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds has been provided for by a Supplemental Indenture duly authorized, executed and delivered by the District which specifies the following: (1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited; (2) the authorized principal amount of such Parity Bonds; (3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date falls on a September 1; (ii) all such Parity Bonds of like maturity are identical in all respects, except as to number; (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, are established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates; and (iv) if issued for the purpose of refunding Bonds and/or Parity Bonds, the maturity of the Parity Bonds to be issued does not exceed the maturity of the Bonds and Parity being refunded; (4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication; (5) the denominations and method of numbering of such Parity Bonds; (6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds; (7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the 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 has received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee is directed by the District to accept any of such documents bearing a prior date): (1) a certified resolution of the City Council, acting as the legislative body of the District, authorizing the issuance of such Parity Bonds; (2) a written request of the District as to the delivery of such Parity Bonds; (3) an opinion of Bond Counsel and/or general counsel to the District to the effect that: (i) the District has the right and power under the Act to execute and deliver the Supplemental Indenture relating to such Parity Bonds, and such Supplemental Indenture has been duly and lawfully executed by the District, and the Indenture and such Supplemental Indenture are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and the Supplemental Indenture executed and delivered in connection with such Parity Bonds and are entitled to the benefits of the Indenture and such Supplemental Indenture, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and such Supplemental Indenture; (4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; (5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and (6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

MISCELLANEOUS

Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption will be upon payment therefor, and any Bond or Parity Bond purchased

by the District as authorized in the Indenture and delivered to the Trustee for such purpose will be cancelled forthwith and will not be reissued. The Trustee will 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; Governing Law; Venue. The provisions of the Indenture constitute a contract between the District and the Owners and the provisions thereof will be governed by and construed in accordance with the laws of the State of California. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in the State of California, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are in inconvenient forum or do not have jurisdiction over any party. In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and, should said suit, action or proceeding be

abandoned, or be determined adversely to the Owners or the Trustee, then the District, the Trustee and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken. After the issuance and delivery of the Bonds, the Indenture will be irrepealable, but will be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture will be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge thereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged thereunder.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in the Indenture.

Entire Agreement; Severability. The Indenture and the exhibits thereto set forth the entire agreement and understanding if the parties related to the transaction and supersedes all prior agreements and understandings, oral or written. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, will be deemed severable and will not be affected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant thereto will remain valid and the Owners will retain all valid rights and benefits accorded to them under the laws of the State of California.

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APPENDIX F

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") dated as of December 1, 2026 is executed and delivered by Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee (the "District") in connection with the issuance and delivery by the District of its $_____ Special Tax Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of Issuance adopted on November 4, 2026, by the City Council of the City of Menifee, acting as the legislative body of the District, and the Bond Indenture, dated as of December 1, 2026 (the "Indenture"), by and between the District and Wilmington Trust, 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.

"City" shall mean the City of Menifee, County of Riverside, California.

"Disclosure Representative" shall mean the Chief Financial Officer of the City, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, Spicer Consulting Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

"District" shall mean Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee.

"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.

"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 November __, 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 Raymond James & Associates, Inc.

"Rate and Method of Apportionment" shall mean that certain Rate and Method of Apportionment of Special Tax approved pursuant to the Resolution of Formation.

"Resolution of Formation" shall mean the resolutions adopted by the City Council pursuant to which the City Council formed the District.

"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 Wilmington Trust, 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 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) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is 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), 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) 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 first Annual Report due by March 1, 2027 shall consist of the Official Statement and audited financial statements of the District, if any. Thereafter, 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 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 District;

(iv) any changes to the Rate and Method of Apportionment of Special Tax for the District 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 District 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;

(vi) an update of the value-to-lien of the property within the District 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 2 in the Official Statement; provided that such update need not include overlapping special tax, assessment or general obligation indebtedness; and

(vii) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes within the District.

(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) or other material notices or determinations with respect to the tax status of the Bonds;

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. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

2. appointment of a successor or additional fiscal agent or the change of the name of a fiscal agent;

3. nonpayment related defaults;

4. modifications to the rights of Bondholders;

5. bond calls;

6. release, substitution or sale of property securing repayment of the Bonds; and

7. 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 this Section.

(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.

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 Spicer Consulting Group, LLC. 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:	Community Facilities District No. 2025-2 (Quartz Trail) of the City of Menifee 29844 Haun Road Menifee, CA 92586 Attn: City Manager
Underwriter:	Raymond James & Associates, Inc. 10250 Constellation Boulevard, Suite 850 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.

COMMUNITY FACILITIES DISTRICT NO. 2025-2 (QUARTZ TRAIL) OF THE CITY OF MENIFEE

By: _____
Disclosure Representative

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APPENDIX G

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.



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