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PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 10, 2026

NEW ISSUE—BOOK-ENTRY ONLY

NO RATING

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

\$4,050,000*
COMMUNITY FACILITIES DISTRICT NO. 2021-3
(BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2026A

Dated: Delivery Date

Due: September 1, as shown on inside cover page

The Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside, Special Tax Bonds, Series 2026A (the "Bonds") are being issued by Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside (the "District") to: (i) finance certain public improvements 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 a Bond Indenture, dated as of August 1, 2026 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds are payable from Net Taxes (as defined herein) derived from a certain annual Special Tax (as defined herein) to be levied on taxable parcels within 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 of Riverside (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 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 the 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 _____, 2026.

RAYMOND JAMES

Dated: _____, 2026

** Preliminary, subject to change.*

MATURITY SCHEDULE

\$4,050,000*

**COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2026A**

BASE CUSIP®[†] _____

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.[†]</i>
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\$ _____ % 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© 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 Underwriter or the District or their agents or counsel assume responsibility for the accuracy of such numbers.

**CITY OF RIVERSIDE
COUNTY OF RIVERSIDE, CALIFORNIA**

CITY COUNCIL

Patricia Lock Dawson, *Mayor*
Philip Falcone, *Councilmember, Ward 1*
Clarissa Cervantes, *Councilmember, Ward 2*
Steven Robillard, *Councilmember, Ward 3*
Chuck Conder, *Councilmember, Ward 4*
Sean Mill, *Councilmember, Ward 5*
Luis Hernandez, *Councilmember, Ward 6*
Steve Hemenway, *Councilmember, Ward 7*

CITY STAFF

Thomas R. Hatch, *Interim City Manager*
Edward Enriquez, *Assistant City Manager/Chief Financial Officer/Treasurer*
Gilbert Hernandez, *Assistant City Manager*
Kris Martinez, *Assistant City Manager*
Donesia Gause, *City Clerk*
James Johnson, *City Attorney*
Sean Murphy, *Deputy City Attorney*

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Newport Beach, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

SPECIAL TAX CONSULTANT

Webb Municipal Finance, LLC
Riverside, California

APPRAISER

Stephen G. White, MAI
Fullerton, California

TRUSTEE

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

Except where otherwise indicated, all information contained in this Official Statement has been provided by the 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.

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.

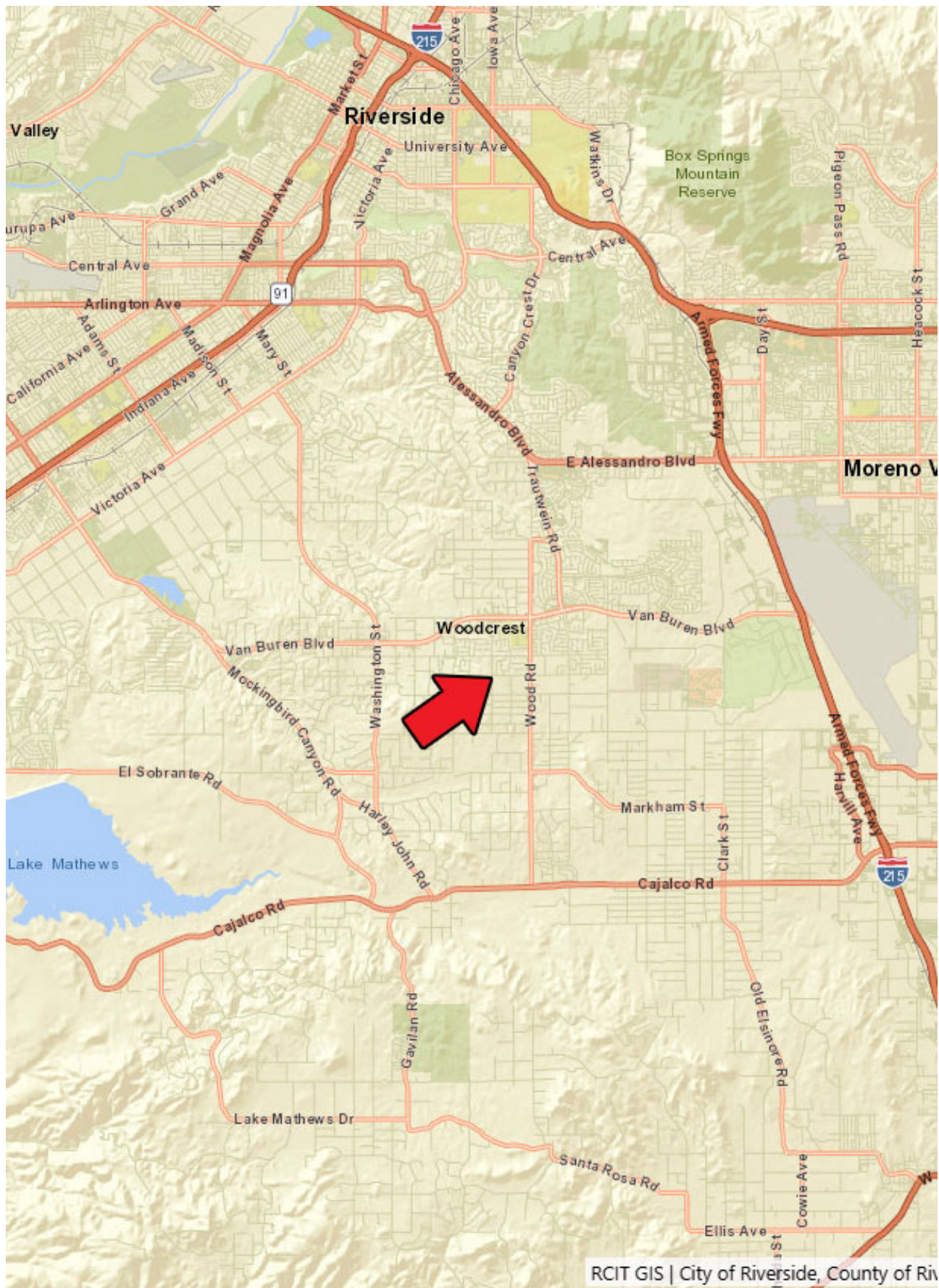
The City maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE



\$4,050,000*
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2026A

INTRODUCTION

General

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. 2021-3 (Bridle Ridge) of the City of Riverside (the “District”) of its Special Tax Bonds, Series 2026A in the aggregate principal amount of \$4,050,000* (the “Bonds”). The proceeds of the Bonds will be used to: (i) finance certain public improvements needed with respect to the development of property located within the District; (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 a Bond Indenture, dated as of August 1, 2026 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as such term is defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture.

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined have the meanings set forth in Appendix E.

The District

General. The City of Riverside (the “City”) is located in the northwestern portion of the County of Riverside (the “County”), California (the “State”), four miles south of the 60 freeway and midway between the 91 freeway and Interstate 15. The District is located in the Woodcrest area of the City, south from Lurin Avenue, to the west and east of Taft Street, extending south to Mariposa Avenue, with unincorporated County area beyond Mariposa Avenue to the south. Van Buren Boulevard is located less than a mile to the north, the 215 Freeway is located approximately four miles to the east, and the 91 Freeway is located approximately 5.5 miles to the northwest.

At full buildout, the District is currently expected to be developed with 103 single-family homes across two different product lines known as “Bridle Ridge” and “Citrus at Bridle Ridge.” Bridle Ridge has been developed with 48 homes and Citrus at Bridle Ridge is expected to contain approximately 55 homes at full buildout. Riverside 103, LP, a California limited partnership, which is a subsidiary of Legacy Homes (“Legacy Homes”) previously constructed 40 homes within the Bridle Ridge product line and sold the homes to individual homeowners between September 2023 and November 2025. In January 2025, Legacy Homes sold the remaining 63 lots to D.R. Horton Los Angeles Holding Company, Inc. a California corporation (“D.R. Horton”), which developed the remaining eight homes within the Bridle Ridge product line (all of which have been completed and conveyed to individual homeowners) and began construction of the 55 single family homes within the Citrus at Bridle Ridge product line.

* Preliminary, subject to change.

As of May 12, 2026, within Citrus at Bridle Ridge, three homes had been completed and conveyed to individual homeowners, and D.R. Horton owned 11 completed single family homes, 18 homes under construction (including seven homes in escrow to be sold to individual homeowners) and 23 vacant lots. As of June 15, 2026, an additional four completed homes had been conveyed to individual homeowners within Citrus at Bridle Ridge. See the captions “THE DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for further information with respect to the District, D.R. Horton and the development within the District.

Formation Proceedings. The District was formed on April 26, 2022 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 March 22, 2022, the City Council adopted Resolution No. 23835 (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. 23836, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$7,000,000 for the purpose of financing the design, construction and acquisition of certain public facilities to serve the area within the District.

Subsequent to a noticed public hearing on April 26, 2022, the City Council adopted Resolution Nos. 23846 and 23847 on April 26, 2022 (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 26, 2022, an election was held within the District in which the property owners within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed \$7,000,000 to finance the Facilities. A Notice of Special Tax Lien for the District was recorded in the office of the County Recorder on May 4, 2022 as Document No. 2022-0208970 (the “Notice of Special Tax Lien”). On April 26, 2022, the City Council adopted Ordinance No. 7584 (the “Ordinance”) which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment approved at the April 26, 2022, 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 (as defined in the Rate and Method) 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

Stephen G. White, MAI (the “Appraiser”), has prepared an Appraisal Report dated May 26, 2026 (the “Appraisal Report”) of the taxable 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 “as-is” condition 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 103 detached single family residential units. Based on the assumptions and limiting conditions in the Appraisal Report, the Appraiser concluded that the market value of all of the parcels within the District subject to the Special Tax was \$78,580,000 as of May 12, 2026 (the “Date of Value”). See Appendix D — “APPRAISAL REPORT.”

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The District makes no representation as to the accuracy of the Appraisal Report. See “THE DISTRICT — Appraisal Report,” “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness,” and Appendix D — “APPRAISAL REPORT.”

Description of the Bonds

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

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See Appendix H — “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as set forth 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 Matters

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

U.S. Bank Trust Company, National Association, Los Angeles, 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 the 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 Webb Municipal Finance, LLC, Riverside, California, as Special Tax Consultant (the “Special Tax Consultant”) and by Stephen G. White, Fullerton, 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” and Appendix F — “FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE.”

D.R. Horton will also covenant in a continuing disclosure certificate (the “Developer Continuing Disclosure Certificate”), the form of which is set forth in Appendix G, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information in this Official Statement regarding the development of the property in the Community Facilities District that it owns and notices of certain significant events for a limited period of time. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of D.R. Horton’s continuing disclosure obligations are contained in Appendix G — “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.” See “CONTINUING DISCLOSURE.”

Parity Bonds for Refunding Purposes Only

The District will covenant in the Indenture not to issue additional indebtedness secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) other than for 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, 3900 Main Street, Riverside, California 92522, Attention: City Clerk.

ESTIMATED SOURCES AND USES OF FUNDS

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

	<i>Bonds</i>
Sources of Funds	
Principal Amount of Bonds	\$
[Plus][Less] Original Issue [Premium][Discount]	
Less Underwriter's Discount	
Total Sources	<u>\$</u>
Uses of Funds:	
Acquisition and Construction Fund ⁽¹⁾	\$
Costs of Issuance Account ⁽²⁾	
Reserve Account of the Special Tax Fund	
Total Uses	<u>\$</u>

⁽¹⁾ \$_____ will be deposited in the Water District Account of the Acquisition and Construction Fund and \$_____ shall be deposited in the City Fee Facilities Account of the Acquisition and Construction Fund.

⁽²⁾ To pay costs of issuance of the Bonds, including legal fees, printing costs, formation deposit reimbursement, and fees of the Appraiser, Special Tax Consultant, Municipal Advisor and Trustee.

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. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that 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, in which event interest will be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment, or, if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date.

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

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to

DTC and will be paid to the Beneficial Owners in accordance with DTC’s procedures and the procedures of DTC’s Participants. See APPENDIX H — “BOOK-ENTRY-ONLY SYSTEM.”

In the event the Bonds are not held in book-entry form, interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the 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, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Debt Service Schedule

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

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

Source: Underwriter.

Redemption

Optional Redemption of the Bonds.* The Bonds may be redeemed at the option of the District from any source of funds on any date on or after September 1, 2033, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 2033 through August 31, 2034	103%
September 1, 2034 through August 31, 2035	102
September 1, 2035 through August 31, 2036	101
September 1, 2036 and any date thereafter	100

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

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by 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 Payments

\$

(maturity)

The Bonds maturing on September 1, 20__ (the “20__ Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by 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:

* Preliminary, subject to change.

Term Bonds Maturing September 1, 20__

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

Sinking 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 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, 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:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from March 1, 2027 through March 1, 2034	103%
September 1, 2034 and March 1, 2035	102
September 1, 2035 and March 1, 2036	101
September 1, 2036 and any Interest Payment Date thereafter	100

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a special mandatory redemption from Special Tax prepayments.

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

The Trustee will give notice, in the name of the District, of the redemption of Bonds. Such notice of redemption will: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all of the Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally

* Preliminary, subject to change.

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 such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Selection of Bonds for Redemption. If less than all of the Bonds or Parity Bonds Outstanding of a Series are to be redeemed (except with respect to mandatory sinking fund redemption), the Trustee will select Bonds or Parity Bonds pro rata among maturities of such Series and by lot within a maturity. 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 Principal 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 Principal 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 Principal 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 shall 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 26, 2022 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 26, 2022, the qualified electors 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 electors 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.

Pursuant to the Rate and Method of Apportionment, the Special Tax (defined in the Rate and Method of Apportionment as “Special Tax A”) will be levied on Taxable Property (as defined in the Rate and Method of Apportionment) within the District, which Special Tax will be levied in sufficient amount to pay (i) the debt service and periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses attributable to Special Tax A, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities or payment of fees authorized by the District by the levy on Developed Property of the Assigned Special Tax A (as such terms are defined in the Rate and Method of Apportionment), as required by the Acquisition Agreement provided that the inclusion of such amount does not cause an increase in the

levy of Special Tax A on Approved Property or Undeveloped Property under the Rate and Method of Apportionment, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable fiscal agent agreement, or trust agreement. See Appendix E — “SUMMARY OF THE INDENTURE — Definitions” for a description of the expenses that constitute “Administrative Expenses.” See also Appendix A — “RATE AND METHOD OF APPORTIONMENT.”

The Rate and Method of Apportionment provides that the Maximum Special Tax A for an Assessor’s Parcel of Residential Property or Non-Residential Property in any fiscal year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A for such Assessor’s Parcel. The Rate and Method of Apportionment provides that the Maximum Special Tax A for each Assessor’s Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property in any fiscal year shall be the Assigned Special Tax A. Capitalized terms used in this paragraph and not otherwise defined have the meanings ascribed to them in the Rate and Method of Apportionment.

Taxable Property within the District is classified under the Rate and Method of Apportionment as Developed Property if such Taxable Property is (i) included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year, and (ii) a building permit was issued on or before March 1st preceding the Fiscal Year. All of the Taxable Property was included within Final Tract Maps as of January 1, 2026. As of March 1, 2026, building permits had been obtained for 93 of the 103 of the detached single-family units planned within the District, and such 93 units will be classified as Developed Property for purposes of the Fiscal Year 2026-27 Special Tax levy and in each fiscal year thereafter and ten parcels will be classified as Approved Property for purposes of the Fiscal Year 2026-27 Special Tax levy. As of June 15, 2026, building permits had been obtained for all 103 of the detached single-family units planned within the District and, therefore, all 103 units will be classified as Developed Property for purposes of the Fiscal Year 2027-28 Special Tax levy and in each fiscal year thereafter.

In addition to the Special Taxes, Special Tax B (as defined in the Rate and Method of Apportionment) is being levied on Developed Property within the District to pay for certain costs associated with services to be provided by the City. All of the taxable parcels in the District classified as Developed Property under the Rate and Method of Apportionment will be subject to the levy of Special Tax B. Special Tax B does not constitute or comprise Special Taxes or Net Special Taxes and Special Tax B is not pledged to pay debt service on the Bonds. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Assigned Special Tax for Developed Property and Approved. Table 1 below sets forth the Assigned Special Tax per unit of Developed Property and Approved Property, the projected Fiscal Year 2026-27 Special Tax levy and the percent of such levy based on land use type.

**TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Building Square Footage</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit or Acre⁽¹⁾ *</i>	<i>Projected Fiscal Year 2026-27 Special Tax Per Unit*</i>	<i>Total Projected Fiscal Year 2026-27 Special Tax Levy⁽²⁾ *</i>	<i>Percent of Total*</i>
Residential Property	SFR1	Less than 2,801 sq. ft.	10	\$2,910	\$2,855	\$ 28,551	9.72%
Residential Property	SFR2	2,801 sq. ft. to 3,100 sq. ft.	12	3,050	2,993	35,910	12.23
Residential Property	SFR3	3,101 sq. ft. to 3,400 sq. ft.	20	3,190	3,130	62,597	21.31
Residential Property	SFR4	Greater than 3,400 sq. ft.	51	3,330	3,267	166,629	56.74
Approved Property	APP	N/A	<u>10</u>	10,846	0	<u>0</u>	<u>0.00</u>
Total			103			\$293,688	100.00%

* *Preliminary, subject to change.*

(1) Reflects the Assigned Special Tax per acre for Approved Property.

(2) Based upon the debt service requirement of the Bonds and includes the estimated Fiscal Year 2026-27 Administrative Expense Requirement of \$30,000.

Source: Webb Municipal Finance, LLC.

Annual Debt Service for the Bonds has been structured so that Developed Property levied at the Assigned Special Tax rate based on the development status within the District as of March 1, 2026 (which consisted of 93 parcels of Developed Property and ten parcels of Approved Property for the Fiscal Year 2026-27 Special Tax levy), assuming no delinquencies, will generate in each Fiscal Year not less than the Administrative Expenses Cap plus 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property pursuant to the Rate and Method.

The annual Special Tax obligation for an Assessor's Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method are satisfied. The Prepayment Amount is calculated based on the sum of the Bonded Present Value of Taxes, Non-Bonded Present Value of Taxes and Prepayment Administrative Fees, less the Reserve Fund Credit, all as specified in Section H of the Rate and Method attached as Appendix A. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds and Parity Bonds. See "THE BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments.*"

Estimated Debt Service Coverage. In connection with the issuance of the Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each Fiscal Year on Assessor's Parcels within the District classified as Taxable Property will be at least equal to the sum of: (i) 110% of Maximum Annual Debt Service on the Bonds; plus (ii) the Administrative Expenses Cap. Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Government Code, the special tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years.

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 Expenses Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

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

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

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 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.

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 shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates, 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. 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, 2026, 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 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 Additional Special Tax Reserve Account of the Special Tax Fund, if the Trustee is directed by the District in writing to deposit additional moneys to the Additional Special Tax Reserve Account.
- Seventh: 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.
- Eighth: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.
- Ninth: 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. "Reserve Requirement" is defined in the Indenture to mean, as of any date of calculation, the lesser of: (i) 10% of the initial principal amount of the Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds; or (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds;

provided, however, that the Reserve Requirement shall not exceed the initial Reserve Requirement except in connection with the issuance of Parity Bonds.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District will covenant in the Indenture to levy Special Taxes in an amount sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied, after moneys in the Additional Special Tax Reserve Fund, if any, have been used for such purposes (as described below): (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.”

Additional Special Tax Reserve Account

The District may from time to time include in the annual Special Tax levy, an amount projected to be deposited to the Additional Special Tax Reserve Account. The District currently intends to fund the Additional Special Tax Reserve Account with approximately \$172,482 in collected Special Taxes on hand in connection with the closing of the Bonds. **However, amounts in the Additional Special Tax Reserve Account are not pledged to the repayment of the Bonds and any Parity Bonds and may be used for any lawful purpose. There is no assurance that the District will deposit any amounts in the Additional Special Tax Reserve Account or maintain future amounts, if any, in the Additional Special Tax Reserve Account.**

Moneys in the Additional Special Tax Reserve Account may be used for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds or any Parity Bonds when due or in the event that the balance on deposit in the Interest Account or the Principal Account, as the case may be, is insufficient for such purpose 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 or Principal Account, as the case may be, are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Additional Special Tax Reserve Account for deposit in the Interest Account or the Principal Account, as the case may be, or the Rebate Fund, as applicable, moneys necessary for such purposes.

See “SPECIAL RISK FACTORS — Insufficiency of Special Tax Revenues.” For a further discussion of the Additional Special Tax Reserve Account, see Appendix E under the caption “CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Additional Special Tax 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 will covenant in the Indenture not to issue Parity Bonds except as provided in the Indenture and only for the purposes of refunding all or a portion of the Bonds and any Parity Bonds. See Appendix E under the caption “DEFEASANCE AND PARITY BONDS.”

THE DISTRICT

General Description of the District

The District is located in the Woodcrest area of the City, south from Lurin Avenue, to the west and east of Taft Street, extending south to Mariposa Avenue, with unincorporated County area beyond Mariposa Avenue to the south. Van Buren Boulevard is located less than a mile to the north, the 215 Freeway is located approximately four miles to the east, and the 91 Freeway is located approximately 5.5 miles to the northwest.

At full buildout, the District is currently expected to be developed with 103 single-family homes across two different product lines known as “Bridle Ridge” and “Citrus at Bridle Ridge.” Bridle Ridge has been developed with 48 homes and Citrus at Bridle Ridge is expected to contain approximately 55 homes at full buildout. Legacy Homes previously constructed 40 homes within the Bridle Ridge product line and sold the homes to individual homeowners between September 2023 and November 2025. In January 2025, Legacy Homes sold the remaining 63 lots to D.R. Horton, which developed the remaining eight homes within the Bridle Ridge product type (all of which have been completed and conveyed to individual homeowners) and began construction of the 55 single family homes within the Citrus at Bridle Ridge Product type.

As of May 12, 2026, within Citrus at Bridle Ridge, three homes had been completed and conveyed to individual homeowners, and D.R. Horton owned 11 completed single family homes, 18 homes under construction (including seven homes in escrow to be sold to individual homeowners) and 23 vacant lots. As of June 15, 2026, an additional four completed homes had been conveyed to individual homeowners within Citrus at Bridle Ridge.

All backbone and in-tract infrastructure relating to the development within the District is complete.

See the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for further information with respect to the District, D.R. Horton and the development within the District.

Based on the number of building permits obtained for lots within the District as of March 1, 2026, building permits had been obtained for 93 of the 103 of the detached single-family units planned within the District, and such 93 units will be classified as Developed Property for purposes of the Fiscal Year 2026-27 Special Tax levy and in each fiscal year thereafter and ten parcels will be classified as Approved Property for purposes of the Fiscal Year 2026-27 Special Tax levy. As of June 15, 2026, building permits had been obtained for all 103 of the detached single-family units planned within the District and, therefore, all 103 units will be classified as Developed Property for purposes of the Fiscal Year 2027-28 Special Tax levy and in each fiscal year thereafter. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Water and sewer service to the property within the District is currently supplied by Western Municipal Water District. Gas service to the property within the District is currently supplied the Southern California Gas Company, and electrical service is currently supplied by Southern California Edison. Public education instruction is provided by the Riverside Unified School District.

Although, like all of Southern California, the land within the District is subject to seismic activity, it is not located within an Alquist-Priolo Earthquake Fault Zone. The nearest active faults are along the Elsinore Fault Zone located approximately 11 miles to the southwest and the San Jacinto Fault Zone located

approximately 12 miles to the northeast. Per the current CalFire Fire Hazard Severity Zone map, the subject neighborhood is not located in a fire hazard severity zone. See the caption “SPECIAL RISK FACTORS—Natural Disasters.”

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

The Project

The Project includes the financing of the costs of construction of certain City facilities and facilities of Western Municipal Water District.

Assessed Value

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

Table 2 below sets forth historical assessed values within the District from Fiscal Years 2021-22 through 2025-26.

**TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
ASSESSED VALUATION HISTORY**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation ⁽¹⁾</i>	<i>Annual Percent Change</i>
2021-22	5	0	\$10,001,300	--	\$10,001,300	N/A
2022-23	103	0	10,194,682	--	10,194,682	1.93%
2023-24	103	0	10,402,682	--	10,402,682	2.00
2024-25	103	20	11,673,591	\$10,784,309	22,457,900	115.89
2025-26 ⁽²⁾	103	39	15,082,547	24,376,579	39,459,126	75.70

⁽¹⁾ As of August 20 of each year as shown on the County Assessor’s roll. Total Assessed Value is calculated as the sum of Land Assessed Value and Improvement Assessed Value.

⁽²⁾ Fiscal Year 2023-24 was the first year in which Special Taxes were levied in the District.

Source: Webb Municipal Finance, LLC.

Appraisal Report

The estimated assessed value of the property within the District, as shown on the County’s assessment roll for Fiscal Year 2025-26, is approximately \$39,459,126. However, as a result of the requirements of Article XIII A of the California Constitution, a property’s assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District subject to the levy of Special Taxes, 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 assumes that all improvements and benefits to the subject properties, which are to be funded with the proceeds of the Bonds are completed and in place.

Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value (May 12, 2026), the market value of the Taxable Property within the District was \$78,580,000.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The City, the District and the Underwriter make no representation as to the accuracy of the Appraisal Report. See Appendix D — “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 Value-to-Lien Ratio

The aggregate appraised value of property within the District shown in the Appraisal Report is \$78,580,000. Dividing the aggregate estimate of value by the principal amount of the Bonds results in value to lien ratio of 19.40*-to-1 for the District. See “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

Table 3 below sets forth the appraised value-to-lien ratio of the 103 parcels of the Taxable Property within the District as of the Date of Value (May 12, 2026) based on the appraised values set forth in the Appraisal Report and the principal amount of the Bonds. As of May 12, 2026, Legacy Homes and D.R. Horton had collectively completed and conveyed 51 homes within the District to individual homeowners. Based on such ownership status, individual homeowners are expected to be responsible for approximately 53.60% of the projected Fiscal Year 2026-27 Special Tax levy within the District and D.R. Horton is projected to be responsible for approximately 46.60% of the projected Fiscal Year 2026-27 Special Tax levy within the District.

* Preliminary, subject to change.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
APPRAISED VALUE-TO-LIEN RATIOS BY PROPERTY OWNER

<i>Development Status/ Property Owner⁽¹⁾</i>	<i>Parcels</i>	<i>Maximum Special Tax</i>	<i>Percent of Maximum Special Tax</i>	<i>Projected Fiscal Year 2026-27 Special Tax Levy⁽²⁾</i>	<i>Percent of Projected Fiscal Year 2026-27 Special Tax Levy</i>	<i>Appraised Value *</i>	<i>Allocation of Bonds⁽³⁾ *</i>	<i>Aggregate Value- to-Lien⁽⁴⁾ *</i>
Developed - Individual Owner	51	\$177,920	49.51%	\$157,425	53.60%	\$48,540,000	\$2,170,923	22.36:1
Developed - D.R. Horton	<u>42</u>	<u>146,522</u>	<u>40.78</u>	<u>136,262</u>	<u>46.40</u>	<u>25,922,547</u>	<u>1,879,077</u>	<u>13.80:1</u>
Subtotal Developed	93	\$324,442	90.29%	\$293,688	100.00%	\$74,462,547	\$4,050,000	18.39:1
Approved - D. R. Horton	<u>10</u>	<u>\$ 34,886</u>	<u>9.71%</u>	<u>\$ 0</u>	<u>0.00%</u>	<u>\$ 4,117,453</u>	<u>\$ 0</u>	<u>N/A</u>
Subtotal Approved	10	\$ 34,886	9.71%	\$ 0	0.00%	\$ 4,117,453	\$ 0	N/A
Total	103	\$359,328	100.00%	\$293,688	100.00%	\$78,580,000	\$4,050,000	19.40:1

* Preliminary, subject to change.

(1) Ownership status as of the May 12, 2026 date of value of the Appraisal Report. See the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

(2) Based upon the debt service requirement of the Bonds plus the Administrative Expenses Cap in the amount of \$30,000.

(3) Based on the projected Fiscal Year 2026-27 Special Tax levy.

(4) Aggregate value-to-lien based upon the principal amount of the Bonds.

Source: Webb Municipal Finance, LLC.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
APPRAISED VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY

<i>Appraised Value-to-Lien⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2026-27 Special Tax Levy⁽⁴⁾</i>	<i>Percent of Fiscal Year 2026-27 Levy</i>	<i>Fiscal Year 2026-27 Maximum Special Tax</i>	<i>Percent of Total Maximum Special Tax</i>	<i>Appraised Value</i>	<i>Percent of Appraised Value</i>	<i>Allocation of Bonds^{(5)*}</i>	<i>Aggregate Value-to- Lien*</i>
Less than 10.00:1 ⁽²⁾	19	20.43%	\$ 61,391	20.90%	\$ 66,284	20.43%	\$ 7,969,198	10.70%	\$ 846,586	9.41:1
10.00:1 to 19.99:1	12	12.90	39,207	13.35	41,863	12.90	7,723,349	10.37	540,667	14.28:1
Greater than 19.99:1 ⁽³⁾	<u>62</u>	<u>66.67</u>	<u>193,090</u>	<u>65.75</u>	<u>216,294</u>	<u>66.67</u>	<u>58,770,000</u>	<u>78.93</u>	<u>2,662,747</u>	<u>22.07:1</u>
Total	93	100.00%	\$293,688	100.00%	\$324,442	100.00%	\$74,462,547	100.00%	\$4,050,000	18.39:1

* Preliminary, subject to change.

(1) Appraised value-to-lien based upon the principal amount of the Bonds. Excludes direct and overlapping debt shown in Table 5.

(2) Minimum estimated appraised value-to-lien is 9.14:1*.

(3) Highest estimated appraised value-to-lien is 28.85:1*.

(4) Based on the debt service requirement of the Bonds plus the Administrative Expenses Cap in the amount of \$30,000.

(5) Based on the projected Fiscal Year 2026-27 Special Tax levy.

Source: Webb Municipal Finance, 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 5 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE
DIRECT AND OVERLAPPING DEBT

I. Appraised Value							
Appraised Valuation ⁽¹⁾							\$ 78,580,000
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>	
CFD 2021-3 (Bridle Ridge)	CFD	\$ 4,050,000	\$ 4,050,000 ⁽²⁾	100.00%	93	\$ 4,050,000*	
TOTAL OUTSTANDING LAND SECURED BONDED DEBT⁽³⁾							\$ 4,050,000*
<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>	
CFD 2021-3 (Bridle Ridge)	CFD	\$ 7,000,000	\$ 0 ⁽⁴⁾	100.00%	93	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽³⁾							\$ 0
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 4,050,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>	
Riverside Unified School District (0.07500%)	GO	\$ 567,000,000	\$ 353,710,000	0.09649%	103	\$ 341,295	
Riverside City Community College B & I (0.02767%)	GO	554,998,424	273,950,423	0.02302	103	63,060	
MWD West (0.0070%)	GO	850,000,000	16,045,000	0.00093	103	149	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT⁽³⁾							\$ 404,504
<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Issued</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i>	<i>Amount</i>	
Riverside Unified School District (0.07500%)	GO	\$ 567,000,000	\$ 0	0.09649%	103	\$ 0	
Riverside City Community College B & I (0.02767%)	GO	1,304,000,000	749,001,576	0.02302	103	172,411	
MWD West (0.0070%)	GO	850,000,000	0	0.00093	103	0	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽³⁾							\$ 172,411
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 576,915
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 4,454,504*
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS							\$ 4,626,915*
IV. Ratios to Appraised Valuation							
Outstanding Land Secured Bonded Debt		19.40:1*					
Total Outstanding Bonded Debt		17.64:1*					

* Preliminary, subject to change.

(1) Appraised value is per the Appraisal Report.

(2) Amount outstanding is equal to the initial principal amount of the Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2025-26.

(4) Additional bonds may be issued for refunding purposes only.

(5) Percentage applicable determined by Fiscal Year 2025-26 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

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

Based on the appraised value of the property within the District set forth in the Appraisal Report, the projected debt service on the Bonds, and Administrative Expenses Cap of \$30,000, the District expects that, in Fiscal Year 2026-27, the projected effective tax rate levied on taxable property in the District, will be approximately 1.49%* of average appraised value of the property within the District, respectively.

Table 6 below describes the estimated Fiscal Year 2026-27 effective tax burden for an average unit of property within the District based on the estimated Special Taxes levy and Fiscal Year 2025-26 actual levies for all other overlapping taxing jurisdictions.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
PROJECTED FISCAL YEAR 2026-27 TAX OBLIGATION⁽¹⁾
FOR INDIVIDUALLY OWNED SAMPLE DEVELOPED PROPERTY

Average Home Value ⁽²⁾	\$ 951,765
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.00000%)	\$ 9,517.65
Riverside Unified School District (0.07500%)	713.82
Riverside City Community College B & I (0.02767%)	263.35
MWD West (0.0070%)	<u>66.62</u>
Total General Property Taxes	\$ 10,561.45
Assessment, Special Taxes & Parcel Charges:	
CFD 2021-3 (Bridle Ridge) Facilities ⁽³⁾	\$ 3,086.77
CFD 2021-3 (Bridle Ridge) Services ⁽⁴⁾	455.47
Flood Control Stormwater/Cleanwater	3.78
Riverside Lighting District	31.44
NW Mosquito & Vector-Riverside	2.24
CSA 152-Riverside Stormwater	10.00
MWD Standby West	<u>9.22</u>
Total Assessment Charges	\$ 3,598.92
Average Total Property Tax	\$ 14,160.37
Average Effective Tax Rate	1.49%*

* Preliminary, subject to change.

(1) Average Fiscal Year 2026-27 tax rates based upon Fiscal Year 2025-26 overlapping taxes and assessment rates.

(2) Average home value is based upon average appraised values for parcels of Developed Property conveyed to individual homeowners as shown .

(3) Reflects CFD 2021-3 (Facilities) Average Projected Fiscal Year 2026-27 Special Tax Levy for parcels of Developed Property.

(4) Reflects CFD 2021-3 (Services) Average Projected Fiscal Year 2026-27 Special Tax Levy for parcels of Developed Property.

Source: Webb Municipal Finance, LLC.

Delinquency History

Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Special Taxes within the District were first levied in Fiscal Year 2023-24. Table 7 below summarizes the Special Tax delinquencies within the District for the current and two Fiscal Years as of May 31, 2026.

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
SPECIAL TAX LEVY, DELINQUENCY, AND DELINQUENCY RATE
FISCAL YEARS 2023-24 THROUGH 2025-26

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies Following Fiscal Year End			Delinquencies as of May 31, 2026		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2023-24 ⁽¹⁾	\$ 24,960	8	0	\$0.00	0.00%	0	\$0.00	0.00%
2024-25	87,500	28	0	0.00	0.00	0	0.00	0.00
2025-26	143,940	46	N/A	N/A	N/A	0	0.00	0.00

⁽¹⁾ First year of Special Tax levy.

Source: Webb Municipal Finance, LLC

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information about the property in the District contained in this Official Statement has been provided by representatives of D.R. Horton 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 D.R. Horton 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 D.R. Horton that they 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 D.R. Horton in the District will be available when needed. None of D.R. Horton, 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 D.R. Horton in the District. Any contributions by D.R. Horton 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 D.R. Horton within the District, the remaining portions of such development may not be completed. D.R. Horton 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."

The Development

General. The District is located in the Woodcrest area of the City, south from Lurin Avenue, to the west and east of Taft Street, extending south to Mariposa Avenue, with unincorporated County area beyond Mariposa Avenue to the south. Van Buren Boulevard is located less than a mile to the north, the 215 Freeway is located approximately four miles to the east, and the 91 Freeway is located approximately 5.5 miles to the northwest. At full buildout, the District is expected to be developed with 103 single-family homes across two different product lines known as "Bridle Ridge" and "Citrus at Bridle Ridge." Bridle Ridge has been developed

with 48 homes and Citrus at Bridle Ridge is expected to contain approximately 55 homes at full buildout. All backbone and in-tract infrastructure relating to the development within the District is complete.

Bridle Ridge. The Bridle Ridge homes are mostly located in the central part of the overall District, with two of the homes located at the east side of the District. Riverside 103, LP, a California limited partnership, which is a subsidiary of Legacy Homes (previously defined as “Legacy Homes”) previously constructed 40 homes within the Bridle Ridge product line and sold the homes to individual homeowners between September 2023 and November 2025. In January 2025, Legacy Homes sold the remaining 63 lots to D.R. Horton Los Angeles Holding Company, Inc. a California corporation (previously defined as “D.R. Horton”), which developed the remaining eight homes within the Bridle Ridge product line (all of which have been completed and conveyed to individual homeowners). D.R. Horton conveyed the final Bridle Ridge home to an individual homeowner in March 2026.

Citrus at Bridle Ridge. D.R. Horton is currently developing the Citrus at Bridle Ridge product type with 55 single-family homes. The Citrus at Bridle Ridge homes are mostly located around the outer or perimeter parts of the overall District and consist of single-family homes, with 48 of the lots considered as minimum 10,000 square foot lots and seven lots which are approximately one acre each. As of May 12, 2026, within Citrus at Bridle Ridge, three homes had been completed and conveyed to individual homeowners, and D.R. Horton owned 11 completed single family homes (including two model homes and five homes in escrow to be sold to individual homeowners), 18 homes under construction (including seven homes in escrow to be sold to individual homeowners) and 23 vacant lots. As of June 15, 2026, within Citrus at Bridle Ridge, D.R. Horton had pulled building permits for all 55 of the homes and seven homes had been completed and conveyed to individual homeowners, and D.R. Horton owned nine completed single family homes (including two model homes and five in escrow to be sold to individual homeowners), 16 homes under construction (including five homes in escrow to be sold to individual homeowners) and 23 vacant lots. D.R. Horton currently expects to complete construction of all of the homes with Citrus at Bridge Ridge and convey the homes to individuals by April 2027.

The table below sets forth the development status of the Citrus at Bridle Ridge homes as of June 15, 2026.

**Citrus at Bridle Ridge Product Mix
(As of June 15, 2026)**

<i>Plan</i>	<i>Number of Homes</i>	<i>Base Square Footage</i>	<i>Completed Homes (Conveyed to Individuals)</i>	<i>Completed Homes (Owned by D.R. Horton)⁽¹⁾</i>	<i>Under Construction⁽²⁾</i>	<i>Vacant Lots</i>	<i>Base Sales Price⁽³⁾</i>
1	10	3,105	2	0	4	4	\$1,129,990
2	17	3,832	3	2	5	7	1,225,100
3	19	4,172	1	6	5	7	1,322,450
4	<u>9</u>	5,059	<u>1</u>	<u>1</u>	<u>2</u>	<u>5</u>	1,565,990
TOTAL	55		7	9	16	23	

⁽¹⁾ The two model homes are for Plans 2 and 3. Includes five production homes in escrow to be sold to individual homeowners.

⁽²⁾ Includes five homes in escrow to be sold to individual homeowners.

⁽³⁾ Sales prices for individual homes varied based on premiums, upgrades, options and incentives.

Source: D.R. Horton.

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. See “SPECIAL RISK FACTORS” herein for a discussion of risk factors.

D.R. Horton

D.R. Horton Los Angeles Holding Company, Inc., a California corporation (previously defined as “D.R. Horton”), is a wholly-owned subsidiary of D.R. Horton, Inc. D.R. Horton, Inc. is a public company whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 126 markets in 36 states under the names of D.R. Horton, America’s Builder, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly, D.R. Horton, Inc.’s Annual Report on Form 10-K for the fiscal year ended September 30, 2025, as filed with the SEC on November 19, 2025, and D.R. Horton, Inc.’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, as filed with the SEC on July 23, 2026, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such dates.

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

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

The foregoing websites are and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. D.R. Horton and D.R. Horton, Inc. are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City, the District or the Underwriter.

Financing Plan

Through June 15, 2026, D.R. Horton had incurred approximately \$23,243,832 on development of its portion of the Bridle Ridge project and the Citrus at Bridle Ridge projects (63 units total), including land acquisition costs, site development costs, direct and indirect home construction, permits and fees, and marketing and sale costs (exclusive of interest, internal financing repayment and corporate overhead). D.R. Horton expects to spend approximately \$9,812,729 in additional site development costs, permit and impact fees, direct and indirect home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between June 15, 2026 and full build-out of the homes proposed to be constructed by D.R. Horton in the District.

To date, D.R. Horton has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds, which may include home sales

revenues and funding from its parent company. D.R. Horton expects to use internal funding, which may include home sales revenues and funding from its parent company, to complete its development activities within the District. However, home sales revenues from D.R. Horton's activities in the District are not segregated and set aside for completing the homes in the District. Home sales revenue is swept daily from D.R. Horton Inc.'s divisions for use in operations, to pay down corporate debt and for other corporate purposes and might get diverted to other D.R. Horton, Inc. needs at the discretion of management. Notwithstanding the foregoing, D.R. Horton believes that it will have sufficient funds to complete its construction and sale of homes in the District.

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

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

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 individual 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 within the District.

Insufficiency of Special Tax Revenues

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the Bonds either due to nonpayment of the amounts levied or because acreage within the District becomes exempt from taxation due to the transfer of title to a public agency.

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, and an Additional Special Tax Reserve Account under the Indenture to be maintained in an amount equal to the Additional Reserve Requirement, to pay debt service on the Bonds to the extent other funds, including funds in the Additional Special Tax Reserve Fund, are not available. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund,” and “— Additional Special Tax 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 and in the Additional Special Tax Reserve Account an amount equal to the Additional Reserve Requirement, subject, however, to the availability of Net Special 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 E hereto. As a result, if a significant number of Special Tax delinquencies occur within the District, the District could be unable to replenish the Reserve Account to the Reserve Requirement and/or the Additional Special Tax Reserve Account to the Additional 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 and the Additional Special Tax Reserve Account could be depleted and a default on the Bonds and any Parity 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 and the Additional Special Tax Reserve Account have 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 and the Additional Special Tax Reserve Account to an amount equal to the Reserve Requirement and the Additional Reserve Requirement, respectively, 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 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.)

Limited Number of Homeowners in the District

In addition to the foregoing under the heading “— Insufficiency of Special Tax Revenues,” there are only 103 parcels of Residential Property in the District. The Reserve Account could be used to pay debt service on the Bonds if Special Tax delinquencies occur in as few as eight parcels within the District. There is 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 under the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund” and “ — Special Taxes — *Proceeds of Foreclosure Sales.*”

Concentration of Ownership

Based on property ownership as of May 12, 2026, D.R. Horton is projected to be responsible for approximately 46.40% of the projected Fiscal Year 2026-27 Special Tax levy within the District and individual homeowners are expected to be responsible for approximately 53.60% of the projected Fiscal Year 2026-27 Special Tax levy within the District. While the District includes 51 parcels of detached single family residential units owned by individual homeowners as of May 12, 2026, the inability or refusal of D.R. Horton to pay the Special Tax applicable to their property within the District when due could result in the depletion of the Reserve Account prior to replenishment thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Bonds as the same became due. Additionally,

pursuant to the Act, the Special Taxes levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels 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 default. As a result, while the Maximum Special Taxes pursuant to the Rate and Method of Apportionment may be higher, Maximum Special Taxes on parcels of residential parcels cannot be greater than 110% of the projected actual Special Tax levy on such parcels.

Property Values

The value of the property within the District is an important 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 aggregate estimate of market value of the property within the District was \$78,580,000. 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 within the District subject to the levy of Special Taxes, 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.

According to the Federal Emergency Management Agency Flood Zone Panel No. 06065C-0740G dated August 28, 2008, the north approximately one third of the District is located in Zone D, which indicates an area of undetermined flood hazard and out of the Special Flood Hazard Area. The southerly approximately

two thirds of the community is located in Zone X which indicates areas out of the 100- year floodplain and out of the Special Flood Hazard Area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Areas affected by wildfires are more prone to flooding and mudslides that can lead to the destruction of homes. Property damage due to wildfire could result in a significant decrease in the market value of property within the affected areas.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes (including special taxes) within certain zip codes affected by the Palisades and Eaton Fires during calendar year 2025. This will likely cause a delay in the payment of special taxes by certain property owners in any community facilities districts affected by Governor’s Order. Unless the majority of property owners within any such community facilities districts pay their special taxes voluntarily or have mortgage impound accounts, it is likely that the community facilities districts will need to draw upon a reserve fund to make debt service payments on outstanding bonds prior to the expiration of the Governor’s Order and it is possible that outstanding bonds will experience a payment default. In the event of a major fire or other natural disaster affecting the District, a similar order affecting the District could impact the debt service payment for the Bonds.

The District is not located in an area which CalFire has classified as an area of concern and is not in an area classified by CalFire as a High or 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.

Moreover, due to a recent increase in natural disasters such as wildfires and flooding, insurance companies providing homeowners insurance have increased policy premiums or discontinued offering homeowners insurance all together in some locations. Increases in homeowners insurance premiums or difficulty in obtaining homeowners insurance all together within the District could affect homeowners’ ability and willingness to pay Special Taxes when due.

Property Insurance

In recent years, homeowners in many areas in the State have experienced significant increases in premiums for property and homeowners’ insurance policies as well as difficulty in obtaining such insurance from commercial insurance companies. The increases have been driven by, among other factors, the risk of wildfire damage to property in the State.

In addition, no assurances can be made that adequate homeowners’ insurance coverage will be available in the future from reputable insurance companies, with premiums comparable to historical rates, or at

all. The inability to obtain adequate insurance coverage could impact the ability of the homeowners' in the District to reconstruct their homes in the event of damage.

Climate Change

Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns, which can lead to longer and more severe droughts as well as increased risk of flooding. Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. The City expects to continue to consider the effects of climate change in its own planning and to participate in regional planning initiatives. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. Particular potential impacts of climate change on the City include worsening air quality, increased flooding, and heatwaves.

The future fiscal impact of climate change on the District and the property within the District and the residents of the District is difficult to predict, but it could be significant and it could have a material adverse effect on the receipt of Special Taxes if property values are affected. See the captions "—Natural Disasters" and "—Property Values."

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.

D.R. Horton represents that it 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 D.R. Horton is not aware of them.

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 heading “SECURITY FOR THE BONDS — Covenant for Superior Court Foreclosure.” 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 agencies such as the District.

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 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 non-payment 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, (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expenses Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. The District also will covenant that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rates 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.

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (the “City”). 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 the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The elections held in the District had no registered voters at the time of the elections to authorize the Special Tax. 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 does not apply to the Special Tax elections 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. Voters in the District approved the Special Tax and the issuance of bonds on September 7, 2021. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Method of Apportionment may now be brought.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts.

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. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

No Ratings – Limited Secondary Market

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

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

Limitations on Remedies

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

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditor’s rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Potential Early Redemption of Bonds from Prepayments or Other Sources

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 special assessment district or community facilities district. Such Prepayments will result in a special mandatory 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 special mandatory 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 and the District, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. As a recipient and provider of personal, private or other sensitive electronic information, the City and the District are 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 and the District 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 District, or the administration of the Bonds. The District 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 District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

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

Since approximately November 2021, interest rates for mortgage loans have increased significantly. 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.

CONTINUING DISCLOSURE

The District

Pursuant to a Continuing Disclosure Certificate (the “Disclosure Agreement”), 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 April 1 following the end of the District’s Fiscal Year (currently its Fiscal Year ends on June 30) (the “Annual Report”), commencing with the report for the Fiscal Year ended June 30, 2026, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City 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 entered into any continuing disclosure undertakings during the previous five-year period. Although the City and its related governmental entities – specifically those entities for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – are not obligated persons pursuant to Rule 15c2-12 with respect to the Bonds, the City and its related governmental entities have not, on certain occasions during the past five years, fully complied, in all material respects, with their disclosure

undertakings because on certain occasions in the last five years, the City did not timely file: (1) notice of rating changes to bond insurers and other credit and/or liquidity providers for City debt obligations; and (2) a notice of successor trustee for a prior City debt obligation.

The City and its related governmental entities have made filings to correct all known instances of non-compliance during the last five years. The City believes that it has established internal processes, including a written continuing disclosure policy that will ensure that it and its related governmental entities will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles its and its related governmental entities' continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. Additionally, the City has engaged a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

D.R. Horton

The Underwriter does not consider D.R. Horton to be an “obligated person” with respect to the Bonds for purposes of Rule 15c2-12. Notwithstanding the foregoing, to assist in the marketing of the Bonds, D.R. Horton will execute a continuing disclosure certificate (the “Developer Continuing Disclosure Certificate”), the form of which is set forth in Appendix G pursuant to which it will covenant to provide semi-annual reports containing updates of certain development information within the Official Statement regarding its property in the District and notices of certain significant events until satisfaction of certain conditions set forth in the Developer Continuing Disclosure Certificate. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of D.R. Horton is contained in Appendix G — “FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE.”

D.R. Horton's Southern California-South division is the division which will be responsible for complying with its obligations under the Developer Continuing Disclosure Certificate. D.R. Horton has advised the City and Underwriter that, based on a review of prior continuing disclosure obligations in Southern California, encompassing D.R. Horton's Southern California-South and Southern California-North divisions, D.R. Horton has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Southern California within the past five years.

The obligations of D.R. Horton under its Continuing Disclosure Certificate will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all of the Bonds; or (ii) the date on which D.R. Horton and any affiliate of D.R. Horton, collectively, own fewer than 29 of the residential units planned to be constructed by D.R. Horton in the District subject to the Special Tax.

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.

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

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the 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 the opinion of Bond Counsel to be delivered at Closing with respect to the Bonds 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 the 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 thereof, less Underwriter's discount of \$_____, [plus][less] net 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

Fieldman, Rolapp & Associates, Inc. has acted as Municipal Advisor to the District in conjunction with the issuance of the Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

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 Assistant City Manager/Chief Financial Officer/Treasurer 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. 2021-3
(BRIDLE RIDGE) OF THE CITY OF RIVERSIDE

By: _____
Assistant City Manager/Chief Financial
Officer/Treasurer

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE) OF THE CITY OF RIVERSIDE

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Tax A and Special Tax B of Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside (“CFD No. 2021-3”). A Special Tax A and Special Tax B shall be levied on and collected in CFD No. 2021-3 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All real property within CFD No. 2021-3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acquisition Agreement” means the Acquisition Agreement by and between the City and the property owner, or such successor, as it may be amended.

“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 the Assessor’s Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area shall be calculated by the Administrator or City Engineer.

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

“Administrative Expenses” means all actual or reasonably estimated costs and expenses of the District that are chargeable or allocable to carry out its duties as the administrator as allowed by the Act, which shall include without limitation the following actual or reasonably estimated costs related to the administration of CFD No. 2021-3: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2021-3, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD No. 2021-3, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City’s annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2021-3 for any other administrative purposes, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

“Administrator” means an official of the City, or designee thereof, responsible for, among other things, determining the annual amount of the levy and collection of the Special Taxes.

“Special Tax A” means for each Assessor’s Parcel, the Special Tax A actually levied in a given Fiscal Year on any Assessor’s Parcel.

“Special Tax B” means for each Assessor’s Parcel, the Special Tax B actually levied in a given Fiscal Year on any Assessor’s Parcel.

“Approved Property” means all Assessor’s Parcels of Taxable Property other than Provisional Undeveloped 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 Taxes are to be levied, and (ii) that have not been issued a building permit on or before March 1st preceding the Fiscal Year in which the Special Taxes are to be 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 within the boundaries of CFD No. 2021-3.

“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 a lot or parcel of land by the County Assessor for purposes of identification.

“Assigned Special Tax A” means the Special Tax A of that name described in Section D below.

“Backup Special Tax A” means the Special Tax A of that name described in Section E below.

“Bonds” means those bonds or any other debt issued by or on behalf of CFD No. 2021-3, or any refunding thereof, to which Special Tax A within CFD No. 2021-3 has been pledged.

“Boundary Map” means a recorded map of the CFD No. 2021-3 which indicates the boundaries of CFD No. 2021-3.

“Building Square Footage” or **“BSF”** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel and subject to verification by the City.

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

“CFD No. 2021-3” or **“CFD”** means Community Facilities District No. 2021-3 of the City of Riverside established by the City under the Act.

“City” means the City of Riverside, or its designee.

“City Council” means the City Council of the City of Riverside, acting as the legislative body of CFD No. 2021-3, or its designee.

“Consumer Price Index” or **“CPI”** means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Riverside-San Bernardino-Ontario area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels of Taxable Property other than Provisional Undeveloped Property that: (i) are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Taxes are to be levied, and (ii) a building permit was issued on or before March 1st preceding the Fiscal Year in which the Special Taxes are to be levied.

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

“Exempt Property” means all Assessor’s Parcels designated as being exempt from the Special Taxes as provided for in Section L.

“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 4285 that creates individual lots for which building permits may be issued without further subdivision.

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

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

“Land Use Type” means Residential Property or Non-Residential Property as assigned in the tables in Section D.

“Lot” means an individual legal lot created by a Final Map for which a building permit could be issued.

“Maximum Special Tax A” means for each Assessor’s Parcel of Taxable Property, the maximum Special Tax A, determined in accordance with Section C that can be levied in any given Fiscal Year on such Assessor’s Parcel.

“Maximum Special Tax B” means for each Assessor’s Parcel of Taxable Property, the maximum amount of Special Tax B, determined in accordance with Section H that can be levied in any given Fiscal Year on such Assessor’s Parcel.

“Minimum Acreage” means the smallest allowable amount of taxable acreage. For CFD No. 2021-3, it shall not be less than 29.64 acres.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Operating Fund for Services” means a fund that shall be maintained for CFD No. 2021-3 for any Fiscal Year to pay for the actual costs of providing the Services and the Administrative Expenses attributable to providing such Services.

“Operating Fund Balance” means the amount of funds in the Operating Fund for Services at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section G.

“Prepayment Amount” means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

“Property Owner Association” means a corporation formed by a real estate developer, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within CFD No. 2021-3.

“Property Owner’s Association Property” means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Taxes are to be levied, have been conveyed, dedicated to, or irrevocably offered for dedication to the Property Owner Association, including any master or sub-association.

“Proportionately” means for Special Tax A that the ratio of the Special Tax A levy to the applicable Assigned Special Tax A is equal for all applicable Assessor’s Parcels. In the case of Special Tax B, means that the ratio of the Special Tax B levy to the applicable Maximum Special Tax B is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax A under Step Four of Section F, “Proportionately” means that the quotient of (a) Special Tax A less the Assigned Special Tax A divided by (b) the Backup Special Tax A less the Assigned Special Tax A, is equal for all applicable Assessor’s Parcels.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of Section L, 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 this Section A.

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

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Services” means the services permitted under the Act and the formation proceedings with respect to CFD No. 2021-3 including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2021-3 and the City.

“Special Tax(es)” means, collectively, Special Tax A and Special Tax B authorized to be levied within CFD No. 2021-3 pursuant to the Act to fund the Special Tax A Requirement and the Special Tax B Requirement.

“Special Tax A” means the special tax authorized to be levied on Taxable Property within CFD No. 2021-3 pursuant to the Act to fund the Special Tax A Requirement.

“Special Tax B” means the special tax authorized to be levied on Taxable Property within CFD No. 2021-3 pursuant to the Act to fund the Special Tax B Requirement.

“Special Tax A Requirement” means, subject to the Maximum Special Tax A, 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 (apportioned between Special Tax A and Special Tax B), (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (v) the

collection or accumulation of funds for the acquisition or construction of facilities or payment of fees authorized by CFD No. 2021-3 by the levy on Developed Property of the Assigned Special Tax A, as required by the Acquisition Agreement provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three of Section F, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable fiscal agent agreement, or trust agreement.

“Special Tax B Requirement” means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2021-3 for Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Services, (ii) amount necessary to fund an operating reserve for the costs of Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

“Taxable Property” means all Assessor’s Parcels within CFD No. 2021-3, which are not Exempt Property.

“Trustee” means the firm that holds and administers assets on behalf of CFD No. 2021-3 under and pursuant to the Indenture.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Undeveloped Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2022-2023, each Assessor’s Parcel within CFD No. 2021-3 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. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Type based on the Building Square Footage for such Assessor’s Parcel.

SECTION C MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax A in the tables included in Section D below or (ii) the application of the Backup Special Tax A described in Section E below. The Maximum Special Tax A for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax A in the tables included in Section D below.

2. Approved Property, Undeveloped Property, and Provisional Undeveloped Property

The Maximum Special Tax A for each Assessor’s Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property in any Fiscal Year shall be the Assigned Special Tax A as set forth in Section D below.

SECTION D
ASSIGNED SPECIAL TAX A

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2022-2023, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX A
FOR DEVELOPED PROPERTY

Land Use Type	Building Square Footage	Assigned Special Tax A
Residential Property	Less than 2,801	\$2,910 per Dwelling Unit
Residential Property	2,801 – 3,100	\$3,050 per Dwelling Unit
Residential Property	3,101 – 3,400	\$3,190 per Dwelling Unit
Residential Property	Greater than 3,400	\$3,330 per Dwelling Unit
Non-Residential Property	N/A	\$10,846 per Acre

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2022-2023, each Assessor's Parcel of Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A rate for an Assessor's Parcel classified as Approved Property, Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to Table 2 below.

TABLE 2
ASSIGNED SPECIAL TAX A
FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,
AND PROVISIONAL UNDEVELOPED PROPERTY

Assigned Special Tax A
\$10,846 per Acre

SECTION E
BACKUP SPECIAL TAX A

At the time a Final Map is recorded, the Backup Special Tax A for all Assessor's Parcels classified or reasonably expected to be classified as Residential Property within such Final Map area shall be determined by multiplying the Maximum Special Tax A rate for Undeveloped Property by the total Acreage of Taxable Property in such Final Map, excluding the Provisional Undeveloped Property Acreage, and/or Non-Residential Property Acreage if any, in such Final Map and any Acreage reasonably expected to be classified as Exempt Property, and dividing such amount by the total number of such Assessor's Parcels of Residential Property.

The Backup Special Tax A for Non-Residential Property shall be its Assigned Special Tax A rate.

Notwithstanding the foregoing, if Assessor's Parcels which are classified or to be classified as Residential Property or Non-Residential are subsequently changed by recordation of a lot line adjustment, Final Map

amendment, new Final Map or similar instrument, then the Backup Special Tax A shall be recalculated within the area that has been changed to equal the amount of Backup Special Tax A that would have been generated if such change did not take place.

SECTION F METHOD OF APPORTIONMENT OF THE SPECIAL TAX A

Commencing Fiscal Year 2022-2023 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

- Step One: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A in the tables included in Section D as needed to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax A to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Special Tax A for Undeveloped Property applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Under no circumstances will the Special Tax A levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2021-3.

SECTION G PREPAYMENT OF SPECIAL TAX A

The following definition applies to this Section G:

"CFD Public Facilities" means \$3,766,194, expressed in 2022 dollars, which shall increase by the Construction Inflation Index on July 1, 2023, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program, or (ii) shall be determined by the City Council concurrently with a covenant that the

CFD will not issue any more Bonds to be supported by the Special Tax A levied under this Rate and Method of Apportionment.

“Construction Fund” means, collectively, all accounts specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act and any accounts established prior to the issuance of Bonds for such purpose.

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

“Future Facilities Costs” means the CFD Public Facilities minus: (i) Bond proceeds deposited in the Construction Fund and (ii) other amounts (special taxes, interest earnings, etc.) allocated to the Construction Fund that were available to fund such CFD Public Facilities prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds, which will remain outstanding after the payment of principal from the amount of the Special Tax A that has been levied, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of the Special Tax A.

1. Prepayment in Full

The Special Tax A obligation may be prepaid and permanently satisfied for: (i) Parcels of Developed Property, (ii) Parcels of Approved Property, Undeveloped Property, or Provisional Undeveloped Property for which a Building Permit has been issued, (iii) Parcels of Approved Property, Undeveloped Property or Provisional Undeveloped Property for which a Building Permit has not been issued, and (iv) Parcels of Public Property or Property Owners’ Association Property that are not Exempt Property pursuant to Section L. The Special Tax A obligation applicable to a Parcel may be fully prepaid and the obligation to pay the Special Tax A for such 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 Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax A obligation for such Parcel shall provide the Administrator with written notice of intent to prepay, and within five (5) business days of receipt of such notice, the 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 Parcel. Within fifteen (15) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than sixty (60) days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Tax A.

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

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

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax A delinquencies apply to such Parcel.

2. For a Parcel of Developed Property, compute the Maximum Special Tax A for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owners' Association Property to be prepaid, compute the Maximum Special Tax A for the Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of the Special Tax A that could be levied at build out of all Parcels of Taxable Property based on the applicable Maximum Special Tax A for all such Parcels of Taxable Property not including any Parcels for which the Special Tax A 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 portion of the Future Facilities Costs applicable to the 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 A prepayments.
9. Determine the amount of Special Tax A to be levied on the Parcel in the current Fiscal Year which has not yet been paid.
10. Determine the amount the 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, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A obligation for the 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 A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined pursuant to paragraph 9 above, the Administrator shall remove the current Fiscal Year's Special Tax A levy for the Parcel from the County tax roll. With respect to any Parcel for which the Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien for the Parcel, and the obligation to pay the Special Tax A for such Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Parcels of Taxable Property after the proposed prepayment will be at least 1.10 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 A 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 a Parcel of Developed Property, Approved Property, or 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

P_E = the Prepayment Amount calculated according to Section G.1

F = the percent by which the owner of the Parcel(s) is partially prepaying the Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of a Parcel who desires to partially prepay the Special Tax A obligation for the Parcel shall notify the Administrator of: (i) such owner's intent to partially prepay the Special Tax A obligation, (ii) the percentage of the Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within five (5) days of receipt of such notice, the 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 amount of a partial prepayment. Within fifteen (15) business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of

the amount of the Partial Prepayment for the Parcel. A Partial Prepayment must be made not less than sixty (60) days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Parcel for which the Special Tax A obligation is partially prepaid, the Administrator shall: (i) distribute the Partial Prepayment 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 Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of the Special Tax A obligation will continue on the Parcel pursuant to Section F.

Notwithstanding the foregoing, no Special Tax A partial prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Parcels of Taxable Property after the proposed partial prepayment will be at least 1.10 times maximum annual debt service on the Bonds that will remain outstanding after the partial prepayment plus the estimated annual Administrative Expenses.

SECTION H

MAXIMUM SPECIAL TAX B

1. Developed Property

Maximum Special Tax B

The Maximum Special Tax B for each Assessor's Parcel of Developed Property for each Land Use Type is shown in the Table below.

TABLE 3
MAXIMUM SPECIAL TAX B
FOR DEVELOPED PROPERTY

Land Use Type	Rate
Residential Property	\$393.46 per Unit
Non-Residential Property	\$1,367.43 per Acre

On each July 1, commencing July 1, 2023, the Maximum Special Tax B for Developed Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) three percent (3%).

2. Approved Property

The Maximum Special Tax B for each Assessor's Parcel of Residential and Non-Residential Property that is classified as Approved Property in Fiscal Year 2022-23 shall be \$1,367.43 per Acre.

On each July 1, commencing July 1, 2023, the Maximum Special Tax B for Approved Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) three percent (3%).

3. Undeveloped Property and Provisional Undeveloped Property

No Special Tax B shall be levied on Undeveloped Property and Provisional Undeveloped Property.

SECTION I
METHOD OF APPORTIONMENT OF THE SPECIAL TAX B

Commencing Fiscal Year 2022-2023 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

- Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax B after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

SECTION J
PREPAYMENT OF SPECIAL TAX B

Special Tax B cannot be prepaid.

SECTION K
TERMINATION OF SPECIAL TAX A AND SPECIAL TAX B

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A. If any delinquent Special Tax A remains uncollected prior to or after all Bonds are retired, the Special Tax A may be levied to the extent necessary to reimburse CFD No. 2021-3 for uncollected Special Taxes A associated with the levy of such Special Tax A, but no later than 2062-2063 Fiscal Year. The Special Tax B shall be levied as long as needed to meet the Special Tax B Requirement as determined at the sole discretion of the City Council.

SECTION L
EXEMPT PROPERTY

The City shall classify as Exempt Property: (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage as defined in Section A above. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage will continue to be classified as Taxable Property and will continue to be subject to Special Taxes accordingly.

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

SECTION M
APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Special Tax A or Special Tax B is not correct may file a written notice of appeal with the Administrator not later than twelve (12) months after having paid the first installment of the Special Tax A or Special Tax B that is disputed. A representative(s) of CFD No. 2021-3 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax A or Special Tax B, and rule on the appeal. If the representative's decision requires that the Special Tax A or Special Tax B for an Assessor's Parcel be modified or changed in favor of the property owner, the representative shall take any of the following actions, in order of priority, to correct the error:

- (i) if possible, amend the Special Tax levy on the property owner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date;
- (ii) require CFD No. 2021-3 to reimburse the property owner for the amount of the overpayment to the extent of available CFD No. 2021-3 funds; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes on the property owner's Assessor's Parcel(s) in the amount of the overpayment.

SECTION N
MANNER OF COLLECTION

The Special Tax A or Special Tax B shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2021-3 may collect Special Tax A and Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

SECTION O
INTERPRETATIONS

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

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APPENDIX B

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information relating to the City of Riverside (the “City”) and the County of Riverside, California (the “County”), the State of 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 was founded in 1883 and incorporated as a charter city effective March 5, 1907 in Riverside County. The City encompasses approximately 81.54 square miles, located 55 miles east of downtown Los Angeles and 40 miles northeast of central Orange County.

Population

The following table offers population figures for the City, the County and the State for 2022 through 2026.

<i>Area</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
City of Riverside	317,777	315,792	320,375	321,263	321,884
County of Riverside	2,433,868	2,435,019	2,477,373	2,497,829	2,506,824
State of California	39,159,480	39,167,274	39,446,835	39,646,907	39,592,978

Source: California State Department of Finance, Demographic Research Unit. Report E-4 Population Estimates for Cities, Counties, and the State, 2021-2026, with 2020 Benchmark

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 PERMITS AND VALUATIONS

City of Riverside 2020-2024

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation (\$000):					
Residential	\$102,988	\$ 81,058	\$182,736	\$250,145	\$134,491
Non-residential	<u>72,251</u>	<u>10,122</u>	<u>145,387</u>	<u>117,281</u>	<u>132,872</u>
Total*	\$175,239	\$ 91,180	\$328,123	\$367,425	\$267,363
Residential Units:					
Single family	271	290	579	653	218
Multiple family	<u>214</u>	<u>367</u>	<u>153</u>	<u>478</u>	<u>570</u>
Total	675	657	732	1,131	788

* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
Riverside County
2020 through 2024
(Dollars in Thousands)

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 2,519,303	\$ 2,262,642	\$ 2,921,113	\$ 3,306,086	\$ 2,650,676
Non-Residential	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>	<u>1,676,498</u>	<u>1,436,924</u>
Total	\$ 3,673,081	\$ 3,806,640	\$ 4,622,731	\$ 4,982,584	\$ 4,087,600
Units					
Single Family	8,443	7,360	8,863	8,894	6,882
Multi Family	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>	<u>2,275</u>
Total	9,166	8,486	11,724	15,322	9,157

Note: 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 Riverside
(As of June 30, 2025)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,345	Government
2.	Riverside Unified School District	6,562	Education
3.	Kaiser Permanente	5,817	Medical and Health
4.	University of California, Riverside	5,137	Education
5.	City of Riverside	2,700	Government
6.	Alvord Unified School District	1,898	Education
7.	Riverside Community College District	1,350	Education
8.	Collins Aerospace	1,000	Government
9.	J Ginger Masonry	1,000	Construction
10.	Riverside Medical Clinic Inc.	600	Medical

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

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

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,345	County Government
2.	Amazon	14,317	E-Commerce
3.	State of California	8,398	State Government
4.	Walmart	7,523	Retail Company
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	Retail Company
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 sets forth the industry employment and the labor force for the Riverside-San Bernardino-Ontario MSA for the period from 2021 through 2025.

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

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Civilian Labor Force	2,114,300	2,145,600	2,183,100	2,214,800	2,251,500
Civilian Employment	1,957,100	2,054,800	2,080,600	2,099,000	2,128,200
Civilian Unemployment	157,200	90,800	102,500	115,800	123,300
Civilian Unemployment Rate	7.4%	4.2%	4.7%	5.2%	5.5%
 Total Farm	 13,700	 13,800	 13,200	 13,400	 13,100
Total Nonfarm	1,575,100	1,660,200	1,680,000	1,699,600	1,717,300
Total Private	1,333,100	1,410,200	1,420,700	1,437,400	1,452,200
Goods Producing	207,700	216,300	215,300	213,600	206,800
Mining & Logging	1,400	1,500	1,500	1,600	1,600
Construction	110,100	114,700	115,400	115,900	110,000
Manufacturing	96,100	100,000	98,500	96,100	95,200
Service Providing	1,367,400	1,443,900	1,464,700	1,486,000	1,510,500
Trade, Transportation & Utilities	443,200	464,900	457,900	455,700	453,800
Wholesale Trade	67,400	69,500	68,900	68,400	67,300
Retail Trade	177,000	181,000	183,000	182,300	181,400
Transportation, Warehousing & Utilities	198,800	214,400	206,000	205,000	205,200
Information	12,500	13,000	13,300	12,800	12,100
Financial Activities	45,200	46,000	44,900	44,100	43,400
Professional & Business Services	166,600	173,900	164,400	161,300	157,400
Educational & Health Services	254,300	267,900	287,800	312,500	341,000
Leisure & Hospitality	160,200	180,900	187,600	186,400	186,700
Other Services	43,600	47,400	49,400	51,000	51,000
Government	242,000	250,000	259,300	262,200	265,100
Total, All Industries	<u>1,588,800</u>	<u>1,674,000</u>	<u>1,693,200</u>	<u>1,713,000</u>	<u>1,730,400</u>

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

Source: State of California, Employment Development Department, March 2025 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2021 through 2025 for the City, the County, the State and the nation as a whole.

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate (%)</i>
2021				
City of Riverside	156,500	146,000	10,500	6.7%
County of Riverside	1,130,500	1,047,700	82,800	7.3
State of California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Riverside	159,000	152,900	6,100	3.8%
County of Riverside	1,145,700	1,097,200	48,500	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Riverside	160,700	153,600	7,100	4.4%
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	161,037,000	6,080,000	3.6
2024				
City of Riverside	N/A	N/A	N/A	N/A
County of Riverside	1,187,800	1,124,700	63,100	5.3%
State of California	19,692,800	18,650,700	1,042,200	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2025				
City of Riverside	N/A	N/A	N/A	N/A
County of Riverside	1,207,200	1,140,100	67,000	5.6%
State of California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

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 2025 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 Riverside County increased by 79.2% between 2014 and 2024. The following tables summarize personal income for Riverside County for 2014 through 2024.

PERSONAL INCOME
Riverside County
2014-2024
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2014	\$ 79,630,223	--
2015	84,597,340	6.2
2016	88,997,439	5.2
2017	92,451,456	3.9
2018	96,994,918	4.9
2019	103,647,288	6.9
2020	115,415,017	11.4
2021	126,651,219	9.7
2022	127,575,613	0.7
2023	133,563,233	4.7
2024	142,697,421	6.8

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2014-2024. 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
2014-2024

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2014	\$34,822	\$50,617	\$46,289
2015	36,631	53,816	48,062
2016	38,092	55,862	48,974
2017	39,100	58,214	51,006
2018	40,619	60,984	53,311
2019	43,122	64,219	55,567
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. Department of Commerce, Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2021 through 2025 for the City.

TAXABLE SALES		
City of Riverside		
2021-2025		
(Dollars in Thousands)		
<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2021	42,031	\$7,073,303
2022	42,007	7,765,721
2023	42,430	7,707,973
2024	43,042	7,646,389
2025	43,083	7,685,476

Source: "Taxable Sales in California, California Department of Tax and Fee Administration for 2021-2025.

The table below presents taxable sales for the years 2021 through 2025 for the County.

TAXABLE SALES		
County of Riverside		
2021-2025		
(Dollars in Thousands)		
<i>Year</i>	<i>Permits</i>	<i>Taxable Sales</i>
2021	264,439	\$55,535,196
2022	265,660	62,117,153
2023	270,392	61,331,274
2024	280,169	60,826,952
2025	284,599	60,788,218

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2021-2025.

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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:

[Closing Date]

Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside
Riverside, California

Re: \$ _____ *Community Facilities District No. 2021-3 (Bridle Ridge) of the City of
Riverside, Special Tax Bonds, Series 2026A*

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 Riverside (the “City”) taken in connection with the formation of Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside (the “District”) and the authorization and issuance of the District’s Special Tax Bonds, Series 2026A 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 July 28, 2026 (the “Resolution”), and a Bond Indenture (the “Indenture”) dated as of August 1, 2026, by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

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

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the 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 execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any provisions therein relating to indemnification, contribution, penalty, waiver, choice of law or choice of forum provisions therein. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Special Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture.

(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 amount by which a Bond Owner’s original basis for determining loss on sale or exchange of a 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 by Owners of the Bonds. Such amortizable bond premium reduces the Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 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. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 3 above), and is exempt from State of California personal income tax.

The opinions expressed in paragraph (3) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest 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 has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). The Indenture and the Tax Certificate executed by the District with respect to the Bonds as of the date hereof permit certain actions to be taken or omitted if a favorable opinion of Bond Counsel is provided with respect thereto. We express no opinion as to the effect on the exclusion from gross income of interest on the Bonds for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

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

APPRAISAL REPORT
COVERING
Community Facilities District No. 2021-3
(Bridle Ridge)
of the City of Riverside

DATE OF VALUE:

May 12, 2026

SUBMITTED TO:

City of Riverside
3900 Main St.
Riverside, CA 92501

Attn: Edward Enriquez
Assistant City Manager/
Chief Financial Officer

DATE OF REPORT:

May 26, 2026

SUBMITTED BY:

Stephen G. White, MAI
1801 Lexington Drive
Fullerton, CA 92835

Stephen G. White, MAI



Real Estate Appraiser

1801 LEXINGTON DRIVE · FULLERTON, CALIFORNIA 92835
(714) 738-1595 · swhite@white-appraisal.com

May 26, 2026

City of Riverside
3900 Main St.
Riverside, CA 92501

Re: Community Facilities District
No. 2021-3 (Bridle Ridge)

Attn: Edward Enriquez
Assistant City Manager/
Chief Financial Officer

Dear Mr. Enriquez:

In accordance with your request and authorization, I have completed an appraisal of the taxable properties within the above-referenced Community Facilities District (CFD). The taxable properties included in this appraisal consist of a total of 103 residential lots that have been or are being developed with two different product types of homes by Legacy Homes and D.R. Horton, with the status of construction shown as follows:

Product Type/ (Builder)	Completed Homes	Homes Under Construction	Vacant Lots	Total Lots
Bridle Ridge (Legacy Homes & D.R. Horton)	48	0	0	48
Citrus at Bridle Ridge (D.R. Horton)	<u>14</u>	<u>18</u>	<u>23</u>	<u>55</u>
	62	18	23	103

Note: Of the 48 homes in the Bridle Ridge product type, 40 homes were built by Legacy Homes and 8 homes were built by D.R. Horton.

The purpose of this appraisal is to estimate the separate aggregate market values of the as is condition of the properties within each of the two separate product types, reflecting the status of the completed-closed homes (closed builder sales), completed-unclosed homes (model homes & standing inventory), homes under construction, and vacant lots.

The values within each product type are also allocated to Individual Owners (completed-closed homes) and Builder Ownership (completed-unclosed homes, homes under construction and vacant lots). In addition, this appraisal reflects the proposed CFD bond financing, as well as the effective tax rates estimated at averages of 1.40% and 1.50%, reflecting the appraised average values for the completed-closed homes, and including special taxes for this CFD and other overlapping special assessments.

MR. EDWARD ENRIQUEZ
MAY 26, 2026
PAGE 2

Based on the general inspections of the properties and analysis of matters pertinent to value, the following conclusions of market value have been arrived at, subject to the Assumptions and Limiting Conditions, and as of May 12, 2026:

<u>Product Type</u>	<u>No. Lots</u>	<u>Market Value</u>
Bridle Ridge		
<i>Individual Owners (completed-closed homes):</i>	48	\$44,640,000
Citrus at Bridle Ridge		
<i>Individual Owners (completed-closed homes):</i>	3	\$3,900,000
<i>Builder Ownership (completed-unclosed homes):</i>	11	\$10,230,000
<i>Builder Ownership (homes under construction):</i>	18	\$10,040,000
<i>Builder Ownership (vacant lots):</i>	<u>23</u>	<u>\$9,770,000</u>
	55	\$33,940,000
TOTALS	103	\$78,580,000

(SEVENTY-EIGHT MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS)

The following is the balance of this 47-page Appraisal Report which includes the Certification, Assumptions and Limiting Conditions, definitions, property data, exhibits, valuation and market data from which the value conclusions were derived.

Sincerely,



Stephen G. White, MAI
(State Certified General Real Estate
Appraiser No. AG013311)

SGW:sw
Ref: 26010

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APPRAISAL SUMMARY

Property Type:	Completed-closed homes (51 total), completed-unclosed homes (11 total), homes under construction (18 total); vacant lots (23 total); overall total of 103 lots	
Ownership:	Individual Owners (completed-closed homes) Builder Ownership (completed-unclosed homes, homes under construction and vacant lots)	
Date of Value/Effective Date of the Appraisal:	May 12, 2026	
Date of Report:	May 26, 2026	
Location:	South side Lurin Ave., east and west of Taft St., City of Riverside (Woodcrest area)	
APN:	266-72, 73 & 74 (various parcels)	
Legal Description:	Tract No. 32647	
Lot Sizes:	96 @ ±10,000 s.f. minimum; 7 @ ±1.00 acre	
Home Sizes:	Bridle Ridge:	2,508 to 3,475 s.f.
	Citrus at Bridle Ridge:	3,105 to 5,059 s.f.
Years Built:	2023-current	
Highest & Best Use:	As Improved/Planned	
Method of Analysis:	Sales Comparison Approach/Mass Appraisal	
Value Conclusions:	Bridle Ridge:	\$44,640,000
	Citrus at Bridle Ridge:	<u>\$33,940,000</u>

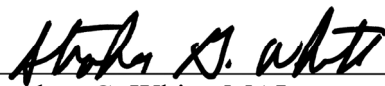
Total: \$78,580,000

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- I have made a general inspection of the properties that are the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this Certification, other than data research by my associate, Kirsten Patterson.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject properties within the three-year period prior to accepting this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Stephen G. White, MAI
(State Certified General Real Estate
Appraiser No. AG013311)

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been based upon the following assumptions and limiting conditions:

1. No responsibility is assumed for the legal descriptions provided or for matters pertaining to legal or title considerations. Title to the properties is assumed to be good and marketable unless otherwise stated.
2. The properties are appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies, if applicable, are assumed to be correct. Any plot plans or other illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the properties, subsoil, or structures that render them more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the properties are in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the properties conform to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in the report are based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the properties described and that there are no encroachments or trespasses unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the properties, was not observed by the appraiser. However, the appraiser is not qualified to detect such substances. The presence of such substances may affect the value of the property, but the values estimated in this

ASSUMPTIONS AND LIMITING CONDITIONS, Continuing

appraisal are based on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field, if desired.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication, unless otherwise authorized. It is understood and agreed that this report will be utilized in the Official Statement, as required for the CFD bond issuance.
13. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the properties in question unless arrangements have previously been made.

EXTRAORDINARY ASSUMPTIONS

1. It has been assumed that there are no soil, geologic, seismic or environmental conditions that would negatively impact the existing or planned uses of the subject properties, and all appropriate and required mitigation measures have been or will be incorporated into the land development and home construction in the community.
2. An estimate of the remaining costs and fees to get the subject lots from their as is condition to finished lot condition has been provided by the builder, and these estimates have been relied upon in this appraisal as being reasonably accurate and reliable; in addition, the valuations have reflected the proposed CFD bond financing such that the deductions of estimated remaining costs/fees do not include any amounts that are to be funded by the planned CFD bond proceeds.

PURPOSE AND INTENDED USE/USER OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the as is condition of the taxable properties located within Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside, reflecting the proposed CFD bond financing. It is intended that this Appraisal Report is to be used by the client, consisting of the City of Riverside and other appropriate parties as part of the planned CFD bond issuance.

SCOPE OF THE APPRAISAL

It is the intent of this appraisal that all appropriate data considered pertinent in the valuation of the subject properties be collected, confirmed and reported in an Appraisal Report, in conformance with the Uniform Standards of Professional Appraisal Practice and the guidelines of the California Debt and Investment Advisory Commission. The scope of work has included an identification of the appraisal problem to be solved, which in this case is the market value of the taxable subject properties in as is condition as of the date of value of the appraisal; a general inspection of the subject properties and their surroundings; obtaining of pertinent property data on the subject properties, including review of various maps and documents relating to the properties and the home development; obtaining of comparable home sales and land sales from a variety of sources; analysis of all of the data to the value conclusions; and completion of the Appraisal Report.

DATE OF VALUE (EFFECTIVE DATE OF THE APPRAISAL)

The date of value for this appraisal or the effective date of the appraisal is May 12, 2026.

PROPERTY RIGHTS APPRAISED

This appraisal is of the fee simple interest in the subject properties, subject to the CFD special tax and assessment liens.

DEFINITION OF MARKET VALUE

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (The Dictionary of Real Estate Appraisal, Eighth Edition)

DEFINITION OF FEE SIMPLE INTEREST (ESTATE)

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (The Dictionary of Real Estate Appraisal, Eighth Edition)

DEFINITION OF MASS APPRAISAL

The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing. (USPAP, 2024 ed.) Often associated with real property tax assessment valuation. (The Dictionary of Real Estate Appraisal, Eighth Edition)

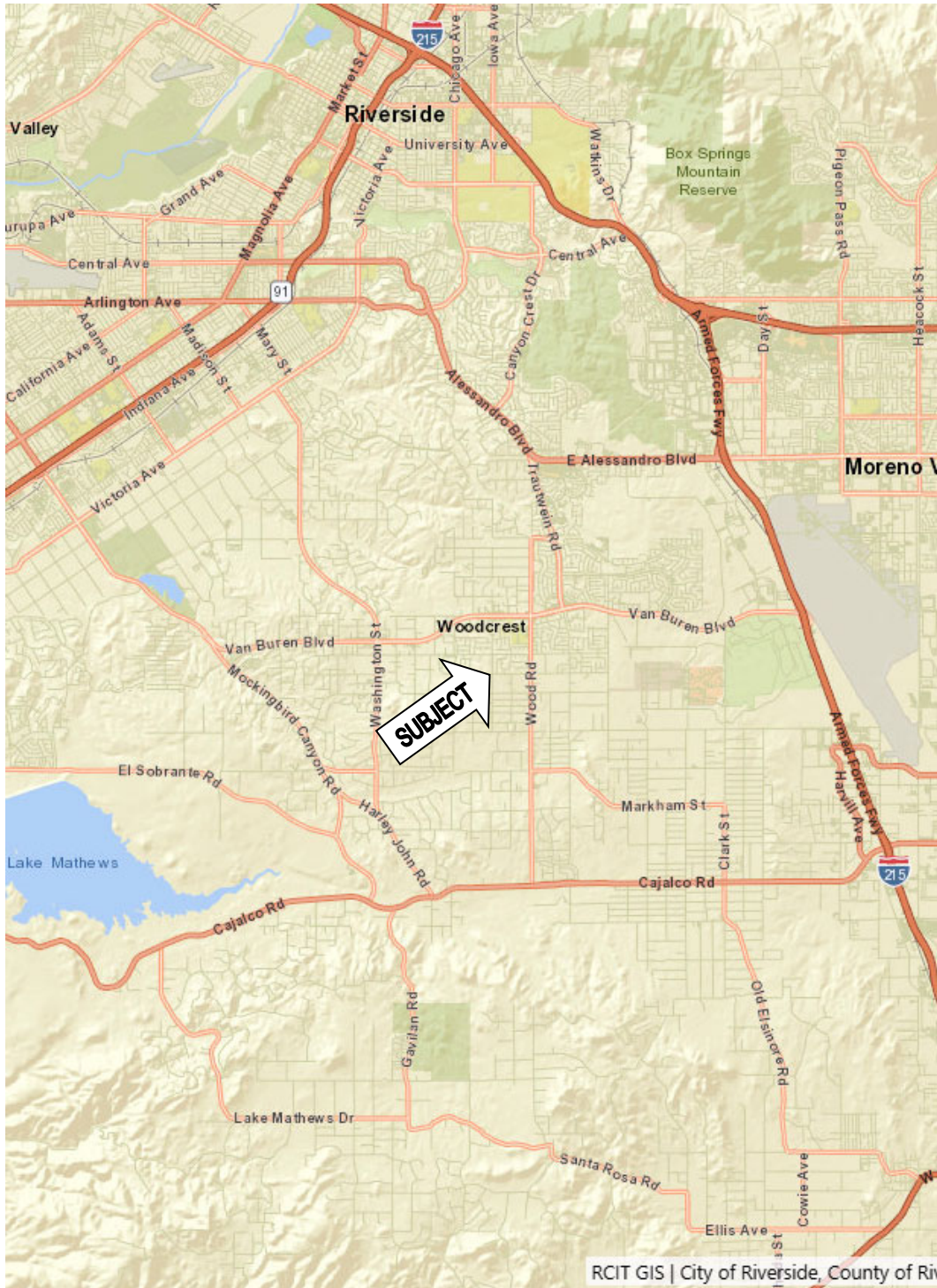
DEFINITION OF FINISHED LOT

This term describes the condition of residential lots in a single-family subdivision for detached homes in which the lots are fully improved and ready for homes to be built. This reflects that the lots have all development entitlements, infrastructure improvements completed, finish grading completed, all in-tract utilities extended to the property line of each lot, street improvements completed, common area improvements/landscaping (associated with the tract) completed, resource agency permits (if necessary), and all development fees paid, exclusive of building permit fees, in accordance with the conditions of approval of the specific tract map.

EXPOSURE TIME

This is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date or date of value of the appraisal. Assuming a reasonable marketing effort and at or reasonably near market value, I have concluded that the exposure time for the subject homes, as well as the bulk of homes under construction and vacant lots would have been within 6 months for a sale to be negotiated, and with appropriate escrow time for the sales to close.

LOCATION MAP



GENERAL PROPERTY DATA

LOCATION

The subject neighborhood is located south from Lurin Ave., to the west and east of Taft St., extending south to Mariposa Ave., in the Woodcrest area of the City of Riverside. This location is in the southeast part of Riverside, with unincorporated Riverside County area beyond Mariposa Ave. to the south. Van Buren Blvd. is located less than a mile to the north, the 215 Freeway is located about 4 miles to the east, and the 91 Freeway is located about 5.5 miles to the northwest.

GENERAL AREA DESCRIPTION

Across Lurin Ave. to the north is a vacant and undulating 37.47-acre site zoned for low density residential development. To the north, northeast and east of this site is the master-planned community of Mission Ranch built by Centex Homes from 2005 to 2008 and comprising 539 lots with minimum sizes from 7,000 s.f. to 10,500 s.f. The community comprises four different product types ranging in size from 1,841 s.f. to 4,310 s.f. Closed sales within the last six months indicate the price range of \$730,000 to \$900,000 for homes from 2,617 s.f. to 3,564 s.f. Farther to the northeast is the 55-acre campus of Martin Luther King High School which opened in 1999.

To the northwest, at the northeast corner of Lurin Ave. and Roosevelt St., is a neighborhood of 86 homes called Skyridge built by William Lyon Homes from 2014 to 2018. The homes range in size from 2,575 s.f. to 3,803 s.f. and four sales in the second half of 2025 indicate the price range of \$820,000 to \$990,000. Across Roosevelt St. to the west is the 21-acre campus of Frank Augustus Miller Middle School. Construction of the school began in 2008 and was completed for the 2009-2010 school year.

At the northwest corner of the subject neighborhood is the ± 2.5 -acre Lurin Reservoir operated by Western Municipal Water District. The site includes two large drinking water reservoirs and one non-potable reservoir which serve the nearby Woodcrest area. To the west of the subject community is vacant and gently undulating land designated for low and very low residential development extending west to the City boundary line and giving way to scattered residences in unincorporated County area.

Across Mariposa Ave. to the south is unincorporated, rural-residential county area with scattered homes on ± 1 -acre lots and including a small church facility on the south side of Mariposa Ave. two parcels west of Taft St. To the south and southeast of the east part of the subject community, extending south to Mariposa Ave., are various homes on large lots but within the City of Riverside boundary line.

To the east of the subject neighborhood, along the south side of Lurin Ave., is a vacant, ± 12 -acre site acquired by the city in 2011 and reserved for a future city park. The proposed Mission Ranch Park is to include multipurpose sports fields,

COMMUNITY FACILITIES DISTRICT NO. 2021-3 (BRIDLE RIDGE)
OF THE CITY OF RIVERSIDE



GENERAL AREA DESCRIPTION, Continuing

playgrounds and picnic areas with off-street parking, though timing of construction is dependent on funding and is not currently fixed. Farther to the east along Lurin Ave. are various newer planned residential developments constructed within the last five years on smaller 4,000 s.f. and 5,000 s.f. minimum lot sizes including two currently under construction by KB Home and Taylor Morrison.

STREETS AND ACCESS

Primary access to the subject neighborhood is by Taft St. which extends north-south through this area (becomes Dauchy Ave. to the north of Krameria Ave.), and by Lurin Ave. and Mariposa Ave. which extend east-west through this area (Lurin Ave. curves northwesterly into Krameria Ave. nearby to the west).

Taft St. is a two-lane street that includes curbs, gutters and sidewalks along the subject lots, but needs widening along the east side to the south of the subject properties. Lurin Ave. is also a two-lane street that has been improved along the subject property, but needs widening and improvements along the north side to the west of Taft St. Mariposa is also a two-lane street that is improved along the subject neighborhood with curb, gutter, landscaped parkway and fenced multipurpose recreational trail, but the south side needs to be fully widened.

UTILITIES

The utilities have been constructed within the neighborhood to all of the subject lots, and are provided as follows:

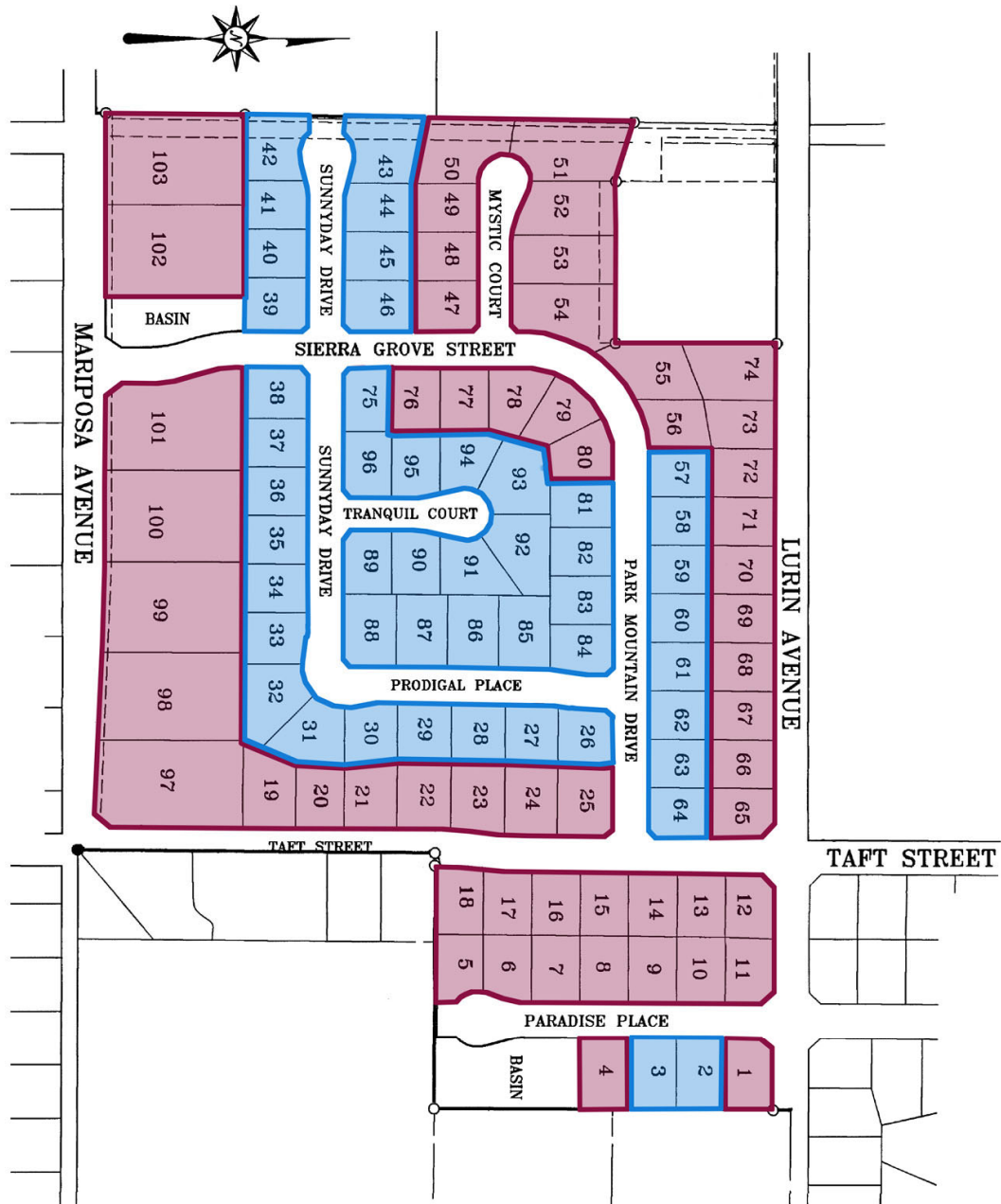
- Water Western Municipal Water District
- Sewer: Western Municipal Water District
- Electric: Southern California Edison
- Natural Gas: Southern California Gas Company

ZONING/GENERAL PLAN/APPROVALS

The subject neighborhood is located in the Orangecrest Specific Plan with the bulk of the lots having a zoning designation of R-1-10500-SP (Single-Family Residential Zone with minimum lot sizes of 10,500 s.f.) and the seven lots along the north side of Mariposa Ave. designated RE-SP (Residential Estate Zone with one-acre minimum lot sizes). The General Plan Land Use designations are LDR (Low Density Residential) and VLDR (Very Low Density Residential) which are intended for single family, large lot residential development with maximum densities of 3.2 and 6.0 dwelling units per acre.

The more specific approvals for the subject lots are by the approved final tract map for Tract No. 32647 which recorded on July 1, 2021 in Book 478, Pages 98 to 104, County of Riverside.

TRACT NO. 32647



OVERVIEW OF BRIDLE RIDGE

The community of Bridle Ridge was previously a vacant, gently sloping ± 42 -acre site. Prior to development, the site was covered with natural grasses and meandering dirt paths. Tentative Tract Map No. 32647 for Bridle Ridge was approved in 2006 with the revised tentative tract map approved by the Planning Commission in November 2010. The land was purchased by Legacy Homes in 2020 for the 103-home project with 63 of the lots sold to D.R. Horton in January 2025.

The two product types of homes are summarized as follows:

Bridle Ridge (Legacy Homes/D.R. Horton): 48 one- and two-story homes, 2,508 s.f. to 3,475 s.f. on 11,827 s.f. average lots; all 48 homes have been completed.

Citrus at Bridle Ridge (D.R. Horton): to be 55 one- and two-story homes, 3,105 s.f. to 5,059 s.f. on 15,398 s.f. average lots (mix of $\pm 10,000$ s.f. lots and 1-acre lots); currently 14 completed homes, 18 homes under construction and 23 vacant lots.

The sales of the completed Bridle Ridge product type closed from September 2023 through March 2026, and the first three closed sales of the Citrus at Bridle Ridge product type occurred in February and March 2026.

At build-out, the monthly HOA assessment will be \$97.00.

SCHOOL DISTRICT/SCHOOLS

The subject community is located within the boundaries of the Riverside Unified School District. The community is served by Mark Twain Elementary School (± 1 mile to the south), Frank Augustus Miller Middle School (± 0.25 mile to the northwest), and Martin Luther King High School (± 0.5 mile to the northeast).

TOPOGRAPHY/VIEWS

The subject neighborhood is located in a somewhat hilly and undulating area, generally sloping and terracing down to the south and east. This results in some of the lots having minor territorial/hills/distant mountain views to the south and east.

DRAINAGE/FLOOD HAZARD

Drainage of the subject lots is generally to the streets and in curbs and other facilities that have been constructed within the community. Per FEMA Flood Zone Panel No. 06065C-0740G dated August 28, 2008, the north approximately one third of the community is located in Zone D, which indicates an area of undetermined flood hazard and out of the Special Flood Hazard Area. The southerly approximately two-thirds of the community is located in Zone X which indicates areas out of the 100-year floodplain and out of the Special Flood Hazard Area.

FIRE HAZARD ZONE

Per the current CalFire Fire Hazard Severity Zone map, the subject neighborhood is not located in a fire hazard severity zone.

SOIL/GEOLOGIC/SEISMIC CONDITIONS

The subject neighborhood is not located in an Alquist-Priolo Earthquake Fault Zone, and there are no known nearby active faults. The nearest active faults are along the Elsinore Fault Zone located approximately 11 miles to the southwest and the San Jacinto Fault Zone located approximately 12 miles to the northeast.

It has been assumed in this appraisal that all grading of the subject neighborhood was properly completed, and any required mitigation for soil or geologic conditions was completed as part of the land development work. Thus, it is assumed that there are no soil, geologic or seismic conditions that would negatively impact the continued or planned use of the subject properties.

ENVIRONMENTAL CONDITIONS

The builder indicates that no mitigation measures were required for environmental conditions.

TITLE REPORT

A Preliminary Report by First American Title Company dated May 4, 2026 was provided for review. This report covered the subject lots owned by D.R. Horton at that point in time. Noted exceptions to title include the following:

- Community Facilities District No. 2021-3 (Bridle Ridge), as disclosed by Notice of Special Tax Lien recorded May 4, 2022.
- Easement for ingress/egress to a private party recorded December 22, 1982, affecting Lots 50, 51 & 103.
- School Facilities Mitigation Agreements recorded February 24, 1997.
- Various easements affecting some of the lots for electric energy distribution, telecommunication facilities, storm drain facilities/drainage, multipurpose recreational trail, and street and public utility purposes.

These exceptions are fairly typical of residential developments such as the subject project, and it has been assumed that these have been incorporated into the approvals for development of all lots with homes as planned for the subject neighborhood.

RESIDENTIAL MARKET OVERVIEW

According to the 2026 California Housing Market Forecast from California Association of Realtors, after a flat and sluggish 2025, home prices and sales volume are anticipated to rise slightly in 2026. Single-family home sales are forecast to increase 2% to a total of 274,400 units statewide with the statewide median home

RESIDENTIAL MARKET OVERVIEW, Continuing

price projected to grow 3.6% to \$905,000 in 2026. While more inventory and slightly lower or stabilizing mortgage rates will provide increased opportunities for buyers, affordability and competition in desirable areas remain ongoing challenges. In addition, current economic and geopolitical uncertainties, including the war in Iran and rising gas prices, are making many market participants more cautious.

Mortgage interest rates saw a relatively steady decline over the last half of 2025 and hovered in the low 6% range through the beginning of 2026, with a brief dip below 6% in late February. Subsequently, rates have fluctuated from the low to mid 6% range, most recently ticking up to 6.51% for week ending May 21. The recent rise in rates has been driven at least in part by geopolitical instability in the Middle East, rising oil and gas prices, and renewed concerns around inflation.

In another significant development, mortgage data analysis by Redfin in third quarter 2025 indicates that the number of mortgages with an interest rate above 6% now exceeds the number of mortgages with an interest rate below 3%. Since September 2022, mortgage interest rates have generally remained elevated above 6% keeping many would-be sellers with sub-3% mortgage rates locked in to their current home. While approximately 78.8% of existing mortgages still carry an interest rate below 6%, this is the lowest proportion since 2015. With fewer would-be sellers subject to the “locked in” effect of ultra-low interest rates, housing activity and inventory levels are anticipated to increase.

Redfin reports that in March 2026 across California there were 102,491 homes for sale, up from 91,007 in February but down 3.1% year over year. Listings took slightly longer to sell with a median of 37 days on market, down significantly from 50 days in February but up from the median of 35 days in March 2025. The statewide median home sale price of \$855,300 for March 2026 was up from \$820,500 for February and up 0.7% year over year. The number of homes sold at 23,474 for March 2026 was up from 18,505 in February and up 2.6% from March 2025.

Statewide trends are similarly reflected in Riverside County, with Redfin reporting 2,346 homes sold in March 2026, up from 1,886 homes sold in February, and up 2.3% year over year. Listings were on market for a median of 54 days, down from 73 days in February and up just slightly from 53 days in March 2025. The median price of \$615,000 for March 2026 was up from \$600,000 in February and unchanged from \$615,000 in March 2025.

In the City of Riverside, Redfin reports a median sale price of \$632,500 in March 2026, down a slight 0.39% year over year. A total of 160 homes were sold in March, up 6.7% from the same time last year, and the median number of days on market was 49, up from 41 days reported in March 2025. On average, homes in the market sold at 100.1% of list price, down from 101.4% in March 2025, with 48.1% of homes

RESIDENTIAL MARKET OVERVIEW, Continuing

selling above list price and 25.5% of listings showing price drops. With homes selling closer to list price and fewer listings showing price drops, it is evident that sellers and buyers are more aligned in the subject market.

More specific to the subject community, development and sales activity have been good with 51 closed sales in both product types and 12 pending sales of the Citrus at Bridle Ridge homes due to close from May 21 to July 23, 2026. The ongoing sales activity of the Citrus at Bridle Ridge homes by D.R. Horton has indicated strong buyer demand at the appropriate price points. In summary, the subject market evidences reasonably good buyer demand for new and resale single-family homes if at appropriate price points, and also reflecting typical builder incentives on new homes or seller concessions on resale homes.

HIGHEST AND BEST USE

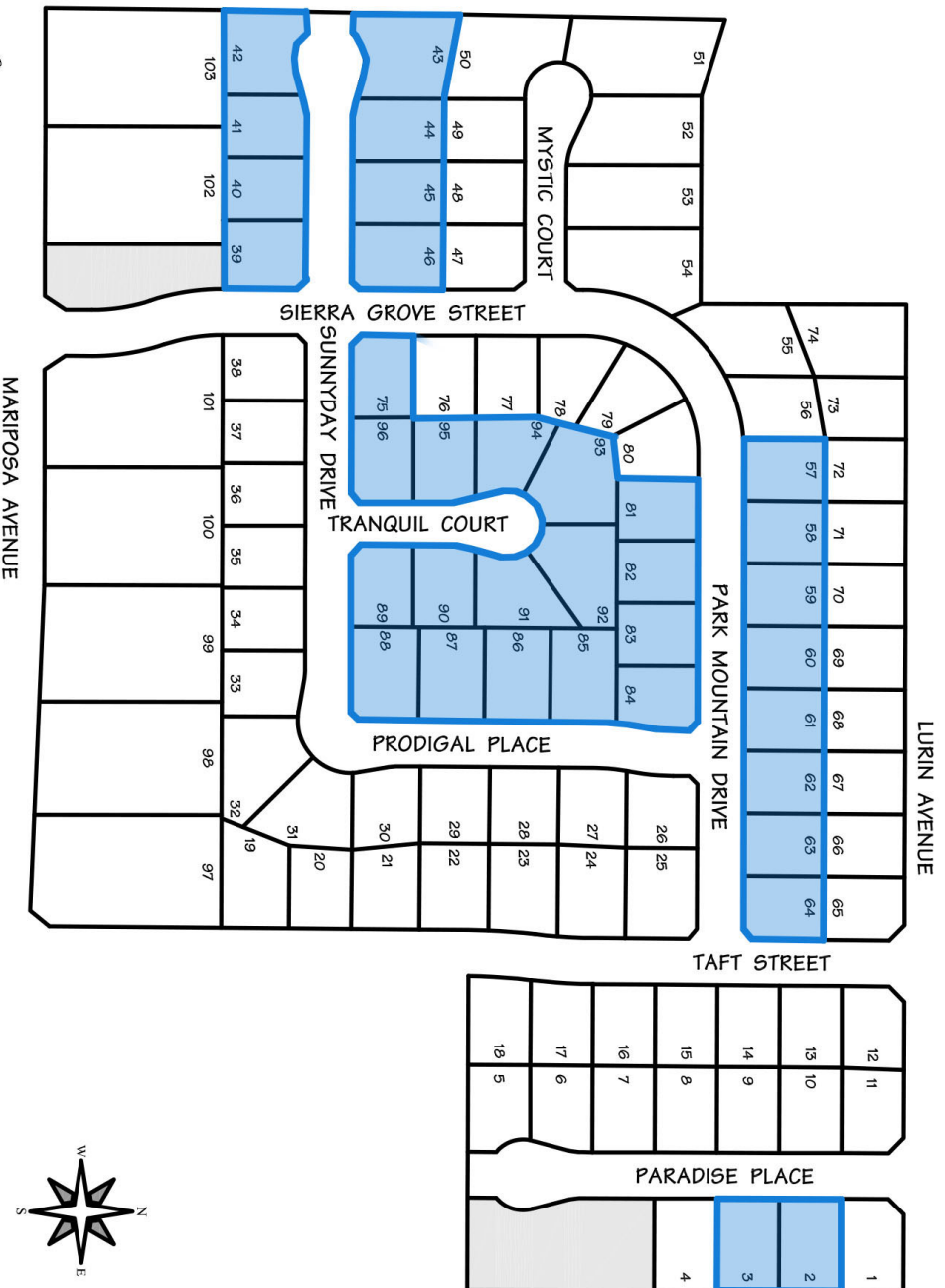
The term highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Furthermore, the highest and best use of land or a site as though vacant is defined as among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination.

In terms of legal permissibility, the completed and ongoing residential development is permitted by the zoning and General Plan designations, as well as by the specific development approvals reflected by the recorded final Tract Map as previously discussed. In terms of physical possibility, the subject lots have been graded to fairly flat buildable pads, and with all needed infrastructure of streets, utilities and drainage facilities completed for the home construction that has been completed and is still ongoing.

In terms of the financial feasibility, as previously discussed in the Residential Market Overview, the current residential market conditions evidence reasonably good demand for new and resale homes in the general subject area. This is also evident by the actual home sales activity that has taken place in the subject neighborhood, reflected by the closed and pending builder home sales, and by the resales of homes in the nearby areas. In terms of the maximum productivity, this is represented by the completed and ongoing residential development, with an appropriate array of home sizes, floor plans and pricing.

In summary, the highest and best use is concluded to be as improved with the completed homes and as planned for the homes under construction and the vacant lots.

Site Map



Bridle Ridge

Due to Legacy Homes' continuing research and development program, we reserve the right to alter prices, features, design specifications and to substitute materials of comparable value without prior written notice or obligation. All square footages are approximate.

BRIDLE RIDGE

PROPERTY DATA

Location

This product type is mostly located in the central part of the overall neighborhood, plus the 2 homes located at the east side. The lots front on Park Mountain Dr., Sunnyday Dr., Sierra Grove St., Tranquil Ct., Prodigal Pl. and Paradise Pl.

Record Owner/Ownership History

As of the May 12, 2026 date of value, individual homeowners owned all 48 of these lots.

The land for the overall 103-lot project was purchased in unimproved but entitled condition by GHPR Builders, Inc. from HANSJVC, LLC by deed recorded on October 28, 2020. Then, on December 30, 2020 the property was transferred to Riverside 103, LP, indicated to be a related entity with GHPR Builders, Inc. and affiliated with Legacy Homes. Subsequently, Riverside 103 LP sold 63 of the lots to D.R. Horton Los Angeles Holding Company, Inc. by deed recorded January 31, 2025.

The sales by Legacy Homes to 40 of the homeowners closed from September 18, 2023 through November 7, 2025, and the sales by D.R. Horton to 8 of the homeowners closed from October 1, 2025 through March 31, 2026. Subsequent to the builder sales, there have been no resales of these homes.

Legal Description

The 48 lots are described as Lots 2, 3, 26 to 46, 57 to 64, 75 & 81 to 96 of Tract No. 32647 in the City of Riverside, County of Riverside, State of California, as per Map filed in Book 478, Pages 98 to 104 of Maps, in the Office of the County Recorder of Riverside County.

Assessor Data-2025/2026

The 48 lots comprise the following Assessor Parcel Nos.:

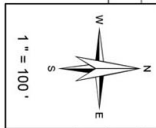
266-720-002 & 003	266-734-001 to 004
266-730-005 to 014	266-740-004 to 006
266-731-001 to 004	266-741-011 to 018
266-732-001 to 004	266-742-005 to 014
266-733-001, 003 & 004	

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT SPLIT OR BUILDING SITE ORDINANCES.

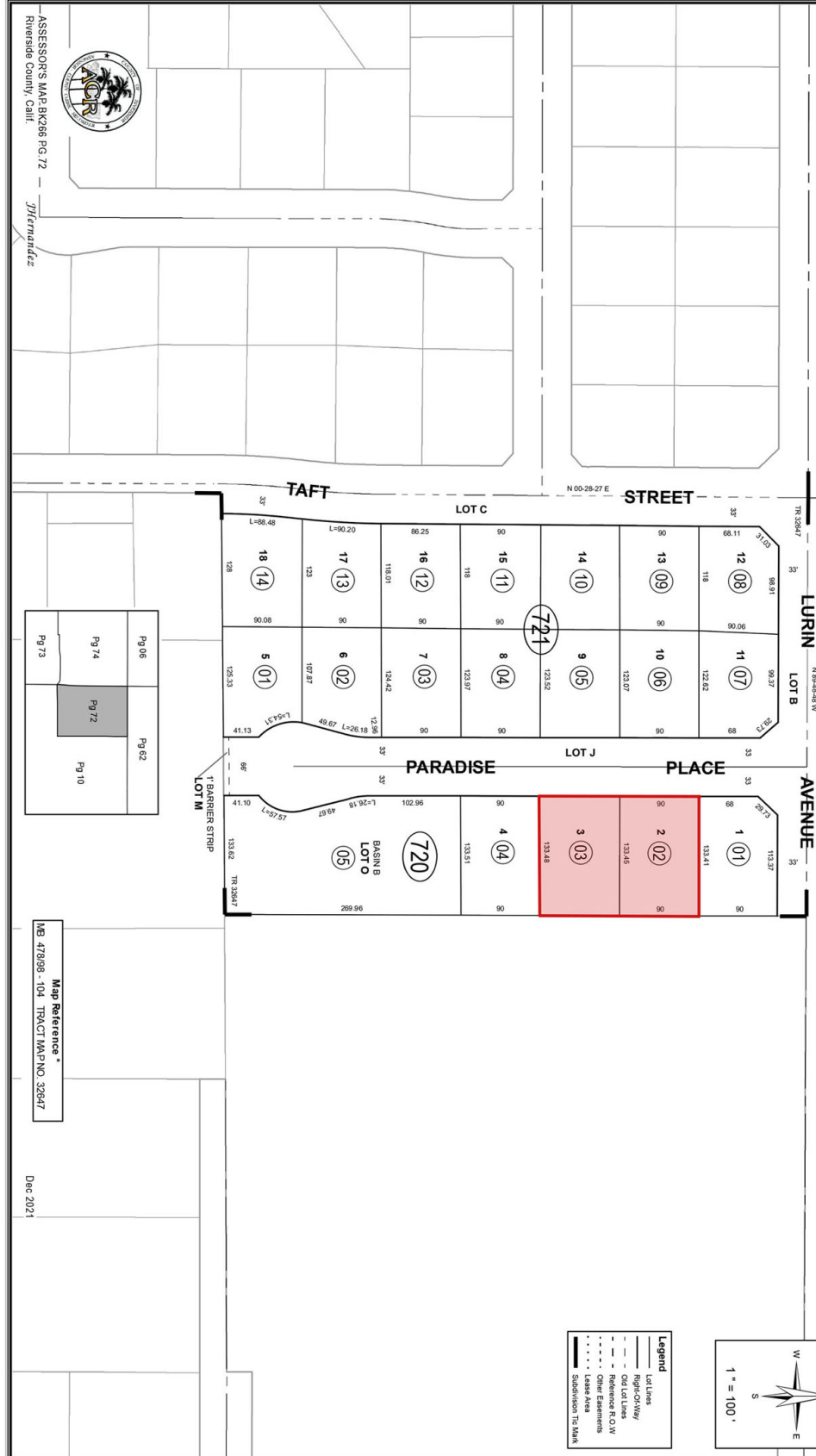
SE 1/4 OF SEC. 30, T.3S., R.4W.
CITY OF RIVERSIDE

TRA. 009-162

266-72
266-10



- Legend**
- Lot Lines
 - Right-of-Way
 - Other Easements
 - Reference to C.W.
 - Leased Area
 - Subdivision Tie Mark

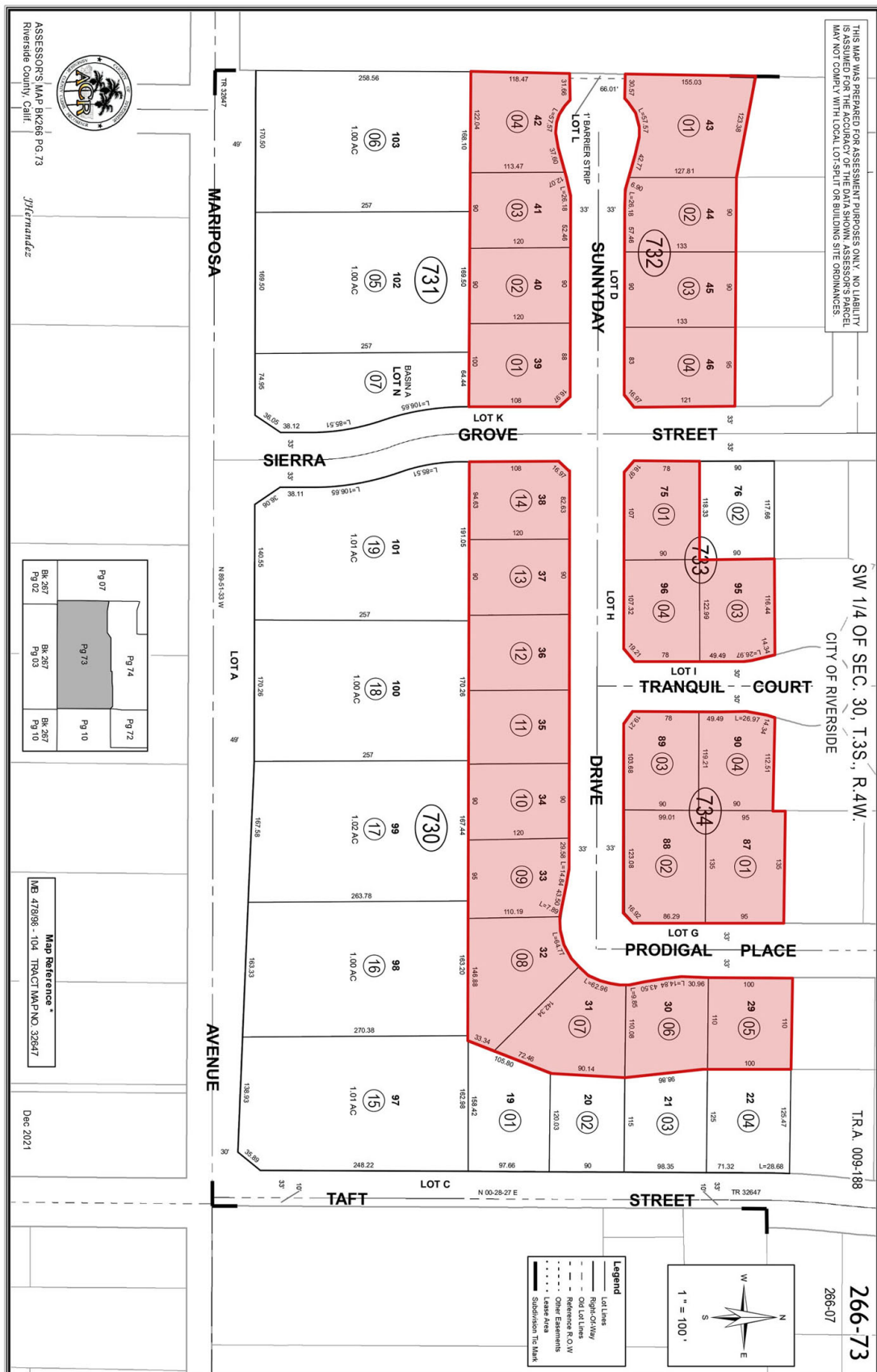


ASSESSOR'S MAP BK266 PG. 72
Riverside County, Calif.

Pg 06	Pg 62
Pg 74	Pg 72
Pg 73	Pg 10

Map Reference
MB 478988 - 104 TRACT MAP NO. 32647

Dec 2021

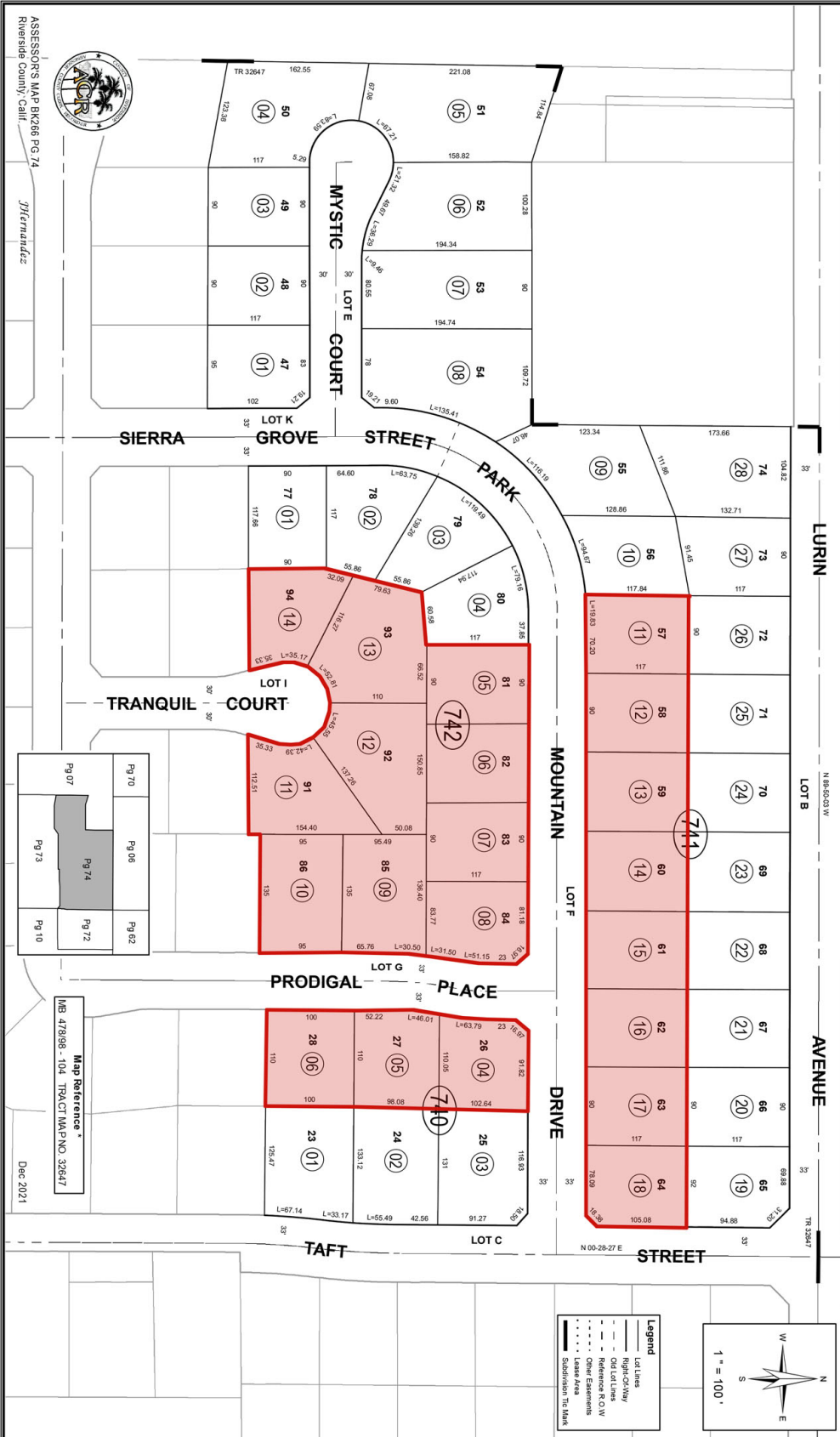


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SW 1/4 OF SEC. 30, T.3S., R.4W.
CITY OF RIVERSIDE

TRA 009-188

266-74
266-07



PROPERTY DATA, Continuing

The assessed values range from \$100,323 to \$1,029,065, or an average of \$611,693. The tax rate areas are 009-162 and 009-188 which have an indicated tax rate of 1.10967%, but the effective tax rate including special taxes for this CFD and other overlapping liens is estimated at 1.50% based on the appraised average value for the completed-closed homes.

No. of Lots/Lot Sizes

This product type comprises a total of 48 lots. The lots are considered as $\pm 10,000$ s.f. minimum size, typically 90-100' wide by 110-120' deep, including side and/or rear slope areas. Per Assessor data, the actual lot sizes range from 10,454 s.f. to 16,553 s.f. or an average of 11,607 s.f.

Description of Homes/Status of Construction

These 48 lots have been developed by Legacy Homes and D.R. Horton with a product type of homes called Bridle Ridge. As of the May 12, 2026 date of value, all 48 lots had completed-closed homes (closed builder sales).

There are four floor plans and per marketing information are described as follows:

Plan 1 (Bridle Ridge 2508): 2,508 s.f., one-story, with 3 or 4 bedrooms, 2.5 or 3 baths, great room-dining area-kitchen, office with large closet (or optional bedroom 4 and full bath), mud room and laundry; plus 3-car tandem garage, covered patio and covered front porch.

Plan 2 (Bridle Ridge 2844): 2,844 s.f., two-story, with 4 or 5 bedrooms and 3.5 or 4 baths; first floor has great room-dining area-kitchen, 3 bedrooms including owner's suite, 2.5 baths, office (or optional bedroom 5 and full bath), and laundry/mud room; second floor has bedroom, bath and loft; plus 2-car and 1-car garages, covered patio and covered front porch.

Plan 3 (Bridle Ridge 3256): 3,256 s.f., two-story, with 4 or 5 bedrooms and 3.5 or 4 baths; first floor has great room-dining area-kitchen, half bath, office (or optional bedroom 5 and full bath), and laundry/mud room; second floor has 4 bedrooms, 2.5 baths, bonus room and library; plus 3-car garage, California room (mostly enclosed patio) and covered front porch.

Plan 4 (Bridle Ridge 3475): 3,475 s.f., two-story, with 4 to 6 bedrooms and 3.5 to 5 baths; first floor has great room-dining area-kitchen, 1.5 baths, bedroom (owner's suite), office, theater, home center and laundry; second floor has 3 bedrooms, 2 baths, bonus room and small IT center; plus 2-car and 1-car garages, California room at rear and covered front porch; (optional bedroom and full bath in lieu of office and half bath; optional casita with bedroom/kitchenette and bath in lieu of 1-car garage or casita including living room with kitchenette, bedroom and bath in lieu of theater and 1-car garage).

Per building permit data, the sizes are as noted above, and the 48 completed-closed homes have an average size of 3,056 s.f.

VALUATION

Method of Analysis

The analysis of the completed-closed homes is of the aggregate value on a mass appraisal basis, and by means of the Sales Comparison Approach. Consideration is given to the closed builder sales of the subject homes and to resales of other reasonably similar homes in other neighborhoods in the general area.

Analysis of Completed-Closed Homes

Builder Sales of Subject Homes: The builder sales of 46 of these 48 completed homes (excluding sales of the 2 model homes by Legacy Homes) closed from September 18, 2023 through March 31, 2026 at net sale prices ranging from \$815,431 to \$1,029,120, or an average of \$925,335 for the average home size of 3,059 s.f., or \$302.50 per s.f. It is noted that the net sale price includes lot premiums and options revenue, but deducts or is net of incentives which include options allowance, builder concessions, mortgage concessions, price incentives/adjustments and rate buy-down costs. The lot premiums averaged \$8,728, the options revenue averaged \$53,585, and the combined incentives averaged \$45,087.

The sale dates when the closed sales were negotiated ranged from June 1, 2023 through December 7, 2025, with the closing dates previously noted from September 2023 through March 2026. Based on the sale dates, the changes in average net pricing, premiums/options and total incentives over various periods of time are shown in the following table:

No. of Sales	Time Frame (Contract Dates)	Avg. Net Price	Avg Home Size (s.f.)	Price/s.f.	Avg. Prem./Opt.	Avg. Total Incentives
46	Jun'23-Oct'25	\$925,335	3,059	\$302.50	\$62,313	(\$45,087)
11	Jun-Dec'23	\$879,721	2,881	\$305.35	\$70,147	(\$52,571)
10	Jan-Jun'24	\$944,164	3,153	\$299.45	\$65,084	(\$40,491)
10	Jul-Dec'24	\$934,071	3,101	\$301.22	\$68,320	(\$32,838)
7	Jan-Jun'25	\$920,109	3,052	\$301.48	\$76,419	(\$38,010)
$\frac{8}{46}$	Jul-Dec'25	\$958,171	3,142	\$304.96	\$28,225	(\$62,044)

It is also noted that, when considering the differentials in the average home size, the net pricing was fairly stable through the first half of 2025, and then a slight increase in the second half of 2025. In addition, the average premiums/options were lower but the average incentives were higher for the most recently negotiated sales.

VALUATION, Continuing

Thus, the indication at \$920,109 supports a close lower limit as an average value for all 48 homes at current date, due to similar average home size but the older dates of sale. In addition, the indication at \$958,171 supports a close upper limit as an average value due to the larger average home size, and conversely a close lower limit at \$304.96 per s.f., as follows:

$$3,056 \text{ s.f. avg for all 48 homes @ } \$304.96/\text{s.f.} = \$931,958$$

Resales of Homes from Nearby Areas: The first sales are from the Skyridge neighborhood which is located directly to the northwest of the subject neighborhood. The sales are shown in the following table:

No.	Address	COE Date	Sale Price*	Home Size	Yr. Blt.	BR/BA	Stories/Garages	Lot Size	Comments
1	18182 Bissel Dr.	10/2/25	\$899,000	2,575	2017	3/2.5	1/3	11,761	\$1,000 seller concessions; upgraded; mtn views; RV parking
2	9480 Visaya Dr.	10/21/25	\$820,000	2,575	2014	4/2.5	1/3	13,068	No seller concessions; upgraded; good condition; backyard slope
3	6574 Alta Cresta Ave.	11/3/25	<u>\$935,000</u>	<u>3,656</u>	2017	5/3.5	2/3	14,375	\$6,500 seller concessions; upgrades; good condition
		Avg.	\$884,667 (\$301.42/sf)	2,935					*Net of concessions

In comparison to the subject completed-closed homes, the general location of these sales is similar; the average home size of 2,935 s.f. is smaller; the ages of the sales from 9 to 12 years is inferior; the higher percentage of one-story floor plans is superior; the condition is fairly similar; the lot sizes are fairly similar; and the effective tax rates are slightly lower due to slightly lower special taxes.

Overall, the inferior factors are partially offset by the superior factors, resulting in a firm lower limit indication of average value for the subject homes at \$884,667. Due to the smaller size but offset by the other factors, the indication at \$301.42 per s.f. supports a close lower limit indication of average value for the subject homes as follows:

$$3,056 \text{ s.f. avg @ } \$301.42/\text{s.f.} = \$921,140$$

The second group of sales are from the Mission Ranch planned community which is located directly to the north of the Skyridge neighborhood, extending east to directly north of the east part of the subject neighborhood, and also extending farther to the east. These sales are shown in the following table:

VALUATION, Continuing

No.	Address	COE Date	Sale Price*	Home Size	Yr. Blt.	BR/ BA	Stories/ Garages	Lot Size	Comments	
1	18144 Krameria Ave.	3/16/26	\$850,000	2,541	2013	3/2.5	1/3T	8,712	No seller concessions; upgraded; pool/spa	
2	9490 Paradise Pl.	2/10/26	\$885,000	2,617	2006	4/2.5	1/3	10,019	No seller concessions; upgraded; RV parking	
3	9509 Paradise Pl.	3/18/26	\$863,200	2,617	2006	4/2.5	1/3	10,890	\$1,800 seller concessions; typical condition	
4	9336 Golden Lantern Rd.	2/24/26	\$785,000	2,870	2006	4/2.5	2/3	10,019	No seller concessions; typical condition	
5	9123 San Luis Obispo Ln.	5/15/26	\$925,000	2,870	2005	4/2.5	2/3	13,503	No seller concessions; upgraded; RV parking; pool/spa; outdoor kitchen	
6	9471 Estrella Hills St.	2/20/26	\$915,000	2,979	2005	3/3	1/3	11,325	No seller concessions; upgraded; pool; RV parking	
7	19883 San Juan Capistrano Ct.	2/18/26	\$810,000	3,186	2006	6/3	2/3	13,068	No seller concessions; typical condition; no rear landscape; RV pkg	
8	19791 Paso Robles Dr.	5/8/26	<u>\$900,000</u>	<u>3,198</u>	2005	4/3	2/3	7,405	No seller concessions; upgraded-updated; pool/spa; outdoor kitchen	
		Avg.	\$866,650 (\$303.05/sf)	2,860						*Net of concessions

In comparison to the subject completed-closed homes, the general location of these sales is similar; the average home size of 2,860 s.f. is much smaller; the ages of the sales from 13 to 21 years is inferior; the higher percentage of one-story floor plans is slightly superior; the condition is fairly similar; the lot sizes are fairly similar; the yard improvements on various of the sales are superior; and the effective tax rates are slightly lower due to slightly lower special taxes.

Overall, the inferior factors are slightly offset by the superior factors, resulting in a far lower limit indication of average value for the subject homes at \$866,650. Due to the smaller size but offset by the other factors, the indication at \$303.05 per s.f. supports a fairly close indication of average value for the subject homes as follows:

$$3,056 \text{ s.f. avg @ } \$303.05/\text{s.f.} = \$926,121$$

Conclusion of Value

In summary, the indications of average value from the builder sales of the subject homes are close lower limits at \$920,109 and \$931,958, and a close upper limit at \$958,171; and from resales in other neighborhoods are a far lower limit at \$866,650, closer but still firm lower limit at \$884,667, a close lower limit indication at \$921,140, and a fairly close indication at \$926,121.

VALUATION, Continuing

Greatest weight is given to the most recent builder sales of the subject homes, and with good support from the resales in other neighborhoods. The conclusion is an average value of \$930,000 for the 48 completed-closed homes, which results in the following:

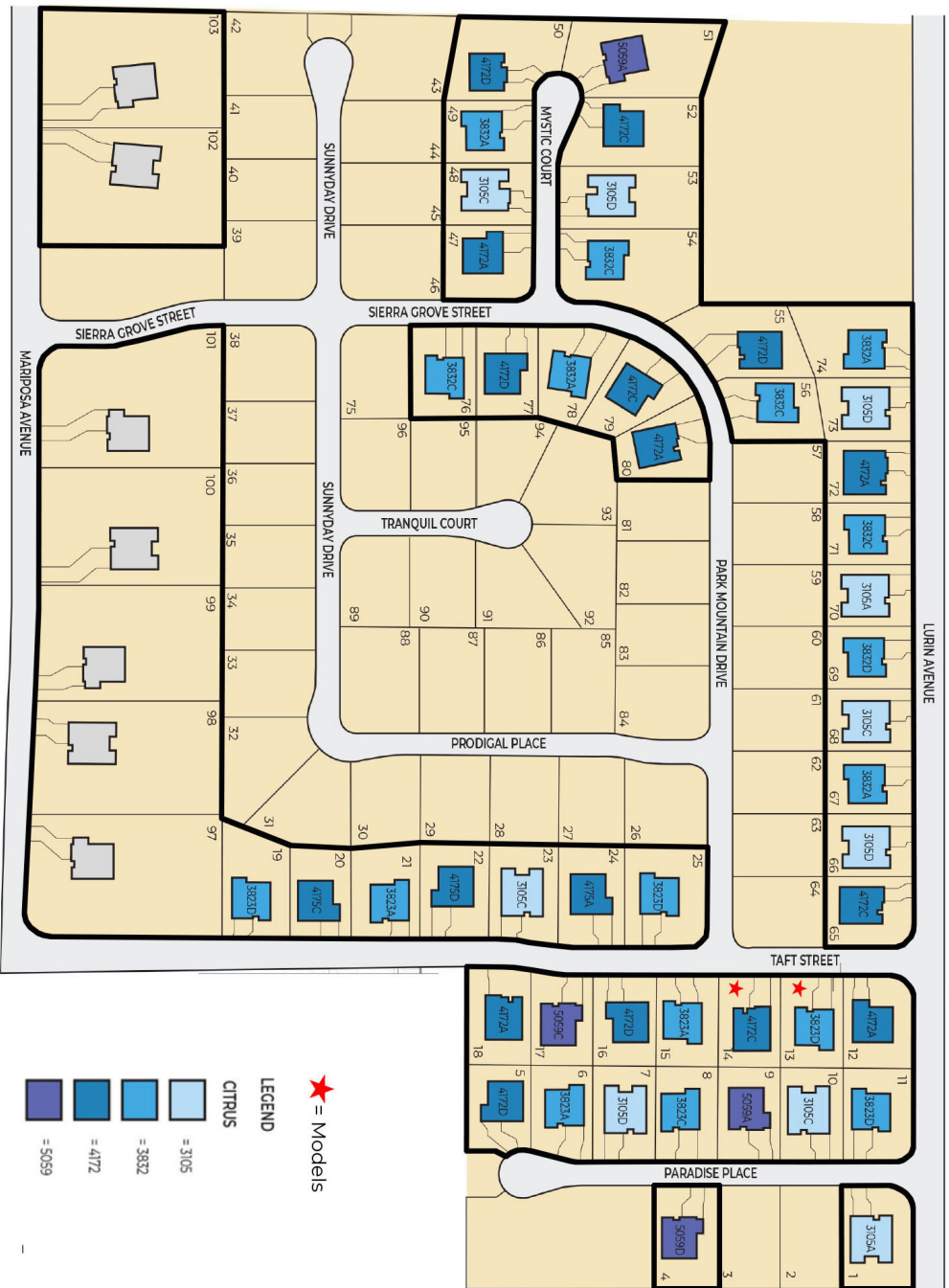
48 completed-closed homes @ \$930,000 = \$44,640,000

Thus, as the result of this analysis, I have arrived at the following overall conclusion of market value for the as is condition of the subject Bridle Ridge product type, subject to the Assumptions and Limiting Conditions, and as of May 12, 2026:

\$44,640,000

(FORTY-FOUR MILLION SIX HUNDRED FORTY THOUSAND DOLLARS)

Citrus at Bridle Ridge

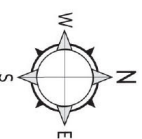


★ = Models

LEGEND

CITRUS

- = 3105
- = 3832
- = 4172
- = 5059



Citrus at Bridle Ridge • 9624 Taft Street • Riverside, CA 92508 • 951-499-5442 • DRHorton.com/SoCal

Map is an artist's conception only and is not intended to be an actual depiction of the homes, lots, community amenities, paseo or landscaping. Map is not to scale. Lots vary in shape and size. Equal Housing Opportunity. D.R. Horton Los Angeles Holding Company, Inc. - CA DRE License #01258550; Contractor's License #770126.



CITRUS AT BRIDLE RIDGE

PROPERTY DATA

Location

This product type is mostly located around the outer or perimeter parts of the overall neighborhood. The lots front on Lurin Ave., Park Mountain Dr., Mystic Ct., Mariposa Ave., Sierra Grove St., Taft St. and Paradise Pl.

Record Owner/Ownership History

As of the May 12, 2026 date of value, individual homeowners owned 3 of these lots (Lots 56, 80 & 97) and D.R. Horton Los Angeles Holding Company, Inc. owned 52 lots (Lots 1, 4 to 25, 47 to 55, 65 to 74, 76 to 79 & 98 to 103).

The original purchase of the land for this overall neighborhood and ultimate purchase of these subject lots by D.R. Horton was previously discussed for the Bridle Ridge product type.

The builder sales of the 3 completed homes to the homeowners closed from February 2 through March 6, 2026. In addition, as of May 12, 2026 there were 12 pending builder sales with projected closing dates from May 21 through July 23, 2026.

Legal Description

The 55 lots are described as Lots 1, 4 to 25, 47 to 56, 65 to 74, 76 to 80 & 97 to 103 of Tract No. 32647 in the City of Riverside, County of Riverside, State of California, as per Map filed in Book 478, Pages 98 to 104 of Maps, in the Office of the County Recorder of Riverside County.

Assessor Data-2025/2026

The 55 lots comprise the following Assessor Parcel Nos.:

266-720-001 & 004	266-733-002
266-721-001 to 014	266-740-001 to 003
266-730-001 to 004, 015 to 019	266-741-001 to 010, 019 to 028
266-731-005 & 006	266-742-001 to 004

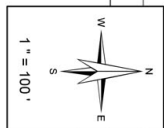
The assessed values range from \$100,064 to \$169,793 for land and \$0 for improvements. The tax rate areas are 009-162 and 009-188 which have an indicated tax rate of 1.10967%, but the effective tax rate including special taxes for this CFD and other overlapping liens is estimated at 1.40% based on the appraised average value for the completed-closed homes.

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT SPLIT OR BUILDING SITE ORDINANCES.

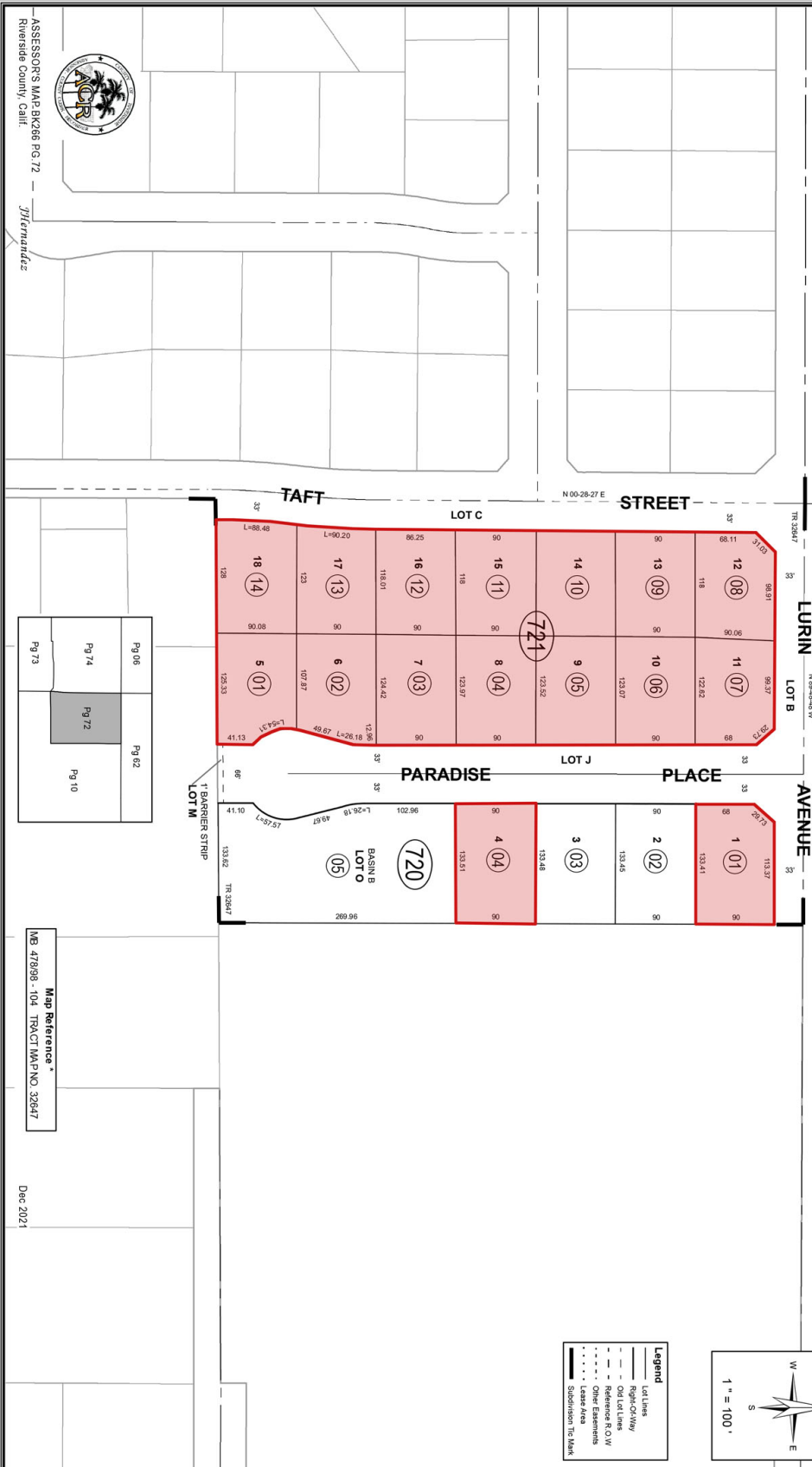
SE 1/4 OF SEC. 30, T.3S., R.4W.
CITY OF RIVERSIDE

T.R.A. 009-162

266-72
266-10

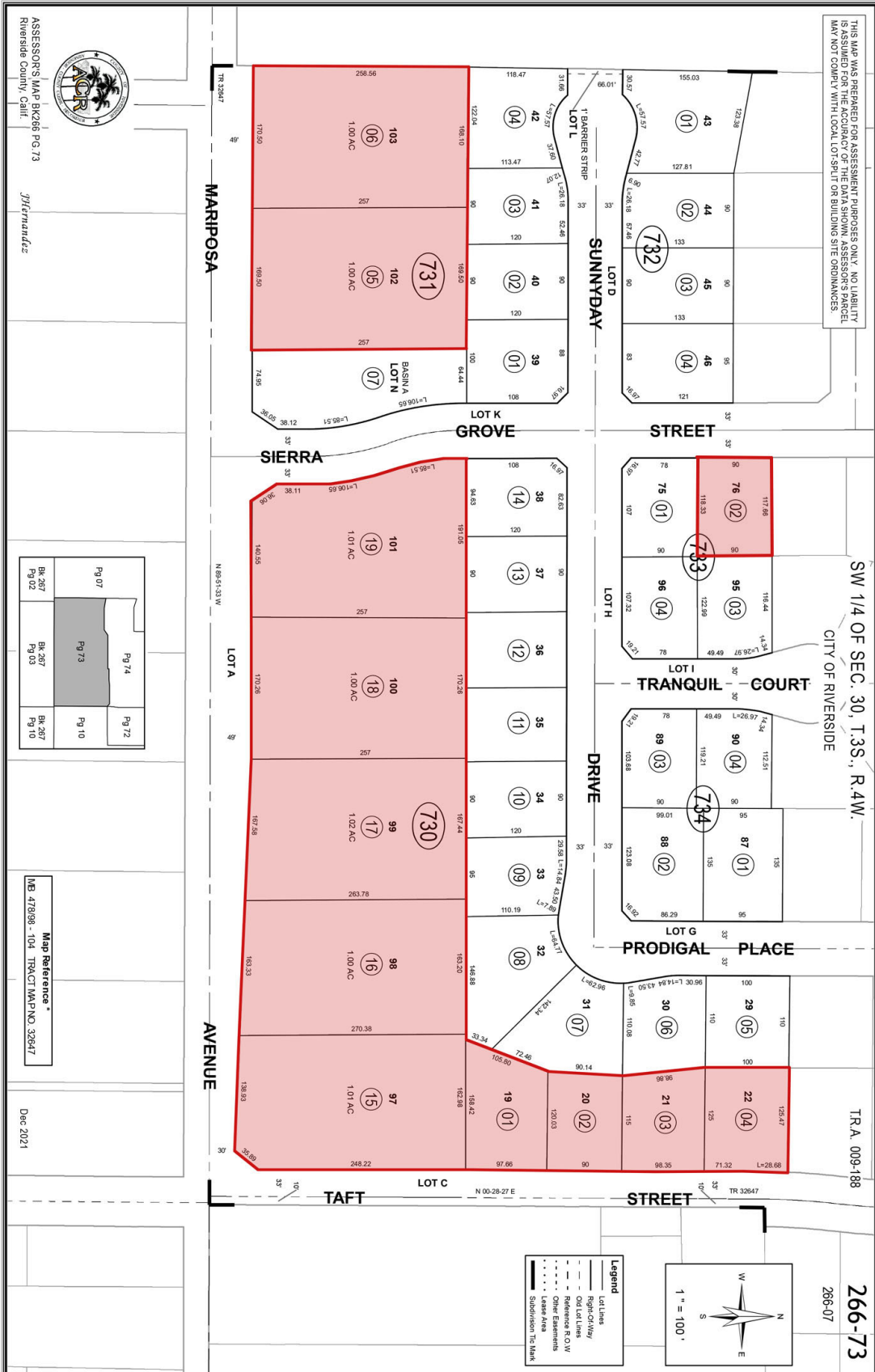


Legend	
	Lot Lines
	Right-of-Way
	Reference R.O.W.
	Reference R.O.W.
	Other Easements
	Lease Area
	Subdivision Tie Mark



ASSESSOR'S MAP BK266 PG. 72 — *Mendez*
Riverside County, Calif.

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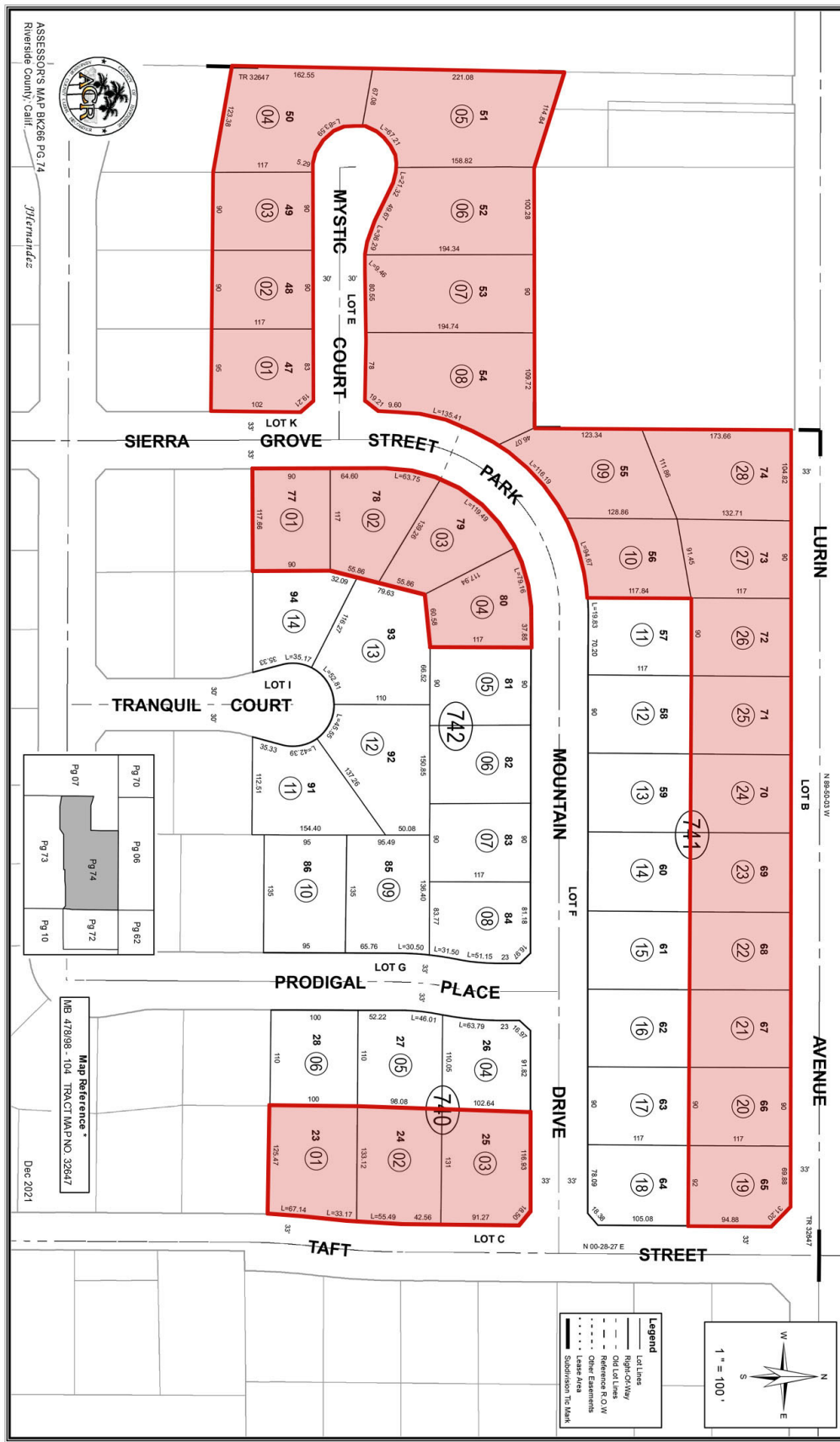


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SW 1/4 OF SEC. 30, T.3S., R.4W.
CITY OF RIVERSIDE

T.R.A. 009-188

266-74
266-07



ASSESSOR'S MAP BK286 PG.74
Riverside County, Calif.



Myerandaz

Pg 70	Pg 06	Pg 62
Pg 07	Pg 74	Pg 72
Pg 73	Pg 10	

Map Reference *
MB 478/08 - 104 TRACT MAP NO. 32847

Dec 2021

PROPERTY DATA, Continuing

No. of Lots/Lot Sizes

This product type comprises a total of 55 lots. There are 48 lots that are considered as $\pm 10,000$ s.f. minimum size, typically 90-100' wide by 110-120' deep, including side and/or rear slope areas. Per Assessor data, the actual lot sizes range from 10,454 s.f. to 22,216 s.f. or an average of 12,070 s.f.

There are also 7 lots that range in size from 1.0 to 1.02 acres, typically 160-170' wide by 257-270.38' deep, but including significant slope areas at the front, side and/or rear of the lots.

Description of Homes/Status of Construction

These lots are being developed by D.R. Horton with a product type of homes called Citrus at Bridle Ridge. As of the May 12, 2026 date of value, there were 3 completed-closed homes (closed builder sales); 11 completed-unclosed homes (including the 2 models); 18 homes under construction of which 2 were considered to be an average of $\pm 90\%$ completed, 8 were considered to be an average of $\pm 50\%$ completed and 8 were in the early stage of construction; and 23 vacant lots in near-finished condition.

(Note: The 3 completed-closed homes are Lots 56, 80 & 97; the 11 completed-unclosed homes are Lots 13, 14, 47, 48, 53 to 55 & 76 to 79; the 2 homes at $\pm 90\%$ completion are Lots 98 & 99; the 8 homes at $\pm 50\%$ completion are Lots 49 to 52, 65, 67, 69 & 100; the 8 homes in the early stage of construction are Lots 66, 68, 70 to 74 & 101; and the 23 vacant lots are Lots 1, 4 to 12, 15 to 25, 102 & 103.)

There are four floor plans and per marketing information are described as follows:

Plan 1 (Residence 3105): 3,105 s.f., one-story, with 4 bedrooms, 3.5 baths, great room-dining area-kitchen with butler's pantry, dining room, laundry and drop zone; plus 3-bay garage, covered entry and covered patio.

Plan 2 (Residence 3832): 3,832 s.f., two-story, with 4 bedrooms and 4.5 baths; first floor has great room-kitchen with butler's pantry, dining room, den, bedroom with bath (master suite), laundry and half bath; second floor has 3 bedrooms, 3 baths and loft; plus 3-bay garage, covered entry, and California Room (at pre-plotted lots).

Plan 3 (Residence 4172/4172X): 4,172 s.f., two-story, with 4 bedrooms and Jr. suite, 5.5 baths; first floor has great room-dining area-kitchen with butler's pantry, dining room, study, Jr. suite (living room/kitchenette, bedroom and bath), half bath and drop zone; second floor has 4 bedrooms, 4 baths, loft and laundry; plus 3-bay tandem garage with optional 1-bay garage added at side (4172X), covered porch, and California Room (at pre-plotted lots).

Plan 4 (Residence 5059): 5,059 s.f., two-story, with 5 bedrooms and 5.5 baths; first floor has great room-dining area-kitchen with walk-in pantry, dining room, study, bedroom with bath, half bath and drop zone; second floor has 4 bedrooms, 4 baths, loft and laundry; plus 3-bay garage, California Room (with covered deck above off master suite), and covered porch.

PROPERTY DATA, Continuing

Per building permit data, the sizes are as indicated on the previous page. The 3 completed-closed homes have an average size of 4,354 s.f. and the 11 completed-unclosed homes have an average size of 3,854 s.f.

VALUATION

Method of Analysis

The valuation of the completed-closed homes is similar to the previous analysis of Bridle Ridge. For the completed-unclosed homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs, minor finishing costs and profit in order to sell off the homes. For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot. The analysis of the vacant lots is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots in the general area.

Analysis of Completed-Closed Homes

Builder Sales of Subject Homes: The builder sales of the 3 completed-closed homes closed from February 2 through March 6, 2026 at net sale prices ranging from \$1,047,482 to \$1,660,000, or an average of \$1,323,802 for the average home size of 4,354 s.f., or \$304.04 per s.f. In addition, there are 12 pending sales that are scheduled to close from May 21 through July 23, 2026 at net sale prices ranging from \$1,078,325 to \$1,687,102, or an average of \$1,245,286 for the average home size of 3,926 s.f., or \$317.19 per s.f.

It is noted that the net sale price includes lot premiums and options revenue, but deducts or is net of incentives/allowances and rate buy-down costs. For all 15 sales, the lot premiums ranged from \$3,000 to \$150,000 (\$145,000 to \$150,000 for the 1-acre lots) or an average of \$55,800; the options revenue averaged \$56,205, and the combined incentives averaged \$70,472. It is noted that 1 of the 3 closed sales and 3 of the 12 pending sales had the lot premiums for the 1-acre lot size.

The sale dates when the 15 sales were negotiated ranged from September 12, 2025 through April 26, 2026, with the actual or scheduled closing dates previously noted from February through July 2026. The combined 15 sales are shown as follows:

No. of Sales	Time Frame (Contract Dates)	Avg. Net Price	Avg Home Size (s.f.)	Price/s.f.	Avg. Prem./Opt.	Avg. Total Incentives
15	Sep'25-Apr'26	\$1,260,989	4,012	\$314.30	\$112,005	(\$70,472)

VALUATION, Continuing

Thus, the indication at \$1,323,802 supports a close indication as an average value for the 3 completed-closed homes; the indication at \$1,245,286 supports a firm lower limit as an average value due to the smaller average home size of 3,926 s.f. and similar percentage of 1-acre lots; and the indication at \$1,260,989 also supports a firm lower limit as an average value for the 3 completed-closed homes due to the smaller average home size of 4,012 s.f. and a slightly lower percentage of 1-acre lots. In addition, due to the smaller average home sizes, the indications at \$314.30 and \$317.19 per s.f. support firm upper limits as follows:

4,354 s.f. avg for the 3 homes @ \$314.30 to \$317.19/s.f. = \$1,368,462 to \$1,381,045

Resales of Homes from Nearby Areas: The first group of pertinent resales are located in the general unincorporated County/Woodcrest area to the west and southwest of the subject neighborhood, extending westerly toward Mockingbird Canyon Rd. and southerly toward Markham St. The sales are shown in the following table:

No.	Address	COE Date	Sale Price*	Home Size	Yr. Blt.	BR/ BA	Stories/ Garages	Lot Size	Comments
1	17530 Dry Run Ct.	10/24/25	\$1,247,500	3,506	2003	4/3.5	2/4T	50,530	\$2,500 seller concessions; some upgrades/dated; pool/spa
2	17319 Timberview Dr.	3/26/26	\$1,144,000	3,506	2005	4/4	2/4T	66,647	\$63,000 seller concessions; upgraded-updates; pool/spa
3	17426 Fairbreeze Ct.	10/24/25	\$1,135,000	3,787	2014	5/4.5	2/3	43,560	No seller concessions; good condition/upgraded
4	17824 Log Hill Dr.	10/17/25	\$1,162,000	4,039	2006	4/4.5	2/3	44,431	\$36,000 seller concessions; upgraded but dated; large improved patio
5	16618 Ginger Creek Dr.	11/17/25	\$1,780,000	4,633	2024	5.4.5	1/4T	52,272	\$20,000 seller concessions; upgrades; no rear landscape
6	16718 Catalonia Dr.	3/30/26	\$1,300,000	4,815	2006	5/4.5	2/3	38,768	\$18,300 seller concessions; well upgraded but dated; view lot
7	17549 Bretton Woods	5/8/26	\$1,270,000	4,986	2022	5/4.5	1/3	47,916	No seller concessions; good condition; no fencing/landscape
8	17842 Wildwood Creek Rd.	12/23/25	<u>\$1,660,000</u>	<u>5,132</u>	2006	6/3.5	1/4	43,560	No seller concessions; well upgraded; pool/spa/outdoor kitchen
Avg.			\$1,337,313	4,301	*Net of concessions				

In comparison to the subject completed-closed homes, the general location of these sales is fairly similar; the average home size of 4,301 s.f. is slightly smaller; the ages of the sales from 2 to 23 years, mostly 12 to 23 years, is inferior; the higher percentage of one-story floor plans is superior; the yard improvements are superior; the lot sizes are superior to two of the subject homes, though it is noted that five of these sales have a significant amount of slope area; and the effective tax rates are slightly lower on average due to slightly lower special taxes.

VALUATION, Continuing

Overall, the superior factors are mostly offset by the inferior factors, resulting in a close upper limit indication of average value for the subject homes at \$1,337,313.

The second group of resales is from the Citrus Heights area which is located farther to the west of Mockingbird Canyon Rd., also in unincorporated County area, and with an HOA that includes park/tot lot/dog park, covered picnic area and restrooms. The sales are shown in the following table:

No.	Address	COE Date	Sale Price*	Home Size	Yr. Blt.	BR/ BA	Stories/ Garages	Lot Size	Comments	
1	17042 Meteor Way	9/11/25	\$1,198,500	4,070	2020	5/3.5	2/3	19,166	\$1,500 seller concessions; highly upgraded; no rear landscape	
2	13471 Planet Ct.	4/13/26	\$1,160,000	4,070	2019	4/3.5	2/3	17,860	\$40,000 seller concessions; some upgrades; pool/spa	
3	13675 Old Mission Ct.	10/15/25	\$1,079,000	4,125	2018	7/4.5	2/3	9,583	No seller concessions; next gen suite; some upgrades; pool/spa	
4	13681 Constance Ave.	12/19/25	\$1,173,000	4,830	2018	5/4.5	2/3T	12,632	Adjusted up for broker commission; well upgraded; view; RV parking	
5	17151 Cambria Ct.	Pending	<u>\$1,450,000</u>	<u>5,270</u>	2020	6/4.5	2/3	18,731	No seller concessions; upgrades; pool/spa	
		Avg.	\$1,212,100	4,473						*Net of concessions

In comparison to the subject completed-closed homes, the general location of these sales is fairly similar; the average home size of 4,473 s.f. is slightly larger; the ages of the sales from 6 to 8 years is slightly inferior; the lack of one-story floor plans is similar; the yard improvements are superior; the lot sizes are inferior to the average of the subjects, and the larger lots have slope areas; and the higher effective tax rates are inferior.

Overall, the inferior factors are partially offset by the superior factors, resulting in a firm lower limit indication of average value for the subject homes at \$1,212,100.

Conclusion: In summary, the indications of average value from the builder sales of the subject homes are firm lower limits at \$1,245,286 and \$1,260,989, a close indication at \$1,323,802, and firm upper limits at \$1,368,462 and \$1,381,045; and from resales in other neighborhoods are a firm lower limit at \$1,212,100, and a close upper limit at \$1,337,313. Overall, the conclusion is an average value of \$1,300,000 for the 3 completed-closed homes.

VALUATION, Continuing

Analysis of Completed-Unclosed Homes

These 11 homes include 9 production homes and the 2 model homes, with pending sales on 5 of the production homes that are scheduled to close from May 21 through June 17, 2026. The average size of these 11 homes is 3,854 s.f. which is much smaller than the size of 4,354 s.f. for the completed-closed homes. In addition, none of these 11 homes are on a 1-acre lot.

Thus, the initial value conclusion is much lower than the conclusion of \$1,300,000 for the completed-closed homes. It is noted that the 5 pending sales of these 11 completed-unclosed homes indicate an average net price of \$1,113,407 for the average home size of 3,541 s.f., or \$314.43 per s.f. Due to the smaller size, the indication at \$1,113,407 supports a firm lower limit as an average value for the 11 homes, and the indication at \$314.43 per s.f. supports a firm upper limit as follows:

$$3,854 \text{ s.f. avg of all 11 homes @ } \$314.43/\text{s.f.} = \$1,211,813$$

The initial conclusion is an average of \$1,160,000. Then, a discount of 20% is made due to being part of the bulk ownership by the builder, and reflecting sell-off time, holding/sales costs, any minor finishing costs and profit. This results in a discounted amount of \$928,000, rounded to \$930,000 for the 11 completed-unclosed homes.

Analysis of Homes Under Construction

For the 2 homes considered at $\pm 90\%$ completion, a cost amount of 90% of direct costs indicated to be an average of $\pm \$82.20$ per s.f. has been used for these homes, or \$73.98 per s.f. This is applied to the average home size of 4,616 s.f. for these 2 homes, or an amount of \$341,492. This is added to the estimated value of \$561,939 for the vacant 1-acre lots in as-is condition (as discussed in the following Analysis of Vacant Lots, \$580,000 less \$18,061), resulting in a total of \$903,431, rounded to \$900,000 as an average for these 2 homes.

For the 8 homes considered at $\pm 50\%$ completion, a cost amount of 50% of direct costs indicated to be an average of $\pm \$83.80$ per s.f. has been used for these homes, or \$41.90 per s.f. This is applied to the average home size of 4,155 s.f. for these 8 homes, or an amount of \$174,095. This is added to the estimated average value of \$430,689 for these vacant lots in as-is condition (average of 7 lots at \$430,000 less \$18,061 or \$411,939 plus one one-acre lot at \$561,939), resulting in a total of \$604,784, rounded to \$600,000 as an average for these 8 homes.

For the 8 homes in the early stage of construction, with one lot at 1-acre size, these are considered as land value only, or the similar average of \$430,689 (as discussed for the previous 8 homes), rounded to \$430,000.

VALUATION, Continuing

Analysis of Vacant Lots

This analysis is pertinent to the vacant lots, as well as to the lot value allocated to the homes under construction. The pertinent land sales data, pertaining primarily to the 10,000 s.f. lots of the subject, is shown in the following table, with discussion and analysis of the data thereafter.

<u>No.</u>	<u>Location/APN</u>	<u>Rec. Date</u>	<u>No. Lots Min Size</u>	<u>Price/Lot Price/Fin Lot</u>	<u>Remarks</u>
1	Bryn Mawr Ave. & Citrus Ave., Loma Linda (0292-471-10)	7/3/23	51 10,000	\$60,714 \$400,000	The Groves PA 3-6; 2,767-4,122 s.f. homes; \$951,000 avg. proforma pricing; CFD (portion of larger sale including 103 small lots)
2	SE/S Highland Ave., ±330' E/O Ford St., Redlands (0174-711-01 to 29)	11/5/24	29 10,000	\$508,621 \$550,000	Havenwood; 2,296-3,306 s.f. from mid \$900,000's to low \$1,100,000's; CFD
3	S/S De Palma Rd., ¼ mile W/O Horsethief Canyon Rd., Temescal Valley (393-64, 65, 66, & 67)	12/23/24	224 6,000	\$73,661 \$400,000	Solara (formerly Saddleback); view lots; 2,679-4,065 sf homes from low \$800,000's to high \$900,000's; CFD
4	Subject Property (266-72, 73 & 74 ptns)	1/31/25	63 10,000 1-acre	\$395,000 \$435,890 \$633,187	Bridle Ridge (Subject); 2,508-5,059 s.f. homes; proforma pricing \$1,024,065 and \$1,392,430; CFD
5	W/S Pats Ranch Rd., S/O Bellegrave Ave., Jurupa Valley (160-050 various)	8/20/25	64 5,000	±\$141,950 ±\$370,000	Vernola Ranch PA9 & 10; master planned community w/ amenities; 1,942-3,171 s.f. (2,610 avg), \$894,990 proforma; CFD (portion of larger sale including 613 smaller lots)
6	NWC Temecula Pkwy. & Butterfield Stage Rd., Temecula (949-400-001 & 002)	12/19/25	164 5,000	\$306,125 \$430,000	Elderberry Park; clubhouse w/ pool & spa; dog park, pickleball courts, tot lot; 1,993-3,252 s.f. homes; CFD

Data No. 1 is located at the northwest corner of Bryn Mawr Ave. and Citrus Ave. and on the south side of Citrus Ave. at the south end of Bryn Mawr Ave., in the north part of Loma Linda. This is a newly developing area as part of The Groves at Loma Linda master-planned community that is to include homes, apartments, 170,000 s.f. of commercial space, parks and open space. The overall sale comprised Planning Areas 3-5 and 3-6 of The Groves Specific Plan, consisting of unimproved land with entitlements in place for 154 lots, including 103 detached motorcourt cluster lots and 62 lots at 10,000 s.f. minimum, and with a CFD.

The sale to Lennar Homes closed in July 2023 at the price of \$9,350,000 or \$60,714 per lot for the as is condition, and based on finished lot prices of \$303,000 for the cluster lots and \$400,000 for the 10,000 s.f. lots. On the 10,000 s.f. lots the homes were planned to be 2,767 s.f. to 4,122 s.f. with average proforma pricing of \$951,000, indicating a finished lot ratio of 42%. It is noted that these homes were

VALUATION, Continuing

called Gold Crest at The Groves, and the most recent builder base pricing indicated \$1,012,110 to \$1,314,495.

In comparison to the subject and considering just the 10,000 s.f. lots, the date of sale/market conditions is inferior; the location is considered to be slightly superior; the lot sizes are fairly similar; the unimproved physical condition at time of sale was inferior due to the time and risk to get the lots to finished condition; and the CFD is similar. Overall, upward adjustments for the inferior factors are partially offset by downward adjustments for inferior factors, resulting in a firm lower limit indication of value for the subject at \$400,000 per finished lot.

Data No. 2 is located on the southeast side of Highland Ave., ±330' easterly of Ford St. in Redlands. It consisted of 29 lots, 10,000 s.f. minimum size, that had a recorded tract map and were in near-finished condition, and to have a CFD. The sale to Beazer Homes closed in November 2024 at the indicated price of \$14,750,000 or \$508,621 per lot for the as is near-finished lot condition, with finished lots estimated at \$550,000 per finished lot. The buyer built The Havenwood Community homes that ranged in size from 2,296 s.f. to 3,306 s.f., with most recent base pricing ranging from \$955,990 to \$1,105,990.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is considered to be superior; the lot sizes are similar; the near-finished lot condition is similar; and the CFD is similar. Overall, downward adjustments for the superior factors result in a far upper limit indication of value for the subject at \$550,000 per finished lot.

Data No. 3 is located on the south side of De Palma Rd., ¼ mile west of Horsethief Canyon Rd., in Temescal Valley/unincorporated Riverside County. It consisted of unimproved land with recorded tract maps for 224 lots, 6,000 s.f. minimum size, with some view potential, and an existing CFD. The sale to TH Temescal LLC (Trumark Homes) closed in December 2024 at the indicated price of \$16,500,000 or \$73,661 per lot for the as is condition, with finished lots estimated at \$400,000 per finished lot. The buyer is building the project called Solara, with homes ranging in size from 2,679 s.f. to 4,065 s.f., and current base pricing from the low \$800,000's to the high \$900,000's.

In comparison to the subject, the date of sale/market conditions is slightly superior; the location is considered to be superior; the much smaller minimum lot size is inferior; the unimproved physical condition of the lots is inferior; and the CFD is similar. Overall, upward adjustments for the inferior factors are partially offset by downward adjustments for the superior factors, resulting in a firm lower limit indication of value for the subject at \$400,000 per finished lot.

VALUATION, Continuing

Data No. 4 consists of the 63-lot sale of the subject property to D.R. Horton Los Angeles Holding Company, Inc. The sale was negotiated in September 2024 and closed in January 2025 at the price of \$24,885,000 or \$395,000 per lot. This reflected the lots in near-finished condition with a recorded tract map, and reflecting the blend of lot sizes with 56 lots at 10,000 s.f. minimum and 7 lots at ± 1 -acre. The estimated finished lot prices were \$435,890 for the 10,000 s.f. lots and \$633,187 for the 1-acre lots. The estimated proforma average net home pricing was \$1,024,065 for the 10,000 s.f. lots and \$1,392,430 for the 1-acre lots, indicating finished lot ratios of 43% and 45%, respectively.

Considering a softening in the residential land market since the date of this sale, the finished lot indications are concluded to support close upper limit indications at current date for the subject lots.

Data No. 5 is located along the west side of Pats Ranch Rd. between Bellgrave Ave. and Limonite Ave., and backing along the 15 Freeway, at the far west side of Jurupa Valley. This sale consists of a 677-lot portion of the overall Vernola Ranch residential project which is to include up to 1,576 dwelling units. In addition, there is to be the Vernola Ranch Recreation Center which is to include pools, playgrounds, cabanas, a shade pavilion, and a community event lawn. The 677 lots were entitled for multiple product types including attached townhomes, small-lot/cluster type homes, plus 4,000 s.f. and 5,000 s.f. minimum lots. The land was in a graded condition and included a CFD.

The sale to Lennar Homes had been negotiated a number of years ago but the price was renegotiated down by 15% prior to the August 2025 closing to a land bank entity for Lennar. The total sale price was \$96,100,000 or \$141,950 per lot, and the finished lot estimate for the 5,000 s.f. minimum lots was $\pm$ \$370,000. The projected average home size and pricing for this product type was 2,610 s.f./\$894,990 which indicates a finished lot ratio of 41%.

In comparison to the subject, the date of sale/market conditions is similar; the location is considered to be inferior; the lots are much smaller in size; the large bulk size of the overall purchase is inferior; the semi-improved condition of the land is inferior; and the CFD is similar. Overall, downward adjustments for the various inferior factors results in a far lower limit indication of value for the subject lots at $\pm$ \$370,000 per finished lot.

Data No. 6 is located at the northwest corner of Temecula Pkwy. and Butterfield Stage Rd. in Temecula. It consisted of 164 lots, 5,000 s.f. minimum size, that had a recorded tract map and were in near-finished condition, and with a CFD. The sale to Taylor Morrison closed in December 2025 at the indicated price of \$50,204,500 or \$306,125 per lot for the as is near-finished lot condition, with finished lots estimated

VALUATION, Continuing

at \$430,000. The buyer planned the project called Elderberry Park with homes to range from 1,993 s.f. to 3,252 s.f., plus significant recreational amenities.

In comparison to the subject, the date of sale/market conditions is similar; the location is considered to be superior; the lot sizes are much smaller; the near-finished lot condition is similar; and the CFD is similar. Overall, location and lot size adjustments are approximately offsetting, resulting in a fairly close indication of value for the subject lots at \$430,000 per finished lot.

In summary, on a finished lot basis for the $\pm 10,000$ s.f. minimum lots, the analysis of the data supports a far lower limit indication of value at $\pm \$370,000$; closer but still firm lower limit indications at \$400,000; a close indication at \$430,000; a close upper limit indication at \$435,890; and a far upper limit indication at \$550,000.

An alternative analysis is by the finished lot ratio, which is calculated by the finished lot price divided by the projected or proforma average home price. Generally, where the pertinent information is available, finished lot ratios from land sales tend to range from a percentage in the high 30's to the mid 40's. Data Nos. 1, 4 and 5 indicated the range of 41-45%, with the 41% indication being a more recent negotiation. The low end of the range would be more supportable in the current market, or a range of 38-39%. This is applied to an average home price of \$1,160,000, as previously indicated for the completed-unclosed homes that are only on the $\pm 10,000$ s.f. lots, resulting in the following:

$$\$1,160,000 \times .38-.39 = \$440,800 \text{ to } \$452,400/\text{finished lot}$$

The conclusion for the subject $\pm 10,000$ s.f. lots is \$430,000 per lot if in finished condition.

For the subject 1-acre lots, Data No. 4 supported a close upper limit indication at \$633,187 per finished lot.

Alternatively, a lower finished lot ratio than used for the 10,000 s.f. lots would be supportable due to the higher-priced homes on the 1-acre lots, or the range of 36-37%. Based on the closed and pending sales of homes on the 1-acre lots, and the planned mix of floor plans on the 7 lots (2 of the Plan 3 and 5 of the Plan 4), an average home price of $\pm \$1,600,000$ would be supportable. This results in the following finished lot indication:

$$\$1,600,000 \times .36-.37 = \$576,000 \text{ to } \$592,000/\text{finished lot}$$

The conclusion for the subject 1-acre lots is \$580,000 per lot if in finished condition.

Then, a deduction is made for the remaining land development costs plus development impact fees to get all lots to a fully finished condition. Per information

VALUATION, Continuing

provided by the builder, the remaining land development costs are \$443,305 for street improvements, and the remaining development impact fees are \$297,183 (net of fees to be funded by the CFD bond proceeds), resulting in the total amount of \$740,488.

The total cost amount of \$740,488 is allocated over the total of 41 lots that are either vacant lots or have homes under construction, resulting in an allocation of \$18,061 per lot.

Thus, the value of the as is condition of the 23 vacant lots is calculated as follows:

Value if at finished lot condition:	
21 lots, 10,000 s.f. min. @ \$430,000 =	\$ 9,030,000
2 lots, 1-acre @ \$580,000 =	<u>\$ 1,160,000</u>
	\$10,190,000
Less remaining costs/fees:	
23 lots @ \$18,061 =	<u>- 415,403</u>
Value, as is condition:	\$ 9,774,597
	Rd. \$ 9,770,000

Conclusion of Value

Based on the foregoing, the total value indication for the Citrus at Bridle Ridge product type in its as-is condition, is calculated as follows:

3 completed-closed homes @ \$1,300,000 =	\$ 3,900,000
11 completed-unclosed homes @ \$930,000 =	\$10,230,000
2 homes, ±90% completion @ \$900,000 =	\$ 1,800,000
8 homes, ±50% completion @ \$600,000 =	\$ 4,800,000
8 homes, early stage of const. @ \$430,000 =	\$ 3,440,000
23 vacant lots =	<u>\$ 9,770,000</u>
Value Indication, As-Is Condition:	\$33,940,000

Thus, as the result of this analysis, I have arrived at the following overall conclusion of market value for the as is condition of the subject Citrus at Bridle Ridge product type, subject to the Assumptions and Limiting Conditions, and as of May 12, 2026:

\$33,940,000

(THIRTY-THREE MILLION NINE HUNDRED FORTY THOUSAND DOLLARS)

ADDENDA

**QUALIFICATIONS
OF
STEPHEN G. WHITE, MAI**

PROFESSIONAL EXPERIENCE

Real Estate Appraiser since 1976.

1983 through current date: Self-employed; office located at 1801 Lexington Dr., Fullerton, CA 92835
(Phone: 714-738-1595)

1976-1982: Employed by Cedric A. White, Jr., MAI, independent appraiser located in Anaheim.

Real estate appraisals have been completed on most types of properties for purposes of fair market value, leased fee value, leasehold value, easement value, partial acquisitions and severance damages.

PROFESSIONAL ORGANIZATIONS

Designated Member, Appraisal Institute; MAI designation obtained 1985

Affiliate Member, Pacific West Association of Realtors

LICENSES

Licensed by the State of California as a Certified General Real Estate Appraiser; BRE ID No. AG013311; valid through September 22, 2026.

EDUCATION

B.A. Economics & Business, Westmont College, Santa Barbara (1976)

Appraisal Institute Courses:

- Basic Appraisal Principles, Methods and Techniques
- Capitalization Theory and Techniques
- Urban Properties
- Litigation Valuation
- Standards of Professional Appraisal Practice

Numerous seminars and continuing education on various appraisal subjects, including valuation of easements and leased fee interests, litigation, the money market and its impact on real estate, and standards of professional appraisal practice.

COURT/TESTIMONY EXPERIENCE

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles, Riverside and San Bernardino Counties; also for the Assessment Appeals Board of Orange and Los Angeles Counties.

TYPES OF PROPERTY APPRAISED

Residential: vacant lots, acreage and subdivisions; single family residences, condominiums, townhomes and apartment complexes.

Commercial: vacant lots/acreage; office buildings, retail/shopping centers, restaurants, hotels/motels.

Industrial: vacant lots and acreage; warehouses, manufacturing buildings, R&D buildings, industrial parks, mini-warehouses.

Special Purpose: mobilehome parks, churches, automobile agencies, medical buildings, convalescent hospitals, easements, leased fee and leasehold interests.

QUALIFICATIONS, Page 2

CLIENT LIST

Corporations:

Aera Energy
British Pacific Properties
BSI Consultants
Crown Central Petroleum
Firestone Building Materials
Foodmaker Realty Corp.
Greyhound Lines
Holiday Rambler Corp.
International Baking Co.
Johnson Controls
Kampgrounds of America
Knowlwood Restaurants
Kroger Company

La Habra Products, Inc.
MCP Foods
Orangeland RV Park
Pacific Scientific
Penhall International
Pic 'N Save Stores
Sargent-Fletcher Co.
Shell-Western E&P
Southern Distributors Corp.
Southern California Edison
The Home Depot
Tooley and Company
Wastewater Disposal Co.

Developers:

Brighton Homes
BRIDGE Housing
Brookfield
Citation Builders
Davison-Ferguson Investment Devel.
D.T. Smith Homes
Irvine Company

Kathryn Thompson Developers
Mission Viejo Co.
Premier Homes
Presley Homes
Rockefeller & Associates
Taylor Woodrow Homes
Unocal Land & Development

Law Firms:

Atkinson, Andelson, Loya, Ruud & Romo
Baldikoski, Klotz & Dragonette
Best, Best & Krieger LLP
Bowie, Arneson, Wiles & Giannone
Bye, Hatcher & Piggott
Callahan, McCune & Willis
Cooksey, Coleman & Howard
Dawson & Dawson
Hamilton & Samuels
Horgan, Rosen, Beckham & Coren
Kirkland & Ellis
Latham & Watkins LLP
McKee, Charles C.
Mosich, Nicholas J.
Long, David M.
Nossaman, Guthner, Knox & Elliott, LLP

Oliver, Barr & Vose
Ollestad, Freedman & Taylor
Palmieri, Tyler, Wiener, Wilhelm & Waldron LLP
Paul, Hastings, Jonofsky & Walker LLP
Piggott, George B.
Pothier, Rose
Rosenthal & Zimmerman
Ross Wersching & Wolcott LLP
Rutan & Tucker, LLP
Sikora & Price, Inc.
Smith & Politiski
Williams, Gerold G.
Woodruff, Spradlin & Smart, P.C.
Yates, Sealy M.

Financial Institutions:

Ahmanson Trust Company
Barclays Bank
Chino Valley Bank
Continental Bank
First Interstate Mortgage
First Niagara Bank
First Wisconsin Bank

NorthMarq
Pacific Western Bank
San Clemente Savings & Loan
Security Pacific Bank
Sunwest Bank
United Calif. Savings Bank
Washington Square Capital

QUALIFICATIONS, Page 3

Cities:

Anaheim	Laguna Beach	San Diego
Baldwin Park	Lake Elsinore	San Marino
Buena Park	Long Beach	Santa Ana
City of Industry	Mission Viejo	Santee
Cypress	Orange	Seal Beach
Dana Point	Palm Desert	Stanton
Duarte	Placentia	Temecula
Fontana	Rialto	Tustin
Fullerton	Riverside	Wildomar
La Habra	San Clemente	Yorba Linda

Counties:

County of Orange

County of Riverside

Other Governmental:

Agua Mansa Industrial Growth Association	Lee Lake Water District
Eastern Municipal Water District	Metropolitan Water District
El Toro Water District	Orange County Water District
Federal Deposit Insurance Corporation (FDIC)	Trabuco Canyon Water District
Kern County Employees Retirement Association	U.S. Postal Service

School Districts:

Alvord Unified	Irvine Unified	Riverside Unified
Anaheim Union High	Jurupa Unified	Romoland
Anaheim Elementary	Lake Elsinore Unified	Saddleback Valley Unified
Banning Unified	Menifee Union	San Jacinto Unified
Beaumont Unified	Moreno Valley Unified	San Marcos Unified
Capistrano Unified	Murrieta Valley Unified	Santa Ana Unified
Castaic Union	Newhall	Saugus Union
Cypress	Newport-Mesa Unified	Sulphur Springs Union
Etiwanda	Orange Unified	Westside Union
Fullerton	Palm Springs Unified	William S. Hart Union High
Fullerton Jt. Union High	Placentia-Yorba Linda Unif.	Victor Elementary
Garden Grove Unified	Poway Unified	
Hemet Unified	Rialto Unified	

Churches/Church Organizations:

Calvary Church, Santa Ana	Lutheran Church, Missouri Synod
Central Baptist Church, Pomona	Presbytery of Los Rancho
Christian & Missionary Alliance Church, Santa Ana	St. Mark's Lutheran Church, Hac. Hts.
Christian Church Foundation	United Methodist Church
Congregational Church, Fullerton	Vineyard Christian Fellowship
First Church of the Nazarene	Yorba Linda United Methodist Church

Other:

Beverly Hospital
The Claremont College Services
GOALS (nonprofit org.)

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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.

Additional Special Tax Reserve Account. The term “Additional Special Tax Reserve Account” means the account by that name in the Special Tax Fund.

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 \$30,000.

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

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

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

(1) For all purposes, including defeasance investments in refunding escrow accounts: (a) cash; or (b) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S., including U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General

Services Administration, guaranteed Title XI financing, Government National Mortgage Association (GNMA) and State and Local Government Series; or (c) obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corporation (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives), Federal Home Loan Banks (FHL Banks), Federal National Mortgage Association (FNMA) debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations and U.S. Agency for International Development (U.S.A.I.D.) guaranteed notes.

(2) For all purposes other than defeasance investments in refunding escrow accounts: (a) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: Export-Import Bank, Rural Economic Community Development Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing & Urban Development (PHAs), Federal Housing Administration and Federal Financing Bank; (b) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), obligations of the Resolution Funding Corporation (REFCORP) and senior debt obligations of the Federal Home Loan Bank System; (c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (d) commercial paper which is rated at the time of purchase in the single highest classification "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase; (e) investments in a money market fund rated "AAm," "AAm G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services; (f) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America, or any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and: (i) which are rated, based on irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or (ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1)(b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; (g) municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of at least "Aa2/AA" or higher by both Moody's and S&P; (h) Investment Agreements (supported by appropriate opinions of counsel); and (i) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent 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 of the City, the City Manager of the City, the Assistant City Manager/Chief Financial Officer/City Treasurer 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 an 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 Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside Special Tax Bonds, Series 2026A.

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

Business Day. The term “Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the City where the Principal Office of the Trustee is located, are not required or authorized to remain closed.

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

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

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

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 _____, 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. 2021-3 (Bridle Ridge) of the City of Riverside, established pursuant to the Act and Resolution No. 23846 adopted by the City Council of the City on April 26, 2022.

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

Event of Default. The term “Event of Default” means an event described in the Indenture.

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

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 August 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. 7584 adopted by the City Council on April 26, 2022, 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 thereafter 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 corporate trust Principal Office of the Trustee located in Los Angeles, California, provided that for purposes of redemption, payment, exchange, transfer or surrender of the Bonds and Parity Bonds means the corporate trust Principal Office of the Trustee located in St. Paul, Minnesota, 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 corporate trust business.

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 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; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds; 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. . 23846 adopted by the City Council on April 26, 2022, pursuant to which the City Council established the District.

Riverside 103, LP City Fee Facilities Account. The term “Riverside 103, LP City Fee Facilities Account” means the account by the name created and established in the Acquisition and Construction Fund pursuant to 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 26, 2022 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 26, 2022 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; and means, with reference to a series of Parity Bonds, a series of Parity Bonds, the interest earning on which are excludable from gross income for federal income tax purposes pursuant to Section 103(c) of the Code.

Term Bonds. The term “Term Bonds” means the Bonds maturing on September 1, 20__ and September 1, 20__ and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, at its corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture, and any successor thereto.

Underwriter. The term “Underwriter” means, with respect to the Bonds, 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 District Subaccount. The term “Water District Subaccount” means the Water District Subaccount of the Other Facilities Account of the Acquisition and Construction Fund established 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 the Project, paying Costs of Issuance, and funding the Reserve Account; 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 and the Additional Special Tax Reserve Account therein) which have been 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 and the Additional Special Tax Reserve 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, the Administrative Expense Account or the Additional Special Tax Reserve 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 the Principal Office of the Trustee, 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.

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

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

next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

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 has been 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 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 has agreed 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 have been 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. 2021-3 (Bridle Ridge) of the City of Riverside 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, an Additional Special Tax Reserve Account and an Administrative Expense Account).

(2) The Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside Rebate Fund (the “Rebate Fund”) (in which there shall be established a Rebate Account and an Alternate Penalty Account).

(3) The Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside Acquisition and Construction Fund (the “Acquisition and Construction Fund”) (in which there shall be established a D.R. Horton City Fee Facilities Account, a Riverside 103, LP City Fee Facilities Account, an Other Facilities Account (in which there shall be established a Water District Subaccount), and a Costs of Issuance Account).

(4) The Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside 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 in accordance with the provisions of the Indenture and will disburse the amounts in such funds, accounts and subaccounts and apply investment earnings thereon in accordance with the provisions of the Indenture.

In connection with the issuance of any Parity Bonds, which may be issued only for the purpose of refunding the 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 Additional Special Tax Reserve Account of the Special Tax Fund; (7) the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expenses Cap; (8) Surplus Fund; and (9) the Rebate 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, 2026, 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 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, after moneys in the Additional Special Tax Reserve Account, have been transferred to the Interest Account and/or the Principal Account pursuant to the Indenture, 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 hereof upon written direction from the District. If after moneys in the Additional Special Tax Reserve Account, have been transferred to the Interest Account or Principal Account, as the case may be, 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 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 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. Moneys in the Special Tax Fund will be 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, 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, 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 sum of the amounts on deposit in the Reserve Account and the Additional Special Tax Reserve Account as of the first day of the penultimate Bond Year equals or exceeds the sum of the Annual Debt Service in each of the final two Bond Years 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 such Bond Years 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, 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.

Additional Special Tax Reserve Account of the Special Tax Fund. Amounts in the Additional Special Tax Reserve Account of the Special Tax Fund are not pledged to the repayment of the Bonds or Parity Bonds and may be used by the District for any lawful purpose and disbursed by the Trustee in accordance with the written direction of the District, including but limited to as follows:

(a) Moneys in the Additional Special Tax Reserve Account may be used for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds or Parity Bonds when due or in the event that the balance on deposit in the Interest Account or the Principal Account, as the case may be, is insufficient for such purpose and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District or any required transfer to the Redemption Account as described therein. If the amounts in the Interest Account or Principal Account, as the case may be, are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will withdraw from the Additional Special Tax Reserve Account for deposit in the Interest Account or the Principal Account, as the case may be, or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) The District may, from time to time, direct the Trustee in a Certificate of an Authorized Representative to transfer available moneys in the Special Tax Fund to the Additional Special Tax Reserve Account. The District may also direct the Trustee in a Certificate of an Authorized Representative to transfer moneys in the Additional Special Tax Reserve Account to other funds and accounts held under the Indenture and to close the Additional Special Tax Reserve Account.

(c) To the extent that the sum of the amounts on deposit in the Reserve Account and the Additional Special Tax Reserve Account as of the first day of the penultimate Bond Year equals or exceeds the sum of Annual Debt Service in each of the final two Bond Years, amounts in the Additional Special Tax Reserve Account may be applied to pay the principal of and interest due on the Bonds in such Bond Years, if so provided in a Certificate of an Authorized Representative.

(d) To the extent that the sum of the amounts on deposit in the Reserve Account and the Additional Special Tax Reserve Account as of the first day of the final Bond Year equals or exceeds Annual Debt Service for the final Bond Year, amounts in the Additional Special Tax Reserve Account may be applied

to pay the principal of and interest due on the Bonds in such Bond Year, if so provided in a Certificate of an Authorized Representative.

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 the interest on which is excluded from gross income for federal income tax purposes. 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 the interest on which is excluded from gross income for federal income tax purposes; 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 subsection (iii) below, the Trustee, at the written direction of an Authorized Representative of the District, may withdraw the excess from the applicable subaccount of the Alternate Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in a subaccount of the Alternate Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from a subaccount of the Alternate Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District will calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternate Penalty Account from any funds held by the Trustee pursuant to the Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to 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 subsections (a)(1)(iii) or (a)(2)(iii) (whichever is applicable), may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the Rebate Fund requirements of the Indenture will survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. The Rebate Fund provisions of the Indenture may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax exempt basis.

(e) Trustee. The Trustee has no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to the Rebate Fund requirements of the Indenture and will be deemed constructively to have complied with its obligations thereunder if it follows the written instructions of the District given pursuant to the 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 after all of the Project Costs have been paid, (v) 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 the Administrative Expense Account of the Special Tax Fund or the Acquisition and Construction Fund as directed in writing by an Authorized Representative of the District. Following such transfer to the Administrative Expense Account or 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 and Subaccounts 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 or Subaccounts 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 or Subaccount of the Acquisition and Construction Fund may be transferred to another Account or Accounts or Subaccounts 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 or Subaccounts 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 or Subaccounts therein (other than the Costs of Issuance Account) to the Interest Account, the Principal Account or Redemption Account of the Special Tax Fund, to the Costs of Issuance Account or to the Surplus Fund, as directed in such certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there will be delivered to the Trustee with such certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes; and (ii) thereafter, close the Acquisition and Construction Fund.

Investments. Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture will be invested at the written direction of the District upon at least two (2) Business Days' notice in accordance with the limitations set forth below only in Authorized Investments which will be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments will be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount will be applied as follows: (i) investment earnings on all amounts deposited in the Acquisition and Construction Fund (including the Accounts therein), the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account and the Additional Special Tax Reserve Account of the Special Tax Fund) will be deposited in those respective Funds, Accounts and Subaccounts; (ii) investment earnings on all amounts deposited in the Reserve Account will be deposited therein to be applied as set forth in the Indenture; and (iii) investment earnings on all amounts deposited in the Additional Special Tax 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 and Subaccounts 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 and the Accounts and Subaccounts therein. Notwithstanding anything in the Indenture to the contrary, amounts in the Acquisition and Construction Fund 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 and the Accounts and Subaccounts therein 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 and the Additional Special Tax 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, the Trustee will invest solely in Authorized Investments specified in clause (2)(e) of the definition thereof. If no such written investment direction from the District is received, the funds will be 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 will not be 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 is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of 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 hereunder, but will account for each separately. The Trustee is hereby authorized, in making or disposing of any investment permitted by the Indenture, to deal with itself (in its individual capacity) or which any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

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 will make 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 has covenanted 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 has covenanted 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 has covenanted 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. The District has further covenanted 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 has covenanted 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 has covenanted 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 has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and has specifically covenanted, 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 issued on a tax-exempt basis for federal income tax purposes 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 issued on a tax-exempt basis for federal income tax purposes 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 issued on a tax-exempt basis for federal income tax purposes 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 issued on a tax-exempt basis for federal income tax purposes 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 issued on a tax-exempt basis for federal income tax purposes.

(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 Parity Bonds issued on a tax-exempt basis for federal income tax purposes 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 any Parity Bonds issued on a tax-exempt basis for federal income tax purposes 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 for federal income tax purposes.

(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 has found and determined 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 has determined 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 has determined 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 has covenanted, 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 Expenses Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

(h) Covenants to Defend. The District has covenanted 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 has covenanted 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 has covenanted 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: such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expenses Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

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

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 require 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 Principal Office of the Trustee for inspection by all Owners. The failure of any Owners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments refer to the proposed Supplemental Indenture described in such notice, and specifically consents to and approves the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, will thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions 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 Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action will be made on such Bonds or Parity Bonds. 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 Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

The Trustee has the right to require such opinions of counsel as it deems necessary concerning: (i) the lack of material adverse effect of the amendment on Owners; and (ii) the fact that the amendment will not affect the tax status of interest with respect to the Bonds.

TRUSTEE

Trustee. U.S. Bank Trust Company, National Association will be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee has represented 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 has been 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 has been 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 has been authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee will cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of the Indenture.

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 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 and expenses of its attorneys (not arising from its own gross negligence or willful misconduct) which it may incur in the exercise and performance of its powers and duties under the Indenture. The foregoing obligation of the District to indemnify the Trustee will survive the removal or resignation of the Trustee or the discharge of the Bonds and Parity Bonds.

Removal of Trustee. The District may at any time at its sole discretion, upon 30 days' notice, remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor is a bank or trust company having (or whose parent bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and notice of the successor Trustee's identity and address being sent by the successor Trustee to the Owners.

Resignation of Trustee. The Trustee may at any time resign 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 expense of the District, a court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint a successor Trustee under the Indenture.

Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds will be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility or liability for the correctness of the same and makes no representations whatsoever as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and will incur no responsibility or liability in respect thereof, other than in connection with its express duties or obligations specifically set forth in the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee will not have nor be under any responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own gross negligence or willful misconduct.

The Trustee will be conclusively protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, Parity Bond or other paper or document signed or presented by the proper party or parties as provided under the Indenture. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection to the Trustee in respect of any action taken or suffered under the Indenture in good faith.

The Trustee is not 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, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a written certificate of the District, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may but is not obligated to accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. It has been 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 until an officer at the Trustee's corporate trust office responsible for the administration of its duties under the Indenture has actual knowledge thereof or the Trustee has received written notice thereof at its corporate trust office.

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

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

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

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

The Trustee will perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations will be read into the Indenture against the Trustee.

The District will, to the extent permitted by law, indemnify and save the Trustee and its officers, directors, agents, and employees harmless from and against (whether or not litigated) all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project; (ii) any breach or default on the part of the District in the performance of any of its obligations under the Indenture and any other agreement made and entered into for purposes of the Bonds and Parity Bonds; (iii) any act of the 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. 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.

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, special or consequential damages, in connection with or arising out of the Project or the Indenture for the existence, furnishing, functioning or use and possession of the Project.

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 under the Indenture is prevented by reason of *force majeure*. The term “*force majeure*” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. *Force majeure* will include, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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 subsections (a) or (b), default by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, which default continues for a period of 30 days after the District has been given notice in writing of such default by the Trustee or the Owners of twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee has agreed to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under subsections (a) or (b) above and within 30 days of the Trustee’s actual knowledge of an Event of Default under subsections (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, any Owner may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including: (a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture; (b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or (c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default occurs and is continuing and if requested and directed so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy conferred upon or reserved to the Owners in the Indenture is intended to be exclusive of any other remedy. Every such remedy will be cumulative and in addition to every other remedy given under

the Indenture or now or later existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Owners under the provisions of the Indenture relating to the Bonds and Parity Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds: First, to the payment of the costs, fees and expenses of the Trustee in declaring such Event of Default and in performing its duties and obligations under the Indenture, including reasonable compensation to its agents, attorneys and counsel; Second, to the payment of the fees, costs and expenses of the Owners in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and Third, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event that such amounts are insufficient to pay the full amount of such interest and principal, then such amounts will be applied in the following order of priority: (a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; (b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and (c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, pursuant to its obligations under the Indenture, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee has been 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 has expressly agreed, 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 have been 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 subparagraph (1) of the definition of Authorized Investments, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same 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 only for the purposes of refunding all or a portion of the Bonds or Parity Bonds then Outstanding subject to the following specific conditions, which have been 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 adopted by the District which specifies the following: (1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited; (2) the authorized principal amount of such Parity Bonds; (3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date falls on a September 1; (ii) all such Parity Bonds of like maturity are identical in all respects, except as to number; (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, are established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates; and (iv) the maturity of such Parity Bonds does not exceed the maturity of the Bonds being refunded; (4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication; (5) the denominations and method of numbering of such Parity Bonds; (6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds; (7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement; (8) the form of such Parity Bonds; and (9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District 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, such Supplemental Indenture has been duly and lawfully executed by the District, and the Indenture and such Supplemental Indenture are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and the Supplemental Indenture executed and delivered in connection with such Parity Bonds and are entitled to the benefits of the Indenture and such Supplemental Indenture, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and such Supplemental Indenture; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued; (4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the foregoing requirements of the Indenture; (5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and (6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

MISCELLANEOUS

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

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds will be sufficient for the purposes of the Indenture (except as otherwise therein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument, and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same is registered in the Bond Register will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, will be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee will be affected by any notice to the contrary.

Nothing contained in the Indenture will be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters therein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond will bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, will be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, will cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture constitute a contract between the District and the Owners and the provisions thereof will be construed in accordance with the laws of the State of California. In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought

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

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

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

Severability. 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 dated _____, 2026 (the “Disclosure Certificate”) is executed and delivered by Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside (the “District”) in connection with the issuance and delivery by the District of its \$_____ Special Tax Bonds, Series 2026A (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted on July 28, 2026, by the City Council of the City of Riverside, acting as the legislative body of the District, and the Bond Indenture dated as of August 1, 2026, by and between the District and U.S. Bank Trust Company, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

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

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

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

“City” means the City of Riverside.

“Disclosure Representative” shall mean the City Manager, Treasurer or Chief Financial Officer, or either of their designees, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

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

“District” shall mean Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside.

“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.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean that certain Official Statement for the Bonds dated _____, 2026.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“Trustee” means U.S. Bank Trust Company, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the District’s Fiscal Year (June 30) commencing with the report due by April 1, 2027, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, the first Annual Report shall consist solely of the Official Statement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District, if any, for the prior fiscal year, 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 come available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds outstanding as of the September 30 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of the District for approval prior to the filing of the Annual Report;

(iv) an update of the estimated assessed value-to-lien ratio for the District substantially in the form of Table 3 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the then current fiscal year; provided that such update need not include overlapping special tax, assessment or general obligation indebtedness;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes; and

(vi) a description of the collection and delinquency rate of Special Taxes in the District for the Fiscal Year then ended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with EMMA of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;

7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does

not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

COMMUNITY FACILITIES DISTRICT NO. 2021-3
(BRIDLE RIDGE) OF THE CITY OF RIVERSIDE

By: _____
Disclosure Representative

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APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

This Developer Continuing Disclosure Certificate (the “Disclosure Certificate”) dated ____, 2026 is executed and delivered by D.R. Horton Los Angeles Holding Company, Inc., a California corporation (the “Landowner”), in connection with the issuance by Community Facilities District No. 2021-3 of the City of Riverside (the “Community Facilities District”) of the \$____ Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside Special Tax Bonds, Series 2026A (the “Bonds”). The Bonds are being issued pursuant to a Bond Indenture, dated as of August 1, 2026 (the “Indenture”) by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Landowner covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Landowner to assist the Underwriter in the marketing of the Bonds.

SECTION 2. Definitions. Unless defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the Indenture.

“Affiliate” shall mean, with respect to the Landowner, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Landowner, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Community Facilities District and investment decision regarding the Bonds (*i.e.* information regarding such Person’s assets or funds that would materially affect the Landowner’s ability to develop the Property as described in the Official Statement or to pay its Special Taxes on the portion of the Property then owned by the Landowner (to the extent the responsibility of the Landowner) prior to delinquency). For purposes hereof, the term “control” (including the terms “controlling,” “controlled by” or “under common control with”) means the present possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Community Facilities District” shall mean Community Facilities District No. 2021-3 (Bridle Ridge) of the City of Riverside.

“Dissemination Agent” shall mean the Landowner or any successor Dissemination Agent designated in writing by the Landowner and which has filed with the Landowner and the Community Facilities District a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity as the repository for filings.

“Official Statement” shall mean the Official Statement, dated ____, 2026, relating to the Bonds.

“Person” shall mean an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, an unincorporated organization or a government or political subdivision thereof.

“Property” means the real property within the boundaries of the Community Facilities District that is owned by the Landowner or any Affiliate and subject to the Special Taxes as of the date of determination.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission as a repository of disclosure information. Unless 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>.

“Semiannual Report” shall mean any report to be provided by the Landowner on or prior to August 15 and February 15 of each year, commencing with the Semiannual Report due February 15, 2027, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Special Taxes” means the special taxes levied on the Property within the Community Facilities District.

“State” shall mean the State of California.

“Underwriter” shall mean the original underwriter of the Bonds, which is Raymond James & Associates, Inc.

SECTION 3. Provision of Semiannual Reports.

(a) Until the obligations under this Disclosure Certificate are terminated pursuant to Section 6, the Landowner shall, or, upon written direction of the Landowner, the Dissemination Agent shall, not later than August 15 and February 15 of each year, commencing February 15, 2027, provide to the Repository the Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, August 15 or February 15 falls on a Saturday, Sunday or a federal holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday or federal holiday. If the Landowner utilizes the Dissemination Agent to file the Semi-Annual Report, then not later than 15 calendar days prior to the Semiannual Report date, the Landowner shall provide the Semiannual Report to the Dissemination Agent (if different from the Landowner), and shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent, to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent may conclusively rely upon such certification of the Landowner and shall have no duty or obligation to review the Semiannual Report. The Semiannual 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.

(b) If the Dissemination Agent (if different from the Landowner) does not receive a Semiannual Report from the Landowner and cannot verify that a Semiannual Report has been filed with the Repository by 15 calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Dissemination Agent shall send a reminder notice to the Landowner that the Semiannual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Landowner to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below).

(c) If the Landowner does not provide, or cause the Dissemination Agent to provide, a Semiannual Report to the Repository on or prior to the date specified in subsection (a) for providing the

Semiannual Report to the Repository, the Dissemination Agent shall send, in a timely manner, a notice to the Repository of the failure to file the Semiannual Report in the form required by the Repository.

(d) The Dissemination Agent shall:

(i) determine, prior to the date for providing the Semiannual Report, the name and address of the Repository; and

(ii) promptly after receipt of the Semiannual Report, file a report with the Landowner and the Community Facilities District certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system or in another manner approved by the MSRB or the Securities and Exchange Commission.

SECTION 4. Content of Semiannual Reports.

(a) Each's Semiannual Report shall contain or include by reference the information which is updated through a date which shall not be more than 60 days prior to the date the applicable Semiannual Report is required to be filed, relating to the following:

1. To the extent not previously disclosed in a prior Semiannual Report, a discussion of any material change in the Landowner's sources of funds to finance its development of the Property as disclosed in the Official Statement, and, if applicable, whether any material defaults exist under any loan arrangement related to such financing. As disclosed in the Official Statement, the Landowner is financing its development of the Property through internal sources.

2. A summary of development activity conducted by the Landowner or any Affiliate within the Community Facilities District, including the number of parcels for which sales to homebuyers have closed.

3. Any sale by the Landowner or any Affiliate of Property to another Person, other than to buyers of completed homes, including a description of the property sold (acreage, number of lots, etc.) and the identity of the Person that so purchased the property, all since the most recent Semiannual Report.

4. Any major legislative, administrative and judicial challenges that the Landowner is currently involved in or has actual knowledge of, to or affecting the Landowner's development of the Property, or the time for construction of any public or private improvements to be made to the Property by the Landowner or any Affiliate (the "Landowner Improvements").

5. Any significant amendments to land use entitlements known to the Landowner with respect to the Property owned by the Landowner or its Affiliates.

6. Information regarding any failure by the Landowner or any of its Affiliates to pay any real property taxes (including Special Taxes) levied on any Property owned by the Landowner or any Affiliates, to the extent such failure is not promptly cured by the Landowner or a Relevant Entity upon discovery thereof.

(b) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it

must be available from the MSRB. The Landowner 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 Landowner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) as soon as practicable after the occurrence of any of the following events:

1. Failure to pay any real property taxes, special taxes or assessments levied within the Community Facilities District on a parcel owned by the Landowner or any Affiliate, to the extent such failure is not promptly cured by the Landowner or any Affiliate upon discovery thereof;

2. Material default by the Landowner or any Affiliate on any loan with respect to the construction or permanent financing of the Landowner Improvements to which the Landowner or any Affiliate has been provided a notice of default;

3. Material default by the Landowner or any Affiliate on any loan secured by property within the Community Facilities District owned by the Landowner or any Affiliate to which the Landowner or any Affiliate has been provided a notice of default;

4. Material payment default by the Landowner on any loan of the Landowner (whether or not such loan is secured by property within the Community Facilities District) which is beyond any applicable cure period in such loan;

5. The filing of any proceedings with respect to the Landowner, in which the Landowner, may be adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts;

6. The filing of any proceedings with respect to an Affiliate, in which such Affiliate may be adjudicated as bankrupt or discharged from any or all of its respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts if such adjudication could materially adversely affect the completion of the Landowner Improvements or the development of the Property (including the payment of Special Taxes); and

7. The filing of any lawsuit against the Landowner or any of its Affiliates (with service of process on the Landowner or its Affiliates having occurred) which, in the reasonable judgment of the Landowner, will materially adversely affect the completion of the development of the Property owned by the Landowner or its Affiliates within the Community Facilities District, or litigation which if decided against the Landowner, or any of its Affiliates, in the reasonable judgment of the Landowner, would materially adversely affect the financial condition of the Landowner or any Affiliate of the Landowner owning any Property within the Community Facilities District, or their respective ability to pay Special Taxes levied on their respective Property within the Community Facilities District when due.

(b) Whenever the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent (if different from the Landowner) shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Landowner determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Landowner shall promptly file or cause the Dissemination

Agent to file a notice of such occurrence with the Repository, with a copy to the Community Facilities District.

SECTION 6. Termination of Reporting Obligation. The Landowner's obligations under this Disclosure Certificate shall terminate upon the earlier to occur of the following events:

- (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or
- (b) the date on which, the Landowner owns fewer than 29 of the residential units planned to be constructed in the District

If such termination occurs prior to the final maturity of the Bonds, the Landowner shall give notice of such termination in the same manner as for a Semiannual Report hereunder.

SECTION 7. Dissemination Agent. The Landowner 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. If the Dissemination Agent is not the Landowner, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Landowner pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing (i) thirty days written notice to the Landowner and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Landowner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;
- (b) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Indenture with the consent of owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Community Facilities District and the Dissemination Agent, materially impair the interests of the owners or Beneficial Owners of the Bonds; and
- (c) The Landowner, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) above to the Community Facilities District and the Trustee.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Landowner 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 Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Landowner chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Landowner shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

The Landowner acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Landowner, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Landowner under such laws.

SECTION 10. Default. In the event of a failure of the Landowner or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Underwriter or any owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Landowner or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Landowner 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. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Landowner, the Underwriter, owners of the Bonds or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Landowner or an opinion of nationally recognized bond counsel. 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 may conclusively rely upon the Semiannual Report provided to it by the Landowner as constituting the Semiannual Report required of the Landowner in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. The Dissemination Agent shall have no duty to prepare the Semiannual Report nor shall the Dissemination Agent be responsible for filing any Semiannual Report not provided to it by the Landowner in a timely manner in a form suitable for filing with the Repositories. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 12. Landowner as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Landowner is not an agent or contractor of the Community Facilities District.

SECTION 13. Notices. Notices should be sent in writing by electronic, regular, or overnight mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

Landowner: D.R. Horton Los Angeles Holding Company, Inc.
980 Montecito Drive, Suite 300
Corona, CA 92879
Attn: Jennifer O'Leary, Vice President of Forward Planning
Email: jloleary@drhorton.com

With a Copy to:

O'Neil LLP
19800 MacArthur Blvd., Suite 650
Irvine, California 92612
Attn: Sandra A. Galle
Email: sgalle@oneil-llp.com

Underwriter: Raymond James & Associates, Inc.
301 North Lake Avenue, Suite 1150
Pasadena, CA 91101
Attention: Jose Vera
Email: Jose.Vera@RaymondJames.com

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Landowner, the City of Riverside, the Community Facilities District, the Dissemination Agent, the Underwriter and owners of the Bonds and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Landowner has executed this Disclosure Certificate as of the date first above written.

D.R. HORTON LOS ANGELES HOLDING COMPANY,
INC., a California corporation

By: _____
Jennifer O'Leary,
Vice President

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APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of

Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.