

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 18, 2025**

**NEW ISSUE – BOOK-ENTRY ONLY**

**NOT RATED**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025 Bonds. See “TAX MATTERS” herein.*



**\$14,000,000\***  
**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-08 (SAN JUAN OAKS),**  
**IMPROVEMENT AREA NO. 1,**  
**SPECIAL TAX BONDS, SERIES 2025**

**Dated: Date of Delivery**

**Due: September 1, as shown on the Inside Cover**

The California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025 (the “**2025 Bonds**”) are being issued under the Mello-Roos Community Facilities Act of 1982 (the “**Act**”) to (a) finance the acquisition of certain public infrastructure improvements authorized to be financed in connection with the development of property within Improvement Area No. 1 (“**Improvement Area No. 1**”) and the remainder of the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California (the “**Community Facilities District**”), (b) make a deposit to the Reserve Fund, and (c) pay certain costs of issuing the 2025 Bonds. See “ESTIMATED SOURCES AND USES OF 2025 BOND PROCEEDS” herein. The 2025 Bonds will be issued in accordance with the provisions of an Indenture (the “**Indenture**”) between the California Statewide Communities Development Authority (the “**Authority**”) and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

2025 Bonds may be purchased in the principal amount of \$5,000 or integral multiples thereof. Interest is payable semiannually on March 1 and September 1 of each year (each, an “**Interest Payment Date**”), commencing March 1, 2026. The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. The 2025 Bonds are being issued as fully registered bonds in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Purchasers will not receive physical certificates representing their interest in the 2025 Bonds. So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Holders shall mean Cede & Co., and shall not mean the ultimate purchasers of the 2025 Bonds. See APPENDIX F – “BOOK-ENTRY SYSTEM” attached hereto.

**THE 2025 BONDS REPRESENT A HIGH DEGREE OF SPECULATIVE RISK. Investment in the 2025 Bonds involves risks which may not be appropriate for some investors. See “SPECIAL RISK FACTORS” herein 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 2025 Bonds.**

This cover page contains information for general reference only. It is not a complete summary of the 2025 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2025 Bonds are subject to redemption prior to maturity as described herein. See “THE 2025 BONDS – Redemption” herein.

The 2025 Bonds are not rated by any rating agency.

The 2025 Bonds are secured by a pledge of and are payable from the Net Special Tax Revenues (as defined herein) consisting primarily of the Special Tax (as defined herein) to be levied on certain real property within Improvement Area No. 1, including any prepayments thereof and any amounts received, net of costs of collection, as a result of foreclosure or other actions by the Authority to collect delinquent Special Tax, and amounts held in certain funds pursuant to the Indenture, net of Priority Administrative Expenses (as defined herein). See “SECURITY FOR THE 2025 BONDS.”

Following the issuance of the 2025 Bonds, the Authority may issue additional bonds (“**Parity Bonds**”) pursuant to and subject to the conditions contained in the Indenture, which Parity Bonds will be secured by a lien on the Net Special Tax Revenues on parity with the 2025 Bonds. The 2025 Bonds and any Parity Bonds are referred to herein collectively as the “**Bonds**.” See “SECURITY FOR THE 2025 BONDS – Parity Bonds.”

Special Taxes do not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 1. In the event of delinquency, foreclosure proceedings may be conducted only against the real property securing the delinquent Special Tax. Thus, the value of the real property within Improvement Area No. 1 is an important factor in determining the investment quality of the 2025 Bonds. The Special Taxes are not required to be paid upon sale of property within Improvement Area No. 1. There is no assurance the owners shall be able to pay the Special Tax or that they shall pay such Special Tax even though financially able to do so.

**THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2025 BONDS EXCEPT FROM THE NET SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. THE 2025 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.**

*The 2025 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriter by Jones Hall LLP. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel to the Authority. It is anticipated that the 2025 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about August 12, 2025.*

**STIFEL**

This Official Statement is dated \_\_\_\_\_, 2025.

\* Preliminary, subject to change.

**MATURITY SCHEDULE**

**relating to**

**\$14,000,000\***

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2023-08 (SAN JUAN OAKS),  
IMPROVEMENT AREA NO. 1,  
SPECIAL TAX BONDS, SERIES 2025**

**MATURITY SCHEDULE**

(Base CUSIP<sup>†</sup> Number \_\_\_\_\_)

| <u><b>Maturity<br/>(September 1)</b></u> | <u><b>Principal<br/>Amount</b></u> | <u><b>Interest<br/>Rate</b></u> | <u><b>Price or<br/>Yield<sup>††</sup></b></u> | <u><b>CUSIP<sup>†</sup><br/>Suffix</b></u> |
|--|------------------------------------|---------------------------------|---|--|
|--|------------------------------------|---------------------------------|---|--|

|          |                                   |                             |    |                                 |
|----------|-----------------------------------|-----------------------------|----|---------------------------------|
| \$ _____ | % Term Bond due September 1, 20__ | ; Yield <sup>††</sup> _____ | %; | CUSIP <sup>†</sup> Suffix _____ |
| \$ _____ | % Term Bond due September 1, 20__ | ; Yield <sup>††</sup> _____ | %; | CUSIP <sup>†</sup> Suffix _____ |

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\* Preliminary, subject to change.

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†† Reoffering prices/yields furnished by the Underwriter. The Authority takes no responsibility for the accuracy thereof.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations with respect to the Authority, the Community Facilities District or the 2025 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority 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 2025 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 of the 2025 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 a representation of facts.

Certain of the information set forth herein has been obtained from sources which the Authority believes to be reliable, but such information is not guaranteed as to accuracy or completeness.

All summaries of the Indenture or other documents are made subject to the provisions thereof 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 Authority for further information in connection therewith. This Official Statement is submitted in connection with the sale of the 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement includes forward-looking statements that are based on the current expectations and projections of the Authority or the Master Developer and the Homebuilder (each defined herein) within Improvement Area No. 1, about future events. These forward-looking statements are subject to risks and uncertainties, including risks and uncertainties outside the control of the Authority or the Master Developer and the Homebuilder. Such statements generally are identifiable by the terminology used, such as “project,” “plan,” “expect,” “anticipate,” “estimate,” “budget,” “believe” or other similar words. 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. No assurance is given that actual results will meet the Authority’s or the Master Developer’s or the Homebuilder’s forecasts in any way. Except as set forth in the continuing disclosure undertakings, the forms of which are attached as APPENDIX E hereto, the Authority, the Master Developer, and the Homebuilder do not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or change.

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2025 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

# **CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

## **Commission**

Brian Moura, Chair  
*Vacant*, Vice Chair  
Kevin O'Rourke, Secretary  
Brian Stiger, Treasurer  
Leonard Moty, Member  
Vito Chiesa, Member  
Niroop Srivatsa, Member  
Helen Robbins-Meyer, Member  
Lisa Bartlett, Alternate Member  
Norman Coppinger, Alternate Member

## **Officers**

Brian Moura, Interim Executive Director

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## **PROFESSIONAL SERVICES**

### **Special Tax Consultant**

DTA Public Finance, Inc.

### **Appraiser**

Integra Realty Resources

### **Bond and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP

### **Trustee**

Wilmington Trust, National Association



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## OFFICIAL STATEMENT

**\$14,000,000\***

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2023-08 (SAN JUAN OAKS),  
IMPROVEMENT AREA NO. 1,  
SPECIAL TAX BONDS, SERIES 2025**

### INTRODUCTION

The purpose of this Official Statement, including the cover, table of contents and the Appendices, is to provide certain information concerning the \$14,000,000\* aggregate principal amount of California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025 (the “**2025 Bonds**”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. Investors should review the entire Official Statement. The sale and delivery of the 2025 Bonds to investors is made only by means of the entire Official Statement.

#### **Authority for Issuance**

The 2025 Bonds are being issued under the Mello-Roos Community Facilities Act of 1982 (the “**Act**”) to (a) finance the acquisition of certain public infrastructure improvements authorized to be financed in connection with the development of property within Improvement Area No. 1 (“**Improvement Area No. 1**”) and the remainder of the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California (the “**Community Facilities District**”), (b) make a deposit to the Reserve Fund, and (c) pay certain costs of issuing the 2025 Bonds. See “ESTIMATED SOURCES AND USES OF 2025 BOND PROCEEDS” herein.

The Commission of the California Statewide Communities Development Authority (the “**Authority**”), through proceedings conducted under the Act, is authorized to issue bonds for the Community Facilities District in an aggregate principal amount not to exceed \$40,000,000, of which \$35,000,000 is allocable to Improvement Area No. 1 and payable from the net special taxes in Improvement Area No. 1 and the remaining \$5,000,000 is allocable to the Future Annexation Area (as defined herein). The 2025 Bonds are secured by a lien of the Special Tax in Improvement Area No. 1. See “SECURITY FOR THE 2025 BONDS.”

Following the issuance of the 2025 Bonds, the Authority may issue additional bonds (“**Parity Bonds**”) pursuant to and subject to the conditions contained in the Indenture (as defined herein), which Parity Bonds will be secured by a lien on the Special Taxes on parity with the 2025 Bonds. The 2025 Bonds and any Parity Bonds are referred to herein collectively as the “**Bonds**.” See “SECURITY FOR THE 2025 BONDS – Parity Bonds” herein.

#### **Description of the 2025 Bonds**

The 2025 Bonds may be purchased in principal amounts of \$5,000 or integral multiples thereof. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026

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\* Preliminary, subject to change.

(each, an “**Interest Payment Date**”). The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. The 2025 Bonds are being issued as fully registered bonds in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Purchasers will not receive certificates representing their interest in the 2025 Bonds. See APPENDIX F – “BOOK-ENTRY SYSTEM.” The 2025 Bonds are subject to redemption prior to maturity as described herein. See “THE 2025 BONDS – Redemption” herein.

The 2025 Bonds will be issued in accordance with the provisions of an Indenture (the “**Indenture**”) between the Authority and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

The 2025 Bonds are subject to optional redemption, extraordinary redemption and mandatory sinking fund redemption prior to maturity as described herein.\* See “THE 2025 BONDS – Redemption” herein.

### **Security for the 2025 Bonds**

Pursuant to the Act, the qualified electors of Improvement Area No. 1 were the owners of the Taxable Property (as defined herein) within Improvement Area No. 1. The property owners approved the levy of a special tax (the “**Special Tax**”) on their real property within the boundaries of Improvement Area No. 1. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1” herein. The 2025 Bonds are limited obligations payable solely from and secured by a pledge of the Net Special Tax Revenues (as defined herein), consisting primarily of the Special Tax collected within Improvement Area No. 1, including any prepayments thereof and any amounts received, net of costs of collection, as a result of foreclosure or other actions by the Authority to collect delinquent Special Tax and net of Priority Administrative Expenses (as defined herein), and amounts held in certain funds pursuant to the Indenture. See “SECURITY FOR THE 2025 BONDS” herein. Special taxes collected within the Community Facilities District for any other improvement areas designated therein from time to time do not secure the 2025 Bonds and cannot be used for payment of the 2025 Bonds. The 2025 Bonds will be further secured by amounts on deposit in a Reserve Fund. See “SECURITY FOR THE 2025 BONDS – Funds and Accounts; Flow of Funds” herein.

THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2025 BONDS EXCEPT FROM THE NET SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. THE 2025 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.

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\* Preliminary, subject to change.

## Use of Proceeds

Proceeds of the 2025 Bonds will be primarily used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements (the “**Authorized Improvements**”) described herein. The Authorized Improvements to be funded from the 2025 Bond proceeds consists generally of San Juan Oaks Drive and the improvements funded through the County’s Community Benefit Fee to serve the development within the Community Facilities District.

The cost of a portion of the Authorized Improvements will be paid from the proceeds of the 2025 Bonds, with any remaining costs to be funded by the Master Developer (defined herein) or may be paid in part from proceeds of Bonds issued for Improvement Area No. 1 within the Community Facilities District or other areas annexed into the Community Facilities District in the future. Bonds for any other improvement areas within the Community Facilities District will not constitute overlapping or parity debt for the 2025 Bonds and are not, and will not, be payable from the Special Tax in Improvement Area No. 1. Any other improvement areas annexed in to the Community Facilities District from time to time will not be subject to the Special Tax pledged to the payment of the 2025 Bonds.

Proceeds of the 2025 Bonds will also be deposited to a debt service reserve fund for the 2025 Bonds and to pay certain costs of issuance of the 2025 Bonds.

## The Community Facilities District and Improvement Area No. 1

The Community Facilities District was formed in 2023 on a portion of the larger San Juan Oaks master planned community (the “**San Juan Oaks Project**”). The Community Facilities District is located in an unincorporated area within San Benito County, California (the “**County**”). The County is located in California’s Central Coast region and southeast of the San Francisco Bay Area. Specifically, the Community Facilities District is located approximately 5.5 miles southwest of central Hollister, California, which is the County’s county seat, approximately 19 miles east of Monterey Bay, and approximately 42 miles southeast of San Jose.

Improvement Area No. 1 currently encompasses all of the Community Facilities District. Improvement Area No. 1 includes approximately 360.18 net taxable acres of land that is expected to be developed into 1,017 age-restricted single family residential homes subject to the levy of the Special Tax. Improvement Area No. 1 will also include an amenity center for residents and their guests that is expected to consist of an approximately 15,000 square foot main building with a multi-purpose room, a fitness center, a craft room, locker rooms, administrative spaces, and a covered swimming pool. Approximately 82.77 gross acres adjacent to the Community Facilities District has been designated for future annexation and may be annexed over time as part of Improvement Area No. 1 or as one or more separate improvement areas within the Community Facilities District (the “**Future Annexation Area**”). Under the Act, each improvement area within the Community Facilities District will be subject to independent special taxes in accordance with the rates and methods of apportionment relating to such improvement area. Only Improvement Area No. 1 will be subject to the lien of the Special Tax securing the 2025 Bonds. No special tax levied in any other improvement area designated from time to time within the Community Facilities District will be available for payment of the 2025 Bonds.

## Planned Development, Status of Development, and Property Ownership

San Juan Oaks Owner, LLC, a Delaware limited liability company (the “**Master Developer**”), is developing the San Juan Oaks Project. The Master Developer is a joint venture between Third Millennium Partners, a residential real estate investment firm (“**TMP**”), and Oaktree Capital Management, L.P., which is a global asset management firm specializing in investments in credit, equity, and real estate (“**Oaktree**”).

The Master Developer was created by TMP and Oaktree for the purpose of developing the property within Improvement Area No. 1 and the larger San Juan Oaks Project.

The Master Developer is developing the lots within Improvement Area No. 1 in four separate major development phases (each a “**Phase**”), and the Master Developer expects to sell the lots in a finished condition to one or more homebuilders. Currently, the Master Developer has obtained the necessary development entitlements, including a final map, for the development of 279 single-family homes constituting Phase 1 of development within Improvement Area No. 1 (“**Phase 1**”). The Master Developer is in the process of bringing the 305 lots in Phase 2 of the development within Improvement Area No. 1 (“**Phase 2**”) into finished lot condition so that it can record the final map, but as of June 1, 2025, the Phase 2 lots were not yet finished, and the final map has not yet been recorded. The Master Developer expects to obtain final map approval for the Phase 2 lots in the fourth quarter of 2025. As of June 1, 2025, the Master Developer had not yet obtained final maps for the 226 expected lots within Phase 3 (“**Phase 3**”) or the 207 expected lots within Phase 4 (“**Phase 4**”). The Master Developer expects to obtain final map approval for the Phase 3 lots in the fourth quarter of 2027, and for the Phase 4 lots in the fourth quarter of 2029.

The Master Developer and SH AA SJ01, LLC, a Delaware limited liability company (the “**Homebuilder**”), which is an indirect, wholly-owned subsidiary of Shea Homes Limited Partnership, a California limited partnership, have entered into a purchase and sale agreement for (i) 239 finished lots in Phase 1 (including 4 model home lots), (ii) an option to buy 16 additional finished lots in Phase 1, and (iii) 40 Phase 2 lots, which lots will be acquired by the Homebuilder over time upon satisfaction of various conditions or upon the exercise of the option. The Homebuilder has acquired some of the Phase 1 lots and constructed and sold completed homes to individual homebuyers, as further described below.

As of June 1, 2025, 84 finished lots within Phase 1 had been transferred to the Homebuilder, with additional lots expected to be taken down from time to time. As of June 1, 2025, the Homebuilder had obtained 83 building permits, comprised of four building permits for model homes, one building permit for a sales office, and 78 building permits for production homes. As of that same date, the Homebuilder had sold and closed 49 homes to individual homeowners with an additional 12 homes under contract for sale to individual homeowners but not yet closed. Out of the 35 homes not conveyed to individual homeowners as of June 1, 2025, 23 homes (including 4 model homes) were complete and in inventory, 7 homes were under construction, and 5 were finished lots. The remaining 171 lots in Phase 1 that are under contract with the Homebuilder were, as of June 1, 2025, in a finished condition and had not yet been transferred by the Master Developer to the Homebuilder, and the 40 Phase 2 lots under contract are not yet in finished lot condition. The Homebuilder closed on three lots from the Master Developer on June 17, 2025. For additional information regarding the Community Facilities District and Improvement Area No. 1 and its development, see “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1” and “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1.”

As of June 1, 2025, the property within Improvement Area No. 1 was owned by individual homeowners, the Homebuilder, and the Master Developer. The following table summarizes the property ownership within Improvement Area No. 1 as of June 1, 2025.

*[Remainder of page intentionally left blank]*



### Summary of Ownership as of June 1, 2025

| Owner                 | Completed or Partially Completed Homes | Finished or Partially Improved Lots | Total        |
|-----------------------|--|-------------------------------------|--------------|
| Individual Homeowners | 49                                     | 0                                   | 49           |
| Homebuilder           | 30                                     | 5                                   | 35           |
| Master Developer      | 0                                      | 933                                 | 933          |
| <b>Totals:</b>        | <b>79</b>                              | <b>938</b>                          | <b>1,017</b> |

*Source:* Master Developer and Homebuilder.

### Appraisal Report

An appraisal dated June 24, 2025 (the “**Appraisal Report**”), of the parcels in Improvement Area No. 1 that are subject to the lien of the Special Tax (the “**Taxable Property**”) was prepared by Integra Realty Resources (the “**Appraiser**”). Subject to the assumptions, hypothetical condition and limiting conditions contained in the Appraisal Report, the Appraiser estimated that the Taxable Property had an estimated aggregate value of \$182,312,000 as of April 24, 2025, resulting in an aggregate value-to-lien ratio of approximately 13.02\* times the aggregate principal amount of the 2025 Bonds. In addition, the Appraiser prepared an appraisal report – bring forward letter dated July 16, 2025 (the “**Bring Forward Letter**”), determining that as of July 15, 2025, the value of the Taxable Property is not less than that derived in the original Appraisal Report. Individual parcel values and value-to-lien ratios can vary considerably from the aggregate appraised values described in the Appraisal Report and herein. The Appraisal Report and the Bring Forward Letter are attached to this Official Statement as APPENDIX A. See “PROPERTY VALUES—Appraisal Report” herein.

### Continuing Disclosure

The Authority has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “**Rule**”) certain financial information and operating data on an annual basis (the “**District Disclosure Reports**”). The Authority has further agreed to provide, in a timely manner, notice of certain events with respect to the 2025 Bonds (the “**Listed Events**”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Disclosure Reports will be filed with the Electronic Municipal Market Access System (“**EMMA**”) of the Municipal Securities Rulemaking Board (the “**MSRB**”) available on the internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB. Within the last five years, the Authority has failed to comply in certain respects with prior continuing disclosure undertakings. See “CONTINUING DISCLOSURE” herein.

The Master Developer has agreed to provide, or cause to be provided on EMMA, updated information with respect to the development of the property it owns within Improvement Area No. 1 (the “**Developer Disclosure Reports**” and together with the District Disclosure Reports, the “**Reports**”) on a semiannual basis and notices of certain events until its obligation is terminated in accordance with the terms of its continuing disclosure undertaking.

See “CONTINUING DISCLOSURE” herein and APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES” attached hereto for a description of the specific nature of the annual reports and notices of Listed Events to be filed by the Authority, semiannual reports and notices of Listed

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\* Preliminary, subject to change.

Events to be filed by the Master Developer, and the forms of the continuing disclosure undertakings pursuant to which such reports and notices are to be made.

### **Other Information**

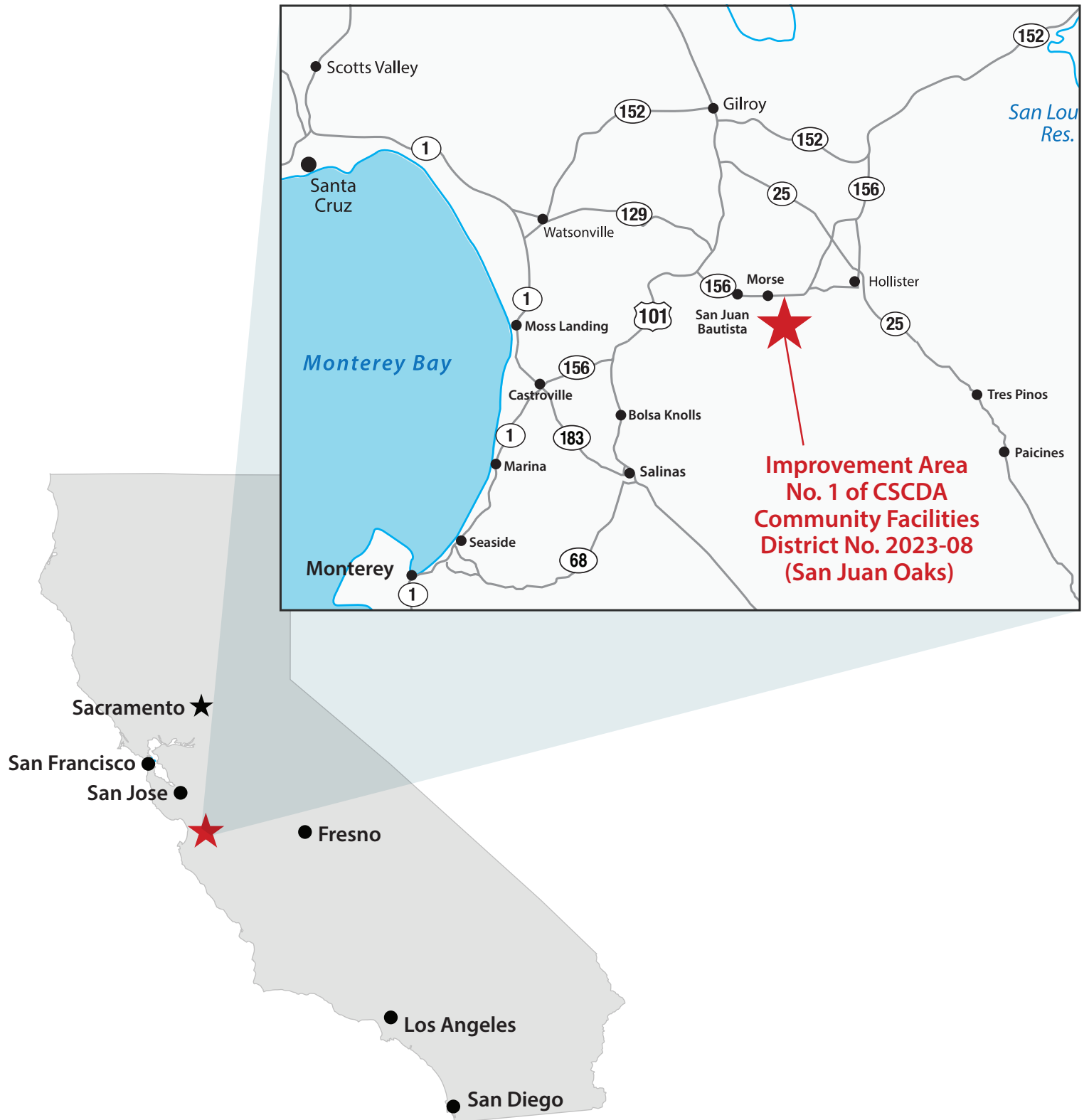
THE 2025 BONDS REPRESENT A HIGH DEGREE OF SPECULATIVE RISK. Investment in the 2025 Bonds involves risks that may not be appropriate for some investors. Certain risk factors should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2025 Bonds. See “SPECIAL RISK FACTORS” herein.

Brief descriptions of the 2025 Bonds, the Indenture, the security for the 2025 Bonds, the Community Facilities District, Improvement Area No. 1, the status of development within Improvement Area No. 1, the Master Developer and the Homebuilder and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the 2025 Bonds, the Indenture and other documents are qualified in their entirety by reference to the complete terms thereof. Capitalized terms used but not defined herein have the meanings given in the Indenture, certain provisions of which, including certain definitions, are summarized in APPENDIX D hereto. Copies of the Indenture and such other documents may be obtained from the Trustee.

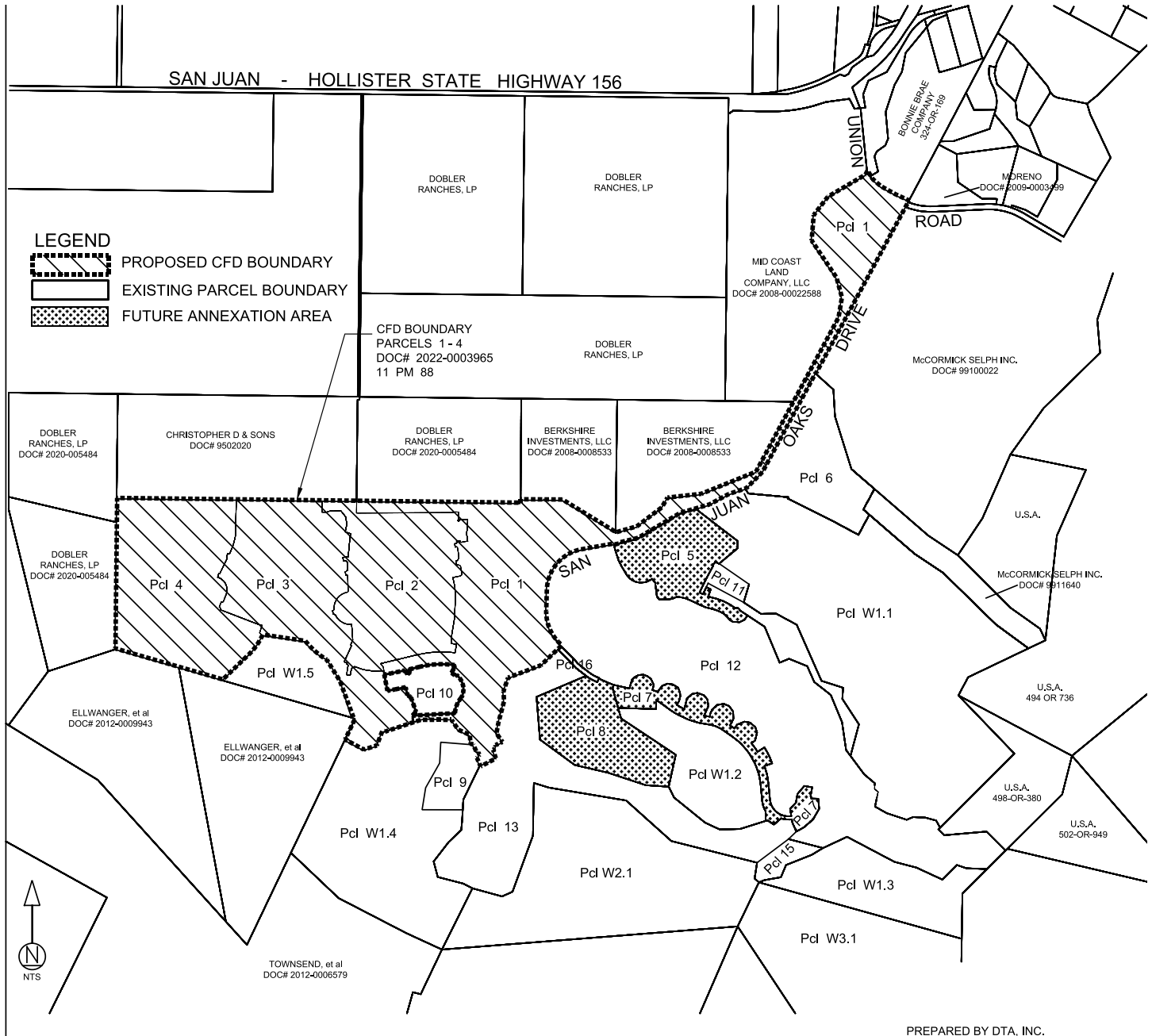
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# San Benito County

## CALIFORNIA



# **Boundary Map of CSCDA CFD No. 2023-08 (San Juan Oaks), Improvement Area No. 1, County of San Benito, State of California**



## THE 2025 BONDS

### Description of the 2025 Bonds

The 2025 Bonds will be issued pursuant to the Act and the Indenture as fully registered bonds without coupons in denominations of \$5,000, or any integral multiple thereof (not exceeding the principal amount maturing at any one time). The 2025 Bonds will be issued in book-entry only form. DTC will act as securities depository for the 2025 Bonds. So long as the 2025 Bonds are held in book-entry only form, principal of and interest on the 2025 Bonds will be paid directly to DTC for distribution to the beneficial owners of the 2025 Bonds in accordance with DTC's procedures. See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto.

The 2025 Bonds will be dated the date of delivery and will mature on September 1 in the years and in the principal amounts shown on the inside cover of this Official Statement. The 2025 Bonds will bear interest at the per annum rates shown on the inside cover of this Official Statement. Such interest will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026, and will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. Each 2025 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it will bear interest from its date; provided, that if at the time of authentication of any 2025 Bond interest is then in default on the 2025 Bonds, the 2025 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment of interest on the 2025 Bonds.

Interest and redemption premium, if any, on, and the principal of, the 2025 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee in Costa Mesa, Los Angeles or San Francisco, California, or at such other place as designated by the Trustee. Payment of interest on the 2025 Bonds due on or before the maturity or prior redemption thereof will be made only to the person named in the Trustee's registration books as the registered owner thereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls. Interest will be paid by check mailed by first class mail to the registered owner at the address appearing in such registration books, except that a registered owner of \$1,000,000 or more in principal amount of 2025 Bonds then Outstanding may elect to receive payment on any Interest Payment Date by wire transfer of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America by delivering written instructions to the Trustee at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and redemption premium, if any, on the 2025 Bonds shall be made only to the person named in such registration books as the registered owner thereof. Principal and redemption premium, if any, will be paid only on the surrender of the 2025 Bonds at the principal corporate trust office of the Trustee at maturity or on redemption prior to maturity. **So long as Cede & Co. is the registered owner of the 2025 Bonds, payments of the principal of, premium, if any, and interest on the 2025 Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein.** See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto.

## Redemption\*

***Extraordinary Redemption from Prepayment of Special Tax.*** The 2025 Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates as a whole or in part on any Interest Payment Date and shall be redeemed by the Trustee, from money derived by the Authority from prepayments of the Special Tax under the Act plus amounts transferred from the Reserve Fund in connection therewith, at the following redemption prices (expressed as a percentage of the principal amount of the 2025 Bonds or portions thereof called for redemption) together with accrued interest to the date fixed for redemption, as follows:

| Redemption Date   | Redemption Price |
|---|------------------|
| Any Interest Payment Date on and after March 1, 20__<br>Through September 1, 20__ | ____%            |
| Any Interest Payment Date on and after March 1, 20__<br>through September 1, 20__ | ____%            |
| Any Interest Payment Date on and after March 1, 20__<br>through September 1, 20__ | ____%            |
| March 1, 20__ and any Interest Payment Date thereafter                            | ____%            |

Transfers of property ownership and certain other circumstances could result in prepayments of the Special Tax. Such prepayments would result in redemption of all or a portion of the 2025 Bonds prior to their stated maturity, at the redemption prices corresponding to the redemption dates as shown herein and would thus cause a proportionate reduction of the amount on deposit in the Reserve Fund. See “SECURITY FOR THE 2025 BONDS – Funds and Accounts; Flow of Funds” herein.

***Optional Redemption.*** The 2025 Bonds maturing on or before September 1, 20\_\_, are not subject to optional redemption prior to their respective stated maturity dates. The 2025 Bonds maturing on or after September 1, 20\_\_, are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20\_\_, from money derived by the Authority from any source other than Mandatory Sinking Account Payments (defined herein) or prepayments of the Special Tax (described herein), at the principal amount of the 2025 Bonds or portions thereof called for redemption, together with accrued interest to the date fixed for redemption, without premium.

***Mandatory Redemption from Mandatory Sinking Account Payments.*** The Authority will establish and maintain with the Trustee the 20\_\_ Sinking Account in the Redemption Fund for the 2025 Bonds maturing on September 1, 20\_\_ (the “**20\_\_ Term Bonds**”), to receive payments (the “**20\_\_ Mandatory Sinking Account Payments**”) for the mandatory redemption of the 20\_\_ Term Bonds. The 20\_\_ Term Bonds are subject to mandatory redemption by the Authority prior to their maturity date in part on any September 1 on and after September 1, 20\_\_, in the principal amounts thereof together with accrued interest thereon to the date fixed for redemption, without premium, solely from 20\_\_ Mandatory Sinking Account Payments deposited into the 20\_\_ Sinking Account, as follows except that if any 20\_\_ Term Bonds shall have been extraordinarily and/or optionally redeemed pursuant to the Indenture, the amounts of the 20\_\_ Mandatory Sinking Account Payments shall be reduced proportionately by the principal amount of all such 20\_\_ Term Bonds so redeemed:

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\* Preliminary, subject to change.

**Term Bonds Maturing September 1, 20\_\_**  
**Mandatory Sinking**  
**Account Payment Date**                      **Mandatory Sinking**  
**September 1**                                      **Account Payments**

\$

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\_\_\_\_\_  
 \* Maturity

The Authority will establish and maintain with the Trustee the 20\_\_ Sinking Account in the Redemption Fund for the 2025 Bonds maturing on September 1, 20\_\_ (the “**20\_\_ Term Bonds**”), to receive payments (the “**20\_\_ Mandatory Sinking Account Payments**”) for the mandatory redemption of the 20\_\_ Term Bonds. The 20\_\_ Term Bonds are subject to mandatory redemption by the Authority prior to their maturity date in part on any September 1 on and after September 1, 20\_\_, in the principal amounts thereof together with accrued interest thereon to the date fixed for redemption, without premium, solely from 20\_\_ Mandatory Sinking Account Payments deposited into the 20\_\_ Sinking Account, as follows except that if any 20\_\_ Term Bonds shall have been extraordinarily and/or optionally redeemed pursuant to the Indenture, the amounts of the 20\_\_ Mandatory Sinking Account Payments shall be reduced proportionately by the principal amount of all such 20\_\_ Term Bonds so redeemed::

**Term Bonds Maturing September 1, 20\_\_**  
**Mandatory Sinking**  
**Account Payment Date**                      **Mandatory Sinking**  
**September 1**                                      **Account Payments**

\$

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\_\_\_\_\_  
 \* Maturity

***Selection of Bonds for Redemption.*** If less than all the Outstanding 2025 Bonds are to be redeemed at the option of the Authority or from prepayments of the Special Tax, the Authority will select the maturity dates from which the 2025 Bonds shall be redeemed, and if less than all the Outstanding 2025 Bonds of any one maturity are to be redeemed at any one time, the Trustee will select the 2025 Bonds of such maturity or the portions thereof to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

***Notice of Redemption.*** The Trustee will mail a notice of redemption to the registered owners of the 2025 Bonds selected for redemption, at the addresses appearing on the registration books, at least 30 days but not more than 60 days prior to the date fixed for redemption; however, neither the failure to receive a notice of redemption nor any immaterial defect therein shall affect the sufficiency or validity of the redemption proceedings. **So long as the 2025 Bonds are held in book-entry only form, the Trustee will**

**send notices of redemption exclusively to DTC, as registered owner of the 2025 Bonds, and will not send any such notices to any beneficial owners. DTC is to distribute such notices to the beneficial owners of the 2025 Bonds in accordance with its procedures. See APPENDIX F – “BOOK-ENTRY SYSTEM” attached hereto.**

Upon written direction of the Authority received prior to the date fixed for the redemption of 2025 Bonds pursuant to the Indenture, the Trustee shall promptly rescind, cancel and annul such redemption by giving notice of such rescission, cancellation and annulment to the same persons and in the same manner as the original notice of redemption.

With respect to any notice of redemption of 2025 Bonds in connection with an optional or extraordinary redemption of 2025 Bonds, unless, upon the giving of such notice, such 2025 Bonds are deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such 2025 Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the Authority shall not be required to redeem such 2025 Bonds. In the event that any such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the registered owners to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to redeem such 2025 Bonds shall not constitute a default under the Indenture.

***Effect of Redemption of Bonds.*** If notice of redemption has been duly given, and has not been rescinded as described in the preceding section, and the Trustee holds money for the payment of the principal of and redemption premium, if any, on, together with interest to the redemption date on, the 2025 Bonds or portions thereof to be redeemed, then on the redemption date such 2025 Bonds or portions thereof to be redeemed shall become due and payable, and from and after the redemption date interest on the 2025 Bonds or portions thereof to be redeemed will cease to accrue and the Holders of such 2025 Bonds shall have no rights except to receive payment of principal, redemption premium, if any, thereon and interest accrued thereon to the redemption date. Such 2025 Bonds are required to be surrendered on the redemption date at the address or addresses of the Trustee so designated. If any 2025 Bond chosen for redemption will not be redeemable in whole, upon presentation of such 2025 Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new 2025 Bond or 2025 Bonds of the same maturity date, of authorized denominations equal in aggregate principal amount to such unredeemed portion.

### **Transfer and Exchange of Bonds**

So long as DTC or Cede & Co. is the registered owner of the 2025 Bonds, transfers of beneficial interests in the 2025 Bonds shall be according to the DTC book-entry system, as more fully described herein. See APPENDIX F – “BOOK-ENTRY SYSTEM” attached hereto. The Indenture provides that the Trustee will keep at its principal corporate trust office books for the transfer and exchange of the 2025 Bonds, which books are required to at all times during normal business hours with reasonable prior notice be open to inspection by the Authority or by any Holder. Any 2025 Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange, and upon surrender of such 2025 Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any 2025 Bond or 2025 Bonds shall be surrendered for transfer or exchange, the Authority shall execute and the Trustee shall authenticate and deliver a new 2025 Bond or 2025 Bonds of the same maturity date and of authorized



denominations for the same aggregate principal amount, except that neither the Authority nor the Trustee shall be required (i) to transfer or exchange any 2025 Bonds during the 15-day period prior to the selection of any 2025 Bonds for redemption, or (ii) to transfer or exchange any 2025 Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such 2025 Bond selected for redemption in part, from and after the day that such 2025 Bond has been selected for redemption in whole or in part.

## **SECURITY FOR THE 2025 BONDS**

### **General**

The 2025 Bonds are authorized pursuant to the Act and are issued under the Indenture pursuant to a resolution of the Authority. The Act was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in developing areas of the State. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Act, a legislative body of a city, county or joint exercise of power authority may issue bonds for a community facilities district and may levy and collect a special tax within such community facilities district to repay such indebtedness.

THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2025 BONDS EXCEPT FROM THE NET SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS. THE 2025 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2025 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.

Although the Special Tax will constitute a lien on Taxable Property in Improvement Area No. 1, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in "SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax."

### **The Special Tax**

In accordance with the provisions of the Act and a Joint Community Facilities Agreement between the Authority and the County, the Authority established the Community Facilities District and designated that same area as "Improvement Area No. 1" on October 5, 2023, for the purpose of providing for the financing of certain public facilities to be owned and/or operated by the County. By way of a mailed-ballot election conducted on October 5, 2023, the qualified electors within Improvement Area No. 1 authorized the levy of the special tax and a maximum bond authorization of \$40,000,000 for the Community Facilities District, of which \$35,000,000 is allocable to Improvement Area No. 1.

Principal of and interest on the 2025 Bonds is payable from the Net Special Tax Revenues. “**Net Special Tax Revenues**” means Special Tax Revenues, less amounts required to pay Priority Administrative Expenses. “**Special Tax Revenues**” means the proceeds of the Special Tax received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon, and proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, which shall be limited to the amount of said lien and interest and penalties thereon. “**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of Improvement Area No. 1: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules; the costs of remitting the Special Tax 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 Authority or any designee thereof of complying with arbitrage rebate requirements; the costs to the Authority or any designee thereof of complying with 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 Tax; the costs of the Authority or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the Authority’s annual administration fees and third party expenses. Administrative Expenses also include amounts estimated or advanced by the Authority for any other administrative purposes of Improvement Area No. 1, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax. “**Priority Administrative Expenses**” means Administrative Expenses in an amount not to exceed (i) for the Fiscal Year 2025-26, \$25,000, and (ii) for each subsequent Fiscal Year, an amount equal to the maximum Priority Administrative Expenses amount for the preceding Fiscal Year plus 2% of such amount.

The amount of Special Tax may be levied in any year is strictly limited by the maximum rates approved by the qualified electors within Improvement Area No. 1. The Net Special Tax Revenues, all funds and accounts established under the Indenture (other than the Acquisition and Construction Fund, the Prepayment Fund, the Expense Fund, and the Rebate Fund) and any interest earned thereon are pledged to the payment of and constitute a trust fund for the payment of principal and interest on the Bonds. So long as the principal of and interest on the Bonds remains unpaid, the Net Special Tax Revenues, such funds and accounts, and investment earnings thereon shall not be used for any other purpose, except as permitted by the Indenture, and shall be held in trust for the benefit of the owners of any Bonds and shall be applied pursuant to the Indenture and any authorized supplement thereto.

Pursuant to the Indenture, so long as any Bonds are Outstanding, the Authority is required annually to levy the Special Tax against all Taxable Property (as defined in APPENDIX B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX”) in Improvement Area No. 1 and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on, principal (including Mandatory Sinking Account Payments, if any) and redemption premium, if any, on all Outstanding Bonds as they become due and payable, and to pay all current Administrative Expenses for the Bonds as they become due and payable.

The Special Tax is to be levied and collected against all Taxable Property within Improvement Area No. 1 in accordance with the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1 (the “**Rate and Method**”), approved at the election held on October 5, 2023. The Rate and Method is summarized herein and attached hereto as APPENDIX B.

Although the Special Tax will constitute a lien on Taxable Property, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of

nonpayment by property owners is more fully described in “SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax.”

### **Authority Policy Regarding Assessments and Special Tax**

On February 7, 2019, the Authority adopted its “Further Amended and Restated Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982” (the “**Authority Policy**”). The Authority Policy requires that the credit quality of any community facilities district bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority requires that the value of the real property that would be subject to the special tax to pay debt service on the community facilities district bonds be at least four times the principal amount of the community facilities district bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the community facilities district. The Authority expects to remain in full compliance with the Authority Policy after the issuance of the 2025 Bonds. See “PROPERTY VALUES – Estimated Value-to-Lien Debt Ratios” herein.

### **Funds and Accounts; Flow of Funds**

All Special Tax Revenues (including any prepayments thereof and including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Tax or other actions by the Authority to collect delinquent Special Tax), are required to be deposited into the Special Tax Fund held by the Trustee and, except as otherwise provided in the Indenture, all Net Special Tax Revenues are pledged to the payment of the Bonds.

***Priority of Deposits.*** All prepayments of the Special Tax shall be immediately deposited by the Trustee in the Prepayment Fund. Where the Rate and Method provides for use to pay directly for authorized improvements, those funds shall be immediately deposited by the Trustee in the Acquisition and Construction Fund. All other money in the Special Tax Fund shall be set aside by the Trustee in the following respective funds in the following order of priority, and all money in each fund shall be applied, used and withdrawn only for the purposes authorized in the Indenture, namely:

- (1) Expense Fund (for Priority Administrative Expenses);
- (2) Redemption Fund;
- (3) Expense Fund (Administrative Expenses other than Priority Administrative Expenses);
- (4) Reserve Fund; and
- (5) Acquisition and Construction Fund.

***Expense Fund.*** On or before March 1 of each year, the Trustee is required, from the money in the Special Tax Fund, to deposit in the Expense Fund a sum equal to the Priority Administrative Expenses during the twelve-month period commencing on such date. In addition, on or before September 1 of each year, the Trustee shall, from the then-remaining money in the Special Tax Fund after the deposits made to the Redemption Fund as described in the paragraph immediately below, deposit in the Expense Fund a sum equal to the amount required by the Authority for the payment of budgeted Administrative Expenses during the twelve-month period commencing on such date, or to reimburse the Authority for payment of unbudgeted Administrative Expenses during the prior twelve-month period, to the extent that such Administrative Expenses were not already funded or reimbursed by amounts retained by the Authority for Priority Administrative Expenses.

**Redemption Fund.** On or prior to each March 1 and September 1, the Trustee shall, from the then-remaining money in the Special Tax Fund after the deposit for Priority Administrative Expenses, deposit into the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Bonds deposited in such fund for such purpose. On or prior to September 1 of each year, commencing with the first September 1 on which principal is due on any of the Bonds, the Trustee shall, from the then remaining money in the Special Tax Fund, deposit into the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Bonds not subject to Mandatory Sinking Account Payments on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures, if any, to be made on such date into the Sinking Accounts.

**Reserve Fund.** The Trustee shall establish and maintain a fund (the “**Reserve Fund**”) into which shall be deposited an amount equal to the Required Bond Reserve (defined below). Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Redemption Fund are insufficient therefor, and for that purpose the Trustee shall withdraw from the Reserve Fund, for deposit in the Redemption Fund, moneys necessary for such purpose. Amounts in the Reserve Fund shall only be withdrawn to pay principal and interest on the Bonds; provided, that if the amount on deposit in the Reserve Fund is less than the Required Bond Reserve, the Trustee shall notify the Authority of the amount needed to replenish the Reserve Fund to the Required Bond Reserve and the Authority shall collect the deficiency by including it in the next annual Special Tax levy, to the extent permitted by law and as necessary. The term “**Required Bond Reserve**” is defined under the Indenture as, as of any date of calculation, an amount equal to the lesser of (a) Maximum Annual Debt Service, (b) 10% of the proceeds (within the meaning of Section 148 of the Code) of such 2025 Bonds and any Parity Bonds (as defined herein), or (c) 125% of the Average Annual Debt Service; provided that upon the issuance of any Series of Parity Bonds, the Required Bond Reserve shall not be required to be funded or increased by an amount greater than 10% of the proceeds of that Series. On the delivery date, proceeds of the 2025 Bonds in the amount of \$\_\_\_\_\_ will be deposited in the Reserve Fund, constituting the Required Bond Reserve. The Required Bond Reserve shall not increase from this amount except in connection with the issuance of any Parity Bonds.

The Trustee shall, on or before the first (1st) day in September in each year, from the then remaining money in the Special Tax Fund, deposit into the Reserve Fund the amount of money that is required to restore the Reserve Fund to an amount equal to the Required Bond Reserve.

The Trustee is responsible for valuation of all investments in the Reserve Fund. Such investments shall be valued at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder at its option, if so redeemable, or if not so redeemable, at the lesser of (i) the cost of such investments or (ii) the market value of such investments, and in making any valuations under the Indenture, the Trustee may use and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system; provided, that no deposit need be made into the Reserve Fund if the amount contained therein is at least equal to the Required Bond Reserve.

**Acquisition and Construction Fund.** All money remaining in the Special Tax Fund on September 1 of each year after making the foregoing transfers and deposits is required to be deposited by the Trustee into the Acquisition and Construction Fund. All moneys in the Acquisition and Construction Fund are required to be used by the Authority to finance the construction or acquisition of capital improvements for the benefit of the Community Facilities District. Any amount remaining in the

Acquisition and Construction Fund after the completion of its purpose, which completion shall be conclusively evidenced by a Certificate of the County, shall be transferred by the Trustee to the Special Tax Fund, except that any amounts remaining in the Acquisition and Construction Fund after all 2025 Bonds and any Parity Bonds have been paid and retired shall be deposited in the Expense Fund.

***Special Tax Remainder.*** Until the Acquisition and Construction Fund is closed pursuant to the Indenture, all money remaining in the Special Tax Fund on September 1 of each year after the transfers made pursuant to the Indenture to the Expense Fund, the Redemption Fund, and the Reserve Fund shall be transferred to the Acquisition and Construction Fund and used for the purposes thereof. After the Acquisition and Construction Fund is closed pursuant to the Indenture, after transferring all of the sums required to be transferred on or prior to such date to the Expense Fund, the Redemption Fund, and the Reserve Fund, all money remaining in the Special Tax Fund on September 1 of each year shall be applied by the Trustee as a credit against Special Tax collections in the following year.

***Prepayment Fund.*** All money in the Prepayment Fund constituting proceeds of prepayments of the Special Tax shall be used to redeem the 2025 Bonds and any Parity Bonds as provided in the Indenture.

### **Parity Bonds**

In addition to the 2025 Bonds, the Authority may at any time issue a Series of bonds payable from the Net Special Tax Revenues on parity with the 2025 Bonds (the “**Parity Bonds**”), but only subject to the conditions under the Indenture, which are thereby made conditions precedent to the issuance of such Series of Parity Bonds, which include the following:

(a) The issuance of such Series of Parity Bonds shall have been authorized pursuant to and in accordance with the terms of the Act and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture in accordance with the Act and with the Indenture;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture and in all Supplemental Indentures required to be observed or performed by it, and no default hereunder shall have occurred and shall be then continuing;

(c) The Net Special Tax Revenues available to the Authority if the Special Tax were to be levied and collected at the maximum rate and amount in accordance with the Rate and Method on all Taxable Property (as defined in the Rate and Method) during each Fiscal Year that any Bonds will be Outstanding (excluding the estimated Net Special Tax Revenues from any Taxable Property then delinquent in the payment of any Special Tax) would produce a sum equal to at least one hundred ten percent (110%) of the annual Debt Service during the Bond Year which begins in such Fiscal Year, as shown by a certificate of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant on file with the Trustee;

(d) The Aggregate Value-to-Lien Ratio of all Taxable Property (excluding the Value of any Taxable Property then delinquent in the payment of any Special Tax) shall be at least 4:1, and the Allocable Value-to-Lien Ratio of all Unimproved Property (excluding the Value of any Unimproved Property then delinquent in the payment of any Special Tax) shall be at least 3:1; and for the purposes of this paragraph of this section, the term “**Value**” means either the current assessed valuation of the Taxable Property or the appraised value of the Taxable Property determined by an MAI appraiser, or a combination thereof; the term “**Aggregate Value-to-Lien Ratio**” means the ratio of the Value of all Taxable Property to the aggregate principal amount of all Bonds and Parity Bonds that will be Outstanding after the issuance of such Series of Bonds plus the aggregate principal amount of all other assessment bonds and bonds issued under the Law and reasonably allocable to the Taxable Property; the term “**Allocable Value-to-Lien Ratio**” means the ratio of the Value of all Unimproved Property to the aggregate principal amount of all Bonds

and Parity Bonds that will be Outstanding after the issuance of such Series of Bonds plus the aggregate principal amount of all other assessment bonds and bonds issued under the Law and reasonably allocable to such Unimproved Property; and the term “**Unimproved Property**” means all parcels of Taxable Property, other than Developed Property (as defined in the Rate and Method); and

(e) Notwithstanding the limitations contained in the preceding paragraphs (c) and (d), nothing contained in the Indenture shall limit the issuance of any Series of Parity Bonds if, after the issuance and delivery of such Series of Parity Bonds, either (i) none of the 2025 Bonds and Parity Bonds theretofore issued will be Outstanding or (ii) the annual Debt Service on all 2025 Bonds and Parity Bonds to be Outstanding after the issuance of such Series of Parity Bonds in each Bond Year thereafter shall not be increased by reason of the issuance of such Series of Parity Bonds.

The proceeds of the sale of any Series of Parity Bonds, if any, shall be applied solely for the purpose of providing funds to finance or refinance the acquisition and construction costs of (or the reimbursement for) the Authorized Improvements or to refund outstanding 2025 Bonds or Parity Bonds, including the incidental Administrative Expenses related thereto. So long as any 2025 Bonds remain Outstanding, the Authority may not issue any obligations payable from Net Special Tax Revenues on parity with the 2025 Bonds except as Parity Bonds. The Authority may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District so long as any payments due thereunder shall be subordinate in all respects to the use of the Net Special Tax Revenues as described herein.

### **Special Taxes Are Not Within Teeter Plan**

Although some counties in California operate under a statutory program entitled the Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (a “**Teeter Plan**”) whereby certain local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county, the County does *not* currently operate a Teeter Plan. Accordingly, the Community Facilities District will receive the actual amounts of the Special Tax collected by the County, which will be impacted by delinquencies in payment, as well as by the collection of interest and penalties on past delinquencies.

### **Covenant for Superior Court Foreclosure**

The Indenture provides that the Special Tax is to be collected by the County on the secured property tax roll. Except as provided in the special covenant for foreclosure described herein and in the Act, the Special Tax is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the Authority may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the Authority has covenanted for the benefit of the Holders of the 2025 Bonds that it will annually on or before October 1 review the public records of the County relating to the collection of the Special Tax collected in the prior Fiscal Year, and on the basis of such review the Authority shall, not later than December 1 of such year, institute foreclosure proceedings as authorized by the Act (a) against any single parcel within Improvement Area No. 1 with aggregate delinquent Special Taxes (including prior years) of \$5,000 or more in any year in which such Special Tax payments were due, (b) against all parcels owned within Improvement Area No. 1 by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of \$5,000 or more, and (c) against all parcels with delinquent Special Tax payments regardless of their delinquent amount in any Fiscal Year in which it receives Special Tax payments in an amount which is less

than 95% of the total Special Tax levy, and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale; provided that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Act.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Holders of the 2025 Bonds (if the Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the Authority of the proceeds of sale. However, within the limits of the Special Tax, the Authority may adjust the Special Tax levied on Taxable Property in Improvement Area No. 1, subject to the limitation on the maximum annual Special Tax, to provide an amount required to pay interest on, principal of, and redemption premium, if any, on the 2025 Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Required Bond Reserve for the 2025 Bonds and to pay all current Administrative Expenses for Improvement Area No. 1. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against Taxable Property in Improvement Area No. 1 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 annual Special Tax rates. See “SPECIAL RISK FACTORS” herein.

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 Authority to purchase or otherwise acquire any lot or parcel of property to be sold 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 at least 75% of the Outstanding Bonds is obtained.

After the Authority has ordered a foreclosure action, it shall dismiss the action before judgment if the owner of the subject property (or any other person) pays all of the following amounts: the delinquent Special Tax on the subject property and all penalties, interests and costs accrued; costs of the foreclosure action; authorized attorneys’ fees; and the tax collector’s authorized costs.

### **Rate and Method of Apportionment of Special Tax**

**General.** The Authority has covenanted to cause the levy of the Special Tax in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of Special Tax to be collected among the Taxable Property in Improvement Area No. 1 as more particularly described herein. Capitalized terms not otherwise defined under this heading shall have the meaning given such terms in APPENDIX B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Further, this description of the Rate and Method is qualified in all respects by the full text thereof, set forth in APPENDIX B hereto.

**Land Use Categories.** The Rate and Method declares that for each Fiscal Year, all Taxable Property be classified as Developed Property, Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property.

“Developed Property” is defined to mean, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which the Final Subdivision was recorded on or before January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, and for which a Building Permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2023 and on or before June 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

“Final Mapped Property” is defined to mean, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, located in a Final Subdivision recorded as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

“Property Owner Association Property” is defined to mean (i) any property within the boundaries of Improvement Area No. 1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of January 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner’s association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CSCDA Program Manager by June 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of Acres to be classified as Property Owner Association Property and/or Public Property shall not exceed 196.27 Acres, as described in the Rate and Method.

“Public Property” is defined to mean, for each Fiscal Year, any property within the boundaries of Improvement Area No. 1 that is (i) owned by, irrevocably offered, or dedicated to the federal government, the State, the County, or any local government or other public agency, 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; (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of Acres to be classified as Property Owner Association Property and/or Public Property shall not exceed 196.27 Acres, as described in the Rate and Method.

“Taxable Property Owner Association Property” is defined to mean all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to the terms of the Rate and Method.

“Taxable Public Property” is defined to mean all Assessor’s Parcels of Public Property that are not exempt pursuant to the terms of the Rate and Method.

“Undeveloped Property” is defined to mean for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Property Owner Association Property, or Taxable Public Property.

***Maximum Special Tax, Assigned Special Tax and Backup Special Tax.*** The Maximum Special Tax is defined in the Rate and Method as follows:

Developed Property: The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property is the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Assigned Special Tax in any Fiscal Year for each Assessor’s Parcel classified as Developed Property is shown in Table 1 herein.

The Backup Special Tax may be terminated in accordance with the provisions set forth in the Rate and Method.

The Assigned Special Taxes shall increase annually on July 1 of each Fiscal Year by an amount equal to two percent of the amount in effect for the previous Fiscal Year.



Multiple Land Use Categories: In some instances, an Assessor's Parcel may contain Developed Property, Final Mapped Property and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property, Final Mapped Property, and/or Undeveloped Property based on the portion of the Assessor's Parcel for which Building Permits had been issued prior to June 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which Building Permits had not been issued prior to June 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel. The CSCDA Program Manager's allocation to each type of property shall be final.

Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property: The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property is \$9,785 per Acre for Fiscal Year 2025-26, and shall increase annually thereafter on July 1 of each Fiscal Year by an amount equal to two percent of the Maximum Special Tax for the previous Fiscal Year.

***Method of Apportionment.*** The CSCDA Program Manager shall determine the Special Tax Requirement and shall (i) levy 100% of the Assigned Special Taxes on Developed Property, and (ii) levy the remaining Special Taxes as prioritized below until the total Special Taxes levied equal the Special Tax Requirement. Under the Rate and Method, the Special Tax shall be levied in the following order of priority:

First: The Assigned Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax for Developed Property until all authorized Improvement Area No. 1 Bonds (as defined in the Rate and Method) have been issued (as determined by the CSCDA Program Manager), and, thereafter, proportionately on each Assessor's Parcel of Developed Property until (i) the total Special Tax levied under this first step equals the Special Tax Requirement or (ii) the Special Tax levied on Developed Property equals 100% of the Maximum Special Tax for Developed Property, whichever occurs first; provided that under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 1 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.

Second: If additional moneys are required to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax will then be levied Proportionately on each Assessor's Parcel of Final Mapped Property until (i) the total Special Tax levied under the first two steps are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on Final Mapped Property equal 100% of the Maximum Special Tax for Final Mapped Property, whichever comes first.

Third: If additional moneys are required to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax levy will then be levied proportionately on each Assessor's Parcel of Undeveloped Property until (i) the total Special Taxes levied under the first three steps are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on Undeveloped Property equals 100% of the Maximum Special Tax for Undeveloped Property, whichever comes first.

Fourth: If additional monies are required to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel of Developed Property until (i) the total Special Taxes levied under the first four steps listed in this section equal the Special Tax Requirement or (ii) the Special Tax levied on all Developed Property equals 100% of the Maximum Special Tax for Developed Property, whichever occurs first.

Fifth: If additional monies are required to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable Public Property until (i) the total Special Tax levied under the first five steps listed in this section equal the Special Tax Requirement or (ii) the Special Taxes levied on all Taxable Property Owner Association Property and Taxable Public Property equals 100% of the Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property, whichever occurs first.

Certain properties are exempt from the levy of the Special Tax and the levy may be reduced all as more particularly described in the Rate and Method. No Special Tax shall be levied on up to 196.27 Acres of Public Property or Property Owner Association Property in Improvement Area No. 1.

***Prepayment of Special Tax.*** An Assessor's Parcel within Improvement Area No. 1 is permitted to prepay the Special Tax in full or in part, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a building permit has been issued after January 1, 2023, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. The amount of such prepayment for an Assessor's Parcel eligible for prepayment shall be determined in the manner set forth in the Rate and Method.

*[Remainder of page intentionally left blank]*

## Special Tax Calculation

Table 1 below shows the projected calculation of the Assigned Special Tax for Developed Property assuming the full buildout of Improvement Area No. 1 in accordance with the development plans described herein. For more information about the planned development, see “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1.”

**Table 1**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

### Fiscal Year 2025-26 Assigned Special Taxes – Hypothetical Assuming Full Development

| <b>Land Use</b>             | <b>Property Description</b>                 | <b>Planned Dwelling Units<sup>(1)</sup></b> | <b>Assigned Special Tax Rate</b> | <b>Assigned Special Taxes (\$)</b> | <b>Assigned Special Taxes (%)</b> |
|-----------------------------|---|---|----------------------------------|------------------------------------|-----------------------------------|
| 1                           | Market Rate                                 | 0   | \$2,185                          | \$0                                | 0.0%                              |
| 2                           | Active Adult (≥ 6,400 square feet)          | 359   | 1,665                            | 597,606                            | 41.3%                             |
| 3                           | Active Adult (5,200 to < 6,400 square feet) | 366   | 1,405                            | 514,062                            | 35.5%                             |
| 4                           | Active Adult (< 5,200 square feet)          | 292   | 1,144                            | 334,176                            | 23.1%                             |
| 5                           | Non-Residential                             | N/A   | 5,202                            | 0                                  | 0.0%                              |
| <b>Total<sup>(2)</sup>:</b> |   | <b>1,017</b>                                | <b>N/A</b>                       | <b>\$1,445,844</b>                 | <b>100.00%</b>                    |

<sup>(1)</sup> Based upon the Master Developer’s and the Homebuilder’s planned development of Improvement Area No. 1 as of June 1, 2025.

<sup>(2)</sup> Totals may not foot due to independent rounding.

Source: DTA Public Finance, Inc.

*[Remainder of page intentionally left blank]*

## SCHEDULED DEBT SERVICE AND DEBT SERVICE COVERAGE

### Debt Service Schedule

The annual debt service schedule for the 2025 Bonds (assuming no early redemptions but including Mandatory Sinking Fund Payments) is set forth below.

| Period Ending<br>(September 1) | Principal | Interest  | Debt Service |
|--------------------------------|-----------|-----------|--------------|
| 2025                           | \$        | \$        | \$           |
| 2026                           |           |           |              |
| 2027                           |           |           |              |
| 2028                           |           |           |              |
| 2029                           |           |           |              |
| 2030                           |           |           |              |
| 2031                           |           |           |              |
| 2032                           |           |           |              |
| 2033                           |           |           |              |
| 2034                           |           |           |              |
| 2035                           |           |           |              |
| 2036                           |           |           |              |
| 2037                           |           |           |              |
| 2038                           |           |           |              |
| 2039                           |           |           |              |
| 2040                           |           |           |              |
| 2041                           |           |           |              |
| 2042                           |           |           |              |
| 2043                           |           |           |              |
| 2044                           |           |           |              |
| 2045                           |           |           |              |
| 2046                           |           |           |              |
| 2047                           |           |           |              |
| 2048                           |           |           |              |
| 2049                           |           |           |              |
| 2050                           |           |           |              |
| 2051                           |           |           |              |
| 2052                           |           |           |              |
| 2053                           |           |           |              |
| 2054                           |           |           |              |
| 2055                           |           |           |              |
| <b>Total</b>                   | <b>\$</b> | <b>\$</b> | <b>\$</b>    |

### Debt Service Coverage from Net Special Tax Revenues

The following table reflects the scheduled debt service on the 2025 Bonds, assuming no early redemption other than from mandatory sinking account payments, and the coverage from the Net Special Tax Revenues within the entirety of Improvement Area No. 1 and within just Phase 1 and Phase 2, assuming no prepayments or delinquencies of the Special Tax. The hypothetical Net Special Tax Revenues reflected in the following table assume full buildout within Improvement Area No. 1 and within Phase 1 and Phase 2 as planned and the levy of the Special Tax at the Assigned Special Tax rates. The 2025 Bonds have been sized to leverage the Net Special Tax Revenues expected to be derived from the Taxable Property within Phase 1 and Phase 2 at full buildout. Additional Parity Bonds are expected to be issued in the future.

**Table 2**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

**Projected Debt Service Coverage from Net Special Tax Revenues \***

| Bond Year<br>Ending<br>September<br>1 | Projected Assigned Special Taxes at Buildout <sup>(1)</sup> |                        |              |  | Net Special<br>Tax<br>Revenues<br>Available for<br>Debt<br>Service <sup>(2)</sup> | 2025 Bonds<br>Debt<br>Service* | Debt Service Coverage  |  |
|---------------------------------------|---|------------------------|--------------|--|---|--------------------------------|--|--|
|                                       | From Phases<br>1 and 2                                      | From Phases<br>3 and 4 | Total        | Priority<br>Administrative<br>Expenses |   |                                | From Phase 1<br>and Phase 2<br>Net Special<br>Tax<br>Revenues* | From Total<br>Net Special<br>Tax<br>Revenues <sup>*(3)</sup> |
|                                       |   |                        |              |  |   |                                |  |  |
| 2026                                  | \$840,279   | \$605,565              | \$1,445,844  | \$25,000                               | \$1,420,844   | \$741,163                      | 110%   | 192%   |
| 2027                                  | 857,085   | 617,676                | 1,474,761    | 26,010                                 | 1,448,751   | 755,522                        | 110%   | 192%   |
| 2028                                  | 874,226   | 630,030                | 1,504,256    | 26,530                                 | 1,477,726   | 770,633                        | 110%   | 192%   |
| 2029                                  | 891,711   | 642,630                | 1,534,341    | 27,061                                 | 1,507,280   | 786,046                        | 110%   | 192%   |
| 2030                                  | 909,545   | 655,483                | 1,565,028    | 27,602                                 | 1,537,426   | 801,766                        | 110%   | 192%   |
| 2031                                  | 927,736   | 668,592                | 1,596,328    | 28,154                                 | 1,568,174   | 817,802                        | 110%   | 192%   |
| 2032                                  | 946,291   | 681,964                | 1,628,255    | 28,717                                 | 1,599,538   | 834,158                        | 110%   | 192%   |
| 2033                                  | 965,217   | 695,604                | 1,660,820    | 29,291                                 | 1,631,529   | 850,841                        | 110%   | 192%   |
| 2034                                  | 984,521   | 709,516                | 1,694,037    | 29,877                                 | 1,664,159   | 867,858                        | 110%   | 192%   |
| 2035                                  | 1,004,211   | 723,706                | 1,727,917    | 30,475                                 | 1,697,442   | 885,215                        | 110%   | 192%   |
| 2036                                  | 1,024,295   | 738,180                | 1,762,476    | 31,084                                 | 1,731,391   | 902,919                        | 110%   | 192%   |
| 2037                                  | 1,044,781   | 752,944                | 1,797,725    | 31,706                                 | 1,766,019   | 920,978                        | 110%   | 192%   |
| 2038                                  | 1,065,677   | 768,003                | 1,833,680    | 32,340                                 | 1,801,339   | 939,397                        | 110%   | 192%   |
| 2039                                  | 1,086,991   | 783,363                | 1,870,353    | 32,987                                 | 1,837,366   | 958,185                        | 110%   | 192%   |
| 2040                                  | 1,108,730   | 799,030                | 1,907,760    | 33,647                                 | 1,874,114   | 977,349                        | 110%   | 192%   |
| 2041                                  | 1,130,905   | 815,011                | 1,945,916    | 34,320                                 | 1,911,596   | 996,896                        | 110%   | 192%   |
| 2042                                  | 1,153,523   | 831,311                | 1,984,834    | 35,006                                 | 1,949,828   | 1,016,834                      | 110%   | 192%   |
| 2043                                  | 1,176,594   | 847,937                | 2,024,530    | 35,706                                 | 1,988,824   | 1,037,170                      | 110%   | 192%   |
| 2044                                  | 1,200,125   | 864,896                | 2,065,021    | 36,420                                 | 2,028,601   | 1,057,914                      | 110%   | 192%   |
| 2045                                  | 1,224,128   | 882,194                | 2,106,322    | 37,149                                 | 2,069,173   | 1,079,072                      | 110%   | 192%   |
| 2046                                  | 1,248,610   | 899,837                | 2,148,448    | 37,892                                 | 2,110,556   | 1,100,653                      | 110%   | 192%   |
| 2047                                  | 1,273,583   | 917,834                | 2,191,417    | 38,649                                 | 2,152,767   | 1,122,667                      | 110%   | 192%   |
| 2048                                  | 1,299,054   | 936,191                | 2,235,245    | 39,422                                 | 2,195,823   | 1,145,120                      | 110%   | 192%   |
| 2049                                  | 1,325,035   | 954,915                | 2,279,950    | 40,211                                 | 2,239,739   | 1,168,022                      | 110%   | 192%   |
| 2050                                  | 1,351,536   | 974,013                | 2,325,549    | 41,015                                 | 2,284,534   | 1,191,383                      | 110%   | 192%   |
| 2051                                  | 1,378,567   | 993,493                | 2,372,060    | 41,835                                 | 2,330,225   | 1,215,210                      | 110%   | 192%   |
| 2052                                  | 1,406,138   | 1,013,363              | 2,419,501    | 42,672                                 | 2,376,829   | 1,239,515                      | 110%   | 192%   |
| 2053                                  | 1,434,261   | 1,033,630              | 2,467,891    | 43,526                                 | 2,424,366   | 1,264,305                      | 110%   | 192%   |
| 2054                                  | 1,462,946   | 1,054,303              | 2,517,249    | 44,396                                 | 2,472,853   | 1,289,591                      | 110%   | 192%   |
| 2055                                  | 1,492,205   | 1,075,389              | 2,567,594    | 45,284                                 | 2,522,310   | 1,315,383                      | 110%   | 192%   |
| Total                                 | \$34,088,507  | \$24,566,602           | \$58,655,109 | \$1,033,986                            | \$57,621,123  | \$30,049,565                   |  |  |

Source: DTA Public Finance, Inc.; compiled by Stifel, Nicolaus & Company, Incorporated.

\* Preliminary, subject to change.

(1) Reflects the Fiscal Year 2025-26 Assigned Special Tax levy assuming full development, based upon the development plan described herein. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1.” The actual levy on Final Mapped Property will be \$9,785 per acre for Fiscal Year 2025-26, based on each property's lot size. Importantly, the levy at buildout will be based on the tax levels defined for certain lot size ranges, per the Rate and Method.

(2) Projected Assigned Special Tax revenues less Priority Administrative Expenses.

(3) Parity Bonds are expected to be issued in the future, which would reduce the projected debt service coverage shown above. See “SECURITY FOR THE 2025 BONDS – Parity Bonds.”

## **AUTHORIZED IMPROVEMENTS**

### **Acquisition Agreement**

The Master Developer and the County have entered into an Acquisition Agreement (the “**Acquisition Agreement**”). Pursuant to the Acquisition Agreement, the County will purchase certain public capital improvements more particularly described under “– The Authorized Improvements” below (together, the “**Authorized Improvements**”) from the Master Developer, but solely from the net proceeds of bonds issued for the Community Facilities District (including the 2025 Bonds), certain investment earnings thereon and the special tax within each improvement area of the Community Facilities District (including special taxes from Improvement Area No. 1). When the Master Developer has completed an Authorized Improvement, it may submit an Actual Cost Certificate to the County Engineer requesting payment of its “Actual Costs” incurred (as defined in the Acquisition Agreement). The County Engineer will determine if the Authorized Improvement thereof has been completed to County standards and whether all required documentation, such as proper conveyance of title (where that is required), lien releases, title insurance, etc. has been submitted. If the County Engineer so determines, the County Engineer will review the Actual Cost Certificate, and may request additional information to substantiate the Actual Cost Certificate and may disallow portions not properly substantiated. To the extent the Actual Cost Certificate is approved by the County Engineer, the County Engineer will submit a Disbursement Request Form to the Trustee, requesting the Trustee to make payment for the approved costs to the extent funds are available in the Acquisition and Construction Fund.

### **The Authorized Improvements**

The improvements eligible to be financed by the Community Facilities District (including improvements eligible for payment from development impact fees, the “**Authorized Improvements**”) are set forth in the Resolution of Intention of the Authority. Such Authorized Improvements include but are not limited to the following:

- Transportation improvements including, but not limited to, public roadways (including San Juan Oaks Drive, Union Road, emergency vehicle access roads, Union Road/San Juan Oaks Drive intersection, Bixby Road, and other similar roadway improvements), grading, demolition; paving, striping and signage; curb, gutter, and sidewalk; bridges; street lights; signals and signage; drainage; landscaping; fencing; gates; walls; land acquisition; fair share payments for SR 25/Union Road and SR 156/Bixby Road; and other appurtenant facilities;
- Storm drain improvements including, but not limited to, pipelines, manholes, inlet/outlet structures, and tie-in;
- Parks and trail improvements, including, but not limited to: Oak Hill Park; Community Garden and Dog Park; and other similar park improvements, including grading, earthwork, site development, land acquisition, and other appurtenant facilities;
- Sewer improvements including, but not limited to: pipelines, manholes, inlet/outlet structures, and tie-in; and
- Public facility land, including, but not limited to: site development, earthwork, grading, utility installation and design, land acquisition, and other appurtenant facilities.

The fees eligible to be financed by the Community Facilities District include, but are not limited to, development impact fees and/or capacity charges collected by the County or another local agency for: traffic, drainage, roadway, fire protection, general capital, detention, community benefit, schools, or sewer.

Generally, for each of the categories of public capital improvements (including public capital improvements to be constructed from development fees) that are described above to be acquired, constructed and installed on public property (including dedicated rights-of-way and public easements), the authorized improvements include, without limitation, the cost of real property, the cost and expense of mobilization, clearing, grubbing, protective fencing and erosion control, excavation, dewatering, lime treatment, drainage ditches, rock outfalls, curb, gutter and sidewalks, base and finish paving, striping, traffic signage, traffic signals, streetlights, landscaping, irrigation, soundwalls, retaining walls, barricades, materials, and other related appurtenant work and facilities, together with the cost and expense of engineering design, plan review, project management, construction-related surety bonds or like security instruments, construction staking and management, inspection, and any like fees and costs incidental to such acquisition, construction and installation.

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation of the Community Facilities District; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and any other expenses incidental to the formation and implementation of the Community Facilities District and to the construction, completion, inspection and acquisition of the authorized facilities.

### **Estimated Costs of Authorized Improvements**

As of June 1, 2025, the total cost of Authorized Improvements constructed or to be constructed to serve development within Improvement Area No. 1 was approximately \$321,175,000, of which the Master Developer had expended approximately \$171,625,000 as of such date. Table 5 below, under the heading “THE MASTER DEVELOPER AND THE HOMEBUILDER — The Master Developer — *Financing Plan*” summarizes the Authorized Improvements and other infrastructure (including in-tract development) required to serve the development within Improvement Area No. 1 and shows, as of June 1, 2025, the status of such infrastructure. Proceeds from the 2025 Bonds will be applied to the finance a portion of the costs of Authorized Improvements.

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## ESTIMATED SOURCES AND USES OF 2025 BOND PROCEEDS

The estimated sources and uses of funds with respect to the 2025 Bonds are set forth in the following table.

**Table 3**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

### Estimated Sources and Uses of 2025 Bond Proceeds

**Sources:**

|   |          |
|---|----------|
| Principal Amount of 2025 Bonds                      | \$       |
| [Plus/Less] [Net] Original Issue [Premium/Discount] |          |
| <b>Total Sources:</b>                               | <hr/> \$ |

**Uses:**

|  |          |
|--|----------|
| Deposit to Acquisition and Construction Fund | \$       |
| Deposit to Reserve Fund                      |          |
| Underwriter's Discount                       |          |
| Costs of Issuance <sup>(1)</sup>             |          |
| <b>Total Uses:</b>                           | <hr/> \$ |

<sup>(1)</sup> Includes Administrative Expenses after bond issuance, legal, disclosure, trustee, special tax consultant, appraiser, issuer, printing and other issuance fees and costs.

## THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1

### General Information

The Community Facilities District is located in an unincorporated area within San Benito County, California (previously defined as the “County”). The County is located in California’s Central Coast region and southeast of the San Francisco Bay Area. Specifically, the Community Facilities District is located approximately 5.5 miles southwest of central Hollister, California, which is the County’s county seat, approximately 19 miles east of Monterey Bay, and approximately 42 miles southeast of San Jose. A regional map showing the location of the County and Improvement Area No. 1 appears herein under the caption “INTRODUCTION.”

Improvement Area No. 1 currently encompasses all of the Community Facilities District. Improvement Area No. 1 includes approximately 360.18 net taxable acres of land that is expected to be developed into 1,017 single family residential homes subject to the levy of the Special Tax. Approximately 82.77 gross acres adjacent to the Community Facilities District has been designated as a Future Annexation Area that may be annexed over time as part of Improvement Area No. 1 or as one or more separate improvement areas within the Community Facilities District. Only Improvement Area No. 1 will be subject to the lien of the Special Tax securing the 2025 Bonds. No special tax levied in any other improvement area designated from time to time within the Community Facilities District will be available for payment of the 2025 Bonds.

### Formation and Designation Proceedings

The Community Facilities District was formed by the Authority pursuant to the Act. The Act was enacted by the California legislature to provide an alternative method of financing certain public capital



facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities, development-related fees, and services. 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.

In accordance with the provisions of the Act and a Joint Community Facilities Agreement between the Authority and the County, the Authority established the Community Facilities District, designated Improvement Area No. 1 therein, and identified an area for future annexation on October 5, 2023, for the purpose of providing for the financing certain public facilities to be owned and/or operated by the County. On October 5, 2023, the Authority also approved the levy of a special tax on Improvement Area No. 1 in accordance with the Rate and Method.

By way of a mailed-ballot election conducted on October 5, 2023, the owners of the property within the boundaries of Improvement Area No. 1, authorized the Authority, on behalf of the Community Facilities District, to (i) annually levy a special tax within Improvement Area No. 1 to finance the acquisition and construction of the Authorized Improvements (including certain development impact fees) and (ii) incur maximum bonded indebtedness in an amount not to exceed \$40,000,000, of which \$35,000,000 is allocable to Improvement Area No. 1 and the remainder is allocable to the Future Annexation Area. Pursuant to the Act, the qualified electors were the landowners of Taxable Property within Improvement Area No. 1. In connection with the landowner election, the electors delivered customary waivers to certain matters relating to the conduct of the election. For more information relating to the Special Tax and the Rate and Method, see “SECURITY FOR THE 2025 BONDS – Rate and Method of Apportionment of Special Tax.”

DTA Public Finance, Inc. (formerly DTA, Inc.), as the special tax consultant for the Community Facilities District, prepared a Community Facilities District Report relating to the Community Facilities District at the time of its original formation in October 2023 (the “**Hearing Report**”). Certain additional information regarding the improvements authorized to be financed, including descriptions, cost estimates and related information, can be found in the Hearing Report, which is available for review at the offices of the Authority.

## **PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1**

A description of the San Juan Oaks master-planned community (previously defined as the “**San Juan Oaks Project**”), including Improvement Area No. 1, is set forth below. The following information has been obtained by the Authority from the Master Developer, the Homebuilder and other sources believed by the Authority to be reliable, but has not been independently verified by the Authority, the Underwriter or any of their consultants.

### **Site Development by the Master Developer**

The San Juan Oaks Project site is being developed by the Master Developer. The Master Developer is a joint venture between Third Millennium Partners (previously defined as “**TMP**”), a residential real estate investment firm, and Oaktree Capital Management, L.P. (previously defined as “**Oaktree**”), which is a global asset management firm specializing in investments in credit, equity, and real estate. The Master Developer was created by TMP and Oaktree for the purpose of developing the property within Improvement Area No. 1 and the larger San Juan Oaks Project.

Currently, TMP, through its interest in the Master Developer, controls and directs the development of the property owned by the Master Developer in Improvement Area No. 1 and the larger San Juan Oaks

Project. See “THE MASTER DEVELOPER AND THE HOMEBUILDER – The Master Developer” for a further description of the Master Developer and TMP’s prior development experience.

### **The San Juan Oaks Project and Improvement Area No. 1**

The San Juan Oaks Project is planned to include 1,017 active-adult, single-family residences that are age-restricted to buyers 55 years and older, 67 non-age-restricted single-family residences, a 200-room resort hotel, up to 65,000 square feet of neighborhood and office space, and an assisted living/skilled nursing/memory care facility with up to 100 beds. Improvement Area No. 1 and the Future Annexation Area constitute a portion of the larger San Juan Oaks Project. The Master Developer expects Improvement Area No. 1, which is the initial phase of development in the San Juan Oaks Project, to be developed with 1,017 active-adult, single-family residences that are age-restricted to buyers 55 years and older. The 67 non-age restricted residences are expected to be built in the Future Annexation Area, which could be annexed into the Community Facilities District in the future as part of Improvement Area No. 1 or as a separate improvement area. There is no guarantee when, or if, any such annexation will occur.

The San Juan Oaks Project is expected to include an amenity center, four private neighborhood parks totaling 6.6 acres, two community parks open to the public totaling 16.8 acres, and approximately 114 acres of common area open space, including landscaped areas and informal trails. The amenity center for residents and their guests is expected to consist of an approximately 15,000 square foot main building with a multi-purpose room, a fitness center, a craft room, locker rooms, administrative spaces, and a covered swimming pool. The amenity center will also offer a variety of outdoor activities, such as hot tubs, tennis courts, pickleball and bocce ball courts, bar areas, and outdoor seating. The Master Developer has also renovated an adjacent golf course and its clubhouse in connection with the development of the San Juan Oaks Project. The Master Developer completed the golf course and clubhouse renovations in 2024. See Table 6 herein for more information relating to the amounts spent and remaining, as of June 1, 2025, for the amenity center, golf course, and clubhouse.

The Master Developer, in connection with the San Juan Oaks Project, is in the process of establishing approximately 41 acres of on-site agricultural preserve and set aside approximately 1,243 acres for permanent wildlife habitat preservation. The conservation easement area is being processed under the Incidental Take Permit issued by the California Department of Fish and Wildlife and is expected to be completed by the third quarter of 2025. A majority of this habitat preservation area is located within the mountainous southern-most portions of the San Juan Oaks Project site and would remain perpetually restricted from future development by the Master Developer through deed restrictions and/or other appropriate legal instruments. The proposed habitat preservation area currently supports limited cultivated agriculture, grasslands, oak savannah, and mixed oak woodlands and is currently used for grazing. Off-site, the Master Developer has established an agricultural easement on 153 acres of prime farmland, located on San Justo Road north of the City of San Juan Bautista, which will restrict that acreage to agricultural use in perpetuity. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – Development Entitlements” herein.

With the exception of the four private neighborhood parks and the amenity center, the additional amenities for the San Juan Oaks Project are located outside of Improvement Area No. 1. Once completed, the Master Developer expects to transfer the parks and amenity center to a homeowners association that will fund the required ongoing maintenance and staffing.

### **Surrounding Area**

The San Juan Oaks Project, including Improvement Area No. 1, is located within the San Juan Valley, which is bordered by the Gabilan Mountains to the south and west and the Flint Hills to the north. The San Juan Oaks Project site is south of the intersection of Highway 156 and Union Road, approximately

seven miles west from downtown Hollister, approximately seven miles east of downtown San Juan Bautista, and immediately adjacent to the recently renovated San Juan Oaks golf course and clubhouse. Currently, the nearest grocery stores, retail shops, and commercial development are located within the cities of Hollister and San Juan Bautista.

The predominant land uses within the immediate vicinity of the San Juan Oaks Project site are agricultural and the surrounding area is generally rural. The prominent agricultural uses in the region include row crops, orchards, vineyards, dry land farms, grazing and rangelands, pastures, and fallow fields.

### **Development Entitlements**

The portion of the San Juan Oaks Project located in Improvement Area No. 1 is currently zoned for single family development. The Master Developer and previous owners of the San Juan Oaks Project site funded and directed various required approvals and improvements, including tentative maps, zoning map amendments, a development agreement and related amendments, and environmental permitting and approvals. Phase I and Phase II Environmental Site Assessments were prepared for the San Juan Oaks Project, and no further action is required. Additionally, the San Juan Oaks Project has an Incidental Take Permit (“ITP”) from the California Department of Fish and Wildlife (“CDFW”) relating to the California Tiger Salamander. The ITP calls for the placement of 1,218 acres into conservation easement. This mitigation area is on-site within the San Juan Oaks Project and has been set aside by the Master Developer for this purpose.

Additionally, the Master Developer has entered into a development agreement with the County providing for the development of the San Juan Oaks Project and Improvement Area No. 1 (the “**Development Agreement**”).

The Development Agreement vests development rights, sets forth infrastructure improvements and dedication requirements, secures the timing and methods for financing improvements, and specifies other performance obligations as related to development of the San Juan Oaks Project. The Development Agreement includes provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the Master Developer and the County. The Development Agreement is set to expire in November 2033, runs with the property, and may be modified only by mutual consent of the County and the Master Developer and in a manner consistent with County land use requirements. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement, construction within Improvement Area No. 1 and the larger San Juan Oaks Project may occur upon County approval of subdivision maps, satisfaction of certain design requirements, and conditions of such maps and issuance of building permits. The Development Agreement will be binding on the Master Developer and all successor owner-developers of property in Improvement Area No. 1 and the remainder of the San Juan Oaks Project.

The Development Agreement also sets forth the responsibility of the Master Developer and its successors for a portion of the costs of certain public improvements required for development of the San Juan Oaks Projects. Construction of the Authorized Improvements to be funded with Bond proceeds will satisfy a portion, but not all, of the relevant obligations of the Master Developer for infrastructure improvements required by the Development Agreement. The improvements not funded from Bond proceeds or Special Taxes will be funded by the Master Developer. The Master Developer has informed the Authority that it is in compliance with the Development Agreement and expects to comply in all material respects with such Development Agreement.

The Master Developer has obtained the necessary development entitlements, including a final map, for the development of 279 single-family homes constituting Phase 1. The Master Developer expects to

obtain final map approval for the 305 Phase 2 lots in the fourth quarter of 2025, the 226 expected lots within Phase 3 in the fourth quarter of 2027, and the 207 expected lots within Phase 4 in the fourth quarter of 2029.

Other than obtaining the final maps for Phases 2, 3, and 4, no remaining discretionary approvals for development in Improvement Area No. 1 are required. However, the Master Developer is required to complete additional infrastructure or undertake additional conservation measures prior to certain development milestones or deadlines. Specifically, both the San Juan Oaks Drive street improvements and the installation of an emergency vehicle access road (the “**EVA Road**”) to Highway 156 must be completed prior to the issuance of the certificate of occupancy for the 270<sup>th</sup> active-adult home. The Master Developer has completed the required San Juan Oaks Drive improvements and has graded, installed and paved the EVA Road. Additionally, two public parks must be substantially completed prior to the issuance of the certificate of occupancy for the 500<sup>th</sup> active-adult home or May 27, 2026, whichever comes first. The Master Developer anticipates substantially completing both parks in connection with the remaining site development for Phase 2 and expects to have both parks completed by May 2026. Lastly, pursuant to an Incidental Take Permit from the CDFW, the Master Developer must secure a required conservation easement or post a sufficient letter of credit prior to grading in each development phase.

As of June 1, 2025, 83 building permits had been issued within the San Juan Oaks Project (all for lots within Phase 1). Accordingly, the Master Developer does not anticipate that the timing of the additional required improvements or conservation measures will adversely impact the development within Improvement Area No. 1 as described herein.

### **Status of Site Development**

The Master Developer is responsible for all backbone and in-tract infrastructure within Improvement Area No. 1. As of June 1, 2025, all necessary backbone infrastructure for all four Phases was complete, and all 279 lots within Phase 1 had been developed to finished lot condition with all intract infrastructure for the development of individual homes complete. Additionally, as of June 1, 2025, the Master Developer was in the process of finalizing the grading and installing the intract infrastructure for the 305 lots in Phase 2.

For the 305 lots in Phase 2, as of June 1, 2025, the remaining in-tract improvements included sewer pump station no. 2, dry utilities, curb/gutter/paving, electrification, and landscaping, which the Master Developer expects to have completed by the fourth quarter of 2025. The Master Developer expects to obtain final map approval for the Phase 2 lots in the fourth quarter of 2025. The Master Developer has also rough graded the remaining 433 lots for Phase 3 and Phase 4 but has not yet begun installing the intract infrastructure for those lots. The Master Developer anticipates completing the remaining infrastructure work for the lots in Phase 3 and Phase 4 after the Phase 2 lots are in a finished condition. The Master Developer anticipates the remaining intract work for Phase 3 and Phase 4 to be completed by the fourth quarter of 2027 and the fourth quarter of 2029, respectively. The Master Developer expects to obtain final map approval for the Phase 3 lots in the fourth quarter of 2027, and for the Phase 4 lots in the fourth quarter of 2029. The Master Developer expects that all lots in Phase 2 will be fully energized by Pacific Gas and Electric by the fourth quarter of 2025, with the lots in Phases 3 and 4 being energized on a similar schedule to their planned development.

### **Utilities**

Public utilities, including electricity, natural gas, water, sewer, and telephone service, are provided to property in Improvement Area No. 1. Electricity and gas services will be provided by Pacific Gas and Electric. Water will be provided by the San Juan Oaks Mutual Water Company, and sewer utilities will be provided by the City of Hollister, which have each entered into service agreements allocating water and

sewer for the property in Improvement Area No. 1. Telephone and fiber optics will be provided by various providers operating in the region.

### Sale to the Homebuilder

The Master Developer and the Homebuilder have entered into a purchase and sale agreement (as amended, the “**Homebuilder PSA**”) for (i) 239 finished lots in Phase 1 (including 4 model home lots) (the “**Original Phase 1 Lots**”), (ii) an option to buy 16 additional finished lots in Phase 1 (the “**Third Amendment Lots**” and, together with the Original Phase 1 Lots, the “**Homebuilder Phase 1 Lots**”) and (iii) subject to satisfaction of certain conditions, 40 lots in Phase 2 (the “**Homebuilder Phase 2 Lots**”).

In order for the Homebuilder to acquire Homebuilder Phase 2 Lots, the Master Developer must fulfill, among other thing, the following conditions: (i) the final map for the Phase 2 lots must be recorded; (ii) the grading permit, Incidental Take Permit and all other necessary entitlements for construction of the finished lot work on the Homebuilder Phase 2 Lots within the final map for the Phase 2 lots must be finally approved by the applicable Governmental Agency; and (iii) the Homebuilder Phase 2 Lots must be in finished lot condition. Additionally, these conditions relating to the Homebuilder Phase 2 Lots must be met before the acquisition of the last Homebuilder Phase 1 Lots. See “—Development Entitlements” and “—Status of Site Development” for information about the status of development in Phase 2.

As of June 1, 2025, the Homebuilder had acquired 84 lots within Phase 1, with an additional 3 lots acquired in June 2025 and the remaining 208 lots are expected to be conveyed over several additional remaining takedowns anticipated to occur by late 2028. For the 239 Original Phase 1 Lots and the 40 Homebuilder Phase 2 Lots, the Homebuilder PSA establishes a minimum number of lots that must be acquired by the Homebuilder each year, although the Homebuilder is permitted to acquire more than the minimum number, if it desires. Pursuant to the Homebuilder PSA, for years one, two, three, four, and five, the Homebuilder has contracted to takedown at least 60, 72, 72, 35, and 40 lots, respectively, although the exact number of lot takedowns in any year may be impacted by the number of lots previously taken down, the number of lots remaining, and other factors relating to the Homebuilder’s development schedule. A summary of the minimum and cumulative lot takedowns for the 239 Original Phase 1 Lots and the 40 Homebuilder Phase 2 Lots under the Homebuilder PSA is shown in the chart below.

|                 | By Date          | Minimum Takedown | Cumulative Minimum Takedown |
|-----------------|------------------|------------------|-----------------------------|
| Year One Lots   | March 15, 2025   | 60               | 60                          |
| Year Two Lots   | March 15, 2026   | 72               | 132                         |
| Year Three Lots | March 15, 2027   | 72               | 204                         |
| Year Four Lots  | March 15, 2028   | 35               | 239                         |
| Year Five Lots  | October 15, 2028 | 40               | 279                         |

The 16 Third Amendment Lots are under option to be purchased by the Homebuilder and are not subject to the takedown schedule above. Instead, the Homebuilder has the option to acquire the Third Amendment Lots by April 24, 2027, at which time the option expires.

### Home Construction and Sales

**Home Product Lines.** The Homebuilder is marketing its homes for sale to individual homebuyers aged 55 and older under the Shea Trilogy product line, with one-story homes ranging in size from 1,507 to 2,880 square feet on a typical lot size of 5,300 square feet, each with 2 to 3 bedrooms and 2.0 to 3.5 bathrooms. The table below reflects the Homebuilder’s planned product mix and the number of each product type for the 84 lots that had been transferred to the Homebuilder as of June 1, 2025. The final

allocation of units across all product types is currently uncertain, as the homes within the Homebuilder Phase 1 Lots and the Homebuilder Phase 2 lots are being built to order by the Homebuilder.

**Table 4**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

**Planned Product Mix**  
**As of June 1, 2025**

| <b>Property Collection</b> | <b>Number of Units</b> | <b>Property Description</b> | <b>Base Home Price<sup>(1)</sup></b> | <b>Bedrooms</b> | <b>Bathrooms</b> | <b>Home Size (Sq. Ft.)</b> |
|----------------------------|------------------------|-----------------------------|--------------------------------------|-----------------|------------------|----------------------------|
| Freedom 35                 | 8                      | Thrive                      | \$719,499                            | 2               | 2.0              | 1,507                      |
|                            | 12                     | Dream                       | 736,499                              | 2               | 2.0              | 1,648                      |
|                            | 2                      | Flourish                    | 752,499                              | 3               | 2.0              | 1,817                      |
| Freedom 40                 | 14                     | Connect                     | 793,999                              | 3               | 2.5              | 1,847                      |
|                            | 7                      | Reunion                     | 805,999                              | 2               | 2.5              | 1,975                      |
|                            | 9                      | Synergy II                  | 815,999                              | 3               | 2.5              | 2,031                      |
| Freedom 50                 | 7                      | Proclaim                    | 865,999                              | 3               | 2.5              | 2,155                      |
|                            | 11                     | Liberty                     | 903,999                              | 3               | 3.5              | 2,369                      |
|                            | 5                      | Latitude                    | 930,999                              | 3               | 3.5              | 2,579                      |
| Freedom 60                 | 8                      | Pinnacle                    | 994,999                              | 3               | 3.0              | 2,880                      |
| Sales Office               | 1                      | 5066                        | TBD                                  | 3               | 3.0              | 2,514                      |
| Total:                     | 84                     |                             |                                      |                 |                  |                            |

<sup>(1)</sup> Base sales prices are as of July 1, 2025, and are subject to change at any time by the Homebuilder. Base sales prices are exclusive of any premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered.

Source: Homebuilder.

**Status of Home Construction.** Pursuant to the Homebuilder PSA, the Homebuilder has begun acquiring the Homebuilder Phase 1 Lots and constructing and selling completed homes to individual homebuyers. As of June 1, 2025, 84 finished lots within Phase 1 had been transferred to the Homebuilder and the Homebuilder had obtained 83 building permits, comprised of four building permits for model homes, one building permit for a sales office, and 78 building permits for production homes. As of that same date, the Homebuilder had sold and closed 49 homes to individual homeowners with an additional 12 homes under contract for sale but not yet closed. Out of 35 homes not conveyed to individual homeowners, 23 homes (including four model homes) were complete and in inventory, 7 homes were under construction, and 5 were finished lots.

The Homebuilder expects to develop and convey to individual homeowners all of the lots it has acquired and is under contract to acquire from the Master Developer. The minimum number of lots that must be acquired by the Homebuilder each year pursuant to the Homebuilder PSA is based, in part, upon the Homebuilder's initial expectation that it would convey approximately 6 completed homes per month to individual homeowners. From the construction of its first production homes in April 2024 to June 1, 2025, the Homebuilder has sold and closed 49 homes within Improvement Area No. 1 to individual homeowners, which equates to an average of approximately 3.5 home closings per month. During that time, the Homebuilder offered individual homebuyers price concessions between \$15,000 - \$20,000 on average per home. The Homebuilder expects to continue acquiring the Homebuilder Phase 1 Lots and to acquire the

Homebuilder Phase 2 Lots consistent with the timing required under the Homebuilder PSA. The rate at which the Homebuilder will sell and close additional homes within Improvement Area No. 1 to individual homeowners is uncertain, as the demand for homes is subject to various factors and market conditions. See “SPECIAL RISK FACTORS – Risks of Real Estate Secured Investments Generally,” “– Failure to Develop,” “– Current Challenges to the Homebuilding Industry,” and “– Increasing Mortgage Interest Rates.”

*No assurance can be given that home construction and sales will be carried out 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.*

## **THE MASTER DEVELOPER AND THE HOMEBUILDER**

The Master Developer and the Homebuilder have provided certain information set forth in this section entitled “THE MASTER DEVELOPER AND THE HOMEBUILDER.” No representation is made by the Authority or the Underwriter as to the accuracy or adequacy of such information so provided. There may be material adverse changes to this information after the date of this Official Statement. In addition, any website addresses included below are for reference only, and the information on those websites is not a part of this Official Statement or incorporated by reference into this Official Statement.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner or in the configuration or to the density described herein, or that the Master Developer, the Homebuilder or any other property owner will or will not retain ownership of their property in Improvement Area No. 1. Neither the 2025 Bonds nor the Special Taxes are personal obligations of the Master Developer, the Homebuilder or of any subsequent landowners; and in the event that a landowner defaults in the payment of the Special Taxes, the Authority may proceed with judicial foreclosure but has no recourse to the assets of any landowner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Master Developer, the Homebuilder, or any other landowners. The 2025 Bonds are secured only by the Special Taxes and moneys available under the Indenture. See “SECURITY FOR THE 2025 BONDS” and “SPECIAL RISK FACTORS” herein.

Any unpaid Special Tax does not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 1, and the property owners have made no commitment to pay the principal of or interest on the 2025 Bonds or to support payment of the 2025 Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Tax or that, even if they have the ability, they will choose to pay such Special Tax. An owner may elect not to pay the Special Tax when due and cannot be legally compelled to do so. Neither the Authority nor any Bondholder will have the ability at any time to seek payment from the owners of property within Improvement Area No. 1 of any Special Tax or any principal or interest due on the 2025 Bonds, or the ability to control who becomes a subsequent owner of any property within Improvement Area No. 1. The Authority’s only remedy for the failure of a landowner to pay Special Tax on a parcel of land within Improvement Area No. 1 is to foreclose on such parcel. See “SECURITY FOR THE 2025 BONDS – Covenant for Superior Court Foreclosure” and “SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax” and “– Special Tax Delinquencies.”

### **The Master Developer**

**General.** San Juan Oaks Owner, LLC, a Delaware limited liability company (previously defined as the “**Master Developer**”), is the master developer of the San Juan Oaks Project. The Master Developer is a joint venture between Third Millennium Partners (previously defined as “**TMP**”) and Oaktree Capital Management, L.P. (previously defined as “**Oaktree**”) that was created for the purpose of developing the property within Improvement Area No. 1 and the larger San Juan Oaks Project. Currently, TMP controls

and directs the Master Developer's day-to-day activities relating to the development of the property owned by the Master Developer in Improvement Area No. 1 and the larger San Juan Oaks Project. Oaktree provides the Master Developer with capital financing and participates with TMP in making high-level development decisions for the San Juan Oaks Project. Oaktree holds the controlling interest in the Master Developer. Other than the San Juan Oaks Project, the Master Developer is not involved with any additional development projects, although both TMP and Oaktree each have many additional, separate projects currently ongoing.

TMP. TMP is a member of the Master Developer and controls and directs the Master Developer's development within Improvement Area No. 1 and the San Juan Oaks Project. TMP is a residential real estate investment company that focuses on residential development projects within Northern California. Since its founding in 2019, TMP has involved with dozens of residential development projects in a variety of capacities, including providing assistance obtaining development entitlements, capital investment, land development, and homebuilding. In particular, TMP has participated in projects that have entitled or built over 1,400 homes in Monterey County and over 500 homes in the County.

Some examples of TMP's recent projects in Northern California include (i) East Garrison in the County of Monterey, consisting of 1,400 homes; (ii) Mountain House in the City of Mountain House, consisting of 550 homes; (iii) Miravale in the City of Soledad, consisting of 300 homes; and (iv) numerous other projects throughout Northern California related to approximately 878 homes.

The principal decision-makers for TMP each have many years of experience in the residential homebuilding and land development industry. The primary team at TMP for the San Juan Oaks Project includes Dustin Bogue (CEO and Partner), Terry Secor (COO and Partner), Paul Sanders (CFO and Partner), and Michael Cady (Vice President).

Dustin Bogue is the CEO and Partner of TMP. Dustin has more than 25 years' experience in homebuilding and land development. Prior to launching TMP, Dustin served as Regional Vice President in charge of The West and Texas for Century Communities, Inc. (NYSE: CCS) where he ran all homebuilding operations in the region. Prior to Century, Dustin served as the Founder, President and Chief Executive Officer of UCP, Inc. (NYSE: UCP), which he took public in 2013. In 2010, he created the wholly-owned subsidiary Benchmark Communities.

Terry Secor is the COO and Partner of TMP. Terry has more than 25 years' of management experience in residential homebuilding and land development. Prior to launching TMP, Terry served as Corporate Vice President of Operations for Benchmark Communities, where he actively managed construction, development, architectural design, project management, and customer service operations. Along with being a NASCLA Accredited Commercial General Building Contractor licensed in North Carolina, South Carolina, and Tennessee, he also holds a Class A General Engineering license and Class B Contractors license in California.

Paul Sanders is the CFO and Partner of TMP. Paul has more than 15 years' experience in homebuilding and land development. Prior to launching TMP, Paul was responsible for land acquisition and finance departments and helped grow UCP almost 100% each year from 2013-2017. He holds a Bachelor of Science focused in Economics from California Polytechnic State University-San Luis Obispo and he is also a Chartered Financial Analyst.

Michael Cady is Vice President of TMP. Michael has more than 25 years' experience in residential development. Michael's expertise in the entitlement process has resulted in the approval of over 7,000 residential lots in the greater San Francisco Bay Area. He holds a Bachelor of Science in Regional Development from the University of Arizona.



TMP maintains a website at <https://thirdmillenniumpartners.com/>. This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.

**Oaktree.** Oaktree is a global asset management firm specializing in credit, equity, and real estate investments. Oaktree, which was founded in 1995, has approximately \$203 billion in assets under management and over 1,200 employees. Oaktree's real estate team, which is the group involved with the financing and high-level decision-making for the Master Developer, has invested over \$7.6 billion of capital in real estate investments since 2008. Specifically, Oaktree's real estate team has previously made direct investments in land development projects across five separate master planned communities totaling 9,593 lots.

Oaktree maintains a website at <https://oaktreecapital.com/>. This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.

***Financing Plan.*** As of June 1, 2025, the infrastructure to serve development within the Community Facilities District and Improvement Area No. 1, which is the backbone infrastructure and the infrastructure (including in-tract development) necessary to serve the expected 1,017 homes at buildout, is expected to cost approximately \$321,175,000, which costs had been expended in the approximate amount of \$171,625,000 as of such date. Such infrastructure consists generally of street improvements, water improvements, sanitary sewer improvements, storm drain improvements, wet and dry utilities landscape improvements (including grading of the individual lots), and various utility improvements.

As of June 1, 2025, the remaining required infrastructure for Improvement Area No. 1 included completion of certain in-tract development for the lots in Phases 2, 3, and 4. As of that date, the Master Developer estimated that these remaining improvements would cost approximately \$77.5 million and would be completed by the second quarter of 2030. Table 5 below reflects the overall budget for the backbone infrastructure and the second phase of infrastructure (including in-tract development) within Improvement Area No. 1.

*[Remainder of page intentionally left blank]*

**Table 5**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

**Estimated Costs of Capital Improvements for Improvement Area No. 1**  
**As of June 1, 2025**

| <b>Description Of Expenses</b>                               | <b>Estimated Improvement Cost<sup>(1)</sup></b> | <b>Estimated Costs Spent</b> | <b>Estimated Remaining Cost</b> |
|--|---|------------------------------|---------------------------------|
| Soft Costs, Construction Management                          | \$27,900,000                                    | \$19,670,000                 | \$8,230,000                     |
| Grading and Site Preparation                                 | 5,700,000                                       | 4,500,000                    | 1,200,000                       |
| Sewer Improvements   | 12,000,000                                      | 7,500,000                    | 4,500,000                       |
| Storm Drain Improvements                                     | 6,900,000                                       | 4,000,000                    | 2,900,000                       |
| Water Improvements   | 18,400,000                                      | 13,500,000                   | 4,900,000                       |
| Joint Trench, Electrical, Gas, Cable & Lighting Improvements | 24,500,000                                      | 8,300,000                    | 16,200,000                      |
| Streets, Curbs/Gutter, and Roadway Improvements              | 30,200,000                                      | 12,800,000                   | 17,400,000                      |
| Landscaping Improvements                                     | 19,000,000                                      | 5,000,000                    | 14,000,000                      |
| Contingency  | 5,800,000                                       | 0                            | 5,800,000                       |
| Other  | 4,650,000                                       | 2,250,000                    | 2,400,000                       |
| <b>Total</b>   | <b>\$155,050,000</b>                            | <b>\$77,520,000</b>          | <b>\$77,530,000</b>             |

<sup>(1)</sup> Estimates as of June 1, 2025.

Source: Master Developer.

To date, the Master Developer has financed its site development costs related to the property in Improvement Area No. 1 from funds contributed by Oaktree and a construction loan in the amount of \$43,800,000 from Western Alliance Bank (the “**Bank Loan**”). The Bank Loan is secured through a deed of trust (“**Bank Deed of Trust**”) on the Phase 2 lots only. The Bank Loan is guaranteed by TMP. The Master Developer began making payments on the Bank Loan on October 1, 2024, with interest payments made monthly, and subject to mandatory prepayments of principal at various times and amounts. The Bank Loan has a maturity date of September 9, 2027. The Master Developer has the option to (i) extend the maturity date to September 9, 2028, subject to various conditions including the payment of an extension fee, and (ii) again, if needed, to September 9, 2029, subject to various conditions including the payment of an extension fee.

As of June 1, 2025, approximately \$23,350,000 had been drawn on the Bank Loan, which left approximately \$20,450,000 in remaining available credit as of that date.

Upon conveyance of individual Phase 2 lots secured by the Bank Deed of Trust to a homebuilder, the lien of that Bank Deed of Trust will be released upon payment of a release price to Western Alliance Bank. The Master Developer does not anticipate the required release of any Phase 2 lots from the Bank Deed of Trust to adversely affect its ability to ultimately sell the Phase 2 lots to the Homebuilder or other homebuilders for further development.

The Master Developer expects the remaining site development costs within Improvement Area No. 1 will be financed from proceeds of the 2025 Bonds, the remaining available credit on the Western Alliance Bank Loan (for Phase 2 lots only), revenues from sales of land and certain water infrastructure, and funds on hand. The table included below shows the Master Developer’s sources and uses of funds for its remaining development activities within Improvement Area No. 1. The Master Developer believes that it will have sufficient funds available to complete the proposed development activities in Improvement Area No. 1, commensurate with the development timing described in this Official Statement.

**Table 6**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

**Master Developer Sources and Uses – Improvement Area No. 1**  
**As of June 1, 2025**

|  | <b>Total</b>         | <b>Spent<br/>through<br/>June 1, 2025</b> | <b>Remaining<br/>2025</b> | <b>2026</b>           | <b>2027<br/>and Later</b> |
|--|----------------------|---|---------------------------|-----------------------|---------------------------|
| <b>Master Developer's Sources of Funds</b>           |                      |   |                           |                       |                           |
| CFD Bond Proceeds*                                   | \$16,000,000         | \$0                                       | \$10,000,000              | \$3,000,000           | \$3,000,000               |
| Land Sales   | 378,110,000          | 31,750,000                                | 23,150,000                | 125,600,000           | 197,610,000               |
| Water Infrastructure Incremental Acq. <sup>(1)</sup> | 7,500,000            | 0   | 0                         | 1,200,000             | 6,300,000                 |
| Bank Loan (Phase 2)                                  | 43,800,000           | 23,350,000                                | 6,850,000                 | 10,700,000            | 2,900,000                 |
| (Less Cost of Sales) (1.5%)                          | (6,105,000)          | (476,250)                                 | (460,000)                 | (2,205,000)           | (2,963,750)               |
| <b>Total Sources</b>                                 | <b>\$439,305,000</b> | <b>\$54,623,750</b>                       | <b>\$39,540,000</b>       | <b>\$138,295,000</b>  | <b>\$206,846,250</b>      |
| <b>Master Developer's Uses of Funds</b>              |                      |   |                           |                       |                           |
| Land Acquisition                                     | \$50,025,000         | \$50,025,000                              | \$0                       | \$0                   | \$0                       |
| Offsite Improvements                                 | 16,150,000           | 15,650,000                                | 500,000                   | 0                     | 0                         |
| Onsite Infrastructure                                | 111,000,000          | 42,200,000                                | 14,100,000                | 19,600,000            | 35,100,000                |
| Onsite Infrastructure – Soft Costs                   | 18,010,000           | 15,000,000                                | 500,000                   | 1,560,000             | 950,000                   |
| Onsite Infrastructure – Prop. Tax and Ins.           | 8,100,000            | 4,480,000                                 | 420,000                   | 1,200,000             | 2,000,000                 |
| Improvement Bonds; CE Mit. Endow.                    | 7,500,000            | 750,000                                   | 1,270,000                 | 1,330,000             | 4,150,000                 |
| Financing Costs                                      | 6,700,000            | 1,200,000                                 | 800,000                   | 3,000,000             | 1,700,000                 |
| Amenity Center/Clubhouse/Golf                        | 50,000,000           | 37,650,000                                | 5,850,000                 | 6,500,000             | 0                         |
| Bank Loan Paydowns (Phase 2)                         | 43,800,000           | 0   | 0                         | 19,300,000            | 24,500,000                |
| Project Management                                   | 9,800,000            | 4,670,000                                 | 630,000                   | 1,100,000             | 3,400,000                 |
| <b>Total Uses</b>                                    | <b>\$321,085,000</b> | <b>\$171,625,000</b>                      | <b>\$24,070,000</b>       | <b>\$53,590,000</b>   | <b>\$71,800,000</b>       |
| <b>Net Cash Flow</b>                                 | <b>\$118,220,000</b> | <b>\$(117,001,250)</b>                    | <b>\$(15,470,000)</b>     | <b>\$84,705,000</b>   | <b>\$135,046,250</b>      |
| <b>Cumulative</b>                                    |                      | <b>\$(117,001,250)</b>                    | <b>\$(101,531,250)</b>    | <b>\$(16,826,250)</b> | <b>\$118,220,000</b>      |
| <b>Master Developer Self-Funded</b>                  |                      | <b>\$117,001,250</b>                      | <b>\$101,531,250</b>      | <b>\$(16,826,250)</b> | <b>\$0</b>                |

\* Preliminary, subject to change.

<sup>(1)</sup> Reflects payments by Golden State Water Company for sewer and water infrastructure previously completed by the Master Developer of \$7,000 per equivalent dwelling unit for new water service connections added in the prior quarter, based on projected build out.

Source: Master Developer.

Although the Master Developer expects that it will have sufficient funds available to complete the development activities in Improvement Area No. 1, commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining site development costs will be available from the Master Developer or any other source when needed. Neither The Master Developer nor any of its members or related entities are under any legal obligation of any kind to expend funds for the development of its property in Improvement Area No. 1. Any contributions by the Master Developer or any affiliated entities to fund the costs of such development are entirely voluntary.

If and to the extent that above described funds are inadequate to pay the costs to complete the planned development by the Master Developer within Improvement Area No. 1 and other financing by the

Master Developer is not put into place, there could be a shortfall in the funds required to complete the proposed development by the Master Developer in Improvement Area No. 1 and the remaining portions of the development may not be completed. See “SPECIAL RISK FACTORS — Failure to Develop” herein.

## **The Homebuilder**

**General.** As previously defined in this Official Statement, the “Homebuilder” is SH AA SJ01, LLC, a Delaware limited liability company.

The Homebuilder is a subsidiary of Shea Homes Limited Partnership, a California limited partnership (“**Shea Homes**”). Shea Homes’ corporate office is located in Walnut, California. Shea Homes has been in the business of building homes in California since 1968. Shea Homes was formed pursuant to an agreement of partnership dated January 4, 1989, as subsequently amended and restated, between various entities and trusts, all of which are under the common control of Shea family members. Shea Homes designs, builds and markets single-family detached- and attached homes in various geographic markets in California, Arizona, Colorado, Idaho, Washington, Nevada, Florida, Texas, North Carolina and Virginia.

In the past five years, Shea Homes has completed or is in the process of completing a number of residential developments in northern California, including (i) Orchard Trails in the City of Brentwood, County of Contra Costa, consisting of 76 single-family homes; (ii) The Dunes/University Villages in Marina California where Shea Homes is the master developer of a portion of the Fort Ord reuse project under the name of Marina Community Partners, that includes several hundred thousand square feet of retail space, approximately 1,237 residential units, parks and other community infrastructure; (iii) Sage in Livermore, California on approximately 32 acres, consisting 474 condominium units, recreation facilities, a club house, pool, and other community amenities, that have been completed and sold out; and (iv) Orchard Grove in the City of Brentwood, County of Contra Costa, consisting of 51 single-family homes.

Copies of Shea Homes’ annual report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Shea Homes’ website at [www.sheahomes.com/investor/terms/](http://www.sheahomes.com/investor/terms/).

The foregoing website address is included for reference only, and the information on such website is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such website. Neither the Homebuilder nor Shea Homes is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information or financial statements contained on such websites in evaluating whether to buy, hold or sell the 2025 Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the Authority or the Underwriter.

**Financing Plan.** As of June 1, 2025, the Homebuilder had financed its land acquisition and home construction costs related to the 84 lots it acquired in Phase 1 through internally generated funds. The Homebuilder expects the remaining land acquisition and vertical home construction costs will be financed from home sales and internally generated funds to complete its development activities in Phase 1 and Phase 2. The Homebuilder believes that it will have sufficient funds available to complete the proposed development activities in Phase 1 and Phase 2, commensurate with the development timing described in this Official Statement.

Although the Homebuilder expects it will have sufficient funds available to complete the development activities in Phase 1 and Phase 2, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from the

Homebuilder or any other source when needed. Neither the Homebuilder nor any of its related entities are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Phase 1 or Phase 2, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by the Homebuilder or any affiliated entities to fund the costs of such development and home construction 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 the Homebuilder within Phase 1 and Phase 2 and other financing by the Homebuilder is not put into place, there could be a shortfall in the funds required to complete the proposed development by the Homebuilder in Phase 1 and Phase 2 and the remaining portions of the development may not be completed. See “SPECIAL RISK FACTORS — Failure to Develop” herein.

## PROPERTY VALUES

### Appraisal Report

The Appraiser prepared the Appraisal Report, dated June 24, 2025, to estimate the market value of the 1,017 single-family, age-restricted residential lots comprising the Taxable Property as of April 24, 2025 (the “**Date of Value**”). The Appraisal Report estimates only the value of existing parcels in Improvement Area No. 1 that are to be subject to the lien of the Special Tax and not exempt (collectively, the “**Appraised Parcels**”). In addition, the Appraiser prepared an appraisal report – bring forward letter dated July 16, 2025 (the “**Bring Forward Letter**”), which confirms, as of July 15, 2025, that the value of the Appraised Parcels was not less than the value derived in the original Appraisal Report.

The Appraisal Report and the Bring Forward Letter are based on a number of general assumptions and limiting conditions further described therein. In addition, the Appraisal Report is subject to the hypothetical condition named therein. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 — Status of Site Development” for information about the status of such improvements.

Using these assumptions and the hypothetical condition in the Appraisal Report, the Appraiser estimates that the land value of the Appraised Parcels to be \$182,312,000 as of the Date of Value. The following table summarizes the appraised value by ownership as of the Date of Value.

*[Remainder of page intentionally left blank]*

**Table 7**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

**Appraised Value by Ownership**

| <b>Owner</b>      | <b>Phase</b> | <b>Expected No. of<br/>Homes at Buildout<sup>(1)</sup></b> | <b>Appraised Value</b> |
|-------------------|--------------|--|------------------------|
| Individual Owners | 1 (portion)  | 49   | \$33,430,000           |
| Homebuilder       | 1 (portion)  | 35   | 14,492,000             |
| Master Developer  | 1 (portion)  | 195  | 65,340,000             |
| Master Developer  | 2            | 305  | 43,490,000             |
| Master Developer  | 3 and 4      | 433  | 25,560,000             |
| <b>Totals</b>     |              | <b>1,017</b>   | <b>\$182,312,000</b>   |

<sup>(1)</sup> Development plans for Phases 2, 3, and 4 have not been finalized and the actual number of units for such property at buildout may vary from the amounts shown in this table. Unit numbers for Phases 2, 3 and 4 are based on the expected units as of April 24, 2025.

The complete Appraisal Report and the Bring Forward Letter, including all attachments and appendices, is reproduced in APPENDIX A. The information contained herein is only a summary of certain information contained in the Appraisal Report and the Bring Forward Letter, and such information is qualified in its entirety by the complete Appraisal Report and the Bring Forward Letter. See “SPECIAL RISK FACTORS – Appraisal Risks; Property Values” herein.

**Direct and Overlapping Debt**

The principal of and interest on the 2025 Bonds are payable from the Special Tax authorized to be collected within Improvement Area No. 1, and payment of the Special Tax is secured by a lien on Taxable Property. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The County and certain other public agencies are authorized by the Act to form other community facilities districts and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within Improvement Area No. 1. Further, private liens, such as deeds of trust securing loans obtained by the Master Developer or the Homebuilder and homebuyers, have been and may in the future be placed upon property in Improvement Area No. 1 at any time. Under California law, the Special Tax has priority over all existing and future private liens imposed on property subject to the lien of the Special Tax.

Set forth on the following page is an overlapping debt table showing the existing authorized indebtedness payable with respect to property within Improvement Area No. 1. Additional indebtedness could be authorized by other public agencies at any time. This table has been prepared by California Municipal Statistics, Inc. as of June 1, 2025, and is included for general information purposes only. California Municipal Statistics, Inc., allocates overlapping debt based on the assessed value of property and not on taxes paid. Neither the Authority nor the Underwriter has reviewed the data for completeness or accuracy and neither makes any representations in connection therewith.

**Table 8**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

2024-25 Assessed Valuation: \$50,673,355

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>                  | <u>% Applicable</u> | <u>Debt 6/1/25</u>           |
|---|---------------------|------------------------------|
| Gavilan Joint Community College District                                | 0.105%              | \$241,964                    |
| Aromas-San Juan Joint Unified School District                           | 1.877               | 287,017                      |
| San Benito Healthcare District  | 0.392               | 85,508                       |
| <b>California Statewide Community Development Authority</b>             |                     |                              |
| <b>Community Facilities District No. 2023-08 I.A. 1 - San Juan Oaks</b> | <b>100.</b>         | <b>0<sup>(1)</sup></b>       |
| <b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>             |                     | <b>\$614,489</b>             |
| <br>COMBINED TOTAL DEBT   |                     | <br>\$729,619 <sup>(2)</sup> |

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

**Direct Debt (\$0)..... 0.00%**  
Total Direct and Overlapping Tax and Assessment Debt..... 1.21%

Source: California Municipal Statistics, Inc.

There can be no assurance that the Master Developer, the Homebuilder, or any subsequent owner will not petition for the formation of other community facilities districts or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities. No other special districts with boundaries overlapping those of Improvement Area No. 1 are currently contemplated by the Authority.

**Estimated Value-to-Lien Debt Ratios**

The appraised value of the property subject to the lien of the Special Tax, as estimated by the Appraiser as of April 24, 2025, subject to the methodology and assumptions contained in the Appraisal Report, is \$182,312,000, resulting in a value-to-lien ratio of approximately 13.02\* times the aggregate principal amount of the 2025 Bonds. The table on the following page reflects the estimated value to lien ratio by development status as of June 1, 2025, the cutoff date for the Rate and Method, and ownership as of that same date.

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\* Preliminary, subject to change.

**Table 9**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**  
**Estimated Value-to-Lien Ratios**

**Allocated by Development Status and Ownership as of June 1, 2025**

| <b>Property Ownership and<br/>Development Status</b> | <b>Planned<br/>Units</b> | <b>Appraised<br/>Value<sup>(1)</sup></b> | <b>Projected FY<br/>2025-26 Assigned<br/>Special Taxes at<br/>Buildout<sup>(2)</sup></b> | <b>Estimated FY<br/>2025-26<br/>Special Tax<br/>Levy<sup>(3)(4)</sup></b> | <b>% of<br/>Estimated FY<br/>25-26 Special<br/>Tax Levy</b> | <b>Allocable<br/>Rata Share of<br/>2025<br/>Bonds<sup>(4)(5)*</sup></b> | <b>Value to<br/>Lien<br/>Ratios<sup>(6)*</sup></b> |
|--|--------------------------|--|--|---|---|---|--|
| <b><i>Developed Property (Phase 1)</i></b>           |                          |  |  |   |   |   |  |
| Individually Owned Homes <sup>(7)</sup>              | 49                       | \$37,114,894                             | \$75,585   | \$75,585  | 9.0%  | \$1,259,333   | 29.47x   |
| Homebuilder Owned <sup>(7)</sup>                     | 34                       | 11,467,106                               | 48,275   | 48,275  | 5.7%  | 804,309   | 14.26x   |
| <b>Subtotal</b>                                      | <b>83</b>                | <b>\$48,582,000</b>                      | <b>\$123,860</b>   | <b>\$123,860</b>  | <b>14.7%</b>  | <b>\$2,063,641</b>  | <b>23.54x</b>                                      |
| <b><i>Final Mapped/Finished Lots (Phase 1)</i></b>   |                          |  |  |   |   |   |  |
| Homebuilder Owned <sup>(8)</sup>                     | 1                        | \$330,000                                | \$1,665  | \$1,967   | 0.2%  | \$32,769  | 10.07x   |
| Master Developer Owned <sup>(8)</sup>                | 195                      | 64,350,000                               | 280,388  | 289,410   | 34.4%   | 4,821,895   | 13.35x   |
| <b>Subtotal</b>                                      | <b>196</b>               | <b>\$64,680,000</b>                      | <b>\$282,052</b>   | <b>\$291,377</b>  | <b>34.7%</b>  | <b>\$4,854,664</b>  | <b>13.32x</b>                                      |
| <b><i>Undeveloped Property<sup>(9)</sup></i></b>     |                          |  |  |   |   |   |  |
| Phase 2 Property                                     | 305                      | \$43,490,000                             | \$434,367  | \$177,535   | 21.1%   | \$2,957,939   | 14.70x   |
| Phase 3 Property                                     | 226                      | 13,341,000                               | 313,264  | 128,038   | 15.2%   | 2,133,258   | 6.25x  |
| Phase 4 Property                                     | 207                      | 12,219,000                               | 292,300  | 119,470   | 14.2%   | 1,990,498   | 6.14x  |
| <b>Subtotal</b>                                      | <b>738</b>               | <b>\$69,050,000</b>                      | <b>\$1,039,932</b>   | <b>\$425,043</b>  | <b>50.6%</b>  | <b>\$7,081,695</b>  | <b>9.75x</b>                                       |
| <b>Grand Total:</b>                                  | <b>1,017</b>             | <b>\$182,312,000</b>                     | <b>\$1,445,844</b>   | <b>\$840,279</b>  | <b>100.0%</b>   | <b>\$14,000,000</b>   | <b>13.02x</b>                                      |

\* Preliminary, subject to change.

<sup>(1)</sup> Source: Appraiser. Amounts reflect the appraised values per floor plans and finished lots as of the Date of Value (April 24, 2025). For certain parcels of Developed Property, amounts do not reflect the additional value of building permits issued after the Date of Value.

<sup>(2)</sup> Reflects Fiscal Year 2025-26 Assigned Special Tax levy assuming full development, based upon the development plan described herein. Actual levy on Final Mapped Property will be \$9,785 per acre for Fiscal Year 2025-26 based on each property's lot size. Importantly, the levy at buildout will be based on the tax levels defined for certain lot size ranges, per the Rate and Method.

<sup>(3)</sup> Based on development status according to official records of the County of San Benito as of June 1, 2025. Per the Rate and Method, the Special Tax will be levied proportionately up to the maximum amount, firstly on Developed Property, secondly on Final Mapped Property, and thirdly on Undeveloped Property.

<sup>(4)</sup> The 2025 Bonds are allocated based on a proportionate share of the Fiscal Year 2025-26 estimated Special Tax levy.

<sup>(5)</sup> According to California Municipal Statistics, Inc., as of June 1, 2025, there was no overlapping land secured debt on the taxable property within Improvement Area No. 1. See "PROPERTY VALUES – Direct and Overlapping Debt." Bond issuance sized based on anticipated buildout revenues for Phase 1 and Phase 2.

<sup>(6)</sup> Calculated by dividing the Appraised Value column by the Allocable Rata Share of 2025 Bonds column.

<sup>(7)</sup> Homebuilder owned 4 model homes, 19 completed homes, 7 homes under construction, and 5 finished lots as of June 1, 2025, and 49 home closings to individual homeowners as of June 1, 2025.

<sup>(8)</sup> Homebuilder acquired an additional 6 lots from the Master Developer in two separate takedowns in May and June, owning 8 total final mapped/finished lots as of July 1, 2025, with the Master Developer owning 192 such lots.

<sup>(9)</sup> All currently owned by the Master Developer.

Source: Except as noted, DTA Public Finance, Inc.



No assurance can be given that the foregoing value-to-lien debt ratio will be maintained during the period of time that the 2025 Bonds are Outstanding. The Authority has no control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Tax. See “SPECIAL RISK FACTORS – Value-to-Lien Debt Ratios.”

### **Other Potential Debt**

The Authority has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within Improvement Area No. 1 which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the property within Improvement Area No. 1. Furthermore, nothing prevents the owners of property within Improvement Area No. 1 from consenting to the issuance of additional debt which would be secured by taxes or assessments on a parity with the Special Tax. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or *ad valorem* taxes, such assessments, special taxes and *ad valorem* taxes will be secured by liens on the property within Improvement Area No. 1 on a parity with the lien of the Special Tax.

Accordingly, the debt on the property within Improvement Area No. 1 could increase, without any corresponding increase in the value of the property therein, and thereby reduce the estimated Value-to-Lien debt ratio that exists at the time the 2025 Bonds are issued. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners within Improvement Area No. 1 to pay the Special Tax when due. See “SPECIAL RISK FACTORS – Parity Taxes and Special Assessments.”

*[Remainder of page intentionally left blank]*

## Effective Tax Rate

The following table reflects the estimated total effective tax rates on property within Improvement Area No. 1 using the smallest planned home size within the 45 x 100, 52 x 100, and 64 x 100 planned lot types.

**Table 10**  
**California Statewide Communities Development Authority**  
**Community Facilities District No. 2023-08,**  
**(San Juan Oaks), Improvement Area No. 1**

### Estimated Total Effective Tax Rates

| Residential Property Description <sup>(1)</sup>              | 45 x 100<br>Plan | 52 x 100<br>Plan | 64 x 100<br>Plan |          |
|--|------------------|------------------|------------------|----------|
| Estimated Home Size (sq. ft.)                                | 1,507            | 1,847            | 2,155            |          |
| Estimated Sales Price  | \$719,499        | \$793,999        | \$935,999        |          |
| Ad Valorem Property Taxes <sup>(2)</sup>                     | Tax Rate         |                  |                  |          |
| Base Property Tax Rate                                       | 1.00000%         | \$7,195          | \$7,940          | \$9,360  |
| Aromas-SJ USD 2011 Refunding Bond                            | 0.05463%         | 393              | 434              | 511      |
| Aromas-SJ USD E2020 Series A                                 | 0.01279%         | 92               | 102              | 120      |
| Gavilan 3-2-04 D.S.  | 0.01580%         | 114              | 125              | 148      |
| Gavilan D.S. 11-6-18   | 0.02170%         | 156              | 172              | 203      |
| SB Water-San Felipe  | 0.25000%         | 1,799            | 1,985            | 2,340    |
| SB Hospital Bond   | 0.01653%         | 119              | 131              | 155      |
| Total Ad Valorem Taxes                                       | 1.37145%         | \$9,868          | \$10,889         | \$12,837 |
| Parcel Charges, Assessments and Special Taxes <sup>(3)</sup> |                  |                  |                  |          |
| San Benito County Mosquito Abatement                         |                  | \$12             | \$12             | \$12     |
| Advanced Life Support  |                  | 20               | 20               | 20       |
| San Benito Water Standby Charge                              |                  | 1                | 1                | 1        |
| County CFD No. 2018-1 (Residential Services)                 |                  | 682              | 682              | 682      |
| CSCDA CFD No. 2023-08 Assigned Special Tax <sup>(4)</sup>    |                  | 1,144            | 1,405            | 1,665    |
| Total Parcels Charges, Assessments and Special Taxes         |                  | \$1,859          | \$2,119          | \$2,379  |
| Total Projected Annual Property Taxes and Charges            |                  | \$11,727         | \$13,009         | \$15,216 |
| Projected Effective Tax Rate                                 |                  | 1.63%            | 1.64%            | 1.63%    |

Source: DTA Public Finance, Inc., Integra Realty Resources; San Benito County Tax Collector's Office.

<sup>(1)</sup> Source: Appraiser. Actual sales prices are likely to differ.

<sup>(2)</sup> Based on the Fiscal Year 2025-2026 ad valorem rates for the tax rate area(s) within Improvement Area No. 1. Rates subject to change in future years.

<sup>(3)</sup> Based on charges identified on the property tax bills for the properties within Improvement Area No. 1, property tax bills for adjacent properties, conversations with overlapping taxing jurisdictions, and information provided by the Master Developer and their consultants. Rates subject to change in future years.

<sup>(4)</sup> Based on minimum lot size associated with the above plan types. Larger lot sizes would result in a higher special tax pursuant to the Rate and Method.

## Historical Special Tax Levy

The Special Tax was first levied in Improvement Area No. 1 in Fiscal Year 2024-25. For Fiscal Year 2024-25, the Special Tax was levied in the amount of \$62,628 on 44 parcels of Developed Property and, as of June 1, 2025, no parcels were delinquent in the payment of the Special Tax.

## **SPECIAL RISK FACTORS**

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the investment quality of the 2025 Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in Improvement Area No. 1, or could adversely affect the ability or willingness of property owners in Improvement Area No. 1 to pay the Special Tax when due. A failure to receive Special Taxes could result in the inability of the Authority to pay debt service on the 2025 Bonds when due. Investment in the 2025 Bonds involves risks that may not be appropriate for some investors.

The 2025 Bonds are secured by a lien of the Special Tax in Improvement Area No. 1. Other improvement areas within the Community Facilities District will not be subject to the lien of the Special Tax securing the 2025 Bonds and no special tax levied in such other improvement areas will be available for payment of the 2025 Bonds.

### **Limited Obligation to Pay Bonds**

Funds for the payment of the principal of and interest on the 2025 Bonds are derived from the Special Tax levied against Taxable Property in Improvement Area No. 1. The Special Tax collected could be insufficient to pay debt service on the 2025 Bonds due to delinquencies, non-payment or the failure to receive timely and sufficient proceeds from foreclosure proceedings. The Authority's obligation with respect to delinquent Special Tax is limited to the institution of judicial foreclosure proceedings under the circumstances described in the Indenture. The Authority has no obligation to make any payment on the 2025 Bonds except from Net Special Tax Revenues and the other sources pledged under, and subject to the limitations provided in, the Indenture. See "SECURITY FOR THE 2025 BONDS – Covenant for Superior Court Foreclosure."

### **Insufficiency of Special Tax**

Under the Rate and Method, the annual amount of Special Taxes to be levied on each parcel in Improvement Area No. 1 is to be based on whether such parcel is publicly owned or otherwise exempt from Special Tax and, if not so exempt, whether such parcel is Developed Property, Final Mapped Property or Undeveloped Property (as such terms are defined in the Rate and Method). See "SECURITY FOR THE 2025 BONDS – Rate and Method of Apportionment of Special Tax." For Fiscal Year 2025-26, all of the Taxable Property will be classified as either Developed Property, Final Mapped Property, or Undeveloped Property.

The Taxable Property is in various stages of development, including homes under construction, finished lots and partially improved lots. The Authority expects Taxable Property within Improvement Area No. 1 to progress from finished lots to developed residences. As such progression occurs, the ratio of value to bond debt of the Taxable Property is expected to increase, as is the landowner's incentive to keep property taxes (including Special Tax) current. No assurance can be given with respect to continued progress in developing Improvement Area No. 1. Other factors may also affect a landowner's willingness and ability to keep the Special Tax current. See "SPECIAL RISK FACTORS – Failure to Develop" herein, for a discussion of the risks associated with development of the land within Improvement Area No. 1.

### **Non-Recourse Obligation to Pay Special Tax**

The obligation to pay the Special Tax levied within Improvement Area No. 1 does not constitute a personal obligation of the current or subsequent owners of the property in Improvement Area No. 1. Enforcement of Special Tax payment obligations is limited to judicial foreclosure in the San Benito County

Superior Court. See “SECURITY FOR THE 2025 BONDS – Covenant for Superior Court Foreclosure” herein. If the proceeds of any foreclosure sale are insufficient to satisfy the applicable Special Tax lien, the Authority is not entitled to the deficiency from the landowner. There is no assurance that any current or subsequent owner of a parcel subject to Special Tax will be able to pay the Special Tax, or that such owner will choose to pay such installments even if otherwise able to do so.

As of June 1, 2025, 49 homes were owned by individual homeowners. The Master Developer and the Homebuilder are the current owners of the remaining property within Improvement Area No. 1 and if the Master Developer does not sell the property to homebuilders and the homebuilders do not sell homes within Improvement Area No. 1, the Master Developer would be responsible for a majority of the Special Tax (as is the case for Fiscal Year 2025-26). Although bondholders should not look to the assets or credit of the Master Developer or the Homebuilder as a source of payment for the 2025 Bonds, the Master Developer’s and the Homebuilder’s ability to pay Special Tax and to develop Improvement Area No. 1 is subject to the financial resources available to them. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1” and “THE MASTER DEVELOPER AND THE HOMEBUILDER” for a description of the Master Developer’s and the Homebuilder’s plans of development and financial resources available to them. The only assets of the Master Developer and the Homebuilder that constitute security for the 2025 Bonds are the Master Developer’s and the Homebuilder’s real property holdings that are located within Improvement Area No. 1 and that are subject to the lien of the Special Tax. Concentration of ownership increases the risk of a failure to collect sufficient Special Tax to pay debt service on the 2025 Bonds, all other things being equal. The Master Developer and the Homebuilder have no obligation to contribute additional capital in the event of a shortfall of other resources, and the Authority can give no assurance that any such additional capital contributions will occur. See “SPECIAL RISK FACTORS – Concentration of Ownership and Risks Relating to Future Owners.”

### **Special Tax Delinquencies**

The Tax Collector of the County will include the Special Tax on the *ad valorem* property tax bills sent to owners of properties within Improvement Area No. 1. Such Special Tax installments will be due and payable and bear the same penalties and interest for non-payment as *ad valorem* property tax installments.

Significant delinquencies in the payment of annual Special Tax installments or delays in foreclosure proceedings to collect such Special Tax could result in the depletion of the Reserve Fund and adversely affect the ability to pay debt service on the 2025 Bonds when due. See “SECURITY FOR THE 2025 BONDS – Covenant for Superior Court Foreclosure” for a discussion of the provisions that apply, and the procedures that the Authority is obligated to follow, under the Indenture in the event of delinquencies in the payment of Special Tax. See “SPECIAL RISK FACTORS – FDIC/Federal Government Interests in Properties” and “– Bankruptcy” herein, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and limitations on the Authority’s ability to foreclose on the lien of the Special Tax in certain circumstances.

### **Risks of Real Estate Secured Investments Generally**

The owners of the 2025 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in national and local market conditions, such as changes in the market value of real property in the vicinity of Improvement Area No. 1, 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 seismic safety) and fiscal policies; (iii) increased construction costs, workforce shortages, supply chain disruptions or other similar factors affecting the

development, financing or marketing capabilities of the Homebuilder; (iv) natural disasters (including, but not limited to severe weather, earthquakes, wildfires and floods) or other calamities, which may result in uninsured losses; (v) costs of remediation and liabilities associated with unknown environmental conditions affecting properties; and (vi) increased delinquency or reduced demand due to high rate of inflation, rising interest rates, increased cost of insurance, and other economic trends that adversely affects consumers, whether cyclical or resulting from geopolitical events.

No assurance can be given that the Master Developer, the Homebuilder or any future homeowners within Improvement Area No. 1 will pay the Special Tax in the future or that they will be able to pay such Special Tax on a timely basis. See “SPECIAL RISK FACTORS – Bankruptcy” below, for a discussion of certain limitations on the Authority’s ability to pursue judicial proceedings with respect to delinquent parcels.

### **Failure to Develop**

Land development operations are subject to comprehensive federal, State of California and local regulations. Various federal, state and local agencies have issued approvals within their jurisdictional authority required for the development and additional approvals may be required for certain elements of the development. If the Master Developer and the Homebuilder do not make any changes in the future to the projects as approved, the only remaining approvals required to construct all homes in Improvement Area No. 1 are the remaining final maps for Phases 2, 3, and 4.

Future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the Community Facilities District, including Improvement Area No. 1, could be enacted, and future land use initiatives approved by the voters in the County could add more restrictions and requirements on development within Improvement Area No. 1. Moreover, there can be no assurance that the means and incentive to conduct land development operations within Improvement Area No. 1 will not be adversely affected by a deterioration of the real estate market or economic conditions generally, future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, acts of war or terrorism, or other factors.

Taxable Property in Improvement Area No. 1 is presently undergoing active development. Finished lots are less valuable per acre than developed property, and therefore provide less security to the Owners of the 2025 Bonds should it be necessary for the Authority to foreclose due to the nonpayment of the Special Tax. Furthermore, an inability to sell lots within Improvement Area No. 1 as currently proposed would result in slower rates of diversification of property ownership within Improvement Area No. 1. The timely payment of Special Tax levied on Taxable Property depends primarily upon the ability and willingness of owners of such property to pay such taxes when due. A slowdown in or cessation of the development of land within Improvement Area No. 1 could reduce the ability and willingness of such owners to make Special Tax payments, and could greatly reduce the value of such property in the event it has to be foreclosed upon to collect delinquent special taxes. See “SPECIAL RISK FACTORS – Bankruptcy” herein for a discussion of certain limitations on the ability of the Authority to pursue judicial foreclosure proceedings with respect to taxpayers with delinquent Special Tax.

### **Construction Risk**

Development of property within Improvement Area No. 1 requires the construction of certain public infrastructure. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1” above. Closing homes to individual homeowners requires construction of said homes. Such construction is subject to a number of risks, including, without limitation, inclement weather, shortages of or other supply problems relating to labor and materials, increases in costs due to inflation, design or construction defects, global health concerns, delays in obtaining governmental or agency approvals and permits, compliance with

existing permits and approvals and other risks. The realization of one or more of such risks could result in delays to or a failure to complete such required facilities, which could in turn result in delays to or a failure to develop the land within Improvement Area No. 1, or failure to complete homes for sale to individual homeowners. See “SPECIAL RISK FACTORS – Failure to Develop” herein.

Cost overruns for public infrastructure to be constructed by the Master Developer is generally the responsibility of the Master Developer. The ability to pay for such cost overruns and to complete the applicable construction project is dependent on the availability of funding sources to the Master Developer. No assurances can be given that the Master Developer will obtain any such funding in a manner timely enough to avoid delays to the development of the land within Improvement Area No. 1 as described herein.

### **Current Challenges to the Homebuilding Industry**

The pace of homebuilding in Improvement Area No. 1 may be adversely affected by a variety of factors, including changes in economic conditions, interest rates, the rate of inflation, water shortages, and other similar factors, and recently including workforce shortages and supply chain disruptions. For example, appliances, garage doors and windows have recently been in short supply for home builders generally. Additionally, some California municipalities have been experiencing a supply chain disruption for the electrical transformers needed for new development, having been advised in some cases of up to a 2-year delay for new orders. To avoid any supply chain disruptions, the Master Developer tracks delivery durations for critical path materials and orders transformers well ahead of time. The Master Developer and the Homebuilder are not currently aware of any anticipated electrical transformer supply chain disruptions or other material supply chain disruptions for their respective development within Improvement Area No. 1. However, no assurance can be given that supply chain disruptions for the materials needed to complete development within Improvement Area No. 1 will not occur.

### **Increasing Mortgage Interest Rates**

Most purchasers of the Homebuilder’s homes finance their acquisitions with mortgage financing, and presumably this will be the case for the purchasers of the remaining homes. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements, or increased monthly mortgage costs could have a negative impact on the projected absorption rates of the planned for-sale homes in Improvement Area No. 1. Further, a combination of higher interest rates, decreased availability of mortgage financing, increased rates and decreased availability of hazard insurance, higher costs of construction, delays in construction stemming from delays in the supply chain, homebuyers’ inability to sell existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in the rate of sale contract cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of the planned for-sale homes in Improvement Area No. 1.

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. See “SPECIAL RISK FACTORS – Current Challenges to the Homebuilding Industry.”

### **Appraisal Risks; Property Values**

The Appraiser has estimated the hypothetical market value of the property in Improvement Area No. 1 on the basis of certain assumptions which the Appraiser believes to be reasonable under the circumstances. See the Appraisal Report included in APPENDIX A hereto. However, certain of the events assumed by the Appraiser have not yet occurred as of the date of this Official Statement or may prove to

be untrue. In particular, the value estimates in the Appraisal Report are based on the hypothetical condition that certain proceeds of the 2025 Bonds are available to reimburse for infrastructure improvements that have been completed. In fact, that has not yet occurred, although the sale and delivery of the 2025 Bonds would produce the funds expected to be required for such purpose. See “AUTHORIZED IMPROVEMENTS” and “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1” herein for a description of the status of such improvements.

Although the Authority believes that the Appraiser’s methodology and assumptions are reasonable under the circumstances, the Appraiser’s hypothetical market value conclusions are expressions of professional opinion only. No assurance can be given that the market values of property in Improvement Area No. 1 are equal to or greater than the Appraiser’s estimated hypothetical market value, nor can any assurance be given that such market values will not decline during the period of time the 2025 Bonds are Outstanding. The market values of the property in Improvement Area No. 1 can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decline in the market value of a parcel in Improvement Area No. 1 could lower the ability or willingness of the owner of such parcel to pay Special Tax when due and would decrease the amount recoverable at a foreclosure sale of such parcel. See “PROPERTY VALUES” herein for a further discussion of estimated property values in Improvement Area No. 1.

### **Value-to-Lien Debt Ratios**

The estimated value-to-lien debt ratios set forth herein under the caption “PROPERTY VALUES – Estimated Value-to-Lien Debt Ratios” are based on the appraised values of the Taxable Property as of April 24, 2025. No assurance can be given that such value-to-lien debt ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Authority could adversely affect the property values within Improvement Area No. 1. The Authority also has no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Tax. See “SPECIAL RISK FACTORS – Parity Taxes and Special Assessments” and “PROPERTY VALUES – Other Potential Debt.” A decrease in the property values in Improvement Area No. 1, or an increase in bond debt liens on property in Improvement Area No. 1, or both, could result in a lowering of the value-to-lien debt ratios of the property in Improvement Area No. 1.

Based on the Fiscal Year 2025-26 property tax roll, the Authority is not aware of any PACE liens against the parcels of Developed Property within Improvement Area No. 1. The overlapping debt information in this Official Statement does not include these PACE liens, or any additional PACE liens that may have arisen since the date of the Fiscal Year 2025-26 property tax roll. See “PROPERTY VALUES – Direct and Overlapping Debt.”

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought by the County to foreclose a delinquency, the Special Taxes will generally be on parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

### **Bankruptcy**

The payment of Special Tax and the ability of the Authority to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure.

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

Although bankruptcy proceedings would not cause the Special Tax to become extinguished, the amount of any lien on property securing the payment of delinquent Special Tax could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Tax in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay could adversely affect the payment of the principal of, and interest on, the 2025 Bonds when due. The prosecution of foreclosure proceedings could also be delayed by other factors affecting the prosecution of lawsuits generally, including local court calendars and procedural delays.

### **Concentration of Ownership and Risks Relating to Future Owners**

Other than the 49 homes that had been conveyed to individual owners as of June 1, 2025, the property in Improvement Area No. 1 was owned by the Master Developer and the Homebuilder. Generally, the risk of delinquency or nonpayment of Special Tax at levels which do not permit the timely payment of principal of and interest on the 2025 Bonds is inversely correlated to the diversity of ownership of Taxable Property within Improvement Area No. 1. The anticipated sale of homes by the Homebuilder will diversify ownership of real property within Improvement Area No. 1. See "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1." No representation is made as to the experience, abilities or financial resources of the Master Developer or the Homebuilder or of any current or future owner of property in Improvement Area No. 1 or the willingness of any owner to pay the Special Tax when due. The Authority has not made any investigation of or imposed any restrictions on any prospective owner of property in Improvement Area No. 1.

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of property within Improvement Area No. 1 to pay the Special Tax may be affected by whether the owner was given due notice of the existence and amount of the Special Tax at the time of purchase. The Notice of Special Tax Lien relating to Improvement Area No. 1 has been recorded in the Office of the County Recorder pursuant to the Act. Although title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective landowner or lender will consider such obligation for Special Tax in the purchase of all or a portion of Improvement Area No. 1 or the lending of money thereon. Further, California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, including the Master Developer or the Homebuilder, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax or the full amount of the pro rata share of debt on the land in Improvement Area No. 1, could adversely affect the willingness or ability of the purchaser to pay the Special Tax when due.

### **Billing of Special Tax**

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts, taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by or on behalf of the community facilities district.



Under provisions of the Act, the Special Tax is to be billed to the properties within Improvement Area No. 1 which were entered on the assessment roll of the County Assessor by January 1 of the previous Fiscal Year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Tax in the future. See “SECURITY FOR THE 2025 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which the Authority is obligated to follow, in the event of delinquency in the payment of installments of Special Tax.

### **Maximum Special Taxes**

The amount of the special tax that may be levied in any year in Improvement Area No. 1 is strictly limited by the maximum rates of the special tax approved by the qualified electors as set out in the Rate and Method. Although the maximum special tax rates set out in the Rate and Method are designed to provide sufficient special tax revenues on an annual basis to provide for required payments on the 2025 Bonds, there is no assurance that such maximum special tax rates will be sufficient to pay the amounts required to be paid on the 2025 Bonds at all times.

Pursuant to the Mello-Roos Act, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the community facilities 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. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued.

### **Exempt Properties**

Certain properties within Improvement Area No. 1 are or may become exempt from the Special Tax in accordance with the Rate and Method. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from Special Tax; provided, however, that property acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay Special Tax with respect to that property is to be treated as if it were a special assessment. Further, properties receiving a welfare exemption under subsection (g) of Section 214 of the California Revenue and Taxation Code are exempt from the Special Tax unless debt is outstanding and the property was subject to the Special Tax prior to receiving the exemption. Neither the Authority, the Master Developer or the Homebuilder are aware of any property within Improvement Area No. 1 currently receiving a welfare exemption. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of a special tax by a federal entity acquiring property within the community facilities district, it may be unconstitutional. If for any reason property within Improvement Area No. 1 becomes exempt from taxation, then, subject to the Rate and Method, including the limitation on the maximum special tax rates set out in the Rate and Method, the special tax will be reallocated to the remaining taxable properties within Improvement Area No. 1. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within Improvement Area No. 1 becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining property might not be sufficient to pay principal of and interest

on 2025 Bonds and could adversely affect the ability of the Authority to pay principal of and interest on the 2025 Bonds when due.

### **FDIC/Federal Government Interests in Properties**

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

Under the Supremacy Clause of the United States Constitution, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within Improvement Area No. 1 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 Improvement Area No. 1 wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson*, 597 F.2d 174 (1979), the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“**FNMA**”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The Authority has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within Improvement Area No. 1, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2025 Bonds are outstanding.

In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 1 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the Authority to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC’s policy statement regarding the payment of state and local real property taxes (the “**Policy Statement**”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the

extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act.

Currently, the FDIC does not have an interest in any land within Improvement Area No. 1. The Authority is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 1 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 could reduce or eliminate the number of persons willing to purchase a parcel at foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and could adversely affect the payment when due of debt service on the 2025 Bonds.

### **Right to Vote on Taxes Act**

Article XIII C and Article XIII D to the California Constitution, enacted in 1996, limit the authority of local governments to impose taxes and property-related assessments, fees and charges. Many provisions of Articles XIII C and XIII D have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects thereof.

Among other things, Section 3 of Article XIII C states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIII C to reduce or terminate a Special Tax is subject to the same restrictions as are applicable to the Authority pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that Articles XIII C and XIII D have not conferred on the voters the power to repeal or reduce the Special Tax if such reduction would interfere with the timely retirement of the 2025 Bonds.

It may be possible, however, for voters to reduce the Special Tax in a manner which does not interfere with the timely repayment of the 2025 Bonds, but which does reduce the maximum amount of Special Tax that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Tax for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Tax in amounts greater than the amount necessary for the timely retirement of the 2025 Bonds.

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *Shapiro v. San Diego City Council*, 117 Cal. Rptr. 2d 631, 96 Cal. App. 4<sup>th</sup> 904 (2002). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego, much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in all of the City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties.

At the election to authorize such special tax, the electorate was limited to owners of hotel properties and lessees of certain of such hotel properties. Thus, the election was a landowner election limited to owners and lessees of properties on which the special tax would be levied, and not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based

on 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.

In the case of the CCFD, at the time of the election there were numerous registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). In the case of Improvement Area No. 1, there were no registered voters within Improvement Area No. 1 at the time of the election to authorize the Special Tax. In City of San Diego, 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 election in Improvement Area No. 1. 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." The voters in Improvement Area No. 1 approved the Special Tax and the issuance of bonds on October 5, 2023. Based on Sections 53341 and 53359 of the Act and an analysis of existing laws, regulations, rulings, and court decisions, the Authority believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

The interpretation and application of Articles XIIC and XIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "SPECIAL RISK FACTORS – Limitations on Remedies; No Acceleration."

### **Future Measures and Initiatives**

From time to time constitutional initiatives or other initiative measures may be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State or any political subdivision thereof, including the County and the cities, counties and other agencies that make up the Authority, to increase revenues or to increase appropriations, or might affect the ability of the Master Developer and the Homebuilder to develop the property within Improvement Area No. 1 or the Authority to collect the Special Tax.

### **Potential Impact of Global Health Concerns**

The COVID-19 global pandemic had a severe and continuing effect on the nation and the State, with ongoing concerns relating to health and safety, preventive protocols, fiscal and economic issues, business operations, and global trade. Although at present there are no restrictions on operations within the State relating to the COVID-19 pandemic, the response to COVID-19 had a profound effect on housing construction and the housing market. Pandemic-related shutdowns severely disrupted global supply chains, resulting in difficulty for homebuilders to access necessary materials for home completion, including wood, windows, electrical transformers, water meters, and appliances. Although the Master Developer and Homebuilder report that they experienced no supply-chain related delays with respect to development of Improvement Area No. 1 and the Master Developer has a process for tracking delivery durations for critical path materials, many goods still experience a backlog, which may in the future result in development delays or increased costs within Improvement Area No. 1. Lingering supply chain issues, labor shortages, increased interest rates, and an uncertain economy can increase costs to individual homeowners and therefore slow demand. Further, the pandemic saw changing trends in where people choose to live and the types of homes people choose to live in, which may impact demand for the types of homes being constructed by the Homebuilder. The impacts of the COVID-19 pandemic continue to have a lasting effect, and the

Authority cannot predict the effect of any potential future outbreak of COVID-19 or any other infectious disease.

### **Endangered and Threatened Species**

It is illegal to harm or disturb any plants or animals in their natural habitats that have been listed as endangered species by the United States Fish & Wildlife Service under the ESA or by the CDFG under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could delay development of vacant property in Improvement Area No. 1 or reduce the value of Taxable Property. Failure to develop the vacant property in Improvement Area No. 1 as planned, or substantial delays in the completion of the planned development of the property may increase the amount of Special Tax to be paid by the owners of Taxable Property and affect the willingness and ability of the owners of the property within Improvement Area No. 1 to pay the Special Tax when due.

The Master Developer reports that the vacant property within Improvement Area No. 1 proposed to be developed is not known to be inhabited by any plant or animal species which either the CDFW or the U.S. Fish & Wildlife Service has proposed for addition to the endangered species list. The Master Developer further reports that all necessary mitigation measures under the environmental impact report and other environmental permits for Improvement Area No. 1 have been completed and that it is in the process of completing the 1,218-acre conservation easement pursuant to the ITP from CDFW relating to the California Tiger Salamander.

### **Climate Change, Natural Disasters and Potential Drought Conditions**

In the future, Improvement Area No. 1 could be subject to earthquakes, fires, flooding, acts of terrorism or war, or other calamities or natural disasters. Some commentators remark that climate change could have a significant impact on weather patterns across the State, resulting in unpredictable weather extremes and increased wildfire risk. The occurrence of such a calamity or disaster in or around Improvement Area No. 1 could result in damage to properties in Improvement Area No. 1 or could otherwise reduce the value of such properties and affect the ability or willingness of the property owners in Improvement Area No. 1 to pay the Special Tax when due, especially if insurance is inadequate to cover resulting property losses. No assurance is given as to the continuation of the availability of existing property insurance coverage, which, among other things, may not be available at a reasonable cost in the future, in particular, given the State's regulatory insurance environment and the recent exodus of "admitted carriers" from the State's insurance market.

*Earthquake.* There are several active geological faults in the State that have potential to cause serious earthquakes that could result in damage within Improvement Area No. 1. All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. That statute required the State Geologist to delineate "Earthquake Fault Zones" (formerly known as "Special Studies Zones") along known active faults in California. Cities and counties affected by the identified zones must limited certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting. According to information from the California Geological Survey (formerly known as the Division of Mines and Geology), Improvement Area No. 1 is not located within an Alquist-Priolo Special Studies Zone. It is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in Improvement Area No. 1.

*Flooding.* All of the property within Improvement Area No. 1 is within Flood Zone X, an area in which the risk for flood is less than 0.2 percent (outside the 500-year flood area). Considered an area of

moderate to low risk, property owners are not required to carry flood insurance against flood damage. An unexpected flood could result in damage of various degrees that would not likely be covered by homeowners' insurance policies within Improvement Area No. 1, which may affect the ability or willingness of property owners to pay Special Taxes when due.

*Wildfire Hazard.* In recent years, wildfires have caused extensive damage throughout the State, including the County. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. In general, property damage due to wildfire could result in a significant decrease in the market value of property in Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes.

Improvement Area No. 1 has been classified as a moderate area of concern by the Fire Resource Assessment Program of CAL FIRE and is located within the state responsibility area. Homeowner's insurance is expected to be available to property owners within Improvement Area No. 1, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within Improvement Area No. 1 will purchase or maintain such insurance.

*Drought.* From time to time certain parts of California, including the County and Improvement Area No. 1, experience extended drought conditions. Extended drought conditions may impact development of properties within Improvement Area No. 1 that are not yet fully developed and may affect the market value of properties within Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes when due.

### **Hazardous Substances**

The market value of the property in Improvement Area No. 1 could decrease if a hazardous substance is discovered or released in the vicinity of Improvement Area No. 1. 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 "Superfund 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. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. Should any of the parcels be affected by a hazardous substance, the value of such parcels could decline, because the purchaser, upon becoming the owner, will become obligated to remedy the condition.

The estimated value of the property within Improvement Area No. 1, as set forth in the Appraisal Report, assumes there are no hazardous substances and that there is no liability to remedy a hazardous substance condition of the property. The Authority has made no independent investigation as to the environmental condition of Improvement Area No. 1 and the Authority is not aware of the presence of any hazardous substance liabilities with respect to Improvement Area No. 1 except as described herein. However, it is possible that such liabilities do currently exist and that the Authority is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Improvement Area No. 1 resulting from the present or future existence of a substance classified as a hazardous substance under the federal or State environmental laws. Any of these possibilities could adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax when due.

## **Parity Taxes and Special Assessments**

The Special Tax constitutes a lien against the parcels of land on which it is levied. Such lien is on parity with all special taxes levied by the Authority or other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property.

The Authority does not have control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments payable from all or a portion of the property within Improvement Area No. 1. In addition, the owners of property within Improvement Area No. 1 may, without the consent or knowledge of the Authority, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. Any such special taxes may have a lien on such property on parity with the lien of the Special Tax. See “PROPERTY VALUES – Other Potential Debt.” Parity Bonds are permitted pursuant to the Indenture under the existing bond authorization, which Parity Bonds will be secured by a lien on the Special Tax on parity with any 2025 Bonds remaining outstanding. See “SECURITY FOR THE 2025 BONDS – Parity Bonds” herein.

## **Limitations on Remedies; No Acceleration**

The Indenture does not permit the acceleration of the 2025 Bonds in the event of a payment default or other default under the terms of the 2025 Bonds or the Indenture. Generally, remedies are limited to legal actions to compel the Authority to perform under the 2025 Bonds and the Indenture, to enjoin acts which are unlawful or violate the rights of the Holders, or to account as the trustee of an express trust. See APPENDIX D – “SUMMARY OF THE INDENTURE – Events of Default and Remedies of Holders.” Remedies available to the Owners may be inadequate to assure the timely payment of principal of and interest on the 2025 Bonds or to preserve the tax-exempt status of the 2025 Bonds. 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.

Bond Counsel has limited its opinion as to the enforceability of the 2025 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium, or others similar laws affecting generally the enforcement of creditor’s rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against joint powers authorities in the State of California.

## **Risks Relating to Tax-Exempt Status of the 2025 Bonds**

As further described under the caption “TAX MATTERS” below, failure of the Authority to comply with the requirements of the Internal Revenue Code of 1986 (the “**Code**”) and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the 2025 Bonds to be included in the gross income of Holders for federal income tax purposes, possibly from the date of original issuance of the 2025 Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of interest on the 2025 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“**IRS**”) or the courts.

The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has announced that its audit efforts will focus in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. In recent audits, the IRS has asserted that interest on such “developer-driven” obligations can be taxable, in certain circumstances, even when those transactions

otherwise meet all applicable tax law requirements. It cannot be predicted if this IRS focus could lead to an audit of the 2025 Bonds or what the result would be of any such audit.

If an audit of the 2025 Bonds is commenced, under current procedures parties other than the Authority and the County would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Authority and the County legitimately disagree, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the 2025 Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the 2025 Bonds. Finally, if the IRS ultimately determines that the interest on the 2025 Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the Authority may not have the resources to settle with the IRS, the 2025 Bonds are not required to be redeemed, and the interest rate on the 2025 Bonds will not increase.

### **Cybersecurity**

The Authority, like many other large public and private entities, relies on a technology to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “**Information Technology Systems**”). Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Information Technology Systems of the Authority for the purposes of misappropriating assets or information or causing operational disruption and damage.

## **THE AUTHORITY**

The Authority is a joint powers agency organized pursuant to a Joint Exercise of Powers Agreement among a number of California counties, cities and special districts entered into pursuant to the provisions relating to the joint exercise of powers contained in Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code. The Authority is authorized to establish community facilities districts and issue the 2025 Bonds under the Act.

## **LITIGATION**

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the 2025 Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the 2025 Bonds, the validity or enforceability of the documents executed by the Authority in connection with the 2025 Bonds, the completeness or accuracy of the Official Statement or the existence or powers of the Authority relating to the sale of the 2025 Bonds.

## **CONTINUING DISCLOSURE**

### **The Authority**

The Authority has covenanted for the benefit of the Owners of the 2025 Bonds pursuant to a continuing disclosure certificate (the “**Authority Continuing Disclosure Certificate**”) to provide, each year for so long as the 2025 Bonds are Outstanding, certain financial information and operating data relating to the 2025 Bonds, the Community Facilities District, ownership of the property in Improvement Area No. 1 that is subject to the Special Tax, the occurrence of delinquencies in payment of the Special Tax, and the



status of foreclosure proceedings, if any, respecting Special Tax delinquencies (the “**District Disclosure Report**”), and to provide notices of the occurrence of certain enumerated events. The financial information and operating data will be provided annually on or before January 15 for the twelve months ended on the preceding June 30, commencing January 15, 2026. A form of the Authority’s undertaking is included in APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” The Community Facilities District Disclosure Reports are to be filed by the Authority with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Authority has multiple continuing disclosure undertakings and has separately contracted with BLX Group LLC, DTA Public Finance, Inc., or other consultants, for its continuing disclosure undertakings with respect to its bond issues. Within the past five years, certain event filings related to unscheduled draws on reserve funds and rating changes were not filed in a timely manner but have since been corrected. In certain circumstances, CUSIPs were not linked to appropriate filings. In addition, certain annual reports were not timely filed or contained missing information when originally timely filed, but such information has since been filed. On certain occasions, audited financial statements have been filed subsequent to the filing of the corresponding annual report. Notices to the Municipal Securities Rulemaking Board of failure to file certain annual reports were not always filed or timely filed.

### **The Master Developer**

Pursuant to a continuing disclosure certificate (the “**Developer Continuing Disclosure Certificate**”), the Master Developer has covenanted for the benefit of the holders of the 2025 Bonds to provide certain information relating to its development and financing plans within Improvement Area No. 1 (each, a “**Developer Disclosure Report**”) and to provide notices of the occurrence of certain enumerated events, until such time as the Master Developer owns, or is responsible for developing, fewer than 200 lots within Improvement Area No. 1 or until the obligation to so provide such information, data and notices is otherwise terminated in accordance with the provisions of the Developer Continuing Disclosure Certificate. The form of Developer Continuing Disclosure Certificate is included in APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” Such information is to be provided or caused to be provided by the Master Developer not later than June 15 and December 15 of each year, commencing December 15, 2025. The Developer Disclosure Reports are to be filed with EMMA.

*Prior Continuing Disclosure Compliance – Master Developer.* The Master Developer has advised the Authority that the Master Developer has not previously entered into a continuing disclosure undertaking under the Rule the past five years.

## **LEGAL OPINIONS**

The validity of the 2025 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”). Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement and expresses no opinion as to the matters set forth herein. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C hereto.

Payment of the fees and expenses of Bond Counsel are contingent upon the issuance and delivery of the 2025 Bonds. From time to time, Bond Counsel may represent the Underwriter on matters unrelated to the 2025 Bonds.

Certain legal matters will be passed upon for the Underwriter by Jones Hall LLP. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel to the Authority.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2025 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2025 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C.

To the extent the issue price of any maturity of the 2025 Bonds is less than the amount to be paid at maturity of such 2025 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2025 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2025 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2025 Bonds is the first price at which a substantial amount of such maturity of the 2025 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2025 Bonds accrues daily over the term to maturity of such 2025 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2025 Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2025 Bonds. Beneficial owners of the 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2025 Bonds in the original offering to the public at the first price at which a substantial amount of such 2025 Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2025 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2025 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2025 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2025 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2025 Bonds may

adversely affect the value of, or the tax status of interest on, the 2025 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2025 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2025 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2025 Bonds ends with the issuance of the 2025 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the 2025 Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2025 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2025 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

Payments on the 2025 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of 2025 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2025 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2025 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding

rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **UNDERWRITING**

The 2025 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the **"Underwriter"**). Pursuant to a Bond Purchase Contract between the Underwriter and the Authority (the **"Purchase Contract"**), the Underwriter has agreed to purchase all of the 2025 Bonds for an aggregate purchase price of \$\_\_\_\_\_, subject to certain conditions set forth in the Purchase Contract. The purchase price reflects an underwriter's discount of \$\_\_\_\_\_ and a [net] original issue [premium/discount] of \$\_\_\_\_\_.

The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2025 Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

## **NO RATINGS**

The Authority has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the 2025 Bonds.

## **MISCELLANEOUS**

The quotations from, and the summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

This Official Statement is submitted only in connection with the initial offering of the 2025 Bonds by the Authority, and is not to be used for any other purpose. This Official Statement does not constitute a contract with the purchasers of the 2025 Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Authorized Signatory

## **APPENDIX A**

### **APPRAISAL REPORT AND BRING FORWARD LETTER**

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**Appraisal of Real Property**

**San Juan Oaks**  
Master Planned Community  
San Benito County, California 95023

**Prepared For:**  
California Statewide Communities Development Authority

**Report Format:**  
Appraisal Report – Bring Forward Letter

**IRR - San Francisco**  
File Number: 192-2025-0082



July 16, 2025

Mr. James Hamill  
Mr. Jon Penkower  
Managing Directors  
California Statewide Communities Development Authority  
1700 N. Broadway  
Walnut Creek, CA 94596

SUBJECT:       Market Value Appraisal – Bring Forward Letter  
                  San Juan Oaks  
                  San Benito County, California 95023  
                  IRR - San Francisco File No. 192-2025-0082

Dear Messrs. Hamill and Penkower:

Integra Realty Resources – San Francisco has prepared an update to our Appraisal Report of the above-referenced property. The original Appraisal Report, dated June 24, 2025, was prepared conforming to the requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004). The Original Appraisal Report provides the market values (*fee simple estate*) of certain properties within the boundaries of California Statewide Communities Development Authority (CSCDA) Community Facilities District No. 2023-08 (San Juan Oaks) Improvements Area No. 1, County of San Benito, State of California (“CFD No. 2023-08”), under the assumptions and conditions contained in this Appraisal Report, as of April 24, 2025. This Update Appraisal Report may only be used in conjunction with the Original Appraisal Report.

As an Update Appraisal Report, this document does not present a complete discussion of the data, reasoning and analyses used in the appraisal process to develop the appraiser’s opinions of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser’s work file.

We have been requested to ascertain, as of a current date of value (July 15, 2025), whether the cumulative, or aggregate, value of the appraised properties is not less than the cumulative, or aggregate, value estimated as of the original date of value April 24, 2025.

Since the original date of value April 24, 2025, site development has continued, a number of homes have been completed and/or sold to individual homeowners, and a number of homes have begun construction with building permits and impact fees paid.

As a result of our analysis, it is our opinion the cumulative, or aggregate, value, derived in the Original Appraisal Report, as of April 24, 2025, in accordance with the assumptions and conditions set forth in the attached document, as of July 15, 2025 (current date of value), is not less **\$182,312,000**.

**Type and Definition of Value:**

Market value is defined as “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

**Client and Intended Users:**

The client is California Statewide Communities Development Authority. The intended users are California Statewide Communities Development Authority and its associated finance team.

**Intended Use:**

The intended use of the appraisal is for bond underwriting purposes. The appraisers understand and agree this Update Appraisal Report, and Original Appraisal Report, is expected to be, and may be, utilized in the marketing of the Bonds and to satisfy certain legal requirements in connection with issuing the Bonds.

**Purpose:**

The purpose of this Update Appraisal Report, dated July 16, 2025, is to ascertain whether the current estimate (July 15, 2025) of cumulative, or aggregate, value of CFD No. 2023-08 is not less than the value derived in the Original Appraisal Report, dated June 24, 2025, with a date of value of April 24, 2025.

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The cumulative, or aggregate, value of the appraised properties in CFD No. 2023-08 account for the impact of the Lien of the Special Tax securing the California Statewide Communities Development Authority (CSCDA) Community Facilities District No. 2023-08 (San Juan Oaks) Improvements Area No. 1 Bonds.

**Scope of Work:**

In preparing this Update Appraisal Report, we analyzed market data presented in our Original Appraisal Report dated June 24, 2025 (as of the April 24, 2025 date of value). In addition, we analyzed current market conditions and considered any changes in the condition of the subject properties since the date of value above. This Update Appraisal Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's work file.

**Date of Inspection:**

The subject was not re-inspected.

**Current Date of Value:**

July 15, 2025

**Date of Report:**

July 16, 2025

This Update Appraisal Report has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004). Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this Appraisal Report.

This Update Appraisal Report dated July 16, 2025, which contains 10 pages, must remain attached to the original appraisal dated June 24, 2025, which contains 110 pages, plus related exhibits and Addenda, in order for the value opinions set forth herein to be considered valid.

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously provided appraisal services for this client of the property that is the subject of this report. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, made a personal inspection of the property that is the subject of this report. Laura Diaz, MAI, and Kevin Ziegenmeyer, MAI, also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Eric Segal, MAI, Laura Diaz, MAI, and Kevin Ziegenmeyer, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Laura Diaz, MAI  
Certified General Real Estate Appraiser  
California Certificate # 3005037



Eric Segal, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG026558



Kevin Ziegenmeyer, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG013567

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic



conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – San Francisco, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – San Francisco is not a building or environmental inspector. Integra San Francisco does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – San Francisco, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

## **Addendum A**

### **Appraiser Qualifications**

# Laura Diaz, MAI

## Experience

Ms. Diaz is a licensed certified general real estate appraiser. She began her career in real estate in 2013 as a research analyst with Integra - Kentucky-Southern Indiana as she pursued her Master of Urban Planning degree. In 2017, Ms. Diaz relocated to the San Francisco Bay Area and joined the Integra - San Francisco office. She has experience writing narrative appraisal reports for a variety of property types, including office, retail, industrial, multifamily housing, and commercial and agricultural land. She has also worked with special-purpose properties, including self-storage facilities, religious facilities, student housing projects, data centers, hotels, and airport properties. In addition, Ms. Diaz has experience in multifamily market analysis, including development and analysis of survey techniques and models of demand for proposed multifamily projects. She specializes in the appraisal of residential subdivisions and master planned communities, as well as Mello Roos and Assessment Districts for land-secured municipal financings.

## Licenses

California, Certified General Real Estate Appraiser, 3005037, Expires January 2026

## Education

Academic:

Bachelor of Arts in English, University of Louisville

Master of Urban Planning, University of Louisville

Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Principles

Basic Appraisal Procedures

Real Estate Finance Statistics and Valuation Modeling

Site Valuation and Cost Approach

General Market Analysis and Highest and Best Use

Sales Comparison Approach

Basics Income Capitalization

General Appraiser Report Writing and Case Studies

Expert Witness for Commercial Appraisers

Quantitative Analysis

Advanced Market Analysis and Highest and Best Use

Advanced Income Capitalization

Advanced Concepts and Case Studies

Business Practice and Ethics

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Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Laura B. Diaz**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2024  
Date Expires: January 2, 2026

  
Angela Jemmott, Bureau Chief, BREA

3074214



# Eric Segal, MAI

## Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello Roos Community Facilities Districts and Assessment Districts for land secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Oakland, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Senior Managing Director of the Integra Los Angeles office, and Managing Director of the Integra Orange County, Integra-San Francisco and Integra-Sacramento offices.

## Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute, January 2016

## Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2027

Nevada, Certified General, A.0207666-CG, Expires January 2027

Arizona, Certified General, CGA - 1006422, Expires January 2026

Washington, Certified General, 20100611, Expires June 2025

## Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

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## Eric Segal, MAI

### Education (Cont'd)

Advanced Applications  
Subdivision Valuation  
Appraisal of Self-Storage Facilities  
Appraisal of Fast Food Facilities  
Appraisal of Limited Service Hotels  
How Tenants Create or Destroy Value: Leasehold Valuation and its Impact on Value  
Appraisal of Manufactured Homes Featuring Next Generation Manufactured Homes  
Appraisal and Real Estate Courses (cont'd):  
Business Practices and Ethics  
IRS Valuation Update

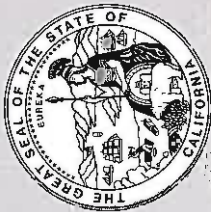
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Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Eric A. Segal**

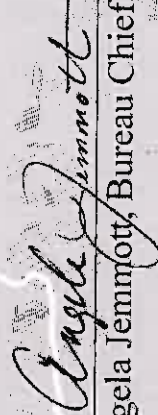
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

**"Certified General Real Estate Appraiser"**

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

**BREA APPRAISER IDENTIFICATION NUMBER: AG 026558**

Effective Date: February 19, 2025  
Date Expires: February 18, 2027

  
Angela Jemmott, Bureau Chief, BREA

3079030



# Kevin Ziegenmeyer, MAI

## Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land Secured Financing 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Mr. Ziegenmeyer is currently Senior Managing Director of the Integra-Sacramento office, and Managing Director of the Integra-Orange County, Integra-San Francisco and Integra-Los Angeles offices.

## Licenses

California, California Certified General Real Estate Appraiser, AG013567, Expires June 2027

## Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions (Yellowbook)

2008 Economic Update

Valuation of Conservation Easements

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## Kevin Ziegenmeyer, MAI

### Education (Cont'd)

Subdivision Valuation  
2005 Annual Fall Conference  
General Comprehensive Exam Module I, II, III & IV  
Advanced Income Capitalization  
Advanced Sales Comparison & Cost Approaches  
2004 Central CA Market Update  
Computer-Enhanced Cash Flow Modeling  
Forecast 2000, 2001, 2002, 2003 & 2004  
Land Valuation Assignments  
Land Valuation Adjustment Procedures  
Highest & Best Use and Market Analysis  
Entitlements, Land Subdivision & Valuation  
Real Estate Value Cycles  
El Dorado Hills Housing Symposium  
Federal Land Exchanges  
M & S Computer Cost-Estimating, Nonresidential

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BUREAU OF REAL ESTATE APPRAISERS  
REAL ESTATE APPRAISER LICENSE

**Kevin K. Ziegenmeyer**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date:

June 5, 2025

Date Expires:

June 4, 2027

*Angela Jemmott*  
Angela Jemmott, Bureau Chief, BREA

3081689



**Appraisal of Real Property**

**San Juan Oaks**  
Master Planned Community  
San Juan Oaks Dr.  
Hollister, San Benito County, California 95023

**Prepared For:**  
California Statewide Communities Development Authority

**Date of the Report:**  
June 24, 2025

**Report Format:**  
Appraisal Report

**IRR - San Francisco**  
File Number: 192-2025-0082



# Subject Photographs



**San Juan Oaks**  
San Juan Oaks Dr.  
Hollister, California



[illegible]



June 24, 2025

Mr. James Hamill  
Mr. Jon Penkower  
Managing Directors  
California Statewide Communities Development Authority  
1700 N. Broadway  
Walnut Creek, CA 94596

SUBJECT:       Market Value Appraisal  
                  San Juan Oaks  
                  San Juan Oaks Dr.  
                  Hollister, San Benito County, California 95023  
                  IRR - San Francisco File No. 192-2025-0082

Dear Messrs. Hamill and Penkower:

Integra Realty Resources – San Francisco is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, by ownership, subject to a hypothetical condition, pertaining to the fee simple interest in the property, as well as the aggregate, or cumulative, value of the appraised properties. The client for the assignment is California Statewide Communities Development Authority and the intended use of the report is for bond underwriting purposes.

The subject property represents all of the California Statewide Communities Development Authority (CSCDA) Community Facilities District (CFD) No. 2023-08 (San Juan Oaks) Improvement Area No. 1, County of San Benito, State of California ("CFD No. 2023-08"). The subject encompasses a total of approximately 360.18 acres of residentially zoned land and is being developed with a 1,017-lot age-restricted master planned community. Improvement Area No. 1 includes four phases with average minimum lot sizes ranging from 4,500 to 6,400 square feet. Site development work for Phase 1 (279 lots) is complete and the final map was recorded in May 2023. Backbone infrastructure work is underway for Phases 2 through 4 as of the effective appraisal date. Shea Homes is under contract for 255 of the lots within Phase 1 and 40 lots within Phase 2, and is incrementally taking down lots and constructing homes as part of the Shea Trilogy product line. A more detailed legal and physical description of the subject property is contained within the attached report.

We have been requested to provide a market value of the appraised property, by ownership, as of the date of value, which accounts for the impact of the lien of the Special Taxes securing the Bonds.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying Appraisal Report, and subject to the hypothetical condition, definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion(s) of value, as of the date of value, April 24, 2025, is as follows:

| <b>Market Value by Ownership</b>  |                                |                           |                             |                                |                              |
|---|--------------------------------|---------------------------|-----------------------------|--------------------------------|------------------------------|
|   | <b>Lots/Parcels<br/>/Homes</b> | <b>Lot/Home<br/>Value</b> | <b>Permits and<br/>Fees</b> | <b>Value per<br/>Component</b> | <b>Market Value (Rd.)</b>    |
| <b>Individual Homeowners</b>  |                                |                           |                             |                                |                              |
| Completed Homes - 35 Collection   | 7                              | \$680,000                 |                             | \$680,000                      | \$4,760,000 (Not-Less-Than)  |
| Completed Homes - 40 Collection   | 13                             | \$750,000                 |                             | \$750,000                      | \$9,750,000 (Not-Less-Than)  |
| Completed Homes - 50 Collection   | 18                             | \$790,000                 |                             | \$790,000                      | \$14,220,000 (Not-Less-Than) |
| Completed Homes - 60 Collection   | 5                              | \$940,000                 |                             | \$940,000                      | \$4,700,000 (Not-Less-Than)  |
| <b>Total - Individual Homeowners</b>  | <b>43</b>                      |                           |                             |                                | <b>\$33,430,000</b>          |
| <b>Shea Homes</b>   |                                |                           |                             |                                |                              |
| Finished Lots   | 23                             | \$330,000                 |                             | \$330,000                      | \$7,590,000                  |
| Homes Under Construction  | 11                             | \$330,000                 | \$27,447                    | \$357,447                      | \$3,932,000                  |
| Completed Homes - 35 Collection   | 1                              | \$680,000                 |                             | \$680,000                      | \$680,000 (Not-Less-Than)    |
| Completed Homes - 40 Collection   | 2                              | \$750,000                 |                             | \$750,000                      | \$1,500,000 (Not-Less-Than)  |
| Completed Homes - 50 Collection   | 1                              | \$790,000                 |                             | \$790,000                      | \$790,000 (Not-Less-Than)    |
| <b>Total - Shea Homes</b>   | <b>38</b>                      |                           |                             |                                | <b>\$14,492,000</b>          |
| <b>San Juan Oaks Owner, LLC</b>   |                                |                           |                             |                                |                              |
| Unimproved Lots (Phases 2 through 4)  | 738                            | \$93,564                  |                             | \$93,564                       | \$69,050,000                 |
| Finished Lots (Phase 1)   | 198                            | \$330,000                 |                             | \$330,000                      | \$65,340,000                 |
| <b>Total - San Juan Oaks Owner, LLC</b>                                     | <b>936</b>                     |                           |                             |                                | <b>\$134,390,000</b>         |
| <b>Aggregate, or Cumulative, Value, subject to a hypothetical condition</b> | <b>1,017</b>                   |                           |                             |                                | <b>\$182,312,000</b>         |



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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

(None)

The value conclusions are based on the following hypothetical condition. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The value derived herein is based on the hypothetical condition that proceeds from CFD No. 2023-08 Special Tax Bonds are available to reimburse the master developer for eligible public improvements costs incurred to date.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

The opinions of value represent a "not-less-than" value due to the fact we were requested to provide a market value for the smallest floor plan in each product line improved with a completed home without a complete assessed improvement value reflected on the County of San Benito Assessor's Tax Roll.

Please note the aggregate of the appraised values is not the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions." For purposes of this Appraisal Report, market value is estimated by ownership.

Mr. James Hamill  
Mr. Jon Penkower  
California Statewide Communities Development Authority  
June 24, 2025  
Page 4

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

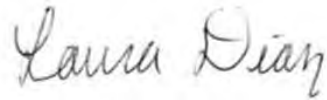
**Integra Realty Resources - San Francisco**



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California Certified General Real Estate  
Appraiser #AG026558  
Telephone: 213.984.4425, ext. 228  
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Laura Diaz, MAI  
California Certified General Real Estate  
Appraiser #3005037  
Telephone: 408.299.0444  
Email: ldiaz@irr.com

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## Executive Summary

|  |  |
|--|--|
| Property Name  | San Juan Oaks  |
| Address  | San Juan Oaks Dr.<br>Hollister, San Benito County, California 95023  |
| Property Type  | Master Planned Community - Residential   |
| Owner of Record  | San Juan Oaks Owner, LLC, Shea Homes, Individual Homeowners  |
| Tax ID   | 018-230-002 to 041; 018-240-001 to 019; 018-240-021 to 045; 018-250-001 to 045; 018-260-001 to 021; 018-260-023 to 033; 018-260-035 to 105; 018-270-001 to 006; 018-270-008 to 017; 018-270-019 to 049; portions of 018-190-039, 018-190-040, 018-190-041, and 018-190-047 |
| Land Area  | 360.18 acres; 15,689,441 SF  |
| Zoning Designation   | SJO-SP -SFR, San Juan Oaks Specific Plan - Single Family Residential   |
| Highest and Best Use   | Single family residential  |
| Exposure Time; Marketing Period  | 9 - 12 months; 9 - 12 months   |
| Effective Date of the Appraisal  | April 24, 2025   |
| Date of the Report   | June 24, 2025  |
| Property Interest Appraised  | Fee Simple   |
| The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than California Statewide Communities Development Authority and associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein. |  |

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

(None)

The value conclusions are based on the following hypothetical condition. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The value derived herein is based on the hypothetical condition that proceeds from CFD No. 2023-08 Special Tax Bonds are available to reimburse the master developer for eligible public improvements costs incurred to date.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

## Identification of the Appraisal Problem

### Subject Description

The subject property represents all of the California Statewide Communities Development Authority (CSCDA) Community Facilities District (CFD) No. 2023-08 (San Juan Oaks) Improvement Area No. 1, County of San Benito, State of California ("CFD No. 2023-08"). The subject encompasses a total of approximately 360.18 acres of residentially zoned land and is being developed with a 1,017-lot age-restricted master planned community. Improvement Area No. 1 includes four phases with average minimum lot sizes ranging from 4,500 to 6,400 square feet. Site development work for Phase 1 (279 lots) is complete and the final map was recorded in May 2023. Backbone infrastructure work is underway for Phases 2 through 4 as of the effective appraisal date. Shea Homes is under contract for 255 of the lots within Phase 1 and 40 lots within Phase 2, and is incrementally taking down lots and constructing homes as part of the Shea Trilogy product line. A legal description of the property was requested but not provided.

#### Property Identification

|                 |  |
|-----------------|--|
| Property Name   | San Juan Oaks  |
| Address         | San Juan Oaks Dr.<br>Hollister, California 95023   |
| Tax ID          | 018-230-002 to 041; 018-240-001 to 019; 018-240-021 to 045; 018-250-001 to 045;<br>018-260-001 to 021; 018-260-023 to 033; 018-260-035 to 105; 018-270-001 to 006;<br>018-270-008 to 017; 018-270-019 to 049; portions of 018-190-039, 018-190-040, 018-<br>190-041, and 018-190-047 |
| Owner of Record | San Juan Oaks Owner, LLC, Shea Homes, Individual Homeowners  |

Lot sizing within the subject's four phases is provided below. Overall, average lot sizing among the four phases is relatively consistent.

#### Lot Sizing - Phases 1 through 4

| Lot Type                             | Phase 1      | Phase 2      | Phase 3      | Phase 4      | Total        |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 45 x 100                             | 99           | 83           | 73           | 62           | 317          |
| 52 x 100                             | 99           | 116          | 96           | 77           | 388          |
| 64 x 100                             | <u>81</u>    | <u>106</u>   | <u>57</u>    | <u>68</u>    | <u>312</u>   |
| <b>Total Lots</b>                    | <b>279</b>   | <b>305</b>   | <b>226</b>   | <b>207</b>   | <b>1,017</b> |
| <b>Average Minimum Lot Size (SF)</b> | <b>5,300</b> | <b>5,427</b> | <b>5,277</b> | <b>5,385</b> | <b>5,350</b> |

The following table summarizes the subject's lots, by ownership. As of the effective appraisal date, Shea Homes has taken down 81 of Phase 1's 279 lots; 43 of these lots have been improved with homes and closed escrow to individual homeowners. Eleven of the lots owned by Shea Homes have homes under construction, and four lots have completed model homes. Ownership of the balance of Phase 1 is under the master developer, along with the 738 lots in Phases 2 through 4.

### Appraised Property Summary by Ownership

| Owner                    | Finished SFR<br>Lots | Partially<br>Completed<br>Homes | Completed<br>Homes* | Unimproved<br>SFR Lots | Total        |
|--------------------------|----------------------|---------------------------------|---------------------|------------------------|--------------|
| Individual Homeowners    | --                   | --                              | 43                  | --                     | <b>43</b>    |
| Shea Homes               | 23                   | 11                              | 4                   | --                     | <b>38</b>    |
| San Juan Oaks Owner, LLC | 198                  | --                              | --                  | 738                    | <b>936</b>   |
| <b>TOTAL</b>             | <b>221</b>           | <b>11</b>                       | <b>47</b>           | <b>738</b>             | <b>1,017</b> |

\*Completed homes without a complete assessment for structural improvements by County Assessor

## Sale History

Shea Homes and the Master Developer have entered into a purchase and sale agreement for a total of 295 lots (255 lots within Phase 1 and 40 lots within Phase 2). As of the effective appraisal date, Shea has taken down 81 finished lots, all within Phase 1. According to the master developer, the purchase and sale agreement (PSA) stipulates Shea is required to take down a minimum of 72 lots per year. A copy of the PSA was not provided for review. However, the master developer has provided details on Shea's takedown of lots which have closed escrow to individual homeowners as of the effective appraisal date. According to information provided by the master developer, minimum finished lot prices range from \$305,000 to \$365,000 per finished lot. As will be demonstrated, this is generally consistent with the appraised market value conclusion for representative finished lots within Phase 1. However, there is also a tiered profit sharing agreement between the master developer and homebuilder, and the final lot transfer price considers lot premiums and homebuyer selected options for each home, as well as incentives. Actual finished lot takedown pricing has ranged from \$305,000 to approximately \$556,000 per lot.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date and to the best of our knowledge the property is not currently being marketed for sale in bulk.

Note the sale history of the completed homes to individuals is not presented, but each sale is believed to be consistent with the market at the time of the respective sale.

## Pending Transactions

Other than the previously discussed PSA with Shea Homes for 295 finished lots, we are not aware of any pending transactions of the subject property, in bulk. There are several pending transactions of homes to individual homebuyers; details on pending home sales were requested but not provided.

## Appraisal Purpose

The purpose of this Appraisal Report is to estimate the market value (fee simple estate), by ownership, and the aggregate, or cumulative, value of the appraised properties comprising CFD No. 2023-08 (San Juan Oaks), subject to the hypothetical condition certain proceeds from the Special Tax Bonds are available to reimburse the master developer for various improvements, as of the effective date of the

appraisal, April 24, 2025. The date of the report is June 24, 2025. The appraisal is valid only as of the stated effective date. The home values are based on a “not-less-than” value for the smallest floor plan within each collection, without consideration for upgrades and lot premiums. Further, we have excluded any contributory value of unfinished homes, but consider the value of permits and impact fees paid for lots with construction underway.

## Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

### Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

## Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

### Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

## Client and Intended User(s)

The client is California Statewide Communities Development Authority. The intended users are California Statewide Communities Development Authority and its associated finance team. No party or parties beyond the client and the Finance Team with this proposed issuance may use or rely on the information, opinions, and conclusions contained in this report; however, this appraisal report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

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<sup>1</sup> Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

## Intended Use

The intended use of the appraisal is for bond underwriting purposes. The appraisal is not intended for any other use.

## Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

## Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously provided appraisal services for land-secured purposes pertaining to the property that is the subject of this report for the current client within the past three years. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

## Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.



# Scope of Work

## Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

## Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

## Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

| Property Inspection    |                 |                 |
|------------------------|-----------------|-----------------|
| Party                  | Inspection Type | Inspection Date |
| Kevin Ziegenmeyer, MAI | On-site         | April 11, 2025  |
| Eric Segal, MAI        | On-site         | April 11, 2025  |
| Laura Diaz, MAI        | On-site         | April 11, 2025  |

## Valuation Methodology

The valuation begins by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within each collection with a completed home.

The land residual analysis and sales comparison approach to value are then utilized to arrive at a finished lot value for Phase 1’s finished lots. The land residual analysis is a discounted cash flow that



considers home prices and costs, leading to an estimate of residual land value. The expected home revenue, absorption period, expenses (construction and carrying), and yield rate associated with the development and sell-off of homes to individual homebuyers are all considered.

Next, the sales comparison approach is utilized. In this approach, adjustments are applied to the prices of comparable bulk lot transactions, and a market value per lot is concluded. It is noted the sales comparison approach is constrained by the lack of recent, comparable, bulk lot sale data in the subject's immediate market area; available data within San Benito County dates back more than five years. The subject is located in area that has grown recently due to the lower cost of living relative to the San Francisco Bay Area region and demand from Bay Area and Silicon Valley commuters. Because sales within the Bay Area reflect much higher priced product due to heavy influence from local demand drivers, it was necessary to refine our search for comparable sales to parallel submarkets a similar distance from the Bay Area as the subject. Relevant submarkets include other outlying Bay Area markets experiencing similar growth due to lower cost of living and proximity to major transportation corridors.

Utilizing the improved lot indicators (reflective of a typical lot) from Phase 1, the market value, in bulk, of the 738 residential lots associated with Phases 2 through 4 is then estimated by employing the subdivision development method (discounted cash flow analysis). In this analysis, the expected revenue, absorption period, expenses, and yield rate associated with the development and sell-off of the land components will be taken into account.

The market value estimates for the various taxable land use components described above are then assigned to the appraised properties in order to derive the aggregate, or cumulative, value of the CFD. Our analysis excludes a typical cost approach since the subject property represents land. However, costs associated with home construction are taken into consideration as part of the land residual analysis and determination of financial feasibility. Given the limited, if any, income producing potential of the land, an income approach is not utilized.

## Economic Analysis

### San Benito County Area Analysis

San Benito County is located in the central coast region of California approximately 58 miles southeast of San Jose. It is 1,389 square miles in size and has a population density of 49 persons per square mile. San Benito County was originally formed from parts of Monterey County. It is often associated with the Monterey Bay Area through governmental organizations such as the Association of Monterey Bay Area Governments. It also lies adjacent to the San Francisco Bay Area, sharing a border with Santa Clara County to the north; the United States Census Bureau includes San Benito County in the San Jose-Sunnyvale-Santa Clara MSA and the San Jose-San Francisco-Oakland CSA, which the Census uses as a statistical definition of the San Francisco Bay Area. The county borders Merced County and Fresno County to the east, which lead to California's San Joaquin Valley; Santa Cruz County to the west and Monterey County to the southwest.

San Benito County maintains a predominantly rural character, with agriculture serving as its primary industry. Fertile valley soils and a temperate climate support diverse farming operations, including vineyards, orchards, and livestock ranching. Proximity to Silicon Valley has led to increasing development pressures, particularly in and around Hollister. Despite this, the county continues to offer a blend of small-town charm and natural beauty, attracting residents and visitors seeking a quieter lifestyle within reach of the Bay Area.

### Population

San Benito County has an estimated 2025 population of 67,387, which represents an average annual 1.0% increase over the 2020 census of 64,209. San Benito County added an average of 636 residents per year over the 2020-2025 period, and its growth in population contrasts with the State of California which had a 0.3% average annual decrease in population over this time.

Looking forward, San Benito County's population is projected to increase at a 0.2% annual rate from 2025-2030, equivalent to the addition of an average of 165 residents per year. San Benito County's growth contrasts with California, which is projected to decline at a 0.1% rate.

| Population Trends |             |               |                 |                      |             |
|-------------------|-------------|---------------|-----------------|----------------------|-------------|
|                   | Population  |               |                 | Compound Ann. % Chng |             |
|                   | 2020 Census | 2025 Estimate | 2030 Projection | 2020 - 2025          | 2025 - 2030 |
| San Benito County | 64,209      | 67,387        | 68,214          | 1.0%                 | 0.2%        |
| California        | 39,538,223  | 38,870,482    | 38,763,700      | -0.3%                | -0.1%       |

Source: Claritas

### Employment

Total employment in San Benito County was estimated at 18,920 jobs as of September 2024. Between year-end 2014 and 2024, employment rose by 3,921 jobs, equivalent to a 26.1% increase over the

entire period. There were gains in employment in seven out of the past ten years. San Benito County's rate of employment growth over the last decade surpassed that of California, which experienced an increase in employment of 13.2% or 2,119,858 jobs over this period.

| <b>Employment Trends</b>          |                             |          |            |          |                               |            |
|-----------------------------------|-----------------------------|----------|------------|----------|-------------------------------|------------|
| Year                              | Total Employment (Year End) |          |            |          | Unemployment Rate (Ann. Avg.) |            |
|                                   | San Benito County           | % Change | California | % Change | San Benito County             | California |
| 2014                              | 14,999                      |          | 16,089,814 |          | 9.4%                          | 7.6%       |
| 2015                              | 15,416                      | 2.8%     | 16,606,038 | 3.2%     | 7.6%                          | 6.2%       |
| 2016                              | 16,122                      | 4.6%     | 16,930,563 | 2.0%     | 6.7%                          | 5.5%       |
| 2017                              | 15,836                      | -1.8%    | 17,263,084 | 2.0%     | 5.8%                          | 4.8%       |
| 2018                              | 16,275                      | 2.8%     | 17,573,378 | 1.8%     | 5.1%                          | 4.3%       |
| 2019                              | 16,684                      | 2.5%     | 17,857,719 | 1.6%     | 5.0%                          | 4.1%       |
| 2020                              | 15,658                      | -6.1%    | 16,401,290 | -8.2%    | 9.9%                          | 10.2%      |
| 2021                              | 16,806                      | 7.3%     | 17,641,250 | 7.6%     | 7.3%                          | 7.3%       |
| 2022                              | 16,964                      | 0.9%     | 18,066,913 | 2.4%     | 5.1%                          | 4.3%       |
| 2023                              | 16,912                      | -0.3%    | 18,146,497 | 0.4%     | 5.9%                          | 4.7%       |
| 2024*                             | 18,920                      | 11.9%    | 18,209,672 | 0.3%     | 6.5%                          | 5.3%       |
| Overall Change 2014-2024          | 3,921                       | 26.1%    | 2,119,858  | 13.2%    |                               |            |
| Avg Unemp. Rate 2014-2024         |                             |          |            |          | 6.8%                          | 5.8%       |
| Unemployment Rate - February 2025 |                             |          |            |          | 7.4%                          | 5.5%       |

\*Total employment data is as of September 2024.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

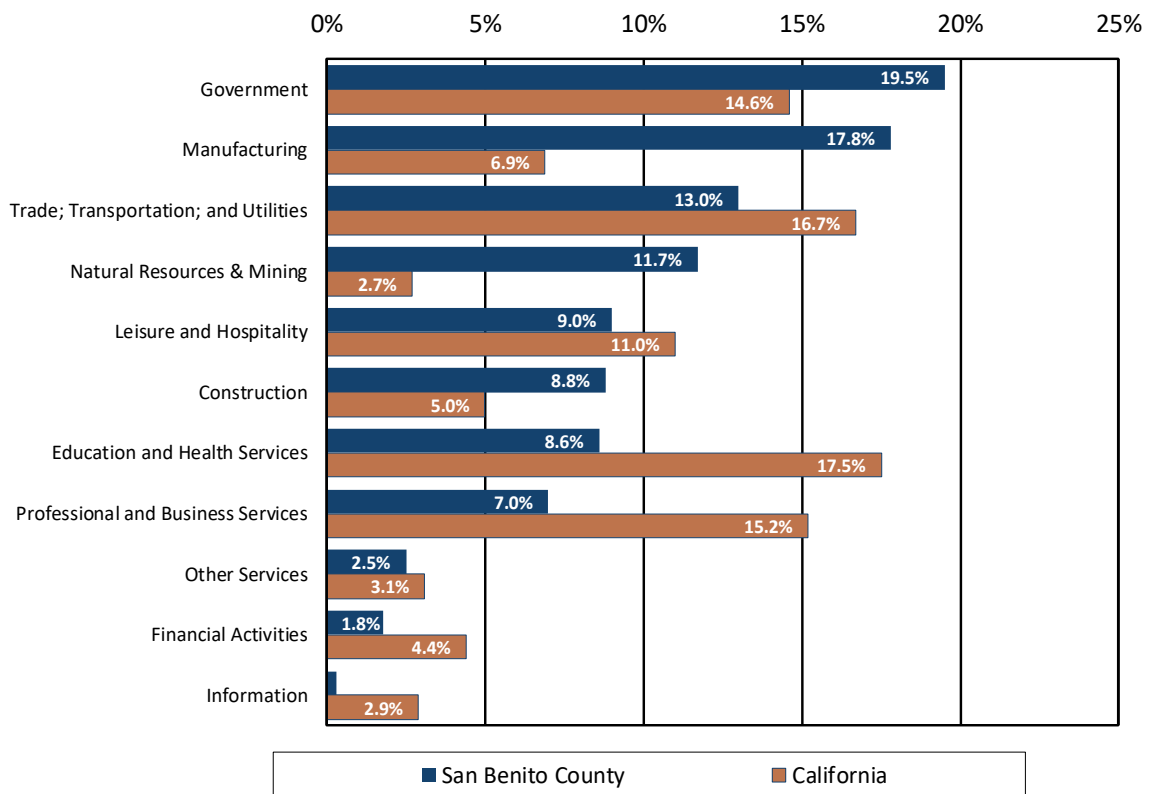
A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the San Benito County unemployment rate has been generally higher than that of California, with an average unemployment rate of 6.8% in comparison to a 5.8% rate for California.

Recent data shows that the San Benito County unemployment rate is 7.4% in comparison to a 5.5% rate for California, a negative sign for the San Benito County economy but one that must be tempered by the fact that San Benito County has outperformed California in the rate of job growth over the past two years.

## Employment Sectors

The composition of the San Benito County job market is depicted in the following chart, along with that of California. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of San Benito County jobs in each category.

### Employment Sectors - 2024



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

San Benito County has greater concentrations than California in the following employment sectors:

1. Government, representing 19.5% of the San Benito County payroll employment compared to 14.6% for California as a whole. This sector includes employment in local, state, and federal government agencies.
2. Manufacturing, representing 17.8% of the San Benito County payroll employment compared to 6.9% for California as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Natural Resources & Mining, representing 11.7% of the San Benito County payroll employment compared to 2.7% for California as a whole. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.
4. Construction, representing 8.8% of the San Benito County payroll employment compared to 5.0% for California as a whole. This sector includes construction of buildings, roads, and utility systems.

San Benito County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 13.0% of the San Benito County payroll employment compared to 16.7% for California as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 9.0% of the San Benito County payroll employment compared to 11.0% for California as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Education and Health Services, representing 8.6% of the San Benito County payroll employment compared to 17.5% for California as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Professional and Business Services, representing 7.0% of the San Benito County payroll employment compared to 15.2% for California as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

### Major Employers

Major employers in San Benito County are shown in the following table.

| Major Employers - San Benito County |                            |                     |
|-------------------------------------|----------------------------|---------------------|
|                                     | Name                       | Number of Employees |
| 1                                   | Earthbound Farm            | 1,000-4,999         |
| 2                                   | R&R Labor                  | 500-999             |
| 3                                   | San Benito High School     | 250-499             |
| 4                                   | Alpha Teknova Inc          | 100-249             |
| 5                                   | Coke Farm                  | 100-249             |
| 6                                   | Corbin Sparrow             | 100-249             |
| 7                                   | Denise & Filice Packing Co | 100-249             |
| 8                                   | Nob Hill Foods             | 100-249             |
| 9                                   | San Benito Foods           | 100-249             |
| 10                                  | San Benito Sheriff         | 100-249             |
| 11                                  | Target                     | 100-249             |
| 12                                  | Trical Inc.                | 100-249             |
| 13                                  | West Marine Distribution   | 100-249             |

Source: CA Employment Development Department; This list of major employers was extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2025 1st Edition. Employer information is provided by Data Axel®, Omaha, NE, 800/555-5211. © 2024. All Rights Reserved.

### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably lower in San Benito County than California overall during the past decade. San Benito County has grown at a 1.7% average annual rate while the State of California has grown at a 3.3% rate. San Benito County continues to underperform California. GDP for San Benito County fell by 2.0% in 2023 while California's GDP rose by 2.0%.

San Benito County has a per capita GDP of \$33,266, which is 60% less than California's GDP of \$82,877. This means that San Benito County industries and employers are adding relatively less value to the economy than their counterparts in California.

| <b>Gross Domestic Product</b> |                   |          |               |          |
|-------------------------------|-------------------|----------|---------------|----------|
| Year                          | (\$,000s)         | % Change | (\$,000s)     | % Change |
|                               | San Benito County |          | California    |          |
| 2013                          | 1,917,804         | —        | 2,340,335,300 | —        |
| 2014                          | 1,894,591         | -1.2%    | 2,428,675,700 | 3.8%     |
| 2015                          | 2,028,329         | 7.1%     | 2,545,979,500 | 4.8%     |
| 2016                          | 2,058,903         | 1.5%     | 2,623,711,700 | 3.1%     |
| 2017                          | 2,152,903         | 4.6%     | 2,740,550,300 | 4.5%     |
| 2018                          | 2,200,019         | 2.2%     | 2,850,970,300 | 4.0%     |
| 2019                          | 2,357,148         | 7.1%     | 2,969,609,000 | 4.2%     |
| 2020                          | 2,203,403         | -6.5%    | 2,933,320,200 | -1.2%    |
| 2021                          | 2,330,960         | 5.8%     | 3,154,188,600 | 7.5%     |
| 2022                          | 2,320,574         | -0.4%    | 3,184,007,800 | 0.9%     |
| 2023                          | 2,273,410         | -2.0%    | 3,248,656,600 | 2.0%     |
| Compound % Chg (2013-2023)    |                   | 1.7%     |               | 3.3%     |
| GDP Per Capita 2023           | \$33,266          |          | \$82,877      |          |

Source: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics; data released December 2024.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

## Household Income

San Benito County is more affluent than California. Median household income for San Benito County is \$115,618, which is 22.0% greater than the corresponding figure for California.

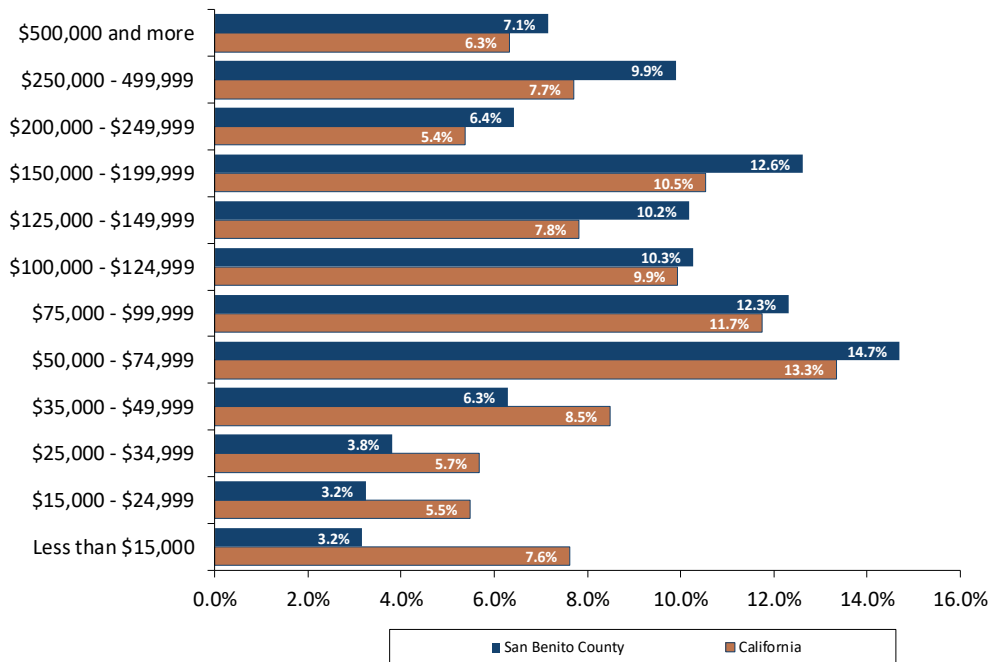
| <b>Median Household Income - 2025</b>         |           |
|---|-----------|
|   | Median    |
| San Benito County                             | \$115,618 |
| California                                    | \$94,758  |
| Comparison of San Benito County to California | + 22.0%   |

Source: Claritas

The following chart shows the distribution of households across twelve income levels. San Benito County has a greater concentration of households in the higher income levels than California.

Specifically, 36% of San Benito County households are at the \$150,000 or greater levels in household income as compared to 30% of California households. A lesser concentration of households is apparent in the lower income levels, as 16% of San Benito County households are below the \$50,000 level in household income versus 27% of California households.

Household Income Distribution - 2025



Source: Claritas

## Education Levels

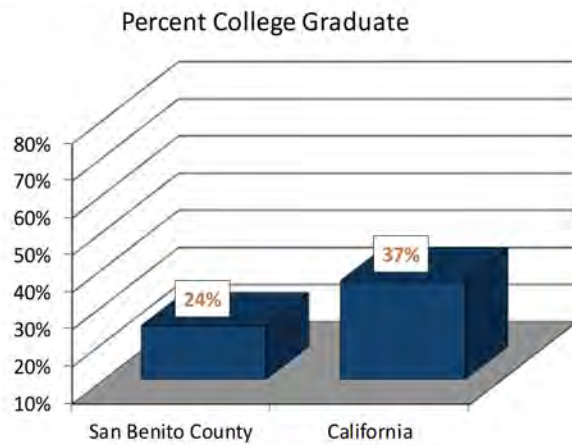
Residents of San Benito County have a lower level of educational attainment than those of California. An estimated 24% of San Benito County residents are college graduates with four-year degrees, versus 37% of California residents.



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**Education Levels - 2025**

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Source: Claritas

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**Transportation**

San Benito County is well served by highway transportation facilities. State Route 25 traverses the county in a north-south direction, passing through the communities of Hollister, Ridgemark, Tres Pinos, Paicines, Pinnacles, San Benito and Bitterwater. State Route 156 intersects State Route 25 at Hollister, providing access to the Monterey Peninsula and the San Francisco Bay Area. It also intersects with Highway 101 in the northwestern part of the county. Highway 101 is major north-south highway stretching along the west coast from Los Angeles, California to Tumwater, Washington. State Route 152 is located along the northern boundary of the county, extending from State Route 1 in Watsonville, Santa Cruz County, eastward to State Route 99, southeast of Merced.

General aviation is available at Hollister Municipal Airport. The nearest commercial air transportation is available at Monterey Regional Airport, located approximately 73 miles west, and Norman Y. Mineta San Jose International Airport, located approximately 84 miles northwest.

**Recreation and Community Services**

San Benito County offers a range of community amenities that support a high quality of life for residents. The area provides access to essential services, including healthcare facilities such as Hazel Hawkins Memorial Hospital in Hollister, local clinics, and specialty care providers. Educational opportunities are available through public and private K-12 schools, as well as community college programs offered nearby.

The area provides a variety of recreational opportunities, with numerous parks, athletic fields, and open spaces such as Brigantino Park, Veterans Memorial Park, and the Hollister Hills State Vehicular Recreation Area. Outdoor enthusiasts enjoy activities like hiking, camping, rock climbing, and wildlife viewing at nearby Pinnacles National Park and Fremont Peak State Park. Community centers, libraries, and organized recreational programs also enhance local engagement.

Residents also benefit from a growing arts and cultural scene, highlighted by the San Benito County Arts Council, as well as libraries, museums, and annual fairs. Essential shopping, dining, and daily services are primarily concentrated in Hollister, with additional retail and entertainment options developing as the population grows. Overall, San Benito County combines small-town character with key amenities that meet the needs of its residents.

### **Conclusion**

San Benito County offers a blend of rural charm, natural beauty, and growing community amenities. Supported by a historically agricultural economy and benefiting from its proximity to Silicon Valley, the county provides residents with essential services, recreational opportunities, and a strong sense of community. With continued growth and development balanced by preservation of its scenic landscapes and historic character, San Benito County remains an attractive area within the Central Coast region.

The San Benito County economy will benefit from a stable to slightly growing population base and a higher level of median household income. San Benito County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the San Benito County economy will improve and employment will grow, strengthening the demand for real estate.

## Area Map



## Surrounding Area Analysis

### Boundaries

The subject is located just west of the city of Hollister, and east San Juan Bautista, in unincorporated San Benito County. The surrounding area is agricultural in nature, and approximate neighborhood boundaries are described as follows:

|              |                      |
|--------------|----------------------|
| <b>North</b> | Highway 156          |
| <b>South</b> | San Juan Canyon Road |
| <b>East</b>  | San Justo Road       |
| <b>West</b>  | San Juan Canyon Road |

A map identifying the location of the property follows this section.

### Access and Linkages

Primary highway access to the area is via Highways 156 Business and 25. Highway 156 Business route is a connecting loop of State Highway 156 that travels east from the main highway through Hollister and reconnects with the main Highway 156 route north of the City of Hollister. Access to the subject from Highway 156 Business is via San Juan Oaks Road. Highway 25 connects with Highway 156 Business northeast of the subject. Highway 25 to the north connects with US Highway 101 near the town of Miller, and to the south connects with Highway 198 east of King City. US Highway 101 provides access to San Francisco to the northwest before continuing through northern California and into Oregon and Washington. To the south, Highway 101 continues on to the greater Los Angeles metropolitan area.

The San Jose Mineta International Airport is approximately a one hour drive north of the subject property. Public transportation services are available to San Benito County residents through San Benito County Transit. Overall, the primary mode of transportation in the area is the automobile.

### Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

| <b>Surrounding Area Demographics</b>   |                 |                 |            |
|--|-----------------|-----------------|------------|
|  | 10-Minute Drive | 15-Minute Drive | San Benito |
| 2025 Estimates                         | Time            | Time            | County     |
| Population 2020                        | 7,033           | 46,151          | 64,209     |
| Population 2025                        | 7,451           | 48,808          | 67,387     |
| Population 2030                        | 7,613           | 49,719          | 68,214     |
| Compound % Change 2020-2025            | 1.2%            | 1.1%            | 1.0%       |
| Compound % Change 2025-2030            | 0.4%            | 0.4%            | 0.2%       |
| Households 2020                        | 1,840           | 13,527          | 19,484     |
| Households 2025                        | 1,947           | 14,278          | 20,458     |
| Households 2030                        | 1,989           | 14,533          | 20,715     |
| Compound % Change 2020-2025            | 1.1%            | 1.1%            | 1.0%       |
| Compound % Change 2025-2030            | 0.4%            | 0.4%            | 0.2%       |
| Median Household Income 2025           | \$118,846       | \$108,158       | \$115,618  |
| Average Household Size                 | 3.8             | 3.4             | 3.3        |
| College Graduate %                     | 17%             | 21%             | 24%        |
| Median Age                             | 34              | 36              | 37         |
| Owner Occupied %                       | 67%             | 63%             | 67%        |
| Renter Occupied %                      | 33%             | 37%             | 33%        |
| Median Owner Occupied Housing Value    | \$807,568       | \$850,766       | \$915,434  |
| Median Year Structure Built            | 1991            | 1987            | 1988       |
| Average Travel Time to Work in Minutes | 37              | 38              | 38         |
| Source: Claritas                       |                 |                 |            |

As shown above, the current population within a 10-minute drive time of the subject is 7,451, and the average household size is 3.8. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to San Benito County overall, the population within a 10-minute drive time is projected to grow at a faster rate.

Median household income is \$118,846, which is higher than the household income for San Benito County. Residents within a 10-minute drive time have a lower level of educational attainment than those of San Benito County, while median owner-occupied home values are considerably lower.

## Land Use

The subject is located within San Juan Valley, which is bordered by the Gabilan Mountains to the south/west and Flint Hills to the north. The San Andreas fault line traverses the region south of the subject, and Pinnacles National Park is located approximately 34 miles southeast of the property. Downtown Hollister is located approximately seven miles east of the subject, while Downtown San Juan Bautista is located about seven miles to the west. The nearest grocery stores, retail uses, and supporting commercial development are located within Hollister and San Juan Bautista.

In the immediate vicinity of the subject, predominant land uses are agricultural in nature and the area is generally rural. Prominent agricultural uses in the region include row crops, orchards, vineyards, dry land farms, grazing and rangelands, pasture, and fallow fields.

The subject is adjacent to the San Juan Oaks golf course and clubhouse, which is under ownership of the master developer. At build out, the San Juan Oaks master planned community will include 1,084 single family residences within five phases; Phases 1 through 4 will include 1,017 age-restricted homes (subject property), and Phase 5 will consist of 67 all-age single family residences. Other planned land uses in the community include a resort-style hotel and neighborhood commercial space. In addition to the remodeled San Juan Oaks golf course, the master planned community will feature a variety of amenities for residents including a clubhouse with three restaurants and private dining area and bar, event space, tennis courts, pickleball courts, indoor pool, outdoor pizza oven, bocce ball, and over 1,000 acres of protected open space adjacent to the community.

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**Subject's Immediate Surroundings**

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|       |                      |
|-------|----------------------|
| North | Agricultural         |
| South | Open space preserves |
| East  | Open space preserves |
| West  | Agricultural         |

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**Outlook and Conclusions**

The subject is situated in a small rural/suburban community in San Benito County and the area is in the stable stage of its life cycle. The area has grown in recent years due to the lower cost of living relative to the San Francisco Bay Area region and demand from Bay Area and Silicon Valley commuters. Over the long-term, the neighborhood is expected to compete well with similarly appointed neighborhoods in the market area.

## Surrounding Area Map



The above aerial is not reflective of current development underway.



## Residential Market Analysis

Single family residential development is underway at the subject property. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

### Submarket Overview

The subject is located in the County of San Benito, between the cities of Hollister and San Juan Bautista. The subject is adjacent to the existing San Juan Oaks golf course and is the only new proposed residential project in the area. The subject, which includes Phases 1 through 4 of the San Juan Oaks project, will be developed into an age restricted master planned community; a future phase of the project (Phase 5) will include all-age homes.

### Single-Family Building Permits

Single-family building permits for the cities of Hollister and San Juan Bautista, as well as San Benito County totals, are shown in the following table. The majority of new development has been located in Hollister.

| Single-Family Building Permits |                   |                  |                      |
|--------------------------------|-------------------|------------------|----------------------|
| Year                           | City of Hollister | City of San Juan |                      |
|                                |                   | Bautista         | County of San Benito |
| 2015                           | 121               | 7                | 212                  |
| 2016                           | 331               | 11               | 424                  |
| 2017                           | 539               | 8                | 593                  |
| 2018                           | 401               | 64               | 582                  |
| 2019                           | 423               | 76               | 733                  |
| 2020                           | 322               | 32               | 508                  |
| 2021                           | 396               | 1                | 484                  |
| 2022                           | 229               | 1                | 340                  |
| 2023                           | 213               | 0                | 313                  |
| 2024                           | 118               | 0                | 281                  |

Source: SOCDS Building Permits Monthly Request

### Single-Family Building Permits: 2025 Preliminary Data

| Month    | City of Hollister | City of San Juan |                      |
|----------|-------------------|------------------|----------------------|
|          |                   | Bautista         | County of San Benito |
| January  | 8                 | 0                | 23                   |
| February | <u>20</u>         | <u>0</u>         | <u>21</u>            |
|          | 28                | 0                | 44                   |

Source: SOCDS Building Permits Monthly Request

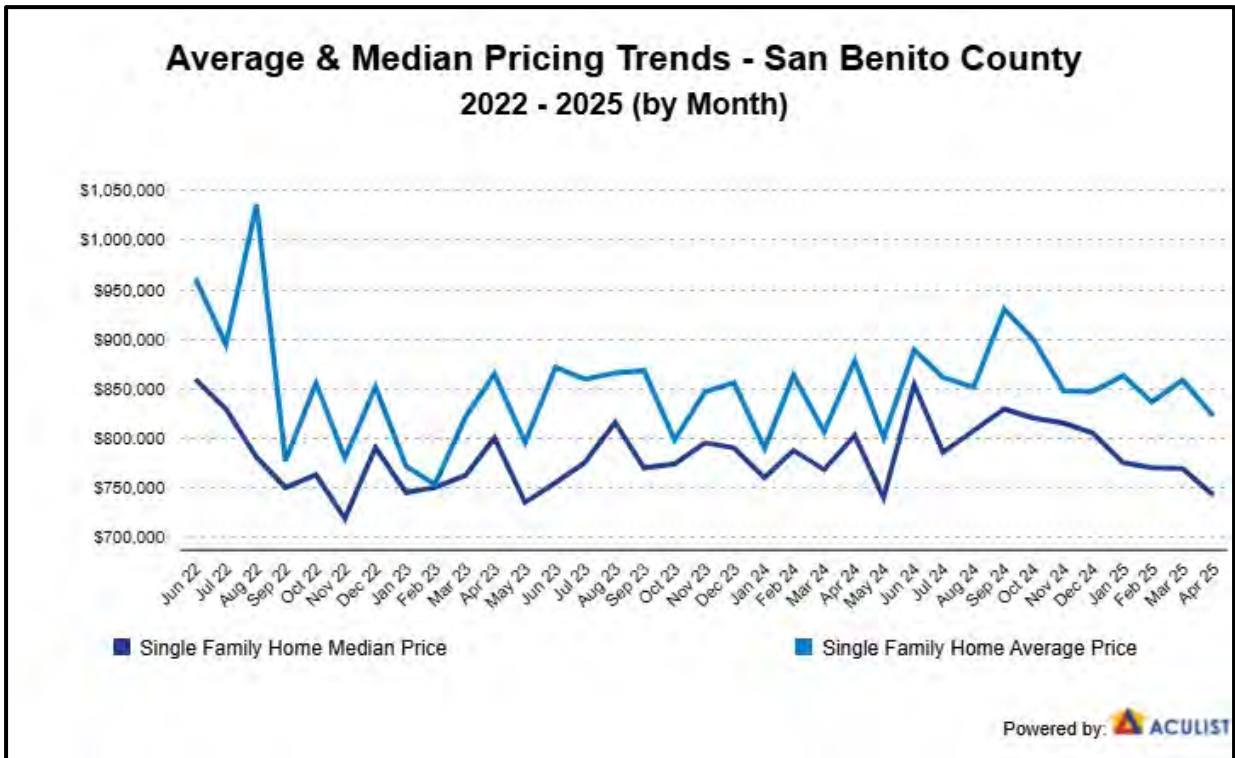
### New Home Pricing and Sales

San Benito County experienced a strong uptick in housing demand during 2020 and 2021 due to increased demand for housing from telecommuters from regions with higher costs of living taking

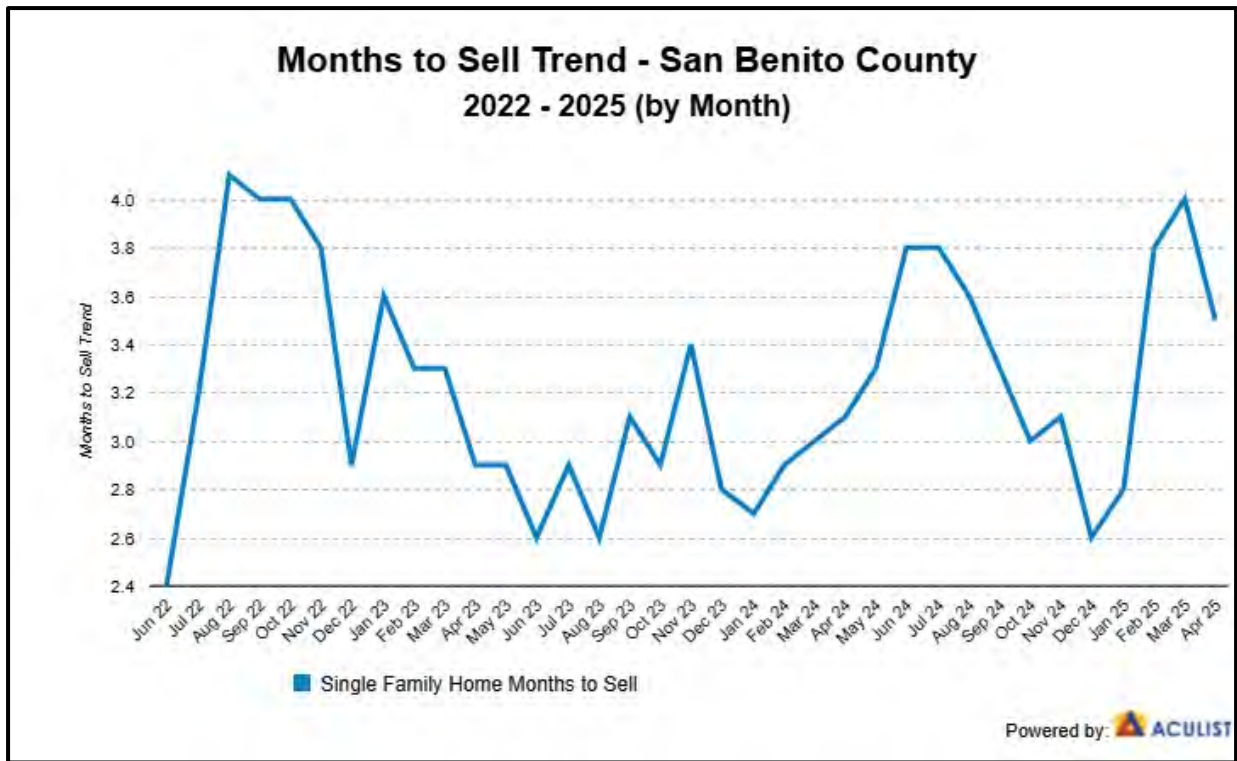


advantage of the flexibility of remote work and the county’s relative affordability, resulting in robust increases in housing prices during this period.

The following table from MLS Listings provides data on median and average sale pricing for single family homes in San Benito County over the past three years. Median pricing peaked in June 2024 but has since stabilized.



The following table presents average months on market.



Average months on market have fluctuated between two and four months over the past three years.

### Active New Home Projects Pricing and Absorption

Our search for active new home projects returned six communities in the subject's market area, all of which are located in Hollister except for the subject. Average asking home prices and sizes are reported in the following table. Other than the subject, which is presented last, Twin Oaks is the only age-restricted project within the data set.

| Active Projects (as of 1Q 2025)       |                   |                    |                      |                     |                  |               |            |              |                 |
|---------------------------------------|-------------------|--------------------|----------------------|---------------------|------------------|---------------|------------|--------------|-----------------|
| Project Name                          | Community         | Developer          | Average Asking Price | Avg. Home Size (SF) | Average Price/SF | Units Planned | Units Sold | Units Unsold | Sales per Month |
| Highgrove at Fairview                 | Hollister         | KB Home            | \$788,216            | 1,973               | \$399.50         | 138           | 94         | 44           | 4.03            |
| Brighton at Fairview                  | Hollister         | KB Home            | \$734,291            | 2,014               | \$364.59         | 60            | 33         | 27           | 1.84            |
| Everglen <sup>1</sup>                 | Hollister         | KB Home            | \$723,520            | 1,772               | \$408.31         | 22            | 6          | 16           | 2.14            |
| The Highlands at Santana Ranch        | Hollister         | Anderson Homes     | \$901,417            | 2,295               | \$392.77         | -             | -          | -            | -               |
| Willow Landing                        | Hollister         | Tri Pointe Homes   | \$764,100            | 2,039               | \$374.74         | 144           | 6          | 138          | 3.27            |
| Twin Oaks                             | Hollister         | Homes by Twin Oaks | \$796,150            | 1,801               | \$442.06         | 168           | 118        | 50           | 1.85            |
| Trilogy at San Juan Oaks <sup>2</sup> | San Benito County | Shea Homes         | \$837,277            | 1,992               | \$420.32         | 279           | 58         | 221          | 4.29            |
|                                       |                   | Minimum            | \$723,520            | 1,772               | \$364.59         |               |            |              | 1.84            |
|                                       |                   | Maximum            | \$901,417            | 2,295               | \$442.06         |               |            |              | 4.29            |
|                                       |                   | Average            | \$792,139            | 1,984               | \$400.33         |               |            |              | 2.90            |

<sup>1</sup> There are two additional floor plans (2,288 and 2,862 SF) for which pricing was not available. These are excluded from the reported average home size.

<sup>2</sup> Pricing was not available for Shea's largest floor plan, which has been excluded from the above pricing and size indicators.

It is noted that The Highlands at Santana Ranch is part of a larger master planned community by Anderson Homes which will have 1,092 homes at build-out on 292 acres.

Overall, the active projects have a typical home size of 1,984 square feet and price point of \$792,139, or \$400 per square foot. Twin Oaks is most similar to the subject; it is an age restricted community with a clubhouse/amenity building which includes a swimming pool, bocce ball, pickleball, fitness facility, yoga studio, kitchen, dining area, and pet spa. The project offers five floor plans ranging in size from 1,579 to 2,011 square feet. Since the project opened in the first quarter of 2020, Twin Oaks has averaged approximately 1.85 sales per month.

The subject project has been averaging 4.29 sales per month, which includes pending transactions and closed sales. The following table summarizes the subject's Phase 1 floor plans with current asking prices.

#### Floor Plan Summary - Phase 1

| Floor Plan | Collection | Living Area (SF) | Bedroom | Bathroom | Stories | Garage | Builder's Base Price |
|------------|------------|------------------|---------|----------|---------|--------|----------------------|
| Thrive     | Freedom 35 | 1,507            | 2       | 2.0      | One     | 2-Car  | \$719,499            |
| Dream      |            | 1,648            | 2       | 2.0      | One     | 2-Car  | \$736,499            |
| Flourish   |            | 1,817            | 3       | 2.0      | One     | 2-Car  | \$752,499            |
| Connect    | Freedom 40 | 1,847            | 3       | 2.5      | One     | 2-Car  | \$793,999            |
| Reunion    |            | 1,975            | 2       | 2.5      | One     | 2-Car  | \$805,999            |
| Synergy II |            | 2,031            | 3       | 2.5      | One     | 2-Car  | \$815,999            |
| Proclaim   | Freedom 50 | 2,155            | 3       | 2.5      | One     | 2-Car  | \$935,999            |
| Liberty    |            | 2,369            | 3       | 3.5      | One     | 2-Car  | \$973,999            |
| Latitude   |            | 2,579            | 3       | 3.5      | One     | 2-Car  | \$1,000,999          |
| Pinnacle   | Freedom 60 | 2,880            | 3       | 3.0      | One     | 3-Car  | -                    |

#### Resale Pricing

The following table shows historical resale data for more recently built homes (2020 and newer) in the city of Hollister. We restricted our search to lot sizes with less than 10,000 square feet. The resale market is analyzed as a further gauge of buyer demand for housing. Often home buyers are considering housing purchase options that cover both the new home market, as well as the resale market.

| Resales                |            |                     |                  |                    |                   |               |             |                   |                  |
|------------------------|------------|---------------------|------------------|--------------------|-------------------|---------------|-------------|-------------------|------------------|
| Address                | Sale Date  | Living Area<br>(SF) | Sale Price       | Last List<br>Price | Sales<br>Price/SF | Sale/List     | Year Built  | Days on<br>Market | Lot Size<br>(SF) |
| 2102 White Oak Dr      | 11/30/2024 | 1,902               | \$791,990        | \$791,990          | \$416             | 100.00%       | 2023        | 265               | 4,266            |
| 2040 Mint Dr           | 3/13/2025  | 1,588               | \$715,000        | \$738,000          | \$450             | 96.88%        | 2023        | 302               | 6,444            |
| 2924 Kings Way         | 10/4/2024  | 1,812               | \$735,000        | \$749,900          | \$406             | 98.01%        | 2020        | 80                | 5,598            |
| 2770 Jackson Dr        | 12/23/2024 | 2,775               | \$863,000        | \$848,000          | \$311             | 101.77%       | 2021        | 152               | 8,978            |
| 570 Duran Dr           | 10/1/2024  | 1,899               | \$715,000        | \$710,000          | \$377             | 100.70%       | 2020        | 54                | 3,796            |
| 1990 Petunia Dr        | 10/11/2024 | 2,350               | \$800,000        | \$812,000          | \$340             | 98.52%        | 2023        | 57                | 5,000            |
| 821 Cordoba Way        | 10/31/2024 | 1,924               | \$785,000        | \$749,000          | \$408             | 104.81%       | 2020        | 31                | 5,660            |
| 2021 Rosewood Dr       | 10/15/2024 | 1,743               | \$805,000        | \$787,000          | \$462             | 102.29%       | 2022        | 13                | 6,000            |
| 1031 El Cerro Dr       | 12/11/2024 | 2,687               | \$894,999        | \$894,999          | \$333             | 100.00%       | 2020        | 60                | 6,077            |
| 400 San Benito St #202 | 10/11/2024 | 975                 | \$457,000        | \$479,000          | \$469             | 95.41%        | 2022        | 0                 | -                |
| 2320 Hibiscus Dr       | 12/2/2024  | 2,054               | \$770,000        | \$775,000          | \$375             | 99.35%        | 2022        | 45                | 6,840            |
| 188 Springtime Cir     | 3/3/2025   | 1,591               | \$670,000        | \$690,000          | \$421             | 97.10%        | 2020        | 103               | 2,586            |
| 800 La Baig Dr         | 11/25/2024 | 2,003               | \$770,000        | \$768,888          | \$384             | 100.14%       | 2020        | 35                | 6,008            |
| 1421 Cavalier Ln       | 1/7/2025   | 1,647               | \$685,000        | \$685,000          | \$416             | 100.00%       | 2021        | 26                | 4,286            |
| 1161 Julia Cir         | 12/26/2024 | 1,600               | \$634,000        | \$639,000          | \$396             | 99.22%        | 2020        | 39                | 1,492            |
| 400 San Benito st #208 | 3/26/2025  | 900                 | \$430,000        | \$449,000          | \$478             | 95.77%        | 2023        | 45                | -                |
| 280 Springtime Cir     | 12/30/2024 | 1,375               | \$630,000        | \$629,999          | \$458             | 100.00%       | 2020        | 36                | 2,567            |
| 1087 Sunridge Dr       | 3/7/2025   | 2,422               | \$899,000        | \$889,000          | \$371             | 101.12%       | 2023        | 90                | 6,957            |
| 1337 Sunridge Dr       | 12/9/2024  | 2,364               | \$875,000        | \$879,000          | \$370             | 99.54%        | 2022        | 15                | 5,246            |
| 754 Klamath Way        | 12/10/2024 | 1,480               | \$752,500        | \$735,000          | \$508             | 102.38%       | 2020        | 5                 | 6,926            |
| 1391 Azalea Dr         | 1/27/2025  | 1,858               | \$775,000        | \$775,000          | \$417             | 100.00%       | 2021        | 23                | 5,249            |
| 661 Duran Ct           | 3/25/2025  | 1,899               | \$715,000        | \$715,000          | \$377             | 100.00%       | 2020        | 37                | 3,756            |
| 1130 McClellan St      | 4/14/2025  | 1,910               | \$730,000        | \$755,000          | \$382             | 96.69%        | 2022        | 94                | 4,374            |
| 541 Duran Dr           | 2/14/2025  | 1,899               | \$720,000        | \$700,000          | \$379             | 102.86%       | 2020        | 13                | 3,766            |
| 1161 Garcia Gln        | 3/5/2025   | 1,730               | \$700,000        | \$699,000          | \$405             | 100.14%       | 2021        | 32                | 3,768            |
| 812 Stallion Way       | 2/14/2025  | 2,567               | \$939,000        | \$939,000          | \$366             | 100.00%       | 2020        | 4                 | 7,291            |
| 1380 Chariot Rd        | 4/7/2025   | 1,647               | \$730,000        | \$729,000          | \$443             | 100.14%       | 2021        | 34                | 4,679            |
| 1144 Third St          | 3/18/2025  | 3,015               | \$1,075,000      | \$1,098,800        | \$357             | 97.83%        | 2020        | 29                | 9,046            |
| 225 Copperleaf Ln      | 3/4/2025   | 2,331               | \$950,000        | \$950,000          | \$408             | 100.00%       | 2020        | 5                 | 7,200            |
| 2180 Fuchsia Drive     | 3/1/2025   | 1,960               | \$829,000        | \$831,150          | \$423             | 99.74%        | 2023        | 14                | 5,300            |
| 1850 Lotus Ct          | 2/13/2025  | 2,790               | \$900,000        | \$899,888          | \$323             | 100.01%       | 2023        | 0                 | 5,951            |
| 2914 Kings Way         | 3/27/2025  | 1,814               | \$742,000        | \$729,888          | \$409             | 101.66%       | 2020        | 9                 | 5,703            |
| 240 Marsh Ct           | 4/14/2025  | 2,372               | \$835,000        | \$849,900          | \$352             | 98.25%        | 2021        | 29                | 5,195            |
| 2001 Santoro Way       | 4/14/2025  | 1,902               | \$859,000        | \$859,000          | \$452             | 100.00%       | 2021        | 0                 | 5,051            |
| 979 Pismo Ct           | 4/18/2025  | 2,698               | \$1,010,000      | \$1,024,900        | \$374             | 98.55%        | 2023        | 5                 | 7,896            |
| <b>Total Sales</b>     | <b>35</b>  | <b>1,985</b>        | <b>\$776,757</b> | <b>\$778,723</b>   | <b>\$400</b>      | <b>99.68%</b> | <b>2021</b> | <b>51</b>         | <b>5,423</b>     |
|                        |            | (avg.)              | (avg.)           | (avg.)             | (avg.)            | (avg.)        | (avg.)      | (avg.)            | (avg.)           |

Source: Local Multiple Listing Service (MLS)

## Ability to Pay

Shea Homes, the homebuilder for the majority of Phase 1 of the subject property, is constructing ten floor plans ranging in size from 1,507 to 2,880 square feet. In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$830,000, based on the indicators from the competing projects. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 6.90%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). Property tax payments are accounted for in the analysis as well as homeowner's insurance and homeowner's association. The following table shows the estimate of the

annual household income that would be required to afford homes priced at the representative price point.

| Income Required                           |           |  |
|---|-----------|--|
| Home Price                                | \$830,000 |  |
| Loan % of Price (Loan to Value)           | 80%       |  |
| Loan Amount                               | \$664,000 |  |
| Interest Rate                             | 6.90%     |  |
| Mortgage Payment (per month)              | \$4,373   |  |
| Property Taxes (per month)                | \$979     | Based on 1.371448% and direct charges of \$360 |
| CFD No. 2023-08 Special Taxes (per month) | \$115     |  |
| Homeowner's Association Fee (per month)   | \$515     |  |
| Property Insurance (per month)            | \$173     |  |
| Total Monthly Obligation                  | \$6,154   |  |
| Mortgage Payment % of Income              | 40%       |  |
| Monthly Income                            | \$15,386  |  |
| Annual Income                             | \$184,631 |  |

Generally, interest rates have an inverse relationship on the affordability of a home. In short, all else being equal, higher interest rates lower the price point for buyers based on income. Over the past several years, interest rates have remained historically low, often at or below 3.0%. Current mortgage interest rates more closely resemble historic rates and for the most part the home buyer pool appears to recognize that the 3% mortgage rate environment was the anomaly and rates around the 6% to 7% level are most likely into the foreseeable future.

We have obtained income data from Claritas Spotlight by Environics Analytics, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price point within each income bracket.

| Household Ability     |              |                       |                     |              |                        |
|-----------------------|--------------|-----------------------|---------------------|--------------|------------------------|
| Household Income      | Households   | Percent of Households | Percent Able to Pay | Households   | Households Able to Pay |
| < \$15,000            | 74,352       | 39.1%                 | 0.0%                | 0            | 0.0%                   |
| \$15,000 - \$24,999   | 6,606        | 3.5%                  | 0.0%                | 0            | 0.0%                   |
| \$25,000 - \$34,999   | 6,499        | 3.4%                  | 0.0%                | 0            | 0.0%                   |
| \$35,000 - \$49,999   | 6,691        | 3.5%                  | 0.0%                | 0            | 0.0%                   |
| \$50,000 - \$74,999   | 9,776        | 5.1%                  | 0.0%                | 0            | 0.0%                   |
| \$75,000 - \$99,999   | 16,770       | 8.8%                  | 0.0%                | 0            | 0.0%                   |
| \$100,000 - \$124,999 | 16,458       | 8.7%                  | 0.0%                | 0            | 0.0%                   |
| \$125,000 - \$149,999 | 13,728       | 7.2%                  | 0.0%                | 0            | 0.0%                   |
| \$150,000 - \$199,999 | 11,209       | 5.9%                  | 30.7%               | 3,445        | 1.8%                   |
| \$200,000 - \$249,999 | 13,352       | 7.0%                  | 100.0%              | 13,352       | 7.0%                   |
| \$250,000 - \$499,999 | 6,349        | 3.3%                  | 100.0%              | 6,349        | 3.3%                   |
| \$500,000+            | <u>8,277</u> | <u>4.4%</u>           | 100.0%              | <u>8,277</u> | <u>4.4%</u>            |
|                       | 190,067      | 100.0%                |                     | 31,423       | 16.5%                  |

## Conclusions

San Benito County experienced a strong uptick in housing demand during 2020 and 2021 (during the pandemic) due to increased demand for housing from telecommuters from regions with higher costs of living taking advantage of the flexibility of remote work and the county's relative affordability.

San Benito County's housing market began to show signs of cooling in late-2022/early-2023 in response to high inflation, increasing interest rates, technology sector layoffs in the Bay Area, and declining consumer confidence.

As of the effective appraisal date, demand for new homes in the area is considered moderate. With ten floor plans, the Trilogy line includes three full product lines (with three plans per collection) and one partial product line (with one floor plan) within the overall project. We project an absorption rate of 9.0 homes per month is reasonable for the subject (essentially 3.0 homes per full collection). In the upcoming analysis, a home price of \$830,000 will be utilized for a representative home in the Phase 1 of the subject property; this assumes a 2,000 square foot home on a representative 5,300 square foot lot.

## Property Analysis

### Land Description and Analysis

#### Location and Project Details

The property is located approximately two miles south of Highway 156, along San Juan Oaks Road. The following table summarizes the subject's land area.

| Land Area Summary  |            |        |
|--|------------|--------|
| Tax ID   | SF         | Acres  |
| 018-230-002 to 041; 018-240-001 to 019; 018-240-021 to 045; 018-250-001 to 045; 018-260-001 to 021; 018-260-023 to 033; 018-260-035 to 105; 018-270-001 to 006; 018-270-008 to 017; 018-270-019 to 049; portions of 018-190-039, 018-190-040, 018-190-041, and 018-190-047 | 15,689,441 | 360.18 |

The following table summarizes the 1,017 proposed lots for each of the subject's four phases.

| Lot Sizing - Phases 1 through 4      |              |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Lot Type                             | Phase 1      | Phase 2      | Phase 3      | Phase 4      | Total        |
| 45 x 100                             | 99           | 83           | 73           | 62           | 317          |
| 52 x 100                             | 99           | 116          | 96           | 77           | 388          |
| 64 x 100                             | <u>81</u>    | <u>106</u>   | <u>57</u>    | <u>68</u>    | <u>312</u>   |
| <b>Total Lots</b>                    | <b>279</b>   | <b>305</b>   | <b>226</b>   | <b>207</b>   | <b>1,017</b> |
| <b>Average Minimum Lot Size (SF)</b> | <b>5,300</b> | <b>5,427</b> | <b>5,277</b> | <b>5,385</b> | <b>5,350</b> |

Overall, the typical lot sizing among the four phases is relatively consistent and without drastic segmentation.

#### Shape and Dimensions

The overall site is irregular in shape; however, the proposed and completed individual single-family lots are generally rectangular in shape. Site utility based on shape and dimensions is average.

#### Topography

The overall site is gently sloping from the north to the south. The topography does not result in any particular development limitations.

**Drainage**

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

**Flood Hazard Status**

The following table provides flood hazard information.

| <b>Flood Hazard Status</b> |                                |
|----------------------------|--------------------------------|
| Community Panel Number     | 06069C0180D                    |
| Date                       | April 16, 2009                 |
| Zone                       | X                              |
| Description                | Outside of 500-year floodplain |
| Insurance Required?        | No                             |

**Seismic Hazards**

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate "Earthquake Fault Zones" (formerly known as "Special Studies Zones") along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

According to information from the California Geological Survey (formerly known as the Division of Mines and Geology), the subject is not located within an Alquist-Priolo Special Studies Zone.

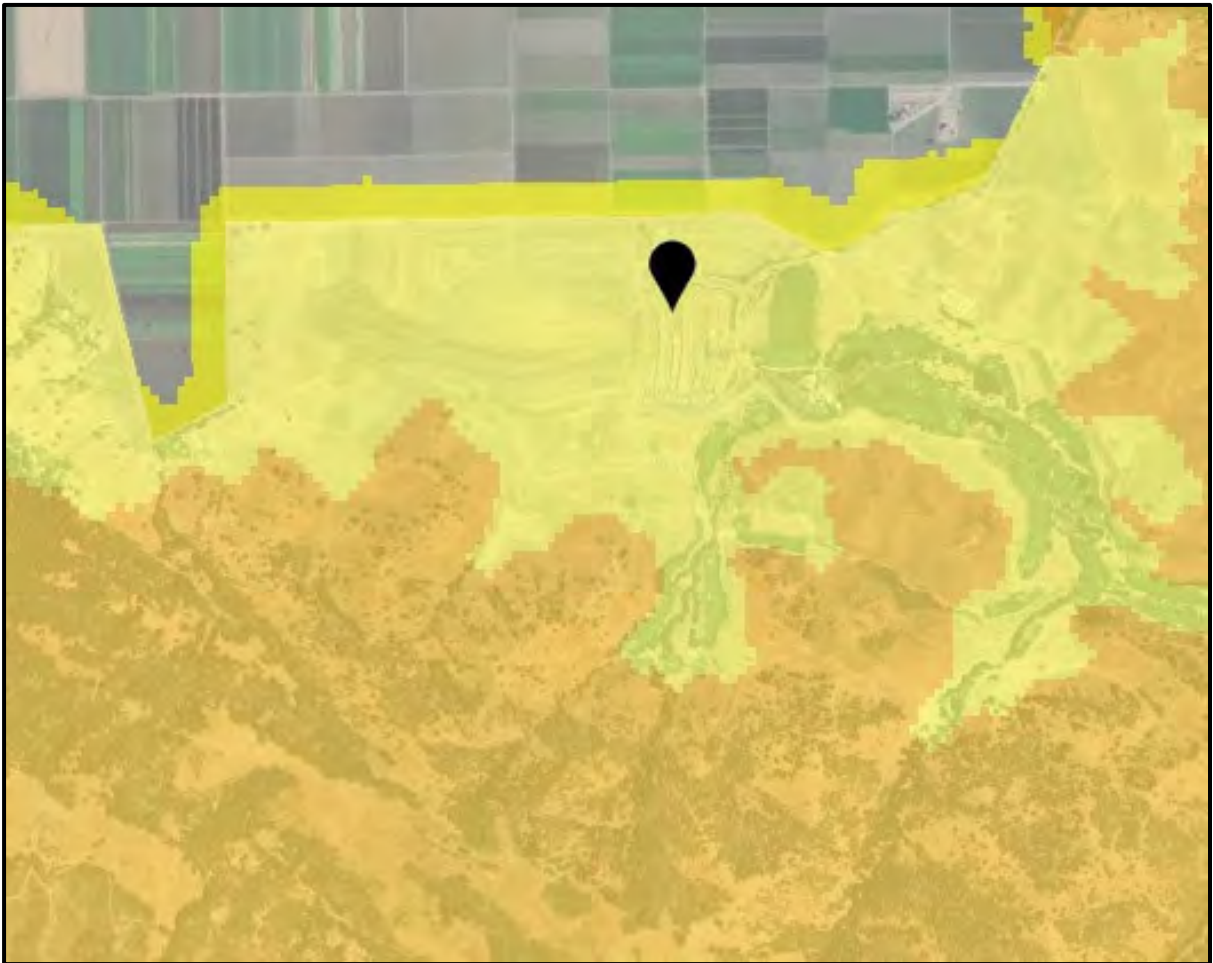
**Fire Hazard Risk**

The following map identifies areas of San Benito County that have been classified as Fire Hazard Severity Zones. As shown in the following map, the subject property is classified as a moderate area of concern by the Fire and Resource Assessment Program of CAL FIRE, and is located within the State Responsibility Area.





A close up of the subject's location within a moderate fire hazard zone is provided below.



### **Environmental Hazards**

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

### **Ground Stability**

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

### **Utilities**

The availability of utilities to the subject is summarized in the following table.

### Utilities

| Service     | Provider                           |
|-------------|------------------------------------|
| Water       | San Juan Oaks Mutual Water Company |
| Sewer       | City of Hollister                  |
| Electricity | Pacific Gas & Electric             |
| Natural Gas | Pacific Gas & Electric             |
| Local Phone | Various Providers                  |

The subject is serviced by the private San Juan Oaks Mutual Water Company, which also has a wastewater treatment services agreement with the City of Hollister for sewer service despite the fact the project is located outside of city boundaries.

### Zoning

The subject is zoned SJO-SP -SFR, San Juan Oaks Specific Plan - Single Family Residential, by San Benito County. This zoning designation is specific to the subject property and the proposed project. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

### Zoning Summary

| Zoning Jurisdiction      | San Benito County                                       |
|--------------------------|---|
| Zoning Designation       | SJO-SP -SFR   |
| Description              | San Juan Oaks Specific Plan - Single Family Residential |
| Legally Conforming?      | Appears to be legally conforming                        |
| Zoning Change Likely?    | No  |
| Permitted Uses           | Single family residential                               |
| Category                 | Zoning Requirement                                      |
| Minimum Lot Area         | 4,500 SF  |
| Minimum Lot Width (Feet) | 45 ft   |
| Minimum Setbacks (Feet)  | Front - 15 ft / Side - 5 ft / Rear- 12 ft               |
| Maximum Building Height  | 40 ft   |
| Parking Requirement      | 2 space per dwelling unit                               |

According to the local planning department, there are no pending or prospective zoning changes. It appears that the proposed use of the site is a legally conforming use.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

### Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

## Easements, Encroachments and Restrictions

We have reviewed a preliminary title report by First American Title Company dated October 31, 2022. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

## Development/Construction Status

The subject's current development/construction status from the information provided by the developer is shown in the following table.

### Appraised Property Summary by Ownership

| Owner                    | Finished SFR<br>Lots | Partially<br>Completed<br>Homes | Completed<br>Homes* | Unimproved<br>SFR Lots | Total        |
|--------------------------|----------------------|---------------------------------|---------------------|------------------------|--------------|
| Individual Homeowners    | --                   | --                              | 43                  | --                     | <b>43</b>    |
| Shea Homes               | 23                   | 11                              | 4                   | --                     | <b>38</b>    |
| San Juan Oaks Owner, LLC | 198                  | --                              | --                  | 738                    | <b>936</b>   |
| <b>TOTAL</b>             | <b>221</b>           | <b>11</b>                       | <b>47</b>           | <b>738</b>             | <b>1,017</b> |

\*Completed homes without a complete assessment for structural improvements by County Assessor

## Permits and Fees

According to the building permit and fee schedule provided, permits and impact fees due at building permit are estimated at \$27,447 per lot.

## Site Development Costs

Construction of horizontal improvements is under way at the subject. Site development is complete for Phase 1, and Phases 2, 3, and 4 have been graded; underground utilities are currently being placed within Phase 2, with street paving expected in Fall of 2025. According to the budget provided by the master developer, remaining development costs for Phases 2 through 4 (738 lots) are reported below.

### Remaining Site Development Costs - Phases 2 through 4 (738 Lots)

| Category                         | Cost                | Per Lot         |
|----------------------------------|---------------------|-----------------|
| Offsite Improvements             | \$413,000           | \$560           |
| Onsite Improvements <sup>1</sup> | \$79,759,000        | \$108,075       |
| Amenity Center                   | <u>\$16,000,000</u> | <u>\$21,680</u> |
| Total                            | \$96,172,000        | \$130,314       |

1 Developer's onsite cost budget includes 67 market rate homes that are excluded from the appraisal. The above offsite and onsite cost estimates reflect the pro-rata share for Phases 2, 3, and 4, based on the number of lots in each Phase.

**Timeline**

Site development work is expected to be complete for Phase 2 in late 2025/early 2026; site development for Phases 3 and 4 is expected to be complete in 2026/2027 and 2028/2029, respectively. As noted, vertical development of homes is well underway within Phase 1, with 4 model homes and 43 production homes completed. Construction of the amenity center/clubhouse is underway and is expected to be complete in the Summer of 2026.

**Conclusion of Site Analysis**

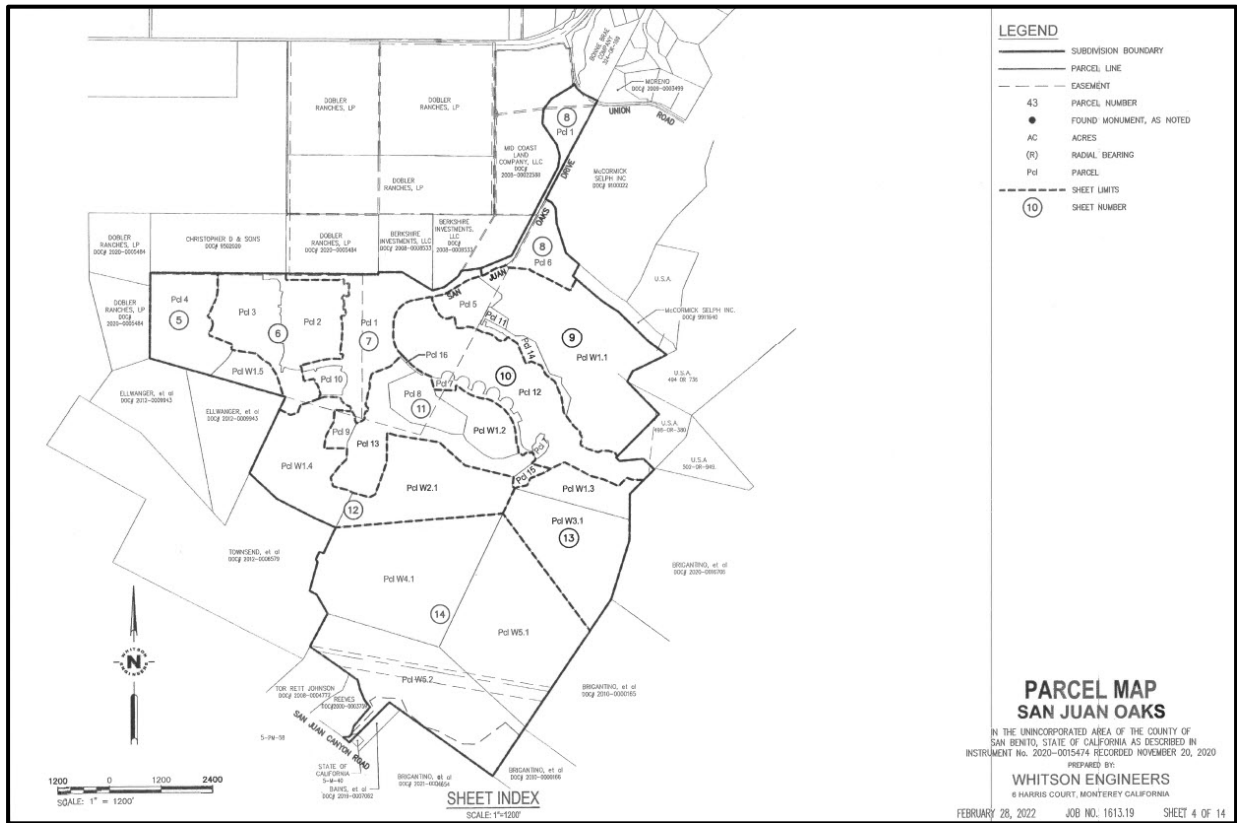
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single family residential. We are not aware of any other particular restrictions on development.

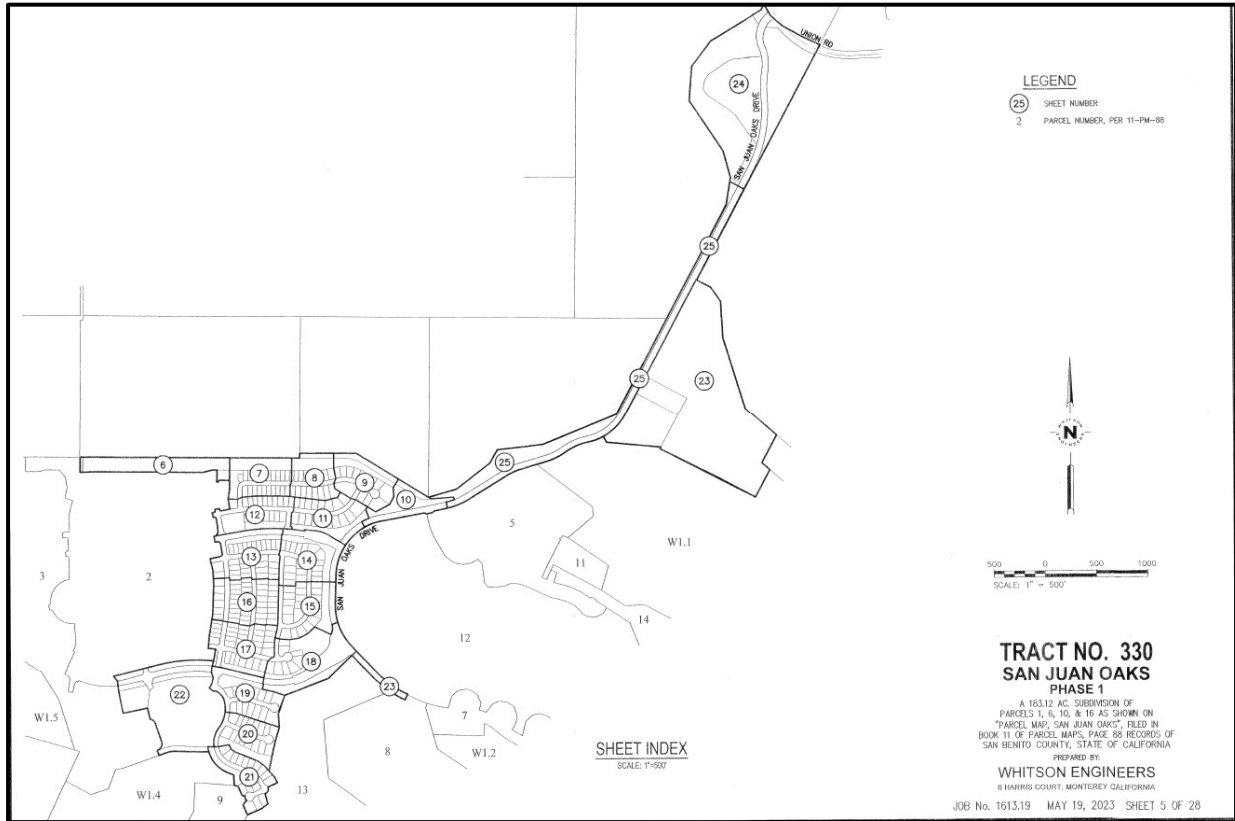


## Assessor Aerial



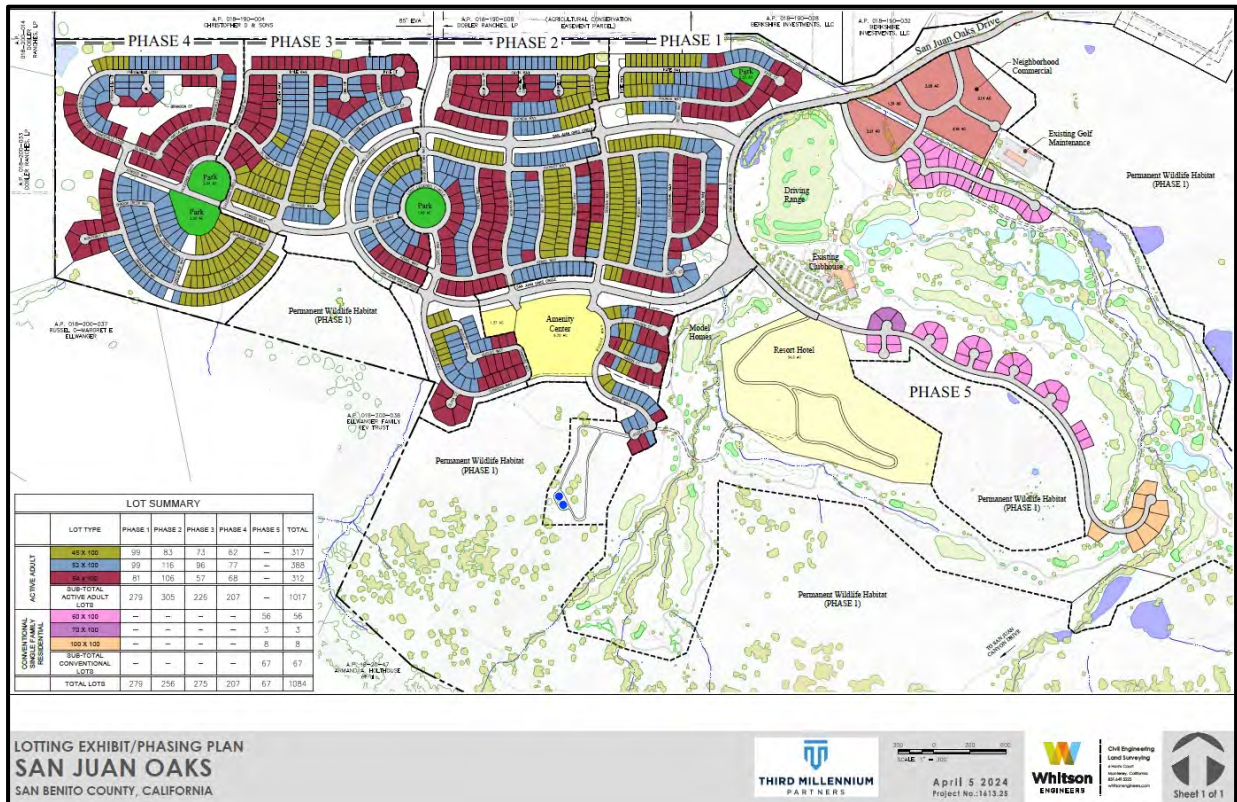
## Parcel Map



**Final Map – Phase 1**



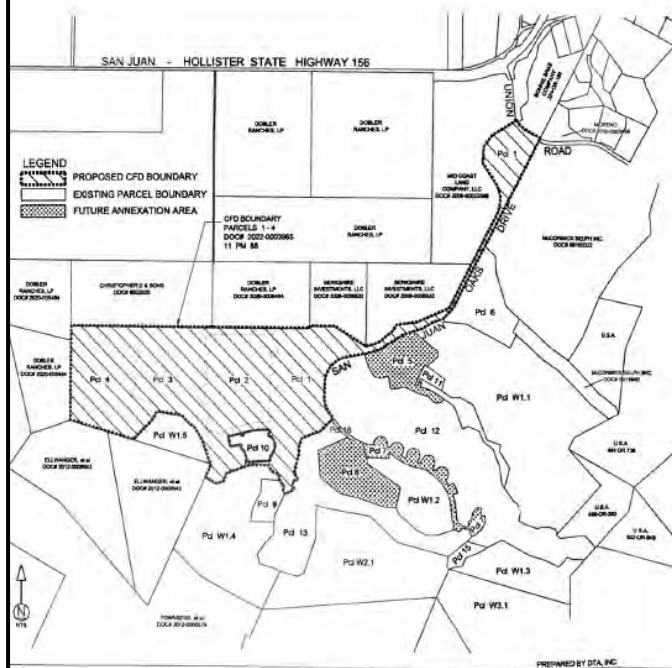
## Site Plan



## Boundary Map – Improvement Area No. 1

SHEET 1 OF 1

### PROPOSED BOUNDARIES OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2023-08 IMPROVEMENT AREA NO. 1 COUNTY OF SAN BENITO STATE OF CALIFORNIA



(1) Filed in the office of the Secretary of California Statewide Communities Development Authority this 17<sup>th</sup> day of August, 2023.

*Catherine Barna*  
For Secretary of the Authority, Catherine Barna  
California Statewide Communities Development Authority

(2) I hereby certify that the within map showing proposed boundaries of California Statewide Communities Development Authority Community Facilities District No. 2023-08 Improvement Area No. 1, County of San Benito, State of California, was approved by the Commission of the California Statewide Communities Development Authority at a regular meeting thereof, held on this 17<sup>th</sup> day of August, 2023, by its resolution No. 23SC18-113.

*Catherine Barna*  
For Secretary of the Authority, Catherine Barna  
California Statewide Communities Development Authority

(3) San Benito County Recorder's Certificate

This map has been filed under Document Number 2023-01085, this 29 day of August, 2023, at 10:43am, in Book 1 of Maps of Assessment and Community Facilities Districts at page 85, in the office of the county recorder in the County of San Benito, State of California, at the request of the County of San Benito in the amount of \$ 0.

Francisco Diaz  
Recorder / County Clerk  
County of San Benito

By: *Alexa Salazar*  
ALEXA SALAZAR  
Deputy Recorder

## Proposed Improvements Description

### Overview

At build-out, the subject will include 1,017 age-restricted single family residential lots within four phases. Phase 1 has a typical lot size of 5,300 square feet, and the lot sizes for subsequent Phases are similar.

Homebuilder Shea Homes is constructing ten floor plans within four collections as part of its Trilogy product line within Phase 1 for buyers ages 55 and older. The following table summarizes Shea's floor plans. Pricing for the Pinnacle floor plan is not currently available.

#### Floor Plan Summary - Phase 1

| Floor Plan | Collection | Living Area (SF) | Bedroom | Bathroom | Stories | Garage | Builder's Base Price |
|------------|------------|------------------|---------|----------|---------|--------|----------------------|
| Thrive     | Freedom 35 | 1,507            | 2       | 2.0      | One     | 2-Car  | \$719,499            |
| Dream      |            | 1,648            | 2       | 2.0      | One     | 2-Car  | \$736,499            |
| Flourish   |            | 1,817            | 3       | 2.0      | One     | 2-Car  | \$752,499            |
| Connect    | Freedom 40 | 1,847            | 3       | 2.5      | One     | 2-Car  | \$793,999            |
| Reunion    |            | 1,975            | 2       | 2.5      | One     | 2-Car  | \$805,999            |
| Synergy II |            | 2,031            | 3       | 2.5      | One     | 2-Car  | \$815,999            |
| Proclaim   | Freedom 50 | 2,155            | 3       | 2.5      | One     | 2-Car  | \$935,999            |
| Liberty    |            | 2,369            | 3       | 3.5      | One     | 2-Car  | \$973,999            |
| Latitude   |            | 2,579            | 3       | 3.5      | One     | 2-Car  | \$1,000,999          |
| Pinnacle   | Freedom 60 | 2,880            | 3       | 3.0      | One     | 3-Car  | -                    |

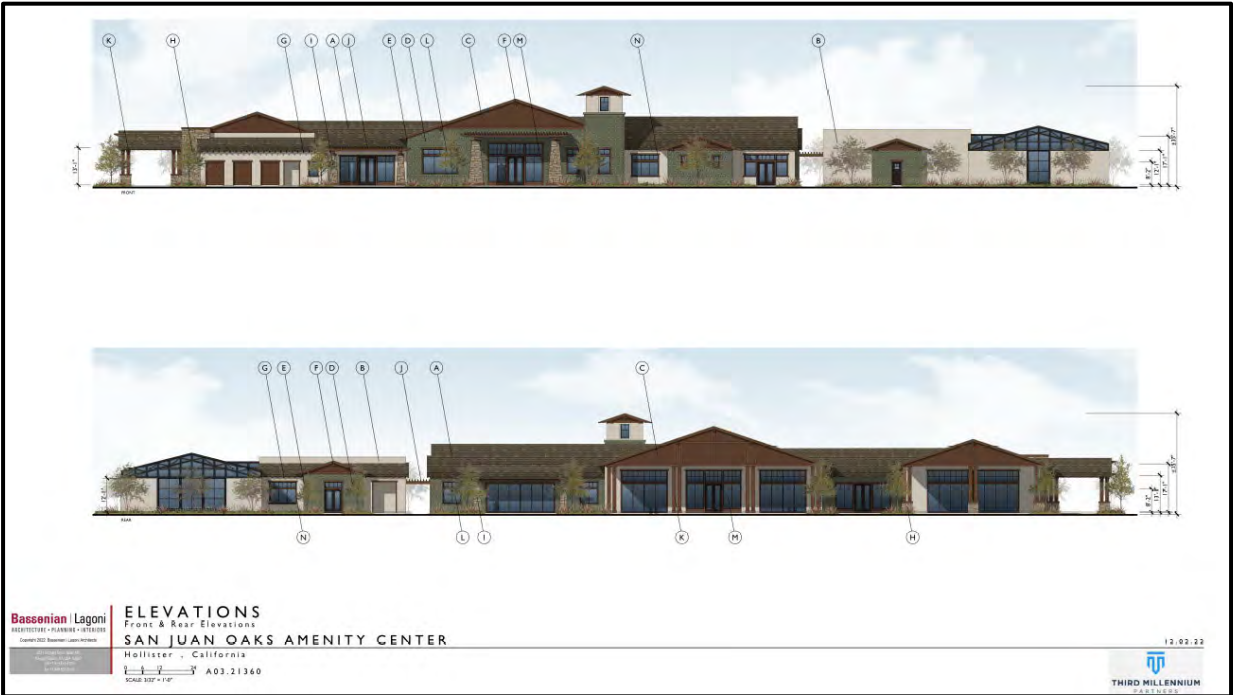
Home construction reflects typical quality for the area, which is generally average to good overall quality.

The subject will also include extensive project amenities, including a 20,000+ square foot clubhouse with indoor swimming pool and spa, club room, coffee and co-working spaces, game room, fitness center, craft room, and multipurpose room. In addition, residents will have access to the San Juan Oaks golf club, three restaurants with full bars, private dining areas, meeting and event spaces, outdoor pizza oven, outdoor seating with bocce ball, pickleball courts, and dog park.

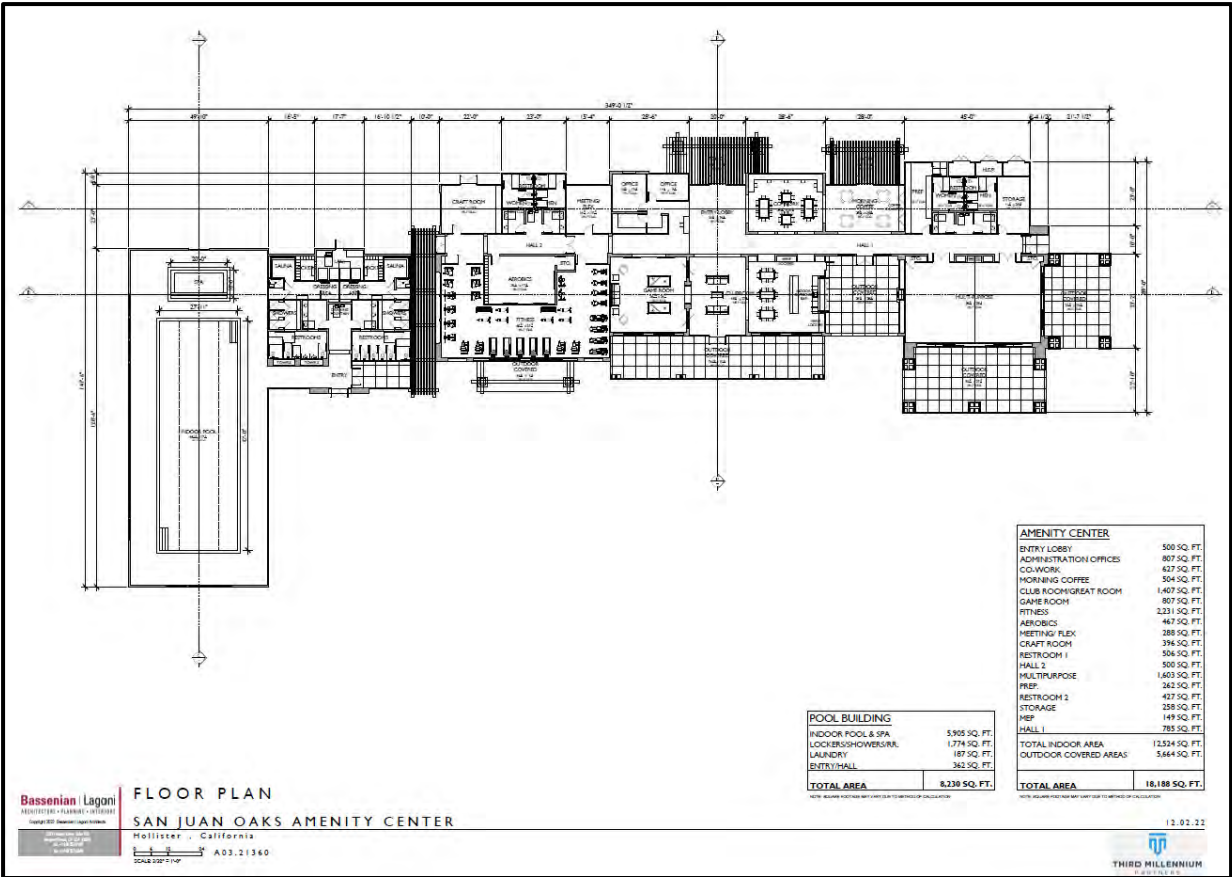
It is noted that the subject property will have a Homeowner's Association (HOA) that will be responsible for common area maintenance, landscaping, and project amenities. At build-out, the HOA fee to be paid by future homeowners is expected to be \$515 per month, per home.

The subject's floor plans can be seen on the developer's website. The smallest floor plan within each collection is also presented on the following pages. In addition, renderings of the under-construction amenity center and pool building are shown on the following pages.

Amenity Center & Pool Building



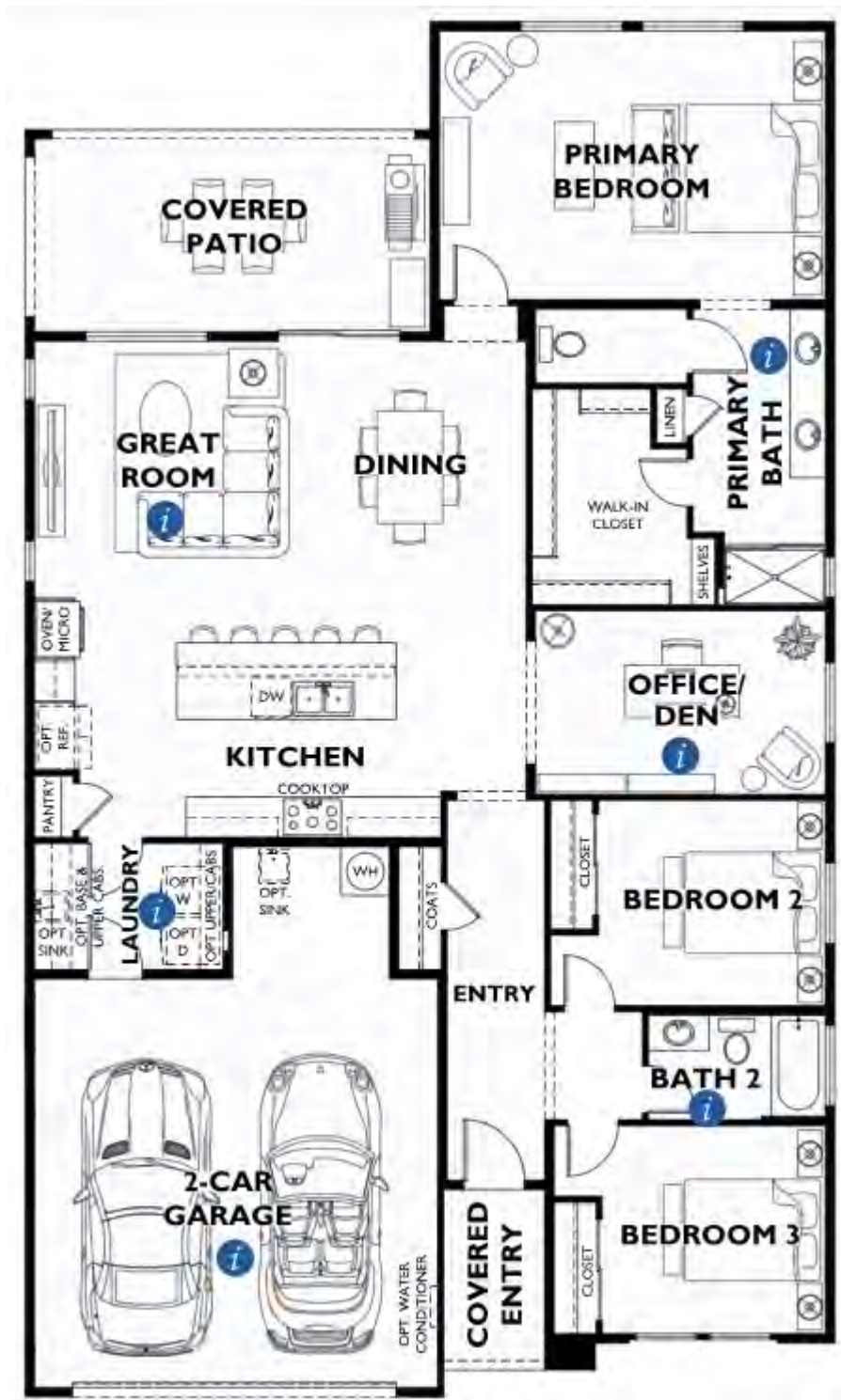




Floor Plan & Elevation – Thrive (Freedom 35 Collection)





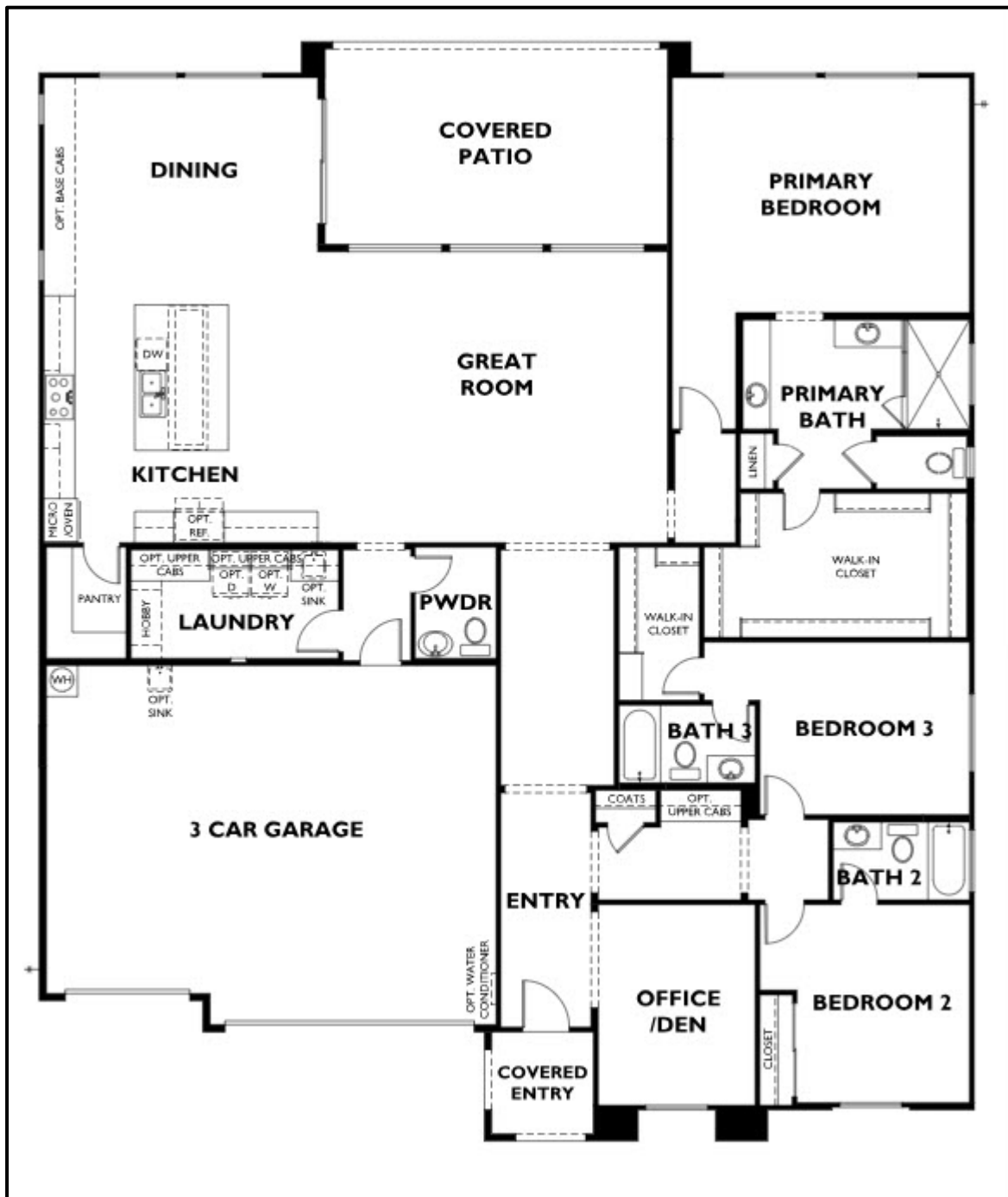
**Floor Plan & Elevation – Connect (Freedom 40 Collection)**





**Floor Plan & Elevation – Proclaim (Freedom 50 Collection)**



**Floor Plan & Elevation – Pinnacle (Freedom 60 Collection)**

















## Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

### Ad Valorem Taxes

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the San Benito County Treasurer-Tax Collector's Office, the subject has a tax rate of 1.371448% for tax year 2024/2025 (latest available), based on assessed value. In addition, the appraised properties are subject to direct charges. Based on a survey of surrounding residential properties, it is estimated the subject would have direct charges of approximately \$360 per lot.

### Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 2023-08 (San Juan Oaks). We have relied upon information provided by the Rate and Method of Apportionment for the annual special tax levy on the appraised properties, as shown below for the 2023/2024 tax year.

| Table 1: Assigned Special Tax for Developed Property for Improvement Area No. 1 of CFD No. 2023-08 (San Juan Oaks) for Fiscal Year 2023-2024 |                          |                          |                           |
|--|--------------------------|--------------------------|---------------------------|
| Land Use Class   | Description              | Lot Area (Square Feet)   | Assigned Special Tax      |
| 1  | Market Rate Property     | N/A                      | \$2,100 per Dwelling Unit |
| 2  | Active Adult Property    | 6,400 or greater         | \$1,600 per Dwelling Unit |
| 3  | Active Adult Property    | 5,200 to less than 6,400 | \$1,350 per Dwelling Unit |
| 4  | Active Adult Property    | Less than 5,200          | \$1,100 per Dwelling Unit |
| 5  | Non-Residential Property | N/A                      | \$5,000 per Acre          |

As the special taxes increase 2% per year, the following table presents the special tax levy for 2025/2026.

**Special Tax Table (Fiscal Year 2025-2026)**

| Land Use Category        | Lot Area (Square Feet) | Assigned Special Tax |
|--------------------------|------------------------|----------------------|
| Market Rate Property     | N/A                    | \$2,185 per unit     |
| Active Adult Property    | 6,400 SF or greater    | \$1,665 per unit     |
| Active Adult Property    | 5,200 to 6,399 SF      | \$1,405 per unit     |
| Active Adult Property    | Less than 5,200 SF     | \$1,144 per unit     |
| Non-Residential Property | N/A                    | \$5,202 per acre     |

Source: Rate and Method of Apportionment of Special Taxes

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### Highest and Best Use As If Vacant

#### Legally Permissible

The site is zoned SJO-SP -SFR, San Juan Oaks Specific Plan - Single Family Residential, which permits single family residential use. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property has an approved Phase 1 final map for 279 single-family homes on individual lots and associated improvements, and an approved tentative map for 738 single family residential lots for Phases 2 through 4. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single family residential use is given further consideration in determining highest and best use of the site, as though vacant.

#### Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, off-site improvements, easements, and soil/subsoil conditions. The physical characteristics are examined to see if they are suited for the legally permissible use.

Locational considerations include the compatibility and position of the subject property with respect to surrounding uses. Based on our physical inspection of the subject property, we know of no reason why the property would not support development. The size, shape and topography of the subject property appear adequate for development. The subject is not located within a floodplain. In addition, the property is not located within a Fault-Rupture Hazard Zone or within a Very High Fire Hazard Severity Zone. In addition, all utility services are available to the parcels.

Based on the physical characteristics of the subject property, residential development is considered physically possible and most appropriate.

#### Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved

lots for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished lots are transferring for prices that exceed the sum of unimproved lots and site development costs, which reflects completion of site development is financially feasible.

### **Maximally Productive**

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the subject property as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the subject (as vacant) is for near term single-family residential development. Specifically, construction of production single-family residential homes (as opposed to custom homes). The probable buyer of the subject property as vacant is a residential developer familiar with the local market.

### **Conclusion**

Development of the site for single family residential development is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

### **As Improved (Proposed)**

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the proposed improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the property. The potential alternative uses consist of demolition, expansion, conversion, or renovation.

As of the date of inspection, the subject consists of subdivision land with construction of horizontal improvements complete for Phase 1 and vertical construction of homes well underway with four model homes and 43 production homes complete; site development work has also commenced on Phases 2 through 4. Currently, it is considered reasonable to continue site development work on Phases 2 through 4 and vertical construction of Phase 1, as dictated by demand. The existing and proposed improvements provide contributory value and are necessary to complete the subdivision project. Conversion is not currently possible given the existing and planned land uses. Renovation is not warranted, as the improvements are new. The highest and best use of the subject property, as improved, is for construction of single family homes, as dictated by demand.

### **Most Probable Buyer**

In conjunction with the definition of market value, this appraisal assumes a hypothetical sale of the subject properties to a probable buyer/user, as of the date of value. The subject is considered to have good appeal for production homes. The probable buyer of Phase 1's finished residential lots is a production homebuilder. The probable buyer of the additional acreage for which site development is underway, but not yet complete (Phases 2 through 4), is a developer. The most probable buyers for the completed homes are individual homeowners.



# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction, land residual analysis**, and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The valuation begins by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within each collection with a completed home.

The land residual analysis and sales comparison approach to value are then utilized to arrive at a finished lot value for Phase 1's finished lots. The land residual analysis is a discounted cash flow that considers home prices and costs, leading to an estimate of residual land value. The expected home revenue, absorption period, expenses (construction and carrying), and yield rate associated with the development and sell-off of homes to individual homebuyers are all considered.

Next, the sales comparison approach is utilized. In this approach, adjustments are applied to the prices of comparable bulk lot transactions, and a market value per lot is concluded. It is noted the sales

comparison approach is constrained by the lack of recent, comparable, bulk lot sale data in the subject's immediate market area; available data within San Benito County dates back more than five years. The subject is located in area that has grown recently due to the lower cost of living relative to the San Francisco Bay Area region and demand from Bay Area and Silicon Valley commuters. Because sales within the Bay Area reflect much higher priced product due to heavy influence from local demand drivers, it was necessary to refine our search for comparable sales to parallel submarkets a similar distance from the Bay Area as the subject. Relevant submarkets include other outlying Bay Area markets experiencing similar growth due to lower cost of living and proximity to major transportation corridors.

Utilizing the improved lot indicators (reflective of a typical lot) from Phase 1, the market value, in bulk, of the 738 residential lots associated with Phases 2 through 4 is then estimated by employing the subdivision development method (discounted cash flow analysis). In this analysis, the expected revenue, absorption period, expenses, and yield rate associated with the development and sell-off of the land components will be taken into account.

## Market Valuation – Floor Plans

The market value of the subject's smallest floor plans within each collection are estimated in this section. The objective of the analysis is to estimate the base price, net of incentives, upgrades, and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades, interest rate buydowns, or non-recurring closing costs. The sales comparison approach to value is employed in order to provide an opinion of market value for the smallest floor plans.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 15<sup>th</sup> Edition (Chicago: Appraisal Institute, 2020), *"The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time."* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

The subject's floor plans are shown in the following table, with the smallest floor plan for each collection highlighted in gray.

### Floor Plan Summary - Phase 1

| Floor Plan | Collection | Living Area (SF) | Bedroom | Bathroom | Stories | Garage | Builder's Base Price |
|------------|------------|------------------|---------|----------|---------|--------|----------------------|
| Thrive     | Freedom 35 | 1,507            | 2       | 2.0      | One     | 2-Car  | \$719,499            |
| Dream      |            | 1,648            | 2       | 2.0      | One     | 2-Car  | \$736,499            |
| Flourish   |            | 1,817            | 3       | 2.0      | One     | 2-Car  | \$752,499            |
| Connect    | Freedom 40 | 1,847            | 3       | 2.5      | One     | 2-Car  | \$793,999            |
| Reunion    |            | 1,975            | 2       | 2.5      | One     | 2-Car  | \$805,999            |
| Synergy II |            | 2,031            | 3       | 2.5      | One     | 2-Car  | \$815,999            |
| Proclaim   | Freedom 50 | 2,155            | 3       | 2.5      | One     | 2-Car  | \$935,999            |
| Liberty    |            | 2,369            | 3       | 3.5      | One     | 2-Car  | \$973,999            |
| Latitude   |            | 2,579            | 3       | 3.5      | One     | 2-Car  | \$1,000,999          |
| Pinnacle   | Freedom 60 | 2,880            | 3       | 3.0      | One     | 3-Car  | -                    |

As discussed, Phase 1 has a typical lot size of 5,300 square feet. The homebuilder is offering both inventory homes (pre-selected floor plans) and available lots for which the homebuyer may select their floor plan for construction. The upcoming analyses assumes the smallest floor plans will have typical lot sizes reflective of the overall representative lot size for Phase 1 (5,300 square feet).

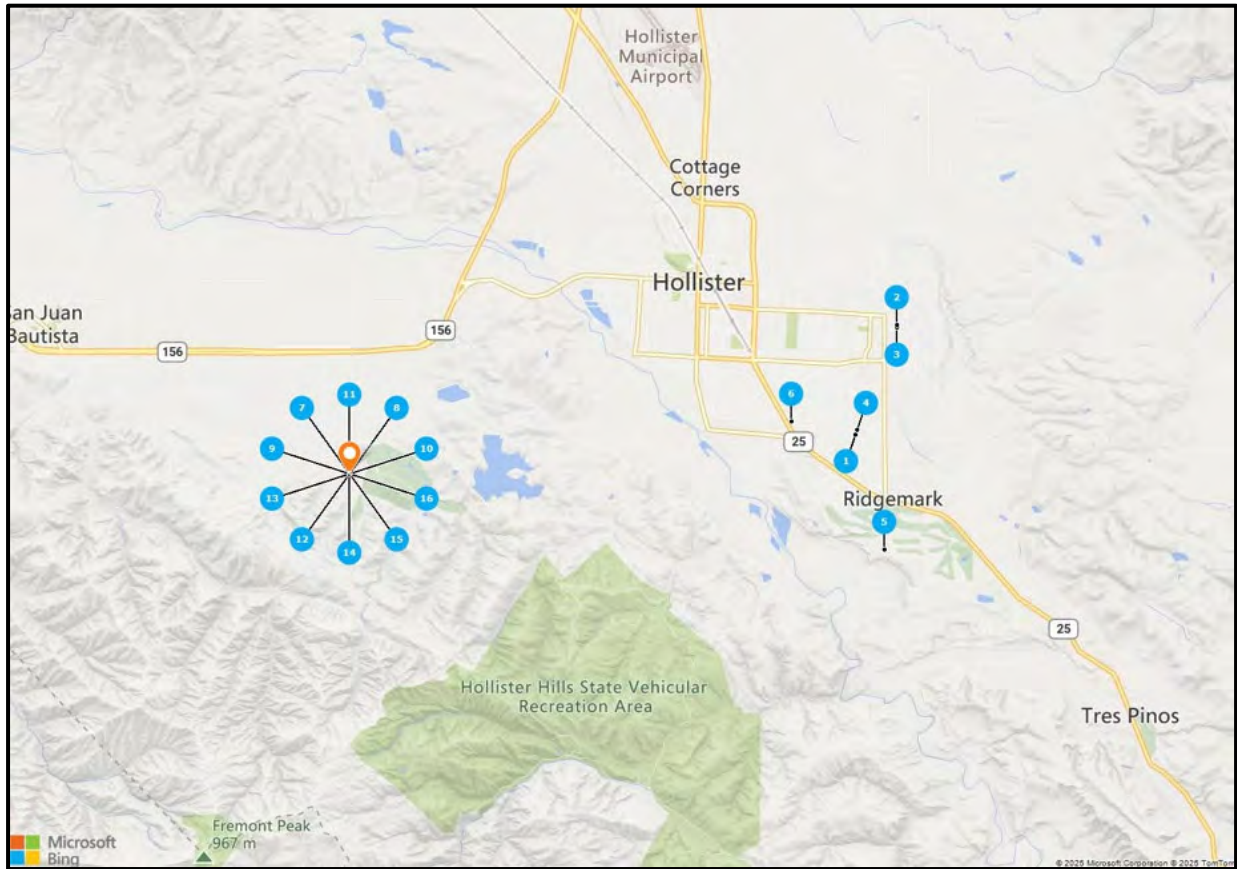


The comparable sales are summarized in the following table. Sales 1 through 6 reflect closed sales within other active new home projects in Hollister. Within the subject project, Sales 7, 8, and 9 reflect closed sales of the Thrive floor plan, Sales 10 and 11 are closed sales of the Connect floor plan, and Sales 12 and 13 are closed sales within the Proclaim floor plan. Finally, Sales 14, 15, and 16 reflect the Pinnacle floor plan.

#### Comparable Home Sale Summary

| No. | Address             | Contract   |             | Close of Escrow | Living Area |      |       |        | Year Built | Lot Size (SF) | Used in Grid |
|-----|---------------------|------------|-------------|-----------------|-------------|------|-------|--------|------------|---------------|--------------|
|     |                     | Date       | Sale Price  |                 | (SF)        | Beds | Baths | Garage |            |               |              |
| 1   | 1810 Hydrangea Dr   | 11/20/2024 | \$722,144   | 4/18/2025       | 1,472       | 3    | 2.0   | 2-Car  | 2024       | 6,702         | 1, 2         |
| 2   | 1132 Scout Peak Way | 9/25/2024  | \$739,900   | 3/12/2025       | 1,664       | 3    | 2.5   | 2-Car  | 2024       | 3,510         | 1            |
| 3   | 1172 Scout Peak Way | 2/22/2025  | \$754,994   | 2/22/2025       | 1,807       | 3    | 2.5   | 2-Car  | 2024       | 3,486         | 2, 3         |
| 4   | 1860 Hydrangea Dr   | 8/5/2024   | \$856,200   | 1/31/2025       | 2,266       | 3    | 2.5   | 2-Car  | 2024       | 8,255         | 3, 4         |
| 5   | 151 Scarlett Way    | 11/26/2024 | \$899,000   | 12/20/2024      | 2,456       | 4    | 3.0   | 2-Car  | 2024       | 8,550         | 3, 4         |
| 6   | 2141 White Oak Dr   | 4/2/2025   | \$779,000   | 4/23/2025       | 1,912       | 2    | 2.0   | 2-Car  | 2024       | 4,174         | 1, 2, 3, 4   |
| 7   | Lot 179             | 9/9/2024   | \$823,351   | 4/11/2025       | 1,507       | 2    | 2.0   | 2-Car  | 2024       | 4,815         | 1            |
| 8   | Lot 183             | 8/18/2024  | \$798,194   | 2/13/2025       | 1,507       | 2    | 2.0   | 2-Car  | 2024       | 4,817         | 1            |
| 9   | Lot 184             | 6/19/2024  | \$861,364   | 12/30/2024      | 1,507       | 2    | 2.0   | 2-Car  | 2024       | 4,814         | 1            |
| 10  | Lot 157             | 6/18/2024  | \$770,524   | 12/19/2024      | 1,847       | 3    | 2.5   | 2-Car  | 2024       | 6,173         | 2            |
| 11  | Lot 161             | 4/27/2024  | \$776,094   | 11/26/2024      | 1,847       | 3    | 2.5   | 2-Car  | 2024       | 6,314         | 2            |
| 12  | Lot 211             | 9/1/2024   | \$994,784   | 12/13/2024      | 2,155       | 3    | 2.5   | 2-Car  | 2024       | 7,820         | 3            |
| 13  | Lot 219             | 4/30/2024  | \$968,516   | 11/20/2024      | 2,155       | 3    | 2.5   | 2-Car  | 2024       | 6,918         | 3            |
| 14  | Lot 114             | 4/18/2024  | \$1,269,049 | 11/25/2024      | 2,880       | 3    | 3.0   | 3-Car  | 2024       | 8,573         | 4            |
| 15  | Lot 116             | 4/18/2024  | \$1,153,269 | 11/20/2024      | 2,880       | 3    | 3.0   | 3-Car  | 2024       | 10,922        | 4            |
| 16  | Lot 125             | 8/27/2024  | \$1,316,485 | 2/10/2025       | 2,880       | 3    | 3.0   | 3-Car  | 2024       | 9,043         | 4            |

## Comparable Sales Map



## Discussion of Adjustments

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

| Adjustment Factor                                  | Accounts For  | Comments   |
|--|---|--|
| Special Taxes                                      | Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the difference in the bond encumbrance between the subject and comparables based on the annual assessment, and the estimated average holding period of a single-family home, which is estimated at 12 years. | The subject and two of the comparables outside of the subject community have a bond encumbrance. All comparables are adjusted accordingly. It is noted the subject's special taxes are dependent on lot size. Therefore, several of the comparable sales within the subject project require adjustment if the comparable lot size deviates from the typical lot size of 5,300 square feet. |
| Upgrades and Incentives                            | The objective of the analysis is to estimate the base value per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.   | Incentives and upgrades included in the sales have been considered and adjusted for in this analysis.  |
| Real Property Rights                               | Fee simple, leased fee, leasehold, partial interest, etc.   | All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.  |
| Financing Terms                                    | Seller financing, or assumption of existing financing, at non-market terms.   | The comparable sales were cash to the seller transactions and do not require adjustments.  |
| Conditions of Sale                                 | Extraordinary motivation of buyer or seller, assemblage, forced sale.   | The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.   |
| Market Conditions (Date of Sale, Phase Adjustment) | The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra   | Home pricing over the past 6 to 9 months has remained somewhat stable; as such, no adjustments are made for market conditions as of the effective date (April 2025).   |

| Adjustment Factor | Accounts For  | Comments  |
|-------------------|---|---|
|                   | <p>attention needs to be paid to assess changing market conditions.</p> <p>Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable.</p> <p>Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.</p> |   |
| Location          | <p>Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.</p>   | <p>The subject and comparables are located within Hollister and the surrounding area. No adjustments are necessary.</p>   |
| Community Appeal  | <p>Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.</p>  | <p>The subject and comparables have similar community appeal.</p> <p>However, the subject will include a 20,000 square foot clubhouse with an indoor pool and fitness center, as well as outdoor pickleball and tennis courts and fitness lawn. Sales that do not offer comparable community amenities are adjusted upward.</p> <p>The Twin Oaks community (Sale 6) is also a 55+ project with similar community amenities and requires no adjustment.</p> <p>Promontory at Ridgemark (Sale 5) is located within a gated community of the Ridgemark Golf Course and also does not require adjustment.</p> |
| Lot Size          | <p>The lot size adjustment pertains to the differences between the subject's average lot size and comparables with either larger or</p>   | <p>Considering the average lot size adjustment factors indicated by the comparable sales utilized in this analysis, lot size adjustment factor</p>  |

| Adjustment Factor          | Accounts For   | Comments  |
|----------------------------|--|---|
|                            | smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.                                  | of \$15.00 /SF is considered reasonable for the subject's residential lots. This figure is supported by observations of sales in the subject's market area.   |
| Lot Premiums/<br>Discounts | Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered.   | Appropriate adjustments are applied based upon lot placement and configuration within their respective projects.  |
| Design and Appeal          | Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.  | All of the comparables are similar to the subject in regard to design and appeal.   |
| Quality of<br>Construction | Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality. | Most of the comparable sales feature similar construction quality and do not require adjustments. However, Sale 6 is adjusted downward because the home includes Developer-selected upgrades.           |
| Age/Condition              | When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.   | All of the comparable sales represent new construction; thus, no adjustments are required.  |
| Functional Utility         | Ability to adequately provide for its intended purpose.  | The appraised properties and comparables represent traditional detached single-family residential construction on similar lot size categories as the subject. Adjustments for this factor do not apply. |

| Adjustment Factor     | Accounts For   | Comments   |
|-----------------------|--|--|
| Room Count            | For similar size units the differences between room count are a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.  | Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$12,500 per fixture (or half-bath) and is supported by cost estimates for an average quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$12,500 per fixture, or half-bath, is supported. Consequently, a factor of \$25,000 per full bath is also applied in our analysis. |
| Unit Size/Living Area | Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded. | The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$100 to upwards of \$175 per square foot. Considering the information cited above, a factor of \$120.00 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.   |

| Adjustment Factor | Accounts For   | Comments   |
|-------------------|--|--|
| Number of Stories | For similar size units, the differences between the number of stories are typically a buyer preference. One buyer might prefer a single-story versus a two-story unit. | In current market conditions, single story floor plans typically demand a slight premium; as such, an adjustment of 1% is applied for story differences.   |
| Parking/Garage    | Number of garage spaces  | The subject's floor plans offer two-car garages. Our survey of local real estate professionals indicates a premium value of approximately \$15,000 for a full garage space and approximately half, or \$7,500, for tandem garage spaces. |
| Landscaping       | Included landscaping   | The subject and most of the comparables include similar landscaping and require no adjustment.   |
| Fireplace(s)      | Number of included fireplaces  | A factor of \$8,000 per fireplace is utilized in our analysis.   |

### Adjustment Grids

The following pages include grids reflecting the aforementioned adjustments.

| Thrive                               |                  |                       |                     |                   |               |                 |                 |                 |            |             |            |
|--------------------------------------|------------------|-----------------------|---------------------|-------------------|---------------|-----------------|-----------------|-----------------|------------|-------------|------------|
| Project Information                  | Subject Property | Comparable 1          | Comparable 2        | Comparable 6      | Comparable 7  | Comparable 8    | Comparable 9    |                 |            |             |            |
| Project Name                         | San Juan Oaks    | Highgrove at Fairview | Santana Ranch       | Twin Oaks         | San Juan Oaks | San Juan Oaks   | San Juan Oaks   |                 |            |             |            |
| Address/Lot Number                   |                  | 1810 Hydrangea Dr     | 1132 Scout Peak Way | 2141 White Oak Dr | Lot 179       | Lot 183         | Lot 184         |                 |            |             |            |
| City/Area                            | Hollister        | Hollister             | Hollister           | Hollister         | Hollister     | Hollister       | Hollister       |                 |            |             |            |
| Price                                | N/Ap             |                       | \$722,144           | \$739,900         |               | \$823,351       | \$798,194       | \$861,364       |            |             |            |
| Price Per SF                         | N/Ap             | \$490.59              |                     | \$444.65          | \$407.43      | \$546.35        | \$529.66        | \$571.58        |            |             |            |
| Special Taxes (12-year hold at 4.5%) | \$12,556         | \$0                   |                     | \$0               | \$1,229       | \$10,231        | \$10,231        | \$10,231        |            |             |            |
| Adjustment                           |                  |                       | -\$12,556           | -\$12,556         | -\$11,328     | -\$2,325        | -\$2,325        | -\$2,325        |            |             |            |
| Adjusted Price (Including Bonds)     |                  |                       | \$709,588           | \$727,344         | \$767,672     | \$821,026       | \$795,869       | \$859,039       |            |             |            |
| Total Consideration per SF           |                  | \$482.06              |                     | \$437.11          | \$401.50      | \$544.81        | \$528.11        | \$570.03        |            |             |            |
| Data Source                          |                  | MLS                   | MLS                 | MLS               | Sales Agent   | Sales Agent     | Sales Agent     |                 |            |             |            |
| Incentives                           | N/Ap             | No                    | \$0 No              | \$0 No            | \$0 No        | \$0 No          | \$0 No          | \$0 No          |            |             |            |
| Upgrades                             | Base             | No                    | \$0 Yes             | (\$25,000) No     | \$0 Yes       | (\$149,852) Yes | (\$118,095) Yes | (\$147,865) Yes |            |             |            |
| Effective Base Sales Price           |                  |                       | \$709,588           | \$702,344         | \$767,672     | \$671,174       | \$677,774       | \$711,174       |            |             |            |
| Adjustments:                         | Factor           | Description           | +/(-)               | Description       | +/(-)         | Description     | +/(-)           | Description     | +/(-)      | Description | +/(-)      |
| Property Rights                      |                  | Fee Simple            | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Financing Terms                      |                  | Cash Equivalent       | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Conditions of Sale                   |                  | Market                | Market              | Market            | Market        | Market          | Market          | Market          |            | Market      |            |
| Market Conditions                    |                  |                       |                     |                   |               |                 |                 |                 |            |             |            |
| Contract Date                        | 4/24/2025        | 11/20/2024            |                     | 9/25/2024         |               | 4/2/2025        |                 | 9/9/2024        |            | 8/18/2024   |            |
| Project Location                     | Hollister        | Hollister             |                     | Hollister         |               | Hollister       |                 | Hollister       |            | Hollister   |            |
| Community Appeal                     |                  | Good                  | Inferior            | \$7,096           | Inferior      | \$7,023         | Similar         | Similar         |            | Similar     |            |
| Lot Size                             | \$15.00          | 5,300                 | 6,702               | (\$21,030)        | 3,510         | \$26,850        | 4,174           | \$16,890        | 4,815      | \$7,275     | 4,817      |
| Lot Premium                          |                  | N/Ap                  | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Design and Appeal                    |                  | Average               | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Quality of Construction              |                  | Good                  | Similar             | Similar           | Similar       | Superior        | (\$38,384)      | Similar         |            | Similar     |            |
| Age (Total/Effective)                |                  | New                   | 2024 (New)          |                   | 2024 (New)    |                 | 2024 (New)      |                 | 2024 (New) |             | 2024 (New) |
| Condition                            |                  | Good/New              | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Functional Utility                   |                  | Average               | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Room Count                           |                  |                       |                     |                   |               |                 |                 |                 |            |             |            |
| Bedrooms                             |                  | 2                     | 3                   |                   | 3             |                 | 2               |                 | 2          |             | 2          |
| Baths                                | \$25,000         | 2.0                   | 2.0                 | \$0               | 2.5           | (\$12,500)      | 2.0             | \$0             | 2.0        | \$0         | 2.0        |
| Living Area (SF)                     | \$120.00         | 1,507                 | 1,472               | \$4,200           | 1,664         | (\$18,840)      | 1,912           | (\$48,600)      | 1,507      | \$0         | 1,507      |
| Number of Stories                    |                  | One                   | One                 |                   | Two           | \$7,023         | One             |                 | One        |             | One        |
| Heating/Cooling                      |                  | Central/Forced        | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Garage                               | \$15,000         | 2-Car                 | 2-Car               |                   | 2-Car         |                 | 2-Car           |                 | 2-Car      |             | 2-Car      |
| Landscaping                          |                  | Front                 | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Pool/Spa                             |                  | None                  | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Patios/Decks                         |                  | Patio                 | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Fencing                              |                  | Rear                  | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Fireplace(s)                         | \$8,000          | None                  | None                |                   | None          |                 | None            |                 | None       |             | None       |
| Kitchen Equipment                    |                  | Average               | Similar             | Similar           | Similar       | Similar         | Similar         | Similar         |            | Similar     |            |
| Gross Adjustments                    |                  |                       | \$32,326            |                   | \$72,237      |                 | \$103,874       |                 | \$7,275    |             | \$7,245    |
| Net Adjustments                      |                  |                       | (\$9,734)           |                   | \$9,557       |                 | (\$70,094)      |                 | \$7,275    |             | \$7,245    |
| Adjusted Retail Value                |                  |                       | \$699,854           |                   | \$711,901     |                 | \$697,579       |                 | \$678,449  |             | \$685,019  |
| Concluded Retail Value               |                  |                       | \$680,000           |                   |               |                 |                 |                 |            |             |            |
| Indicated Value Per SF               |                  |                       | \$451.23            |                   |               |                 |                 |                 |            |             |            |



| Connect                              |                  |                       |            |                     |         |                   |         |                    |         |                  |         |
|--------------------------------------|------------------|-----------------------|------------|---------------------|---------|-------------------|---------|--------------------|---------|------------------|---------|
| Project Information                  | Subject Property | Comparable 1          |            | Comparable 3        |         | Comparable 6      |         | Comparable 10      |         | Comparable 11    |         |
| Project Name                         | San Juan Oaks    | Highgrove at Fairview |            | Santana Ranch       |         | Twin Oaks         |         | San Juan Oaks      |         | San Juan Oaks    |         |
| Address/Lot Number                   |                  | 1810 Hydrangea Dr     |            | 1172 Scout Peak Way |         | 2141 White Oak Dr |         | Lot 157            |         | Lot 161          |         |
| City/Area                            | Hollister        | Hollister             |            | Hollister           |         | Hollister         |         | Hollister          |         | Hollister        |         |
| Price                                | N/Ap             | \$722,144             |            | \$754,994           |         | \$779,000         |         | \$770,524          |         | \$776,094        |         |
| Price Per SF                         | N/Ap             | \$490.59              |            | \$417.82            |         | \$407.43          |         | \$417.18           |         | \$420.19         |         |
| Special Taxes (12-year hold at 4.5%) | \$12,556         | \$0                   |            | \$0                 |         | \$1,229           |         | \$12,556           |         | \$12,556         |         |
| Adjustment                           |                  | -\$12,556             |            | -\$12,556           |         | -\$11,328         |         | \$0                |         | \$0              |         |
| Adjusted Price (Including Bonds)     |                  | \$709,588             |            | \$742,438           |         | \$767,672         |         | \$770,524          |         | \$776,094        |         |
| Total Consideration per SF           |                  | \$482.06              |            | \$410.87            |         | \$401.50          |         | \$417.18           |         | \$420.19         |         |
| Data Source                          |                  | MLS                   |            | MLS                 |         | MLS               |         | Sales Agent        |         | Sales Agent      |         |
| Incentives                           | N/Ap             | No                    |            | \$0 No              |         | \$0 No            |         | \$0 No             |         | \$0 No           |         |
| Upgrades                             | Base             | No                    |            | \$0 Yes             |         | (\$15,000) No     |         | \$0 Yes            |         | (\$6,525) Yes    |         |
| Effective Base Sales Price           |                  | \$709,588             |            | \$727,438           |         | \$767,672         |         | \$763,999          |         | \$752,929        |         |
| Adjustments:                         | Factor           | Description           | + / (-)    | Description         | + / (-) | Description       | + / (-) | Description        | + / (-) | Description      | + / (-) |
| Property Rights                      |                  | Fee Simple            | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Financing Terms                      |                  | Cash Equivalent       | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Conditions of Sale                   |                  | Market                | Market     | Market              |         | Market            |         | Market             |         | Market           |         |
| Market Conditions                    |                  |                       |            |                     |         |                   |         |                    |         |                  |         |
| Contract Date                        |                  | 4/24/2025             | 11/20/2024 | 2/22/2025           |         | 4/2/2025          |         | 6/18/2024          |         | 4/27/2024        |         |
| Project Location                     |                  | Hollister             | Hollister  | Hollister           |         | Hollister         |         | Hollister          |         | Hollister        |         |
| Community Appeal                     |                  | Good                  | Inferior   | \$7,096 Inferior    |         | \$7,274 Similar   |         | Similar            |         | Similar          |         |
| Lot Size                             | \$15.00          | 5,300                 | 6,702      | \$21,030 3,486      |         | \$27,210 4,174    |         | \$16,890 6,173     |         | (\$13,095) 6,314 |         |
| Lot Premium                          |                  | N/Ap                  | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Design and Appeal                    |                  | Average               | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Quality of Construction              |                  | Good                  | Similar    | Similar             |         | Superior          |         | (\$38,384) Similar |         | Similar          |         |
| Age (Total/Effective)                |                  | New                   | 2024 (New) | 2024 (New)          |         | 2024 (New)        |         | 2024 (New)         |         | 2024 (New)       |         |
| Condition                            |                  | Good/New              | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Functional Utility                   |                  | Average               | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Room Count                           |                  |                       |            |                     |         |                   |         |                    |         |                  |         |
| Bedrooms                             |                  | 3                     | 3          | 3                   |         | 2                 |         | 3                  |         | 3                |         |
| Baths                                | \$25,000         | 2.5                   | 2.0        | \$12,500 2.5        |         | \$0 2.0           |         | \$12,500 2.5       |         | \$0 2.5          |         |
| Living Area (SF)                     | \$120,000        | 1,847                 | 1,472      | \$45,000 1,807      |         | \$4,800 1,912     |         | (\$7,800) 1,847    |         | \$0 1,847        |         |
| Number of Stories                    |                  | One                   | One        | Two                 |         | \$7,274 One       |         | One                |         | One              |         |
| Heating/Cooling                      |                  | Central/Forced        | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Garage                               | \$15,000         | 2-Car                 | 2-Car      | 2-Car               |         | 2-Car             |         | 2-Car              |         | 2-Car            |         |
| Landscaping                          |                  | Front                 | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Pool/Spa                             |                  | None                  | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Patios/Decks                         |                  | Patio                 | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Fencing                              |                  | Rear                  | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Fireplace(s)                         | \$8,000          | None                  | None       | None                |         | None              |         | None               |         | None             |         |
| Kitchen Equipment                    |                  | Average               | Similar    | Similar             |         | Similar           |         | Similar            |         | Similar          |         |
| Gross Adjustments                    |                  |                       |            | \$85,626            |         | \$46,559          |         | \$75,574           |         | \$13,095         |         |
| Net Adjustments                      |                  |                       |            | \$43,566            |         | \$46,559          |         | (\$16,794)         |         | (\$13,095)       |         |
| Adjusted Retail Value                |                  |                       |            | \$753,154           |         | \$773,996         |         | \$750,879          |         | \$750,904        |         |
| Concluded Retail Value               |                  |                       |            | \$750,000           |         |                   |         |                    |         |                  |         |
| Indicated Value Per SF               |                  |                       |            | \$406.06            |         |                   |         |                    |         |                  |         |

| Proclaim                             |  |                  |  |                     |  |                       |  |                         |  |                   |  |               |  |                 |  |
|--------------------------------------|--|------------------|--|---------------------|--|-----------------------|--|-------------------------|--|-------------------|--|---------------|--|-----------------|--|
| Project Information                  |  | Subject Property |  | Comparable 3        |  | Comparable 4          |  | Comparable 5            |  | Comparable 6      |  | Comparable 12 |  | Comparable 13   |  |
| Project Name                         |  | San Juan Oaks    |  | Santana Ranch       |  | Highgrove at Fairview |  | Promontory at Ridgemark |  | Twin Oaks         |  | San Juan Oaks |  | San Juan Oaks   |  |
| Address/Lot Number                   |  |                  |  | 1172 Scout Peak Way |  | 1860 Hydrangea Dr     |  | 151 Scarlett Way        |  | 2141 White Oak Dr |  | Lot 211       |  | Lot 219         |  |
| City/Area                            |  | Hollister        |  | Hollister           |  | Hollister             |  | Hollister               |  | Hollister         |  | Hollister     |  | Hollister       |  |
| Price                                |  | N/Ap             |  | \$754,994           |  | \$856,200             |  | \$899,000               |  | \$779,000         |  | \$994,784     |  | \$968,516       |  |
| Price Per SF                         |  | N/Ap             |  | \$417.82            |  | \$377.85              |  | \$366.04                |  | \$407.43          |  | \$461.62      |  | \$449.43        |  |
| Special Taxes (12-year hold at 4.5%) |  | \$12,556         |  | \$0                 |  | \$0                   |  | \$8,614                 |  | \$1,229           |  | \$14,882      |  | \$14,882        |  |
| Adjustment                           |  |                  |  | -\$12,556           |  | -\$12,556             |  | -\$3,943                |  | -\$11,328         |  | \$2,325       |  | \$2,325         |  |
| Adjusted Price (Including Bonds)     |  |                  |  | \$742,438           |  | \$843,644             |  | \$895,057               |  | \$767,672         |  | \$997,109     |  | \$970,841       |  |
| Total Consideration per SF           |  |                  |  | \$410.87            |  | \$372.31              |  | \$364.44                |  | \$401.50          |  | \$462.70      |  | \$450.51        |  |
| Data Source                          |  | MLS              |  | MLS                 |  | MLS                   |  | MLS                     |  | MLS               |  | Sales Agent   |  | Sales Agent     |  |
| Incentives                           |  | N/Ap             |  | No                  |  | \$0 No                |  | \$0 No                  |  | \$0 No            |  | \$0 No        |  | \$0 No          |  |
| Upgrades                             |  | Base             |  | Yes                 |  | (\$15,000) Yes        |  | (\$35,000) No           |  | \$0 No            |  | \$0 Yes       |  | (\$164,785) Yes |  |
| Effective Base Sales Price           |  |                  |  | \$727,438           |  | \$808,644             |  | \$895,057               |  | \$767,672         |  | \$832,324     |  | \$812,324       |  |
| Adjustments:                         |  | Factor           |  | Description         |  | + / (-)               |  | Description             |  | + / (-)           |  | Description   |  | + / (-)         |  |
| Property Rights                      |  | Fee Simple       |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Financing Terms                      |  | Cash Equivalent  |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Conditions of Sale                   |  | Market           |  | Market              |  |                       |  | Market                  |  |                   |  | Market        |  |                 |  |
| Market Conditions                    |  |                  |  |                     |  |                       |  |                         |  |                   |  |               |  |                 |  |
| Contract Date                        |  | 4/24/2025        |  | 2/22/2025           |  |                       |  | 8/5/2024                |  |                   |  | 4/2/2025      |  |                 |  |
| Project Location                     |  | Hollister        |  | Hollister           |  |                       |  | Hollister               |  |                   |  | Hollister     |  |                 |  |
| Community Appeal                     |  | Good             |  | Inferior            |  | \$7,274               |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Lot Size                             |  | \$15.00          |  | 5,300               |  | 3,486                 |  | \$27,210                |  | 8,255             |  | (\$44,325)    |  | 8,550           |  |
| Lot Premium                          |  | N/Ap             |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Design and Appeal                    |  | Average          |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Quality of Construction              |  | Good             |  | Similar             |  |                       |  | Similar                 |  |                   |  | Superior      |  | (\$38,384)      |  |
| Age (Total/Effective)                |  | New              |  | 2024 (New)          |  |                       |  | 2024 (New)              |  |                   |  | 2024 (New)    |  |                 |  |
| Condition                            |  | Good/New         |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Functional Utility                   |  | Average          |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Room Count                           |  |                  |  |                     |  |                       |  |                         |  |                   |  |               |  |                 |  |
| Bedrooms                             |  | 3                |  | 3                   |  |                       |  | 3                       |  |                   |  | 3             |  |                 |  |
| Baths                                |  | \$25,000         |  | 2.5                 |  | 2.5                   |  | \$0                     |  | 2.5               |  | (\$12,500)    |  | 2.0             |  |
| Living Area (SF)                     |  | \$120.00         |  | 2,155               |  | 1,807                 |  | \$41,760                |  | 2,266             |  | (\$13,320)    |  | 2,456           |  |
| Number of Stories                    |  | One              |  | Two                 |  | \$7,274               |  | Two                     |  | \$8,086           |  | One           |  |                 |  |
| Heating/Cooling                      |  | Central/Forced   |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Garage                               |  | \$15,000         |  | 2-Car               |  | 2-Car                 |  | 2-Car                   |  |                   |  | 2-Car         |  |                 |  |
| Landscaping                          |  | Front            |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Pool/Spa                             |  | None             |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Patios/Decks                         |  | Patio            |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Fencing                              |  | Rear             |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Fireplace(s)                         |  | \$8,000          |  | None                |  | None                  |  | None                    |  |                   |  | None          |  |                 |  |
| Kitchen Equipment                    |  | Average          |  | Similar             |  |                       |  | Similar                 |  |                   |  | Similar       |  |                 |  |
| Gross Adjustments                    |  |                  |  |                     |  | \$83,519              |  |                         |  | \$73,818          |  |               |  | \$97,370        |  |
| Net Adjustments                      |  |                  |  |                     |  | \$83,519              |  |                         |  | (\$41,472)        |  |               |  | (\$97,370)      |  |
| Adjusted Retail Value                |  |                  |  |                     |  | \$810,956             |  |                         |  | \$767,172         |  |               |  | \$797,687       |  |
| Concluded Retail Value               |  |                  |  |                     |  | \$790,000             |  |                         |  |                   |  |               |  |                 |  |
| Indicated Value Per SF               |  |                  |  |                     |  | \$366.59              |  |                         |  |                   |  |               |  |                 |  |

| Pinnacle                             |                  |                       |                  |                         |         |                   |                  |                   |                  |                 |       |                 |       |
|--------------------------------------|------------------|-----------------------|------------------|-------------------------|---------|-------------------|------------------|-------------------|------------------|-----------------|-------|-----------------|-------|
| Project Information                  | Subject Property | Comparable 4          |                  | Comparable 5            |         | Comparable 6      |                  | Comparable 14     |                  | Comparable 15   |       | Comparable 16   |       |
| Project Name                         | San Juan Oaks    | Highgrove at Fairview |                  | Promontory at Ridgemark |         | Twin Oaks         |                  | San Juan Oaks     |                  | San Juan Oaks   |       | San Juan Oaks   |       |
| Address/Lot Number                   |                  | 1860 Hydrangea Dr     |                  | 151 Scarlett Way        |         | 2141 White Oak Dr |                  | Lot 114           |                  | Lot 116         |       | Lot 125         |       |
| City/Area                            | Hollister        | Hollister             |                  | Hollister               |         | Hollister         |                  | Hollister         |                  | Hollister       |       | Hollister       |       |
| Price                                | N/Ap             | \$856,200             |                  | \$899,000               |         | \$779,000         |                  | \$1,269,049       |                  | \$1,153,269     |       | \$1,316,485     |       |
| Price Per SF                         | N/Ap             | \$377.85              |                  | \$366.04                |         | \$407.43          |                  | \$440.64          |                  | \$400.44        |       | \$457.11        |       |
| Special Taxes (12-year hold at 4.5%) | \$12,556         | \$0                   |                  | \$8,614                 |         | \$1,229           |                  | \$14,882          |                  | \$14,882        |       | \$14,882        |       |
| Adjustment                           |                  | -\$12,556             |                  | -\$3,943                |         | -\$11,328         |                  | \$2,325           |                  | \$2,325         |       | \$2,325         |       |
| Adjusted Price (Including Bonds)     |                  | \$843,644             |                  | \$895,057               |         | \$767,672         |                  | \$1,271,374       |                  | \$1,155,594     |       | \$1,318,810     |       |
| Total Consideration per SF           |                  | \$372.31              |                  | \$364.44                |         | \$401.50          |                  | \$441.45          |                  | \$401.25        |       | \$457.92        |       |
| Data Source                          | MLS              | MLS                   |                  | MLS                     |         | MLS               |                  | Sales Agent       |                  | Sales Agent     |       | Sales Agent     |       |
| Incentives                           | N/Ap             | No                    |                  | \$0 No                  |         | \$0 No            |                  | \$0 No            |                  | \$0 No          |       | \$0 No          |       |
| Upgrades                             | Base             | Yes                   |                  | (\$35,000) No           |         | \$0 No            |                  | \$0 Yes           |                  | (\$229,050) Yes |       | (\$199,270) Yes |       |
| Effective Base Sales Price           |                  | \$808,644             |                  | \$895,057               |         | \$767,672         |                  | \$1,042,324       |                  | \$956,324       |       | \$1,075,324     |       |
| Adjustments:                         | Factor           | Description           | +/(-)            | Description             | +/(-)   | Description       | +/(-)            | Description       | +/(-)            | Description     | +/(-) | Description     | +/(-) |
| Property Rights                      |                  | Fee Simple            | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Financing Terms                      |                  | Cash Equivalent       | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Conditions of Sale                   |                  | Market                | Market           | Market                  |         | Market            |                  | Market            |                  | Market          |       | Market          |       |
| Market Conditions                    |                  |                       |                  |                         |         |                   |                  |                   |                  |                 |       |                 |       |
| Contract Date                        | 4/24/2025        | 8/5/2024              |                  | 11/26/2024              |         | 4/2/2025          |                  | 4/18/2024         |                  | 4/18/2024       |       | 8/27/2024       |       |
| Project Location                     | Hollister        | Hollister             |                  | Hollister               |         | Hollister         |                  | Hollister         |                  | Hollister       |       | Hollister       |       |
| Community Appeal                     | Good             | Inferior              | \$8,086          | Inferior                | \$8,951 | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Lot Size                             | \$15.00          | 5,300                 | 8,255 (\$44,325) | 8,550 (\$48,750)        | 4,174   | \$16,890          | 8,573 (\$49,095) | 10,922 (\$84,330) | 9,043 (\$56,145) |                 |       |                 |       |
| Lot Premium                          | N/Ap             | Similar               |                  | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Design and Appeal                    | Average          | Similar               |                  | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Quality of Construction              | Good             | Similar               |                  | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Age (Total/Effective)                | New              | 2024 (New)            |                  | 2024 (New)              |         | 2024 (New)        |                  | 2024 (New)        |                  | 2024 (New)      |       | 2024 (New)      |       |
| Condition                            | Good/New         | Similar               |                  | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Functional Utility                   | Average          | Similar               |                  | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Room Count                           |                  |                       |                  |                         |         |                   |                  |                   |                  |                 |       |                 |       |
| Bedrooms                             | 3                | 3                     |                  | 4                       |         | 2                 |                  | 3                 |                  | 3               |       | 3               |       |
| Baths                                | \$25,000         | 3.0                   | 2.5              | \$12,500                | 3.0     | \$0               | 2.0              | \$25,000          | 3.0              | \$0             | 3.0   | \$0             | 3.0   |
| Living Area (SF)                     | \$120.00         | 2,880                 | 2,266            | \$73,680                | 2,456   | \$50,880          | 1,912            | \$116,160         | 2,880            | \$0             | 2,880 | \$0             | 2,880 |
| Number of Stories                    |                  | One                   | Two              | \$8,086                 | One     |                   | One              |                   | One              |                 | One   |                 | One   |
| Heating/Cooling                      |                  | Central/Forced        | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Garage                               | \$15,000         | 3-Car                 | 2-Car            | \$15,000                | 2-Car   | \$15,000          | 2-Car            | \$15,000          | 3-Car            |                 | 3-Car |                 | 3-Car |
| Landscaping                          |                  | Front                 | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Pool/Spa                             |                  | None                  | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Patios/Decks                         |                  | Patio                 | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Fencing                              |                  | Rear                  | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Fireplace(s)                         | \$8,000          | None                  | None             | None                    |         | None              |                  | None              |                  | None            |       | None            |       |
| Kitchen Equipment                    |                  | Average               | Similar          | Similar                 |         | Similar           |                  | Similar           |                  | Similar         |       | Similar         |       |
| Gross Adjustments                    |                  |                       |                  | \$161,678               |         | \$123,581         |                  | \$173,050         |                  | \$49,095        |       | \$84,330        |       |
| Net Adjustments                      |                  |                       |                  | \$73,028                |         | \$26,081          |                  | \$173,050         |                  | (\$49,095)      |       | (\$84,330)      |       |
| Adjusted Retail Value                |                  |                       |                  | \$881,672               |         | \$921,138         |                  | \$940,722         |                  | \$993,229       |       | \$871,994       |       |
| Concluded Retail Value               | \$940,000        |                       |                  |                         |         |                   |                  |                   |                  |                 |       |                 |       |
| Indicated Value Per SF               | \$326.39         |                       |                  |                         |         |                   |                  |                   |                  |                 |       |                 |       |

## Conclusion of Home Values

In each of the four analyses, greatest weight is given to the sales which have closed within the subject community, with the additional comparables providing secondary support. Based on the analysis herein, the not-less-than conclusions for the smallest floor plans within the subject's four collections are summarized in the following table.

| <b>Floor Plan Value Conclusions</b> |                     |         |          |         |        |                          |                         |
|-------------------------------------|---------------------|---------|----------|---------|--------|--------------------------|-------------------------|
| Floor Plan                          | Living<br>Area (SF) | Bedroom | Bathroom | Stories | Garage | Typical Lot<br>Size (SF) | Concluded Base<br>Value |
| Thrive                              | 1,507               | 2       | 2.0      | One     | 2-Car  | 5,300                    | <b>\$680,000</b>        |
| Connect                             | 1,847               | 3       | 2.5      | One     | 2-Car  | 5,300                    | <b>\$750,000</b>        |
| Proclaim                            | 2,155               | 3       | 2.5      | One     | 2-Car  | 5,300                    | <b>\$790,000</b>        |
| Pinnacle                            | 2,880               | 3       | 3.0      | One     | 2-Car  | 5,300                    | <b>\$940,000</b>        |

## Residential Lot Valuation

We will utilize the land residual analysis and sales comparison approach to estimate the market value of the subject lots. The estimate of value assumes the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer.

### Land Residual Analysis

The land residual analysis is employed as an additional indicator of market value for the subject's lots. This valuation method is used in estimating land value in which all direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components summarized as follows:

**Revenue** – the gross income is based on the sale of completed homes.

**Absorption Analysis** – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

**Expenses** – the expenses associated with the sell-off are calculated in this section – including direct and indirect construction costs, administration, marketing, and commission costs, as well as taxes and special taxes (if any).

**Discount Rate** – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

### Revenue

The projected sales price for the average unit within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses. As noted, the majority of Phase I's finished lots are currently in-contract with homebuilder Shea Homes. Shea is incrementally taking down lots and is constructing a 55+ age restricted community as part of its Trilogy product line. Floor plans range from 1,507 to 2,579 square feet. The average minimum lot size within Phase 1 is 5,300 square feet.

Based on the *Residential Market Analysis* section of this report, we estimate a typical average-sized home of 2,000 square feet (and assuming a representative 5,300 square foot lot) at the subject would have a corresponding base price of \$830,000. These estimates will be utilized in the analysis.

### Closing Projections

The typical time required for the construction of units is assumed to be approximately six months from start to closing. It is assumed that initial closings will occur within six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are

reflected in the projected construction schedule shown in the land residual model at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to close of sales.

### **Changes in Market Conditions (Price Increases or Decreases)**

The subject's market area has experienced rapid market appreciation in home prices for the past few years; however, in early 2022 the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in March 2022) in an effort to manage rising inflation. As of June 2024, the fed-funds rate was greater than 5%, resulting in substantial rises in mortgage interest rates. Interest rates in April 2025 were between 6.50% and 7.00%, having moderated from 8.00% in October of 2023. The rise in mortgage interest rates has impacted the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the sell-off period.

### **Absorption**

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. The subject project includes four different home collections at varying price points. The master developer reports higher priced collections have recently been outperforming the lower and mid-priced collections at the subject property in recent months.

Based on the typical marketing and absorption rate data presented in the *Residential Market Analysis*, as an age-restricted project with limited new home competition in the immediate area, we estimate an absorption rate of approximately 3.0 units per month, per product segment, for the subject. The homebuilder is constructing ten floor plans across four collections. The upcoming land residual analysis will consider a representative segment of 100 lots with an absorption rate of 3.0 homes per month, or 9.0 homes per quarter. This is reflected in the land residual as 9.0 units in Period 1, with sell out occurring in Period 11 and Period 12 needed to complete construction and close escrow.

### **Expense Projections**

As part of an ongoing effort to assemble market information, the table below reflects survey responses and developer budget information for numerous single-family residential subdivisions throughout the Northern California region.

| Subdivision Budgets      |             |              |         |                     |                  |                    |                          |                 |                   |                            |                |                     |                         |
|--------------------------|-------------|--------------|---------|---------------------|------------------|--------------------|--------------------------|-----------------|-------------------|----------------------------|----------------|---------------------|-------------------------|
| Developer Classification | Budget Date | No. of Units | Quality | Avg. Home Size (SF) | Typical Lot Size | G & A % of Revenue | Mkt & Sales % of Revenue | Direct Costs/SF | Indirect Costs/SF | Indirect % of Direct Costs | Site Costs/Lot | Permits & Fees/Unit | Profit % of Revenue IRR |
| National                 | 2025        | 108          | Average | 1,926               | 4,260            | 5.0%               | 5.0%                     | \$115.00        | N/Av              | N/Av                       | \$94,168       | \$58,485            | 18.0% 20.0%             |
| National                 | 2025        | 172          | Average | 2,537               | 6,147            | 0.2%               | 0.4%                     | N/Av            | N/Av              | N/Av                       | \$94,186       | \$66,600            | 14.5% 25.0%             |
| National                 | 2025        | 55           | Average | 3,131               | 6,300            | N/Av               | N/Av                     | \$89.90         | N/Av              | N/Av                       | \$72,436       | \$82,900            | N/Av N/Av               |
| National                 | 2025        | 211          | Good    | 3,267               | 5,546            | 3.3%               | 1.0%                     | N/Av            | N/Av              | 10.0%                      | \$166,943      | \$56,500            | 26.0% N/Av              |
| National                 | 2024        | 71           | Average | 1,877               | 2,900            | 2.7%               | N/Av                     | \$104.00        | \$12.69           | 12.2%                      | N/Av           | \$60,710            | 12.3% N/Av              |
| National                 | 2024        | 107          | Good    | 3,626               | 9,000            | 2.0%               | 1.0%                     | \$104.58        | N/Av              | N/Av                       | N/Av           | \$89,819            | N/Av 20.0%              |
| National                 | 2024        | 862          | Average | 2,056               | 5,280            | N/Av               | N/Av                     | \$99.56         | N/Av              | N/Av                       | \$161,203      | \$60,400            | N/Av N/Av               |
| National                 | 2024        | 236          | Average | 1,500               | 5,940            | 6.0%               | 6.0%                     | \$119.00        | N/Av              | N/Av                       | \$131,355      | \$42,660            | N/Av 25.0%              |
| National                 | 2024        | 40           | Good    | 1,900               | 5,200            | 5.0%               | 5.0%                     | N/Av            | N/Av              | N/Av                       | \$69,542       | \$55,158            | 18.0% N/Av              |
| Regional                 | 2024        | 39           | Average | 1,948               | 5,850            | 2.5%               | 2.5%                     | \$122.54        | \$11.00           | 9.0%                       | \$126,628      | \$82,717            | 14.5% N/Av              |
| National                 | 2024        | 276          | Average | 1,820               | 3,000            | 2.7%               | 2.7%                     | \$93.38         | N/Av              | N/Av                       | N/Av           | \$48,101            | 19.2% N/Av              |
| National                 | 2024        | 184          | Average | 2,098               | 2,746            | 4.5%               | 4.5%                     | \$92.00         | \$11.44           | 12.4%                      | \$98,293       | \$28,400            | 19.0% 7.0%              |
| Regional                 | 2024        | 87           | Average | 2,290               | 5,200            | N/Av               | N/Av                     | \$115.00        | N/Av              | N/Av                       | N/Av           | \$59,832            | 8.1% N/Av               |
| National                 | 2024        | 120          | Average | 2,170               | 3,825            | 3.5%               | 3.5%                     | \$129.00        | N/Av              | N/Av                       | \$88,501       | \$63,700            | 13.0% N/Av              |
| National                 | 2024        | 85           | Average | 2,147               | 4,800            | N/Av               | 4.5%                     | \$95.47         | \$9.78            | 10.2%                      | N/Av           | \$96,000            | N/Av N/Av               |
| National                 | 2023        | 19           | Good    | 3,165               | 6,720            | N/Av               | N/Av                     | \$115.00        | \$10.93           | 9.5%                       | \$216,684      | \$69,000            | 12.0% N/Av              |
| National                 | 2023        | 606          | Average | 2,267               | 5,784            | N/Av               | N/Av                     | \$109.88        | N/Av              | N/Av                       | \$145,000      | \$50,798            | N/Av N/Av               |
| National                 | 2023        | 435          | Average | 2,779               | 6,096            | N/Av               | N/Av                     | \$100.15        | N/Av              | N/Av                       | \$120,000      | \$84,203            | N/Av N/Av               |
| Local                    | 2023        | 31           | Good    | 2,560               | 3,695            | 2.5%               | 4.0%                     | \$137.00        | \$6.85            | 5.0%                       | N/Av           | \$43,610            | 7.0% N/Av               |
| National                 | 2023        | 106          | Average | 1,733               | 3,825            | 6.0%               | 6.0%                     | \$120.00        | \$3.00            | 2.5%                       | \$80,547       | \$52,187            | N/Av 25.0%              |
| Local                    | 2023        | 46           | Average | 1,411               | 3,400            | N/Av               | N/Av                     | \$130.00        | \$18.00           | 13.8%                      | \$94,565       | \$38,000            | N/Av N/Av               |
| Local                    | 2023        | 53           | Average | 2,900               | 6,750            | 3.5%               | 3.0%                     | \$85.53         | \$16.67           | 19.5%                      | \$125,482      | \$64,861            | 12.0% 25.0%             |
| National                 | 2023        | 85           | Average | 1,844               | 3,000            | N/Av               | N/Av                     | \$96.00         | N/Av              | N/Av                       | \$65,855       | \$48,588            | N/Av N/Av               |
| Regional                 | 2023        | 55           | Good    | 3,359               | 7,150            | N/Av               | N/Av                     | \$117.00        | N/Av              | N/Av                       | \$229,608      | \$51,500            | N/Av N/Av               |
| Regional                 | 2023        | 52           | Average | 2,607               | 6,200            | N/Av               | 5.8%                     | \$101.86        | \$6.86            | 6.7%                       | \$164,076      | \$73,595            | 10.1% N/Av              |
| National                 | 2023        | 573          | Average | 2,327               | 5,232            | N/Av               | N/Av                     | \$99.86         | N/Av              | 2.5%                       | \$126,003      | \$98,422            | 20.0% N/Av              |
| Minimum                  |             | 19           |         | 1,411               | 2,746            | 0.2%               | 0.4%                     | \$85.53         | \$3.00            | 2.5%                       | \$65,855       | \$28,400            | 7.0% 7.0%               |
| Maximum                  |             | 862          |         | 3,626               | 9,000            | 6.0%               | 6.0%                     | \$137.00        | \$18.00           | 19.5%                      | \$229,608      | \$98,422            | 26.0% 25.0%             |
| Average                  |             | 181          |         | 2,356               | 5,148            | 3.5%               | 3.7%                     | \$108.34        | \$10.72           | 9.5%                       | \$123,554      | \$62,567            | 14.9% 21.0%             |

Information from the survey above will contribute to the estimate of development expenses classified as follows.

### General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

### Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 5.0%, or 2.5% for marketing and 2.5% for sales, is estimated in the marketing and sales expense category.

### Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.3714%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year.

The subject is within the boundary of CSCDA CFD No. 2023-08 Improvement Area No. 1 (San Juan Oaks). Special Taxes associated with the District, for the most recently available tax year amount to \$1,405 per unit for the subject's representative home. In addition, we have estimated additional

direct charges at \$360 per unit. The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

### **HOA**

At build-out, the subject is expected to have an HOA fee of \$515 per month, to be paid by future homeowners. However, during the development period of home sales and construction, the builder is only anticipated to nominally contribute to the HOA reserves. For purposes of this analysis, 25% of HOA expenses (\$129 per month) are used as an expense (sinking fund factor) towards the ultimate HOA facilities.

### **Permits and Fees**

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. As noted, permits and fees due at building permit are estimated at \$27,447 per lot.

### **Direct and Indirect Construction Costs**

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

The developer reports direct cost at the subject property range from approximately \$110 to \$145 per square foot, depending on the floor plan. This is generally consistent with the cost comparables previously presented. Based on the cost comparables, and considering the product line under development, a direct cost estimate of \$125.00 per square foot is applied the estimated home.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator



Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 10% is considered reasonable for the subject.

### Model Complex

The subject includes four model homes. Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from \$20,000 per model to over \$250,000 per model for executive homes.

Based on the quality of the subject's improvements and the targeted buyer segment, a model upgrade cost of \$75,000 per model is considered reasonable for the subject's lots. Of this amount approximately 30% will be recaptured with the sale of the models reflecting a recapture of \$22,500 per model. Model costs will be incurred in the first period while the recapture amount will be applied evenly over the disposition period.

### Summary

The following chart summarizes the revenue and expenses discussed on the preceding pages.

| Revenue & Expense Summary                       |                       |                |                            |                            |                               |
|---|-----------------------|----------------|----------------------------|----------------------------|-------------------------------|
| REVENUE SUMMARY                                 |                       |                |                            |                            |                               |
| Floor Plan                                      | No. of Units          | Unit Size (SF) | \$/SF                      | Base Retail Value Per Unit | Extension                     |
| Average Unit                                    | 100                   | 2,000          | \$415                      | \$830,000                  | \$83,000,000                  |
| Model Recapture                                 | (@ 30% of cost)       |                |                            |                            | \$90,000                      |
| Total Revenue Before Appreciation:              |                       |                |                            | \$                         | 83,090,000                    |
|   |                       |                |                            |                            | \$830,900 /unit               |
| Total Revenue After Appreciation:               |                       |                |                            | \$                         | 83,090,000                    |
|   |                       |                |                            |                            | \$830,900 /unit               |
| EXPENSES SUMMARY                                |                       |                |                            |                            |                               |
|   |                       |                | Total Over Sell-Off Period |                            |                               |
| General and Administrative                      | 3.0% of total revenue |                |                            | \$                         | 2,492,700                     |
| Marketing and Sales                             | 5.0% of total revenue |                |                            | \$                         | 4,154,500                     |
| Ad Valorem Taxes                                | \$4,539 /unit/year    |                |                            | \$                         | 698,278 (from cash flow)      |
| Direct Charges                                  | \$360 /unit/year      |                |                            | \$                         | 55,376 (from cash flow)       |
| Special Taxes/Assessments                       | \$1,405 /unit/year    |                |                            | \$                         | 216,050 (from cash flow)      |
| Homeowner's Association Fees                    | \$129 /unit/month     |                |                            | \$                         | 234,135 (from cash flow)      |
| Model Costs                                     | 4 models              |                |                            | \$                         | 300,000 \$75,000 (per model)  |
| Permits and Fees                                |                       |                |                            | \$                         | 2,744,700 \$27,447 (per unit) |
| Subtotal:                                       |                       |                |                            | \$                         | 10,895,739                    |
| Direct Construction Costs (Before Appreciation) | <u>SF</u>             | <u>Units</u>   | <u>Cost/SF</u>             | <u>Extension</u>           |                               |
| Average/Typical Floor Plan                      | 2,000                 | 100            | \$125.00                   | \$                         | 25,000,000 \$250,000 /unit    |
| Indirect Construction Costs                     | 10% of Direct Costs   |                |                            | \$                         | 2,500,000 \$25,000 /unit      |
| Subtotal:                                       |                       |                |                            | \$                         | 27,500,000                    |
| Total Expenses Before Appreciation:             |                       |                |                            | \$                         | 38,395,739                    |

## Developer's Incentive and Discount Rate

### Developer's Incentive

When employing a land residual analysis, most market participants (homebuilders) analyze projects based on an expected increment of profit and a discount rate (present value factor). The developer's profit is expressed as a percent of sales revenue and is included as an expense deduction. The cost-of-funds rate is used to discount each year of net income to present value. This methodology differs from the subdivision development method, in which most market participants (typically land developers) employ a yield rate or internal rate of return (IRR) inclusive of developer's profit, and do not deduct profit as a line item expense.

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 7.0% to 26.0%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period, or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Based on the preceding discussion and developer surveys, an estimate of developer's incentive is concluded at 10.0%.

### Present Value Factor & Internal Rate of Return

A discount rate will be employed to convert future cash flows to present value, thus reflecting the time value of money. A discount rate (present value factor) of 5.0% is employed in the land residual analysis.

Positive attributes of the subject property include the following:

- Approved entitlements
- Site development work for Phase I is complete
- A location within a master planned community
- Planned amenity package which includes a 20,000 square foot clubhouse and proximity to the San Juan Oaks golf course.

"Negative" attributes associated with the subject are limited to the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (ex. continued high inflation, unemployment rates, interest rates, etc.).

Using a 5.00% present value factor and 10.00% for developer's incentive results in an implied internal rate of return (IRR) of 16.619%.

Realty Rates provides expected Developer IRR for California developments as follows:

| <b>California/Pacific Islands: Subdivisions &amp; PUDs</b> |              |        |        |                 |        |        |
|--|--------------|--------|--------|-----------------|--------|--------|
|  | Actual Rates |        |        | Pro-Forma Rates |        |        |
|  | Min          | Max    | Avg    | Min             | Max    | Avg    |
| <b>Site-Built Residential</b>                              | 17.52%       | 38.61% | 26.04% | 16.82%          | 37.06% | 25.00% |
| -100 Units   | 17.52%       | 33.28% | 24.89% | 16.82%          | 31.95% | 23.90% |
| 100-500 Units  | 17.96%       | 36.61% | 26.19% | 17.24%          | 35.15% | 25.15% |
| 500+ Units   | 18.40%       | 38.27% | 26.64% | 17.66%          | 36.74% | 25.57% |
| Mixed Use  | 18.84%       | 38.61% | 26.42% | 18.08%          | 37.06% | 25.37% |
| <b>Manufactured Housing</b>                                | 18.06%       | 42.18% | 27.94% | 17.34%          | 40.49% | 26.82% |
| -100 Units   | 18.06%       | 36.68% | 26.82% | 17.34%          | 35.21% | 25.75% |
| 100-500 Units  | 18.51%       | 40.34% | 28.25% | 17.77%          | 38.73% | 27.12% |
| 500+ Units   | 18.97%       | 42.18% | 28.74% | 18.21%          | 40.49% | 27.59% |
| <b>Business Parks</b>                                      | 18.04%       | 40.29% | 27.08% | 17.32%          | 38.68% | 25.99% |
| -100 Acres   | 18.04%       | 35.04% | 26.01% | 17.32%          | 33.63% | 24.97% |
| 100-500 Acres  | 18.50%       | 38.54% | 27.38% | 17.76%          | 37.00% | 26.28% |
| 500+ Acres   | 18.95%       | 40.29% | 27.84% | 18.19%          | 38.68% | 26.73% |
| <b>Industrial Parks</b>                                    | 18.15%       | 34.00% | 24.28% | 17.42%          | 32.64% | 23.31% |
| -100 Acres   | 18.15%       | 29.56% | 23.38% | 17.42%          | 28.38% | 22.44% |
| 100-500 Acres  | 18.60%       | 32.52% | 24.54% | 17.86%          | 31.22% | 23.56% |
| 500+ Acres   | 19.05%       | 34.00% | 24.93% | 18.29%          | 32.64% | 23.94% |
| *3rd Quarter 2024 Data                                     |              |        |        |                 |        |        |
| Realty Rates Developers Survey 2024 Q4                     |              |        |        |                 |        |        |
| California/Pacific Islands: CA, Guam, HI                   |              |        |        |                 |        |        |

The survey above is primarily focused on raw land development; whereas, the subject property is analyzed herein as finished lots, which carries less risk. The implied IRR for the subject is slightly below the range presented by the RealtyRates survey and is considered to be reasonable.

## Conclusion

The land residual analysis is presented as follows:

| Land Residual Analysis                         |         |                |                |                |                |                |                |                |                |                |                |                |                |                 |
|--|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Quarter:                                       | 0       | 1              | 2              | 3              | 4              | 5              | 6              | 7              | 8              | 9              | 10             | 11             | 12             | Total           |
| <b>ABSORPTION</b>                              |         |                |                |                |                |                |                |                |                |                |                |                |                |                 |
| Sales  |         | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 10             | 0              | 100             |
| Close of Escrow (COE)                          |         | 0              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 10             | 100             |
| Unsold Inventory                               | 100     | 91             | 82             | 73             | 64             | 55             | 46             | 37             | 28             | 19             | 10             | 0              | 0              |                 |
| Sales Revenue (Before Appreciation)            |         | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 8,309,000   | \$ -           |                 |
| Annual Appreciation Factor                     | 0%      | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         |                 |
| Sales Revenue (After Appreciation)             |         | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 8,309,000   | \$ -           | \$ 83,090,000   |
| Total Sales Revenue (at Close of Escrow)       |         | \$ -           | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 7,478,100   | \$ 8,309,000   | \$ 83,090,000   |
| <b>EXPENSES AND CASH FLOWS</b>                 |         |                |                |                |                |                |                |                |                |                |                |                |                |                 |
| General and Administrative                     | 3.0%    | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (207,725)   | \$ (2,492,700)  |
| Marketing and Sales                            | 5.0%    | \$ -           | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (373,905)   | \$ (415,450)   | \$ (4,154,500)  |
| Ad Valorem Taxes (\$/unit/yr)                  | \$4,539 | \$ (113,487)   | \$ (103,790)   | \$ (93,993)    | \$ (84,095)    | \$ (74,095)    | \$ (63,994)    | \$ (53,790)    | \$ (43,482)    | \$ (33,070)    | \$ (22,553)    | \$ (11,929)    | \$ -           | \$ (698,278)    |
| Direct Charges (\$/unit/yr)                    | \$360   | \$ (9,000)     | \$ (8,231)     | \$ (7,454)     | \$ (6,669)     | \$ (5,876)     | \$ (5,075)     | \$ (4,266)     | \$ (3,448)     | \$ (2,623)     | \$ (1,789)     | \$ (946)       | \$ -           | \$ (55,376)     |
| Special Taxes/Assessments (\$/unit/yr)         | \$1,405 | \$ (35,114)    | \$ (32,113)    | \$ (29,082)    | \$ (26,019)    | \$ (22,925)    | \$ (19,800)    | \$ (16,643)    | \$ (13,454)    | \$ (10,232)    | \$ (6,978)     | \$ (3,691)     | \$ -           | \$ (216,050)    |
| Homeowner's Association Fees (\$/unit/mo)      | \$129   | \$ (38,700)    | \$ (35,217)    | \$ (31,734)    | \$ (28,251)    | \$ (24,768)    | \$ (21,285)    | \$ (17,802)    | \$ (14,319)    | \$ (10,836)    | \$ (7,353)     | \$ (3,870)     | \$ -           | \$ (234,135)    |
| Model Costs                                    |         | \$ (300,000)   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ (300,000)    |
| Permits and Fees                               |         | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (247,023)   | \$ (274,470)   | \$ -           | \$ (2,744,700)  |
| Subtotal:                                      |         | \$ (951,049)   | \$ (1,008,004) | \$ (990,915)   | \$ (973,687)   | \$ (956,318)   | \$ (938,807)   | \$ (921,154)   | \$ (903,356)   | \$ (885,414)   | \$ (867,325)   | \$ (876,536)   | \$ (623,175)   | \$ (10,895,739) |
| Direct Construction Costs                      |         | \$ (1,125,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,375,000) | \$ (1,250,000) |                 |
| Annual Appreciation Factor                     | 0%      | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         | 1.0000         |                 |
| Direct Construction Costs (Appreciated)        |         | \$ (1,125,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,250,000) | \$ (2,375,000) | \$ (1,250,000) | \$ (25,000,000) |
| Indirect Construction Costs                    | 10%     | \$ (112,500)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (225,000)   | \$ (237,500)   | \$ (125,000)   | \$ (2,500,000)  |
| Subtotal:                                      |         | \$ (1,237,500) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,475,000) | \$ (2,612,500) | \$ (1,375,000) | \$ (27,500,000) |
| Total Expenses                                 |         | \$ (2,188,549) | \$ (3,483,004) | \$ (3,465,915) | \$ (3,448,687) | \$ (3,431,318) | \$ (3,413,807) | \$ (3,396,154) | \$ (3,378,356) | \$ (3,360,414) | \$ (3,342,325) | \$ (3,489,036) | \$ (1,998,175) | \$ (38,395,739) |
| <b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b> |         | \$ (2,188,549) | \$ 3,995,096   | \$ 4,012,185   | \$ 4,029,413   | \$ 4,046,782   | \$ 4,064,293   | \$ 4,081,946   | \$ 4,099,744   | \$ 4,117,686   | \$ 4,135,775   | \$ 3,989,064   | \$ 6,310,825   | \$ 44,694,261   |
| Developers Incentive                           | 10.00%  | \$ -           | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (747,810)   | \$ (830,900)   | \$ (8,309,000)  |
| <b>NET INCOME BEFORE DISCOUNTING</b>           |         | \$ (2,188,549) | \$ 3,247,286   | \$ 3,264,375   | \$ 3,281,603   | \$ 3,298,972   | \$ 3,316,483   | \$ 3,334,136   | \$ 3,351,934   | \$ 3,369,876   | \$ 3,387,965   | \$ 3,241,254   | \$ 5,479,925   | \$ 36,385,261   |
| <b>Present Value Factors</b>                   |         |                |                |                |                |                |                |                |                |                |                |                |                |                 |
| Discount Rate                                  | 5.00%   | 0.98765        | 0.97546        | 0.96342        | 0.95152        | 0.93978        | 0.92817        | 0.91672        | 0.90540        | 0.89422        | 0.88318        | 0.87228        | 0.86151        |                 |
| Discounted Cash Flow                           |         | \$ (2,161,530) | \$ 3,167,601   | \$ 3,144,958   | \$ 3,122,525   | \$ 3,100,298   | \$ 3,078,276   | \$ 3,056,456   | \$ 3,034,836   | \$ 3,013,413   | \$ 2,992,186   | \$ 2,827,273   | \$ 4,721,003   | \$ 33,097,295   |
| <b>Net Present Value (Rounded)</b>             |         |                |                |                |                |                |                |                |                |                |                |                |                | \$ 33,100,000   |
|  |         |                |                |                |                |                |                |                |                |                |                |                | per unit:      | \$331,000       |
| <b>Implied Internal Rate of Return (IRR)</b>   | 16.619% |                |                |                |                |                |                |                |                |                |                |                |                |                 |

## Sales Comparison Approach

In this section of the report, we will utilize the sales comparison approach to estimate the market value of the subject lots. This value estimate assumes the subject property would sell on a bulk, or wholesale, basis. That is, it would transfer in one transaction to a single buyer. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

- Location: San Benito County and outlying Santa Clara County
- Typical Lot Size: 3,000 to 10,000 square feet
- Number of Lots: 35 lots or more
- Transaction Date: 2023 or later

After an extensive search within these parameters, no comparable bulk lot sales were found; available data within San Benito County dates back greater than five years. The subject is located in area that has grown recently due to the lower cost of living relative to the San Francisco Bay Area region and demand from Bay Area and Silicon Valley commuters. Due to the lack of comparable and recent bulk lot sale data available in the subject's immediate market area, we incrementally expanded the geographic boundaries of our search. As sales within the Bay Area reflect much higher priced product due to heavy influence from local demand drivers, it was necessary to refine our search for comparable sales to parallel submarkets a similar distance from the Bay Area as the subject. Relevant submarkets include other outlying Bay Area markets which have recently seen similar growth due to lower cost of living and proximity to major transportation corridors, such as the communities of Mountain House and Manteca in San Joaquin County, the city of Brentwood in east Contra Costa County, and the cities of Fairfield and Vacaville in Solano County.

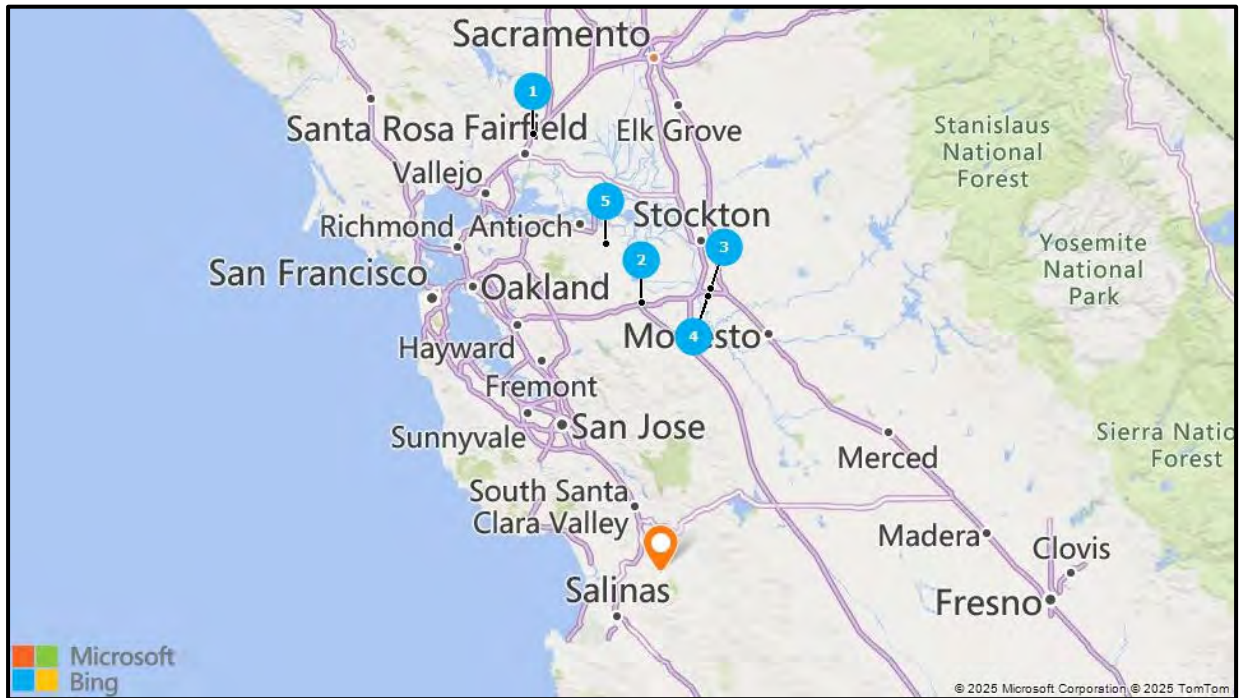
As noted, the subject is being developed into an age-restricted community. In our experience, the age-restricted aspect of similar communities does not have a material impact on underlying lot value. Therefore, our search for comparable sales was not constrained to age-restricted projects and instead includes projects marketed toward all ages.

The sales are analyzed on a loaded lot basis. Loaded lot is the equivalent of underlying land, any remaining site development costs and all fees paid through the building permit for home construction. The most relevant sales are summarized in the following table:

## Summary of Comparable Land Sales

| No.                            | Name/Address  | Sale Date;<br>Status | Sale Price; Bond<br>Consideration/Lot | Typical Lot<br>Size | Number of Lots | \$/Lot    | Expenditures After<br>Purchase |
|--------------------------------|---|----------------------|---------------------------------------|---------------------|----------------|-----------|--------------------------------|
| 1                              | Lagoon Valley - Neighborhood K-1<br>National Garden Ln.<br>Vacaville<br>Solano County<br>Comments: This is a closed sale of neighborhood K-1 is the Lagoon Valley master plan, which represents 88 lots with a typical lot size of 4,500 square feet. The lots will transfer in finished condition and have an alley-loaded configuration. The lots transferred at the end of June 2024 for \$170,000 per lot. There are also residual payments to be made by Lennar to the master developer in the form of a profit participation agreement as well as another residual payment. Considering time value of money, the estimated residual payment for total consideration is \$44,000 per lot. Permits and fees are estimated at \$91,600 per lot. The exact annual special taxes cannot be determined; however, based on the information provided, special taxes are estimated at \$2,300 per lot. The lots also have a master marketing fee of 0.5% of the purchase price of each home closing. | Jun-24<br>Closed     | \$14,960,000<br>\$12,600              | 4,500               | 88             | \$170,000 | \$135,600                      |
| 2                              | The Knolls (143 Lots)<br>South of W Grant Line Rd, West of Central Pkwy<br>Mountain House<br>San Joaquin County<br>Comments: These 143 lots were purchases from land seller for \$37,000,000. TriPointe is utilizing a Land Bank and will take down the lots over a scheduled three-year period. The average lot size is 50x100. The tentative map was approved in November 2022, and the final map is anticipated to be approved in March 2025. The lots will be encumbered by bond debt, proceeds of which will finance certain public improvements; net site development costs, including permits and fees, are approximately \$160,780 per lot. Annual special taxes are estimated at \$6,300 per lot.  | Mar-24<br>Closed     | \$37,000,000<br>\$6,620               | 5,000               | 143            | \$258,741 | \$160,780                      |
| 3                              | Units 4 & 8 - Villa Ticino West<br>Lazio Ct.<br>Manteca<br>San Joaquin County<br>Comments: This is a sale of 172 partially-improved lots with a typical lot size of 6,147 square feet. The site development costs to finished the lots is estimated at \$94,186 per lot. Permits and fees are estimated at \$66,600 per lot, while special taxes are estimated at \$1,972 per lot.  | Mar-24<br>Closed     | \$20,984,000<br>\$3,944               | 6,147               | 172            | \$122,000 | \$160,786                      |
| 4                              | Denali - Unit 3 (Phase 2)<br>20249 McKinley Ave.<br>Manteca<br>San Joaquin County<br>Comments: This comparable represents the sale of 66 finished lots with a typical lot size of 4,900 SF. Permits & fees are \$70,531/lot and annual special taxes are \$2,280/lot. The Developer (Meritage Homes) intends to construct nine floor plans ranging from 1,740 to 3,247 square feet, priced at \$615,000 to \$750,000.   | Dec-23<br>Closed     | \$12,540,000<br>\$7,280               | 4,900               | 66             | \$190,000 | \$70,531                       |
| 5                              | Orchard Grove<br>Lone Oak Rd.<br>Brentwood<br>Contra Costa County<br>Comments: Sale of 51 lots with an average lot size of 9,920 SF (lots range from 4,700 SF to 25,107 SF, with a median lot size of 8,100 SF). Project will include six BMR duet units. Pricing for market rate homes will begin around \$1,060,000. Site development costs are estimated at \$156,863 per lot, and permits/impact fees are approximately \$132,087 per lot. The project is proposed for bond financing, though it was not encumbered by bonds at the time of sale. The bonds will finance \$35,533 per lot in impact fees, thereby reducing permits and impact fees to \$96,554 per lot. Special taxes are estimated at \$2,811 per unit.  | Feb-23<br>Closed     | \$5,610,000<br>\$10,354               | 9,920               | 51             | \$110,000 | \$253,417                      |
| <b>Subject</b>                 |   |                      |                                       | 5,300               | 100            |           |                                |
| San Juan Oaks<br>Hollister, CA |   |                      |                                       |                     |                |           |                                |

### Comparable Land Sales Map



## Loaded Lot Analysis

Prior to the application of adjustments, the following items are added to the per lot sale price.

| Loaded Lot Analysis      |   |
|--------------------------|---|
| Remaining Site Dev. Cost | We apply adjustments for remaining site development costs (if any).   |
| Permits and Fees         | Permits and fees due upon building permit are included on a dollar-for-dollar basis.  |
| Bond Encumbrance         | If applicable, we consider the annual special tax and typical holding time for a developer (2 years) for each comparable (if bond debt exists). |

## Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

This analysis relies on qualitative adjustments, with adjustments being characterized as being slightly superior/inferior, superior/inferior, or significantly superior/inferior, where approximate percent adjustments would be assigned as follows:

| Qualitative Adjustment Summary |                |                                      |
|--------------------------------|----------------|--------------------------------------|
| Adjustment                     | Identification | General Percent of Adjustment Ranges |
| Sig. Inferior                  | +++            | 11% to 20+%                          |
| Inferior                       | ++             | 6% to 10%                            |
| Sl. Inferior                   | +              | 1% to 5%                             |
| Similar                        |                | 0%                                   |
| Sl. Superior                   | -              | -1% to -5%                           |
| Superior                       | --             | -6% to -10%                          |
| Sig. Superior                  | ---            | -11% to -20+%                        |

While percentage adjustments are presented in the above table for comparison purposes, they are based on qualitative judgment rather than empirical research as there is not sufficient data to develop a sound quantitative estimate.

As a result of the limited data present in the market, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. Additionally, many of the adjustments are subjective and reflect the premiums and discounts a typical buyer would most likely assign for differing attributes between the comparables and the subject property.



The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

| Adjustment Factor         | Accounts For  | Comments   |
|---------------------------|---|--|
| Real Property Rights      | Fee simple, leased fee, leasehold, partial interest, etc.   | All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.  |
| Financing Terms           | Seller financing, or assumption of existing financing, at non-market terms.                                 | All of the comparables are all cash or cash to seller transactions and do not warrant an adjustment.   |
| Conditions of Sale        | Extraordinary motivation of buyer or seller, assemblage, forced sale.                                       | All of the comparables are market transactions and do not warrant an adjustment for conditions of sale. Sale 1 includes a profit sharing agreement. Given the extended timeframe in which the master developer would collect from this agreement, and the speculative nature of forecasting this agreement, no adjustment is applied to this comparable. As noted, there is also a profit participation agreement at the subject property between the master developer and homebuilder as it relates to Shea's takedown of lots, which reflects an ongoing business relationship between the two entities. Our valuation herein is based on the market model of outright transfers from the Developer to Builders on a fee simple transfer of title. |
| Market Conditions         | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. | The comparables transacted from February 2023 through June 2024. Market conditions have been relatively stable over this time and no adjustments have been made.   |
| Location/Community Appeal | Market or submarket area influences on sale price; surrounding land use influences.                         | Due to the lack of available data in the subject's immediate market area, the comparables are located in the parallel outlying Bay Area  |

| Adjustment Factor | Accounts For  | Comments  |
|-------------------|---|---|
|                   |   | submarkets of Vacaville, Mountain House, Manteca, and Brentwood. Comparable 1 is located in Vacaville and requires no adjustment, as this community is similar to the subject in terms of access to major commuter highways and Bay Area employment centers. Mountain House is located along I-205 east of Livermore; the community is characterized by higher home prices than the subject's immediate market area. This sale is ranked as superior. East of Mountain House, Comparables 3 and 4 are located in Manteca. These sales are ranked as slightly inferior to the subject, given their greater distance from the Bay Area, and are adjusted upward. Brentwood (Comparable 5), is slightly superior due to typical higher home prices and has been adjusted downward. |
| Number of Lots    | Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot. | Typically, variances in per lot prices, all else being equal, are not observed in transactions between 40 and 250 lots. The comparables range from 51 to 172 lots require no adjustment.  |
| Lot Size          | Adjustments for differences in lot size between the comparables and subject are considered.   | Those comparables with discernably larger lot sizes relative to the subject's typical lot size of 5,300 square feet, are adjusted downward. Conversely, comparables with smaller lot sizes are adjusted upward.   |
| Site Utility      | Differences in contour, drainage, soil conditions, as well as project design, can affect the utility and therefore, the market value of the properties.                           | The subject property is considered to have average utility. Each of the comparables are considered to offer similar site utility as the subject and no additional   |

| Adjustment Factor          | Accounts For   | Comments  |
|----------------------------|--|---|
| Lot Premiums/<br>Discounts | Primary physical factors that affect desirability of lots. | adjustment for this characteristic are required.<br><br>Overall, the subject's lots are flat/level. None of the comparables benefit from view or significant open space premiums. Adjustments for this factor do not apply. |

The following table summarizes the adjustments we make to the comparable sales.

| Land Sales Adjustment Grid        |                   |                                  |  |                                 |                           |                    |
|-----------------------------------|-------------------|----------------------------------|--|---------------------------------|---------------------------|--------------------|
|                                   | Subject           | Comparable 1                     | Comparable 2                                   | Comparable 3                    | Comparable 4              | Comparable 5       |
| Name                              | San Juan Oaks     | Lagoon Valley - Neighborhood K-1 | The Knolls (143 Lots)                          | Units 4 & 8 - Villa Ticino West | Denali - Unit 3 (Phase 2) | Orchard Grove      |
| Address                           | San Juan Oaks Dr. | National Garden Ln.              | South of W Grant Line Rd, West of Central Pkwy | Lazio Ct.                       | 20249 McKinley Ave.       | Lone Oak Rd.       |
| City                              | Hollister         | Vacaville                        | Mountain House                                 | Manteca                         | Manteca                   | Brentwood          |
| County                            | San Benito        | Solano                           | San Joaquin                                    | San Joaquin                     | San Joaquin               | Contra Costa       |
| Sale Date                         |                   | Jun-24                           | Mar-24   | Mar-24                          | Dec-23                    | Feb-23             |
| Sale Status                       |                   | Closed                           | Closed   | Closed                          | Closed                    | Closed             |
| Sale Price                        |                   | \$14,960,000                     | \$37,000,000                                   | \$20,984,000                    | \$12,540,000              | \$5,610,000        |
| Financing Terms Adjustment        |                   | \$0                              | \$0  | \$0                             | \$0                       | \$0                |
| Conditions of Sale Adjustment     |                   | \$0                              | \$0  | \$0                             | \$0                       | \$0                |
| Number of Lots                    | 100               | 88                               | 143  | 172                             | 66                        | 51                 |
| Price per Lot                     |                   | \$170,000                        | \$258,741                                      | \$122,000                       | \$190,000                 | \$110,000          |
| Expenditures After Purchase       |                   | \$135,600                        | \$160,780                                      | \$160,786                       | \$70,531                  | \$253,417          |
| Bond Consideration                |                   | \$4,600                          | \$12,600                                       | \$3,944                         | \$4,560                   | \$5,622            |
| <b>Price per Lot (Loaded)</b>     |                   | <b>\$310,200</b>                 | <b>\$432,121</b>                               | <b>\$286,730</b>                | <b>\$265,091</b>          | <b>\$369,039</b>   |
| Property Rights                   |                   | Fee Simple                       | Fee Simple                                     | Fee Simple                      | Fee Simple                | Fee Simple         |
| Ranking                           |                   | —                                | —  | —                               | —                         | —                  |
| Financing Terms Adjustment        |                   | Cash to seller                   | Cash to seller                                 | Cash to seller                  | Cash to seller            | Cash to seller     |
| Conditions of Sale Adjustment     |                   | Arm's-length                     | Arm's-length                                   | Arm's-length                    | Arm's-length              | Arm's-length       |
| Market Conditions Adjustment      | 4/24/2025         | Jun-24                           | Mar-24   | Mar-24                          | Dec-23                    | Feb-23             |
| <b>Property Adjustments</b>       |                   |                                  |  |                                 |                           |                    |
| Location/Community Adjustment     | Hollister         | Vacaville                        | Mountain House Superior                        | Manteca Inferior                | Manteca Inferior          | Brentwood Superior |
| Number of Lots Adjustment         | 100               | 88                               | 143  | 172                             | 66                        | 51                 |
| Typical Lot Size Adjustment       | 5,300             | 4,500 Inferior                   | 5,000  | 6,147 Superior                  | 4,900                     | 9,920 Superior     |
| Shape and Topography Adjustment   | Average           | Average                          | Average  | Average                         | Average                   | Average            |
| Lot Premiums/Discounts Adjustment | Average           | Average                          | Average  | Average                         | Average                   | Average            |
| <b>Overall Ranking</b>            |                   | <b>Inferior</b>                  | <b>Superior</b>                                | <b>Inferior</b>                 | <b>Inferior</b>           | <b>Superior</b>    |

### Land Value Conclusion

The comparables reflect a range of sales prices of \$110,000 to \$258,741 per lot. The wide disparity in the unadjusted range is largely attributable to lot condition at time of sale (unimproved lots, partially improved lots and improved lots), as well as differences in permits and fees and bonds encumbrances. After accounting for remaining site development costs, permits and fees and bond encumbrances, the comparables exhibit a loaded lot range of \$265,091 to \$432,121 per loaded lot. The following table summarizes the loaded lot values (unadjusted) and our conclusion of loaded lot value for the subject property.

| <b>Bulk Lot Ranking Summary</b> |           |                                |                |
|---------------------------------|-----------|--------------------------------|----------------|
| Comparable                      | Sale Date | \$/ Loaded Lot<br>(Unadjusted) | Net Adjustment |
| 2                               | Mar-24    | \$432,121                      | Superior       |
| 5                               | Feb-23    | \$369,039                      | Superior       |
| Subject                         |           | \$355,000                      |                |
| 1                               | Jun-24    | \$310,200                      | Inferior       |
| 3                               | Mar-24    | \$286,730                      | Inferior       |
| 4                               | Dec-23    | \$265,091                      | Inferior       |
| <b>Estimated Unit Value</b>     |           | <b>\$355,000</b>               |                |

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparables 2 and 5 and higher than the balance of the data set. A loaded lot indicator of \$355,000 per lot appears reasonable. Deducting the subject's permits and fees due at building permit (\$27,447 per lot), yields a lot value for the subject property of \$327,553 (\$328,000 per lot, rounded), as calculated below.

| <b>Conclusion of Value: Sales Comparison Approach</b> |                   |
|---|-------------------|
| Concluded Loaded Lot Value                            | \$355,000         |
| Less: Permits & Fees                                  | <u>(\$27,447)</u> |
| Estimated Finished Lot Value                          | \$327,553         |
| <b>Rounded</b>  | <b>\$328,000</b>  |

## Reconciliation of Lot Value – Phase 1

The following table summarizes the finished lot value conclusions for each approach; the difference in value between approaches is approximately 1%. Given the lack of comparable bulk sale data in the subject market area, the land residual analysis is given greatest weight in our reconciliation, while the sales comparison approach is used as a test of reasonableness. As such, we conclude to the following representative finished lot value for Phase 1:

| Reconciliation of Finished Lot Value |                            |
|--------------------------------------|----------------------------|
| Sales Comparison Approach            | \$328,000 per finished lot |
| Land Residual Analysis               | \$331,000 per finished lot |
| % Difference                         | -0.91%                     |
| Average                              | \$329,500                  |
| Concluded Finished Lot Value         | \$330,000 per finished lot |

Phase 1 includes a total of 279 lots which reflect various stages of construction as of the effective appraisal date, from finished lots to completed homes. The previous analysis determined the representative finished lot value assuming a sale of 100 Phase 1 lots (one segment of Phase 1). As of the effective appraisal date, the master developer retains ownership of 198 of Phase 1's finished lots and Shea Homes owns 34 finished lots. No further discounting of the lots associated with Phase 1 is warranted, as the 198 and 34 lots would each likely transfer in single bulk lot transactions.

## Subdivision Development Method – Phases 2, 3, & 4

In order to estimate the bulk market value of the balance of the subject property (Phases 2, 3, and 4) comprising 738 residential lots, a discounted cash flow analysis will be employed; whereby, the expected revenue, absorption period, expenses and discount rate associated with the sell-off of the holdings will be taken into account. A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

As a discounted cash flow analysis, the subdivision development method consists of four primary components summarized as follows:

**Revenue** – the gross income is based on the individual component values.

**Absorption Analysis** – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

**Expenses** – the expenses associated with the sell-off are calculated in this section – including infrastructure costs, administration, marketing and commission costs, as well as taxes and special taxes.

**Internal Rate of Return** – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

### Revenue

The revenue component associated with the subject includes the concluded lot value for Phases 2 through 4 within the master planned community. A summary of lots within Phases 2 through 4 is provided below, based on the phasing exhibit provided by the Developer. Phases 2 through 4 are also proposed to be active adult communities.

| <b>Lot Sizing - Phases 2 through 4</b> |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Lot Type                               | Phase 2      | Phase 3      | Phase 4      | Total        |
| 45 x 100                               | 83           | 73           | 62           | 218          |
| 52 x 100                               | 116          | 96           | 77           | 289          |
| 64 x 100                               | <u>106</u>   | <u>57</u>    | <u>68</u>    | <u>231</u>   |
| <b>Total Lots</b>                      | <b>305</b>   | <b>226</b>   | <b>207</b>   | <b>738</b>   |
| <b>Average Minimum Lot Size (SF)</b>   | <b>5,427</b> | <b>5,277</b> | <b>5,385</b> | <b>5,370</b> |

The average minimum lot sizes for Phases 2 through 4 range from 5,318 to 5,411 square feet, or approximately 5,370 square feet overall, comparable to the Phase 1's average minimum lot size of 5,300 square feet. Given the similarity between lots, it is our opinion no premium or discount is

warranted for Phases 2 through 4. Therefore, the Phase 1 finished lot conclusion is utilized in this analysis, as indicated below.

| <b>Discounted Cash Flow Revenue</b> |               |             |               |                       |
|-------------------------------------|---------------|-------------|---------------|-----------------------|
| Land Use Component                  | Lot Size (SF) | No. of Lots | Value per Lot | Extension             |
| Single Family Lots                  | 5,370         | 738         | \$330,000     | \$ 243,540,000        |
| <b>TOTAL</b>                        |               |             |               | <b>\$ 243,540,000</b> |

The value conclusion is based on the lots in an as finished state and remaining development costs will be accounted for within the expenses.

### Absorption

A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the residential land use components comprising the subject property. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project.

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region. In developing an appropriate absorption period for the disposition of the parcels, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period.

The master developer of the subject property has projected a disposition period of approximately four years for the lots associated with Phases 2 through 4, in order to manage the development within the project. Phase 2 is anticipated to be complete in 2025/2026, Phase 3 in 2026/2027, and Phase 4 in 2028/2029. Based on our experience with other master planned communities, this forecast is considered within market parameters. This programmed sell-off of the lots will allow the master developer control over the ultimate build-out of the community and capture anticipated market appreciation in lot (and home) prices, as well as manage any market contractions.

The following are examples of large bulk lot transactions by active merchant builders in the region acquiring large lot transactions for standing inventory.

| Bulk Lot Transactions |                |             |                               |             |                                     |                  |
|-----------------------|----------------|-------------|-------------------------------|-------------|-------------------------------------|------------------|
| Year                  | Location       | County      | Project                       | No. of Lots | Seller/Developer                    | Merchant Builder |
| 2024                  | Stockton       | San Joaquin | Westlake                      | 428         | Stockton Westlake Investments, LLC  | Lennar           |
| 2024                  | Roseville      | Placer      | Amoruso                       | 343         | Brookfield Sacramento Holdings, LLC | DR Horton        |
| 2023                  | Elk Grove      | Sacramento  | Arbor Ranch                   | 527         | WSI Poppy Ridge, LLC                | Lennar           |
| 2023                  | Folsom         | Sacramento  | Mangini - Phase 3A            | 258         | Tcs Improvement Company, LLC        | Taylor Morrison  |
| 2022                  | West Roseville | Placer      | The Ranch at Sierra Vista     | 588         | AKT                                 | Lennar           |
| 2021                  | Rancho Cordova | Sacramento  | Arista Del Sol                | 740         | Arista Del Sol JCP, LLC             | Woodside         |
| 2020                  | Folsom         | Sacramento  | Toll Brothers at Folsom Ranch | 1130        | Folsom Real Estate South, LLC       | Toll Brothers    |
| 2020                  | West Roseville | Placer      | The Ranch at Sierra Vista     | 554         | AKT                                 | Lennar           |
| 2020                  | Tracy          | San Joaquin | Tracy Hills                   | 432         | Integral Communities                | Lennar           |

In the analysis that follows, we estimate a total absorption (sell-off) period of 60 months, or five years, for the holdings. It is assumed the lots associated with Phases 2 through 4 will be evenly distributed over the sell-off period.

### Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects survey responses and developer budget information for numerous single-family residential subdivisions throughout the Northern California region.

| Subdivision Budgets |             |              |         |                     |                  |                    |                          |                 |                   |                            |                |                     |                     |       |
|---------------------|-------------|--------------|---------|---------------------|------------------|--------------------|--------------------------|-----------------|-------------------|----------------------------|----------------|---------------------|---------------------|-------|
|                     | Budget Date | No. of Units | Quality | Avg. Home Size (SF) | Typical Lot Size | G & A % of Revenue | Mkt & Sales % of Revenue | Direct Costs/SF | Indirect Costs/SF | Indirect % of Direct Costs | Site Costs/Lot | Permits & Fees/Unit | Profit % of Revenue | IRR   |
| National            | 2025        | 108          | Average | 1,926               | 4,260            | 5.0%               | 5.0%                     | \$115.00        | N/Av              | N/Av                       | \$94,168       | \$58,485            | 18.0%               | 20.0% |
| National            | 2025        | 172          | Average | 2,537               | 6,147            | 0.2%               | 0.4%                     | N/Av            | N/Av              | N/Av                       | \$94,186       | \$66,600            | 14.5%               | 25.0% |
| National            | 2025        | 55           | Average | 3,131               | 6,300            | N/Av               | N/Av                     | \$89.90         | N/Av              | N/Av                       | \$72,436       | \$82,900            | N/Av                | N/Av  |
| National            | 2025        | 211          | Good    | 3,267               | 5,546            | 3.3%               | 1.0%                     | N/Av            | N/Av              | 10.0%                      | \$166,943      | \$56,500            | 26.0%               | N/Av  |
| National            | 2024        | 71           | Average | 1,877               | 2,900            | 2.7%               | N/Av                     | \$104.00        | \$12.69           | 12.2%                      | N/Av           | \$60,710            | 12.3%               | N/Av  |
| National            | 2024        | 107          | Good    | 3,626               | 9,000            | 2.0%               | 1.0%                     | \$104.58        | N/Av              | N/Av                       | N/Av           | \$89,819            | N/Av                | 20.0% |
| National            | 2024        | 862          | Average | 2,056               | 5,280            | N/Av               | N/Av                     | \$99.56         | N/Av              | N/Av                       | \$161,203      | \$60,400            | N/Av                | N/Av  |
| National            | 2024        | 236          | Average | 1,500               | 5,940            | 6.0%               | 6.0%                     | \$119.00        | N/Av              | N/Av                       | \$131,355      | \$42,660            | N/Av                | 25.0% |
| National            | 2024        | 40           | Good    | 1,900               | 5,200            | 5.0%               | 5.0%                     | N/Av            | N/Av              | N/Av                       | \$69,542       | \$55,158            | 18.0%               | N/Av  |
| Regional            | 2024        | 39           | Average | 1,948               | 5,850            | 2.5%               | 2.5%                     | \$122.54        | \$11.00           | 9.0%                       | \$126,628      | \$82,717            | 14.5%               | N/Av  |
| National            | 2024        | 276          | Average | 1,820               | 3,000            | 2.7%               | 2.7%                     | \$93.38         | N/Av              | N/Av                       | N/Av           | \$48,101            | 19.2%               | N/Av  |
| National            | 2024        | 184          | Average | 2,098               | 2,746            | 4.5%               | 4.5%                     | \$92.00         | \$11.44           | 12.4%                      | \$98,293       | \$28,400            | 19.0%               | 7.0%  |
| Regional            | 2024        | 87           | Average | 2,290               | 5,200            | N/Av               | N/Av                     | \$115.00        | N/Av              | N/Av                       | N/Av           | \$59,832            | 8.1%                | N/Av  |
| National            | 2024        | 120          | Average | 2,170               | 3,825            | 3.5%               | 3.5%                     | \$129.00        | N/Av              | N/Av                       | \$88,501       | \$63,700            | 13.0%               | N/Av  |
| National            | 2024        | 85           | Average | 2,147               | 4,800            | N/Av               | 4.5%                     | \$95.47         | \$9.78            | 10.2%                      | N/Av           | \$96,000            | N/Av                | N/Av  |
| National            | 2023        | 19           | Good    | 3,165               | 6,720            | N/Av               | N/Av                     | \$115.00        | \$10.93           | 9.5%                       | \$216,684      | \$69,000            | 12.0%               | N/Av  |
| National            | 2023        | 606          | Average | 2,267               | 5,784            | N/Av               | N/Av                     | \$109.88        | N/Av              | N/Av                       | \$145,000      | \$50,798            | N/Av                | N/Av  |
| National            | 2023        | 435          | Average | 2,779               | 6,096            | N/Av               | N/Av                     | \$100.15        | N/Av              | N/Av                       | \$120,000      | \$84,203            | N/Av                | N/Av  |
| Local               | 2023        | 31           | Good    | 2,560               | 3,695            | 2.5%               | 4.0%                     | \$137.00        | \$6.85            | 5.0%                       | N/Av           | \$43,610            | 7.0%                | N/Av  |
| National            | 2023        | 106          | Average | 1,733               | 3,825            | 6.0%               | 6.0%                     | \$120.00        | \$3.00            | 2.5%                       | \$80,547       | \$52,187            | N/Av                | 25.0% |
| Local               | 2023        | 46           | Average | 1,411               | 3,400            | N/Av               | N/Av                     | \$130.00        | \$18.00           | 13.8%                      | \$94,565       | \$38,000            | N/Av                | N/Av  |
| Local               | 2023        | 53           | Average | 2,900               | 6,750            | 3.5%               | 3.0%                     | \$85.53         | \$16.67           | 19.5%                      | \$125,482      | \$64,861            | 12.0%               | 25.0% |
| National            | 2023        | 85           | Average | 1,844               | 3,000            | N/Av               | N/Av                     | \$96.00         | N/Av              | N/Av                       | \$65,855       | \$48,588            | N/Av                | N/Av  |
| Regional            | 2023        | 55           | Good    | 3,359               | 7,150            | N/Av               | N/Av                     | \$117.00        | N/Av              | N/Av                       | \$229,608      | \$51,500            | N/Av                | N/Av  |
| Regional            | 2023        | 52           | Average | 2,607               | 6,200            | N/Av               | 5.8%                     | \$101.86        | \$6.86            | 6.7%                       | \$164,076      | \$73,595            | 10.1%               | N/Av  |
| National            | 2023        | 573          | Average | 2,327               | 5,232            | N/Av               | N/Av                     | \$99.86         | N/Av              | 2.5%                       | \$126,003      | \$98,422            | 20.0%               | N/Av  |
| Minimum             | 19          |              |         | 1,411               | 2,746            | 0.2%               | 0.4%                     | \$85.53         | \$3.00            | 2.5%                       | \$65,855       | \$28,400            | 7.0%                | 7.0%  |
| Maximum             | 862         |              |         | 3,626               | 9,000            | 6.0%               | 6.0%                     | \$137.00        | \$18.00           | 19.5%                      | \$229,608      | \$98,422            | 26.0%               | 25.0% |
| Average             | 181         |              |         | 2,356               | 5,148            | 3.5%               | 3.7%                     | \$108.34        | \$10.72           | 9.5%                       | \$123,554      | \$62,567            | 14.9%               | 21.0% |

Information from the survey above will contribute to the estimate of development expenses classified as follows.

### General and Administrative

The general and administrative expense category covers the various administrative costs associated with managing the overall development. This would include management, legal and accounting fees and other professional services common to a development project. For purposes of this analysis, we



have estimated this expense at 2.0% of the total gross sale proceeds. This expense is spread evenly over the entire sellout period.

**Marketing and Sale**

The costs associated with marketing, commissions and closing costs relative to the disposition of the subjects' components are estimated at 2.0% of the total gross sale proceeds. Although this rate is somewhat negotiable, it is consistent with current industry trends. Larger transactions, such as the subject, typically have a lower sales commission as a percentage of sale price.

**Changes in Expenses (Expense Increases or Decreases)**

Market participants widely expect expenses to increase either from inflation or labor increases. General and administrative and marketing and sale expenses are calculated in this section as a fixed percentage of revenue. Property tax expenses are trended upward, as will be discussed in a later section.

**Property Taxes (Ad Valorem and Special Taxes)**

This appraisal is predicated on the sale of the appraised property in bulk. Interim ad valorem real estate taxes are based on a tax rate of 1.371448%. This rate is applied to the estimated market value (in bulk) and divided by the total number of lots to yield an estimate of ad valorem taxes/lot/year. The ad valorem taxes are appreciated by 2% per year and the total tax expense is gradually reduced over the absorption period, as the land components are sold off.

The subject is within the boundary of CFD No. 2023-08. Special Taxes associated with the District, for the most recently available tax year amount to \$1,405 per lot, which will be appreciated by 2% per year within our analysis, in addition to \$360 of additional direct charges per unit. The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

As parcels are sold off, the Special Tax obligations will be assumed by the buyer. The purpose of this analysis is to estimate the market value of the underlying land, which serves as the collateral to the Bond issuance. As components of the appraised properties are sold off in this analysis, the balance of the Special Tax obligations necessary to service the debt associated with the bonds are presumed to be collected from the new owners (buyers of the various land parcels) in the CFD.

**Remaining Site Development Costs**

The subject property has \$96,172,000 in remaining backbone infrastructure and in-tract costs, which will be included on our analysis. This includes the cost of construction for the amenity center/clubhouse.

### Holding Costs and General Expenses

|                                     |              |
|-------------------------------------|--------------|
| General & Administrative            | 2.0%         |
| Marketing and Commissions           | 2.0%         |
| Backbone Infrastructure & In-tracts | \$96,172,000 |

### Ad Valorem Tax Table

|   |         |
|---|---------|
| Annual Increase in Property Taxes             | 2%      |
| First Year Annual Taxes per Single Family Lot | \$1,283 |

### Special Assessments

### Max. Escalation

#### Single Family Lots

|  |              |    |
|--|--------------|----|
| Other Charges, Assmts. & Special Taxes | \$360 /lot   | 2% |
| CFD No. 2023-08 (San Juan Oaks)        | \$1,405 /lot | 2% |

|          |           |
|----------|-----------|
| Tax Rate | 1.371448% |
|----------|-----------|

## Internal Rate of Return

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey<sup>[1]</sup>, discount rates for land development projects ranged from 12.00% to 30.00%, with an average of 17.00% during the Fourth Quarter 2024, which is 213 basis points lower than six months ago, and assumes entitlements are in place. Without entitlements in place, certain investors will increase the discount rate an average of 125 basis points.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer’s profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer’s profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain

<sup>[1]</sup> [PwC Real Estate Investor Survey](#), PricewaterhouseCoopers, 4th Quarter 2024.

development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

“Looking ahead to 2025, many of our development land participants plan to search for opportunities related to residential, industrial, and/or retail development... Growth rates for development expenses, such as amenities, real estate taxes, advertising, and administration, range from 2.00% to 7.00% and average 4.33%. For lot pricing, investors indicate a range from 2.00% to 10.00%; the average growth rate is 5.83%... The absorption period required to sell an entire project varies significantly depending on such factors as location, size, and property type. This quarter, the preferred absorption period among investors is one to five years, averaging three years... Over the next 12 months, investors expect property values to increase as much as 10.0% with an average expected value change of 3.8%.” (Fourth Quarter 2024)

“Total spending on U.S. private construction was up 8.1% on a year-over-year basis in April 2024. When looking more closely at these figures, private residential spending was up 8.0% while private nonresidential spending was up 8.3%. In the non-residential sector, each segment reported year-over-year increases in spending as of April 2024 except lodging... The absorption period required to sell an entire project varies significantly depending on such factors as location, size, and property type. This quarter, the preferred absorption period among investors is one to five years, averaging three years... Over the next 12 months, investors expect property values to increase up to 10.0% with an average expected value change of +3.8%.” (Second Quarter 2024)

“When looking at macro development prospects for the five major commercial real estate (CRE) sectors included in *Emerging Trends*, only the retail sector shows an improvement in its rating from last year...From a micro standpoint, the top five property types for development prospects in 2024 are data centers, single-family rental housing, lower-income apartments, manufacturing, and moderate income/workforce apartments.” In terms of development issues, respondents stated that construction labor costs, construction material costs, construction labor availability, land costs, and operating costs were among the top 5 most important factors.” (Fourth Quarter 2023)

“Development land investors continue to search for opportunities, especially in the apartment and industrial sectors of the industry. They note, however, that holding costs are dramatically higher due to the rise in interest rates over the past year, which could change their strategies for the near term and keep their acquisitions to a minimum. ‘Deals are requiring further due diligence to meet projected returns,’ states an investor. Unfortunately, the current stress in the financial sector is adding additional challenges. ‘We are looking closely at our banking relationships,’ says another. Growth rates for development expenses, such as amenities, real estate taxes, advertising, and administration, range from 0.00% to 10.00% and average 4.71%. For lot pricing, investors indicate a range from 2.00% to 5.00%; the average growth rate is 3.13%.” (Second Quarter 2023)

“Confronted with inflation, rising interest rates, economic uncertainty, and a slowdown in tenant demand, it is not surprising that most surveyed investors expect property values to decline over the next 12 months...When looking at macro development prospects for the five major

commercial real estate sectors included in *Emerging Trends*, only the hotel sector shows an improvement in its rating from last year... Although the industrial/distribution and multi-family sectors boast the highest ratings for 2023, they both slip this year among respondents... From a micro standpoint, the top-five property types for development prospects in 2023 are datacenters, fulfillment, moderate-income/workforce apartments, life-science facilities, and single-family rental housing.” Labor costs and availability as well as material costs are among the top three reported development issues for 2023. (Fourth Quarter 2022)

“Based on our Survey results, the industrial and multifamily sectors of the U.S. commercial real estate industry offer the best development land investment opportunities due to strong tenant demand. Investors also see opportunities in the single-family residential sector...However, many are mindful that rising interest rates could dampen demand even though U.S. homebuilding unexpectedly rose in March 2022. Still, record low housing supply should continue to support homebuilding this year...Over the next 12 months, surveyed investors are mostly optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +7.0%. This average is better than where it is was both six months ago, as well as a year ago (+5.8% for both time periods).” (Second Quarter 2022)

“Compared to five years ago, both the apartment and industrial sectors show strong gains in their ratings, while the other three sectors [retail, office, hotel] see their ratings decline...From a micro standpoint, the top five property types for development prospects in 2022 are fulfillment, life science facilities, warehouse, single-family rental housing, and moderate-income/workforce apartments.” Among the top five development issues as reported among *Emerging Trends* Respondents are construction material costs, construction labor costs, construction labor availability, land costs and state & local regulations. (Fourth Quarter 2021)

“2020 revealed that where people work and where people live can be very far apart,” says a development land participant. This philosophy is a driving force behind a resurgence of new-home construction in the United States. In the nonresidential sector, each segment reported year-over-year declines in spending as of March 2021. Over the next 12 months, surveyed investors are most optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +5.8%. This average is better than where it was six months ago (+4.9%), as well as a year ago (-6.9%). (Second Quarter 2021)

| <b>Project Yield Rate Survey</b>   |   |
|--|---|
| <b>Data Source</b>   | <b>Yield / IRR Expectations (Inclusive of Profit)</b>   |
| PwC Real Estate Investor Survey -<br>Fourth Quarter 2024 (updated semi-annually) | Range of 12.0% to 30.0%, with an average of 17.00%, on an unleveraged basis, for land development (national average)  |
| National Builder   | 20% to 25% for entitled lots  |
| Regional Builder   | 18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.                         |
| National Builder   | 18% minimum, 20% target   |
| Developer  | Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range  |
| Developer  | 25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs   |
| Land Management Company  | 20% to 30% IRR for land development deals on an unleveraged basis   |
| Land Developer   | 35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged   |
| Land Developer   | 18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled land  |
| Real Estate Consulting Firm  | Low 20% range yield rate required to attract capital to longer-term land holdings   |
| Land Developer   | Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%. |
| Regional Builder   | 10% discount rate excluding profit for single-family subdivisions   |
| National Builder   | 10% to 40% for single-family residential subdivisions with 1-2 year development timelines   |
| Regional Builder   | 15% to 20% IRR  |
| Regional Builder   | No less than 20% IRR for land development, either entitled or unentitled  |
| Land Developer   | 20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps  |
| Regional Builder   | No less than 30% when typical entitlement risk exists   |

There are several attributes associated with the subject property that we consider in our selection of a discount rate, including (but not necessarily limited to):

- Approved entitlements
- A location within a master planned community
- Planned amenity package which includes a clubhouse and golf course access.

Even though entitlement risk has been mitigated, there is risk associated with estimating the timing that the subject components will be sold off, especially when the market is transitioning from declining to expansion. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses. Considering these factors, and the positive and negative characteristics previously described, we estimate a discount rate of 20.00%. Responses to surveys by developers indicate a range of values which correspond to a development project without site

development or completed entitlement work. As the subject is comprised of both finished lots and lots under development, the rate is expected to be toward the lower end of the range of responses.

## Conclusion

The subdivision development method is presented as follows:

| <b>Subdivision Development Method</b>                          |        |                        |                        |                        |                        |                        |                         |
|--|--------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| Year:  | 0      | 1                      | 2                      | 3                      | 4                      | 5                      | Total                   |
| <b>ABSORPTION</b>  |        |                        |                        |                        |                        |                        |                         |
| Single Family Lot Revenue                                      |        |                        |                        |                        |                        |                        |                         |
| Sales (Lots):  |        | 0                      | 185                    | 185                    | 185                    | 183                    | 738                     |
| End of Period Inventory  |        | 738                    | 553                    | 368                    | 183                    | 0                      |                         |
| Total Period Inventory   |        | 738                    | 738                    | 553                    | 368                    | 183                    |                         |
| SFR Lot Revenue Unappreciated                                  |        | \$ -                   | \$ 61,050,000          | \$ 61,050,000          | \$ 61,050,000          | \$ 60,390,000          | \$ 243,540,000          |
| Annual Appreciation Factor                                     | 1%     | 1.0000                 | 1.0100                 | 1.0201                 | 1.0303                 | 1.0406                 |                         |
| SFR Lot Revenue Appreciated                                    |        | \$ -                   | \$ 61,660,500          | \$ 62,277,105          | \$ 62,899,876          | \$ 62,842,076          | \$ 249,679,557          |
| <b>Total Sales Revenue</b>                                     |        | <b>\$ -</b>            | <b>\$ 61,660,500</b>   | <b>\$ 62,277,105</b>   | <b>\$ 62,899,876</b>   | <b>\$ 62,842,076</b>   | <b>\$ 249,679,557</b>   |
| <b>EXPENSES AND CASH FLOWS</b>                                 |        |                        |                        |                        |                        |                        |                         |
| <b>All Categories</b>  |        |                        |                        |                        |                        |                        |                         |
| General & Administrative                                       |        | \$ (998,718)           | \$ (998,718)           | \$ (998,718)           | \$ (998,718)           | \$ (998,718)           | \$ (4,993,591)          |
| Marketing/Commissions  |        | \$ -                   | \$ (1,233,210)         | \$ (1,245,542)         | \$ (1,257,998)         | \$ (1,256,842)         | \$ (4,993,591)          |
| Backbone Infrastructure & In-Tracts (% Complete)               |        | 15%                    | 15%                    | 20%                    | 25%                    | 25%                    | 100%                    |
| Backbone Infrastructure & In-Tracts (\$ Incurred)              |        | \$ (14,425,800)        | \$ (14,425,800)        | \$ (19,234,400)        | \$ (24,043,000)        | \$ (24,043,000)        | \$ (96,172,000)         |
| <b>Single Family Lots</b>                                      |        |                        |                        |                        |                        |                        |                         |
| Ad Valorem Taxes   |        | \$ (946,854)           | \$ (965,791)           | \$ (738,163)           | \$ (501,043)           | \$ (254,143)           | \$ (3,405,994)          |
| Other Charges, Assmts. & Special Taxes                         |        | \$ (265,680)           | \$ (270,994)           | \$ (207,123)           | \$ (140,589)           | \$ (71,311)            | \$ (955,696)            |
| CFD No. 2023-08 (San Juan Oaks)                                |        | \$ (1,036,551)         | \$ (1,057,282)         | \$ (808,090)           | \$ (548,507)           | \$ (278,218)           | \$ (3,728,648)          |
| <b>Total Expenses</b>  |        | <b>\$ (17,673,603)</b> | <b>\$ (18,951,794)</b> | <b>\$ (23,232,036)</b> | <b>\$ (27,489,855)</b> | <b>\$ (26,902,232)</b> | <b>\$ (114,249,520)</b> |
| <b>NET INCOME</b>  |        | <b>\$ (17,673,603)</b> | <b>\$ 42,708,706</b>   | <b>\$ 39,045,069</b>   | <b>\$ 35,410,021</b>   | <b>\$ 35,939,844</b>   | <b>\$ 135,430,037</b>   |
| Internal Rate of Return  | 20.00% | 0.83333                | 0.69444                | 0.57870                | 0.48225                | 0.40188                |                         |
| Discounted Cash Flow   |        | \$ (14,728,002)        | \$ 29,658,823          | \$ 22,595,526          | \$ 17,076,592          | \$ 14,443,417          | \$ 69,046,357           |
| Net Present Value  |        | \$ 69,046,357          |                        |                        |                        |                        |                         |
| Conclusion of Value by Discounted Cash Flow Analysis (Rounded) |        |                        |                        |                        |                        |                        | \$ 69,050,000           |
|  |        |                        |                        |                        |                        | Per Lot                | \$ 93,564               |

As previously noted, Phase 2's 305 lots are substantially under construction; as requested, the market value of the lots comprising Phases 2, 3 and 4 are segregated between the substantially improved lots (Phase 2) and the remaining unimproved lots (Phases 3 and 4). The allocation of value is determined using the subdivision development method once again, as shown on the following pages.



| Subdivision Development Method - PH 2                                 |        |                 |                 |                |         |         |                 |
|---|--------|-----------------|-----------------|----------------|---------|---------|-----------------|
| Year:   | 0      | 1               | 2               | 3              | 4       | 5       | Total           |
| <b>ABSORPTION</b>   |        |                 |                 |                |         |         |                 |
| Single Family Lot Revenue   |        |                 |                 |                |         |         |                 |
| Sales (Lots):   |        | 0               | 185             | 120            |         |         | 305             |
| End of Period Inventory   |        | 305             | 120             | 0              | 0       | 0       |                 |
| Total Period Inventory  |        | 305             | 305             | 120            | 0       | 0       |                 |
| SFR Lot Revenue Unappreciated   |        | \$ -            | \$ 61,050,000   | \$ 39,600,000  | \$ -    | \$ -    | \$ 100,650,000  |
| Annual Appreciation Factor  | 1%     | 1.0000          | 1.0100          | 1.0201         | 1.0303  | 1.0406  |                 |
| SFR Lot Revenue Appreciated   |        | \$ -            | \$ 61,660,500   | \$ 40,395,960  | \$ -    | \$ -    | \$ 102,056,460  |
| <b>Total Sales Revenue</b>  |        | \$ -            | \$ 61,660,500   | \$ 40,395,960  | \$ -    | \$ -    | \$ 102,056,460  |
| <b>EXPENSES AND CASH FLOWS</b>  |        |                 |                 |                |         |         |                 |
| <b>All Categories</b>   |        |                 |                 |                |         |         |                 |
| General & Administrative  |        | \$ (680,376)    | \$ (680,376)    | \$ (680,376)   | \$ -    | \$ -    | \$ (2,041,129)  |
| Marketing/Commissions   |        | \$ -            | \$ (1,233,210)  | \$ (807,919)   | \$ -    | \$ -    | \$ (2,041,129)  |
| Backbone Infrastructure & In-Tracts (% Complete)                      |        | 62%             | 31%             | 8%             | 0%      | 0%      | 100%            |
| Backbone Infrastructure & In-Tracts (\$ Incurred)                     |        | \$ (14,402,600) | \$ (7,085,150)  | \$ (1,742,250) | \$ -    | \$ -    | \$ (23,230,000) |
| <b>Single Family Lots</b>   |        |                 |                 |                |         |         |                 |
| Ad Valorem Taxes  |        | \$ (596,580)    | \$ (608,512)    | \$ (244,203)   | \$ -    | \$ -    | \$ (1,449,294)  |
| Other Charges, Assmts. & Special Taxes                                |        | \$ (109,800)    | \$ (111,996)    | \$ (44,945)    | \$ -    | \$ -    | \$ (266,741)    |
| CFD No. 2023-08 (San Juan Oaks)                                       |        | \$ (428,385)    | \$ (436,952)    | \$ (175,354)   | \$ -    | \$ -    | \$ (1,040,691)  |
| <b>Total Expenses</b>   |        | \$ (16,217,741) | \$ (10,156,196) | \$ (3,695,048) | \$ -    | \$ -    | \$ (30,068,985) |
| <b>NET INCOME</b>   |        | \$ (16,217,741) | \$ 51,504,304   | \$ 36,700,912  | \$ -    | \$ -    | \$ 71,987,475   |
| <b>Internal Rate of Return</b>  | 20.00% | 0.83333         | 0.69444         | 0.57870        | 0.48225 | 0.40188 |                 |
| <b>Discounted Cash Flow</b>   |        | \$ (13,514,784) | \$ 35,766,878   | \$ 21,238,954  | \$ -    | \$ -    | \$ 43,491,047   |
| <b>Net Present Value</b>  |        | \$ 43,491,047   |                 |                |         |         |                 |
| <b>Conclusion of Value by Discounted Cash Flow Analysis (Rounded)</b> |        |                 |                 |                |         |         | \$ 43,490,000   |
|   |        |                 |                 |                |         | Per Lot | \$ 142,590      |

| Subdivision Development Method - PH 3 & 4                             |        |                       |                       |                        |                        |                        |                        |
|---|--------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Year:   | 0      | 1                     | 2                     | 3                      | 4                      | 5                      | Total                  |
| <b>ABSORPTION</b>   |        |                       |                       |                        |                        |                        |                        |
| Single Family Lot Revenue   |        |                       |                       |                        |                        |                        |                        |
| Sales (Lots):   |        | 0                     | 0                     | 65                     | 185                    | 183                    | 433                    |
| End of Period Inventory   |        | 433                   | 433                   | 368                    | 183                    | 0                      |                        |
| Total Period Inventory  |        | 433                   | 433                   | 433                    | 368                    | 183                    |                        |
| SFR Lot Revenue Unappreciated   |        | \$ -                  | \$ -                  | \$ 21,450,000          | \$ 61,050,000          | \$ 60,390,000          | \$ 142,890,000         |
| Annual Appreciation Factor  | 1%     | 1.0000                | 1.0100                | 1.0201                 | 1.0303                 | 1.0406                 |                        |
| SFR Lot Revenue Appreciated   |        | \$ -                  | \$ -                  | \$ 21,881,145          | \$ 62,899,876          | \$ 62,842,076          | \$ 147,623,097         |
| <b>Total Sales Revenue</b>  |        | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ 21,881,145</b>   | <b>\$ 62,899,876</b>   | <b>\$ 62,842,076</b>   | <b>\$ 147,623,097</b>  |
| <b>EXPENSES AND CASH FLOWS</b>  |        |                       |                       |                        |                        |                        |                        |
| <b>All Categories</b>   |        |                       |                       |                        |                        |                        |                        |
| General & Administrative  |        | \$ (590,492)          | \$ (590,492)          | \$ (590,492)           | \$ (590,492)           | \$ (590,492)           | \$ (2,952,462)         |
| Marketing/Commissions   |        | \$ -                  | \$ -                  | \$ (437,623)           | \$ (1,257,998)         | \$ (1,256,842)         | \$ (2,952,462)         |
| Backbone Infrastructure & In-Tracts (% Complete)                      |        | 0%                    | 10%                   | 24%                    | 33%                    | 33%                    | 100%                   |
| Backbone Infrastructure & In-Tracts (\$ Incurred)                     |        | \$ -                  | \$ (7,294,200)        | \$ (17,506,080)        | \$ (24,070,860)        | \$ (24,070,860)        | \$ (72,942,000)        |
| <b>Single Family Lots</b>   |        |                       |                       |                        |                        |                        |                        |
| Ad Valorem Taxes  |        | \$ (350,730)          | \$ (357,745)          | \$ (364,899)           | \$ (316,325)           | \$ (160,449)           | \$ (1,550,148)         |
| Other Charges, Assmts. & Special Taxes                                |        | \$ (155,880)          | \$ (158,998)          | \$ (162,178)           | \$ (140,589)           | \$ (71,311)            | \$ (688,955)           |
| CFD No. 2023-08 (San Juan Oaks)                                       |        | \$ (608,166)          | \$ (620,329)          | \$ (632,736)           | \$ (548,507)           | \$ (278,218)           | \$ (2,687,956)         |
| <b>Total Expenses</b>   |        | <b>\$ (1,705,268)</b> | <b>\$ (9,021,764)</b> | <b>\$ (19,694,008)</b> | <b>\$ (26,924,771)</b> | <b>\$ (26,428,172)</b> | <b>\$ (83,773,983)</b> |
| <b>NET INCOME</b>   |        | <b>\$ (1,705,268)</b> | <b>\$ (9,021,764)</b> | <b>\$ 2,187,137</b>    | <b>\$ 35,975,105</b>   | <b>\$ 36,413,904</b>   | <b>\$ 63,849,114</b>   |
| <b>Internal Rate of Return</b>  | 20.00% | 0.83333               | 0.69444               | 0.57870                | 0.48225                | 0.40188                |                        |
| <b>Discounted Cash Flow</b>   |        | \$ (1,421,057)        | \$ (6,265,114)        | \$ 1,265,704           | \$ 17,349,105          | \$ 14,633,931          | \$ 25,562,571          |
| <b>Net Present Value</b>  |        | \$ 25,562,571         |                       |                        |                        |                        |                        |
| <b>Conclusion of Value by Discounted Cash Flow Analysis (Rounded)</b> |        |                       |                       |                        |                        |                        | <b>\$ 25,560,000</b>   |
|   |        |                       |                       |                        |                        | Per Lot                | \$ 59,030              |



## Market Value by Ownership

In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties. A summary of the ownership group holdings along with the current development status is provided in the following table.

| <b>Appraised Property Summary by Ownership</b> |                      |                                 |                      |                        |              |
|--|----------------------|---------------------------------|----------------------|------------------------|--------------|
| Owner  | Finished SFR<br>Lots | Partially<br>Completed<br>Homes | Completed<br>Homes * | Unimproved<br>SFR Lots | Total        |
| Individual Homeowners                          | --                   | --                              | 43                   | --                     | <b>43</b>    |
| Shea Homes                                     | 23                   | 11                              | 4                    | --                     | <b>38</b>    |
| San Juan Oaks Owner, LLC                       | 198                  | --                              | --                   | 738                    | <b>936</b>   |
| <b>TOTAL</b>                                   | <b>221</b>           | <b>11</b>                       | <b>47</b>            | <b>738</b>             | <b>1,017</b> |

\*Completed homes without a complete assessment for structural improvements by County Assessor

To arrive at the market value by ownership, we apply the previously concluded finished lot value to the homes under construction because we do not consider any contributory value related to structural improvements. However, we do add the value of the permits and fees that have been incurred for the homes under construction.

Based on the previous analyses, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the CFD No. 2023-08 (San Juan Oaks) bonds as of the date of value, April 24, 2025, are presented in the following table.

| <b>Market Value by Ownership</b>  |                        |                   |                     |                        |                              |
|---|------------------------|-------------------|---------------------|------------------------|------------------------------|
|   | Lots/Parcels<br>/Homes | Lot/Home<br>Value | Permits and<br>Fees | Value per<br>Component | Market Value (Rd.)           |
| Individual Homeowners   |                        |                   |                     |                        |                              |
| Completed Homes - 35 Collection   | 7                      | \$680,000         |                     | \$680,000              | \$4,760,000 (Not-Less-Than)  |
| Completed Homes - 40 Collection   | 13                     | \$750,000         |                     | \$750,000              | \$9,750,000 (Not-Less-Than)  |
| Completed Homes - 50 Collection   | 18                     | \$790,000         |                     | \$790,000              | \$14,220,000 (Not-Less-Than) |
| Completed Homes - 60 Collection   | 5                      | \$940,000         |                     | \$940,000              | \$4,700,000 (Not-Less-Than)  |
| <b>Total - Individual Homeowners</b>  | <b>43</b>              |                   |                     |                        | <b>\$33,430,000</b>          |
| Shea Homes  |                        |                   |                     |                        |                              |
| Finished Lots   | 23                     | \$330,000         |                     | \$330,000              | \$7,590,000                  |
| Homes Under Construction  | 11                     | \$330,000         | \$27,447            | \$357,447              | \$3,932,000                  |
| Completed Homes - 35 Collection   | 1                      | \$680,000         |                     | \$680,000              | \$680,000 (Not-Less-Than)    |
| Completed Homes - 40 Collection   | 2                      | \$750,000         |                     | \$750,000              | \$1,500,000 (Not-Less-Than)  |
| Completed Homes - 50 Collection   | 1                      | \$790,000         |                     | \$790,000              | \$790,000 (Not-Less-Than)    |
| <b>Total - Shea Homes</b>   | <b>38</b>              |                   |                     |                        | <b>\$14,492,000</b>          |
| San Juan Oaks Owner, LLC  |                        |                   |                     |                        |                              |
| Unimproved Lots (Phases 2 through 4)  | 738                    | \$93,564          |                     | \$93,564               | \$69,050,000                 |
| Finished Lots (Phase 1)   | 198                    | \$330,000         |                     | \$330,000              | \$65,340,000                 |
| <b>Total - San Juan Oaks Owner, LLC</b>                                     | <b>936</b>             |                   |                     |                        | <b>\$134,390,000</b>         |
| <b>Aggregate, or Cumulative, Value, subject to a hypothetical condition</b> | <b>1,017</b>           |                   |                     |                        | <b>\$182,312,000</b>         |

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

(None)

The value conclusions are based on the following hypothetical condition. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The value derived herein is based on the hypothetical condition that proceeds from CFD No. 2023-08 Special Tax Bonds are available to reimburse the master developer for eligible public improvements costs incurred to date.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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**Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local residential land market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 9 - 12 months. As it relates to the completed home component of the subject, current market conditions indicate that 30-to-60-day exposure period is reasonable.

**Marketing Time**

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9 - 12 months.

## Certification


We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Kevin Ziegenmeyer, MAI, made a personal inspection of the property that is the subject of this report. Eric Segal, MAI, and Laura Diaz, MAI, also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Kevin Ziegenmeyer, MAI, Eric Segal, MAI, and Laura Diaz, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Kevin Ziegenmeyer, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG013567



Eric Segal, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG026558



Laura Diaz, MAI  
Certified General Real Estate Appraiser  
California Certificate # 3005037

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – San Francisco, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – San Francisco is not a building or environmental inspector. Integra San Francisco does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – San Francisco, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
  26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
  27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
  28. The appraisal is also subject to the following:



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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

(None)

The value conclusions are based on the following hypothetical condition. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The value derived herein is based on the hypothetical condition that proceeds from CFD No. 2023-08 Special Tax Bonds are available to reimburse the master developer for eligible public improvements costs incurred to date.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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## **Addendum A**

### **Appraiser Qualifications**

# Kevin Ziegenmeyer, MAI

## Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land Secured Financing 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Mr. Ziegenmeyer is currently Senior Managing Director of the Integra-Sacramento office, and Managing Director of the Integra-Orange County, Integra-San Francisco and Integra-Los Angeles offices.

## Licenses

California, California Certified General Real Estate Appraiser, AG013567, Expires June 2027

## Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions (Yellowbook)

2008 Economic Update

Valuation of Conservation Easements

## Integra Realty Resources - Sacramento

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Suite 290  
Roseville, CA 95678

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F 916.435.4774

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## Kevin Ziegenmeyer, MAI

### Education (Cont'd)

Subdivision Valuation  
2005 Annual Fall Conference  
General Comprehensive Exam Module I, II, III & IV  
Advanced Income Capitalization  
Advanced Sales Comparison & Cost Approaches  
2004 Central CA Market Update  
Computer-Enhanced Cash Flow Modeling  
Forecast 2000, 2001, 2002, 2003 & 2004  
Land Valuation Assignments  
Land Valuation Adjustment Procedures  
Highest & Best Use and Market Analysis  
Entitlements, Land Subdivision & Valuation  
Real Estate Value Cycles  
El Dorado Hills Housing Symposium  
Federal Land Exchanges  
M & S Computer Cost-Estimating, Nonresidential

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Business, Consumer Services & Housing Agency  
BUREAU OF REAL ESTATE APPRAISERS  
REAL ESTATE APPRAISER LICENSE

**Kevin K. Ziegenmeyer**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date:

June 5, 2025

Date Expires:

June 4, 2027

*Angela Jemmott*  
Angela Jemmott, Bureau Chief, BREA

3081689



# Eric Segal, MAI

## Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello Roos Community Facilities Districts and Assessment Districts for land secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Oakland, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Senior Managing Director of the Integra Los Angeles office, and Managing Director of the Integra Orange County, Integra-San Francisco and Integra-Sacramento offices.

## Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute, January 2016

## Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2027

Nevada, Certified General, A.0207666-CG, Expires January 2027

Arizona, Certified General, CGA - 1006422, Expires January 2026

Washington, Certified General, 20100611, Expires June 2025

## Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

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esegal@irr.com - 916.435.3883 x228



## Eric Segal, MAI

### Education (Cont'd)

Advanced Applications

Subdivision Valuation

Appraisal of Self-Storage Facilities

Appraisal of Fast Food Facilities

Appraisal of Limited Service Hotels

How Tenants Create or Destroy Value: Leasehold Valuation and its Impact on Value

Appraisal of Manufactured Homes Featuring Next Generation Manufactured Homes

Appraisal and Real Estate Courses (cont'd):

Business Practices and Ethics

IRS Valuation Update

### Integra Realty Resources - Los Angeles (219)

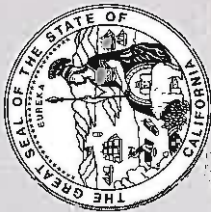
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Business, Consumer Services & Housing Agency  
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**REAL ESTATE APPRAISER LICENSE**

**Eric A. Segal**

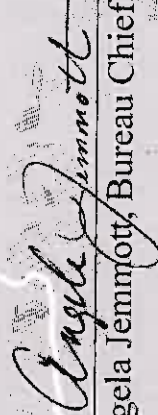
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

**"Certified General Real Estate Appraiser"**

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

**BREA APPRAISER IDENTIFICATION NUMBER: AG 026558**

Effective Date: February 19, 2025  
Date Expires: February 18, 2027

  
Angela Jemmott, Bureau Chief, BREA

3079030

# Laura Diaz, MAI

## Experience

Ms. Diaz is a licensed certified general real estate appraiser. She began her career in real estate in 2013 as a research analyst with Integra - Kentucky-Southern Indiana as she pursued her Master of Urban Planning degree. In 2017, Ms. Diaz relocated to the San Francisco Bay Area and joined the Integra - San Francisco office. She has experience writing narrative appraisal reports for a variety of property types, including office, retail, industrial, multifamily housing, and commercial and agricultural land. She has also worked with special-purpose properties, including self-storage facilities, religious facilities, student housing projects, data centers, hotels, and airport properties. In addition, Ms. Diaz has experience in multifamily market analysis, including development and analysis of survey techniques and models of demand for proposed multifamily projects. She specializes in the appraisal of residential subdivisions and master planned communities, as well as Mello Roos and Assessment Districts for land-secured municipal financings.

## Licenses

California, Certified General Real Estate Appraiser, 3005037, Expires January 2026

## Education

Academic:

Bachelor of Arts in English, University of Louisville

Master of Urban Planning, University of Louisville

Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Principles

Basic Appraisal Procedures

Real Estate Finance Statistics and Valuation Modeling

Site Valuation and Cost Approach

General Market Analysis and Highest and Best Use

Sales Comparison Approach

Basics Income Capitalization

General Appraiser Report Writing and Case Studies

Expert Witness for Commercial Appraisers

Quantitative Analysis

Advanced Market Analysis and Highest and Best Use

Advanced Income Capitalization

Advanced Concepts and Case Studies

Business Practice and Ethics

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**REAL ESTATE APPRAISER LICENSE**

**Laura B. Diaz**

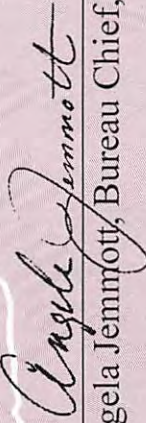
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2024  
Date Expires: January 2, 2026

  
Angela Jemmot, Bureau Chief, BREA

3074214



## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



## **Addendum B**

### **Definitions**

## Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

### **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Disposition Value**

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

### **Effective Date**

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

### **Entitlement**

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

### **Entrepreneurial Profit**

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of

development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

#### **Exposure Time**

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

#### **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

#### **Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

#### **Highest and Best Use**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

**Investment Value**

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

**Lease**

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

**Leased Fee Interest**

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

**Leasehold Interest**

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

**Liquidation Value**

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

**Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.



### **Market Value**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

### **Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

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## **Addendum C**

### **Preliminary Title Report**



## First American Title Company

1001 Galaxy Way, Suite 315  
Concord, CA 94520

California Department of Insurance License No. 151

Title Officer: Julie Grace  
Phone: (925)738-4053  
Fax No.: (925)671-9437  
E-Mail: jgrace@firstam.com

E-Mail Loan Documents to: Lenders please contact the Escrow Officer for email address for sending loan documents.  
Owner: San Juan Oaks Owner, LLC  
Property: APNs 018-200-079, 018-190-023, 018-190-036, 021-140-046  
Unincorporated Area, CA

### PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

**Please be advised that any provision contained in this document, or in a document that is attached, linked or referenced in this document, that under applicable law illegally discriminates against a class of individuals based upon personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or any other legally protected class, is illegal and unenforceable by law.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of October 31, 2022 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

SAN JUAN OAKS OWNER, LLC

The estate or interest in the land hereinafter described or referred to covered by this Report is:

Fee

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2022-2023.

| Affects  | APN             | TRA    | 1st Half, STATUS   | Penalty | 2nd half, STATUS   | Penalty |
|--|-----------------|--------|--------------------|---------|--------------------|---------|
| Portion of Parcel 1  | 018-190-023-000 | 079009 | \$1,043.08, OPEN   | \$0.00  | \$1,043.08, OPEN   | \$0.00  |
| Parcels 2, 4, 10, 16 and portion of Parcels 1, 3, 5 through 9 and other property | 018-190-036-000 | 079010 | \$268,599.46, OPEN | \$0.00  | \$268,599.46, OPEN | \$0.00  |
| Portion of Parcels 1, 3, 9 and other property                                    | 018-200-079-000 | 079007 | \$1,447.73, OPEN   | \$0.00  | \$1,447.73, OPEN   | \$0.00  |
| Portion of Parcel 5  | 021-190-033-000 | 079012 | \$3,272.64, PAID   | \$0.00  | \$3,272.64, OPEN   | \$0.00  |
| Portion of Parcels 5, 6 and other property                                       | 021-140-055-000 | 079012 | \$731.94, OPEN     | \$0.00  | \$731.94, OPEN     | \$0.00  |

|  |                 |        |                   |        |                   |        |
|--|-----------------|--------|-------------------|--------|-------------------|--------|
| Portion of Parcel 6                        | 021-140-046-000 | 079011 | \$2,145.52, OPEN  | \$0.00 | \$2,145.52, OPEN  | \$0.00 |
| Portion of Parcel 7 and other property     | 021-190-037-000 | 079012 | \$3,702.35, OPEN  | \$0.00 | \$3,702.35, OPEN  | \$0.00 |
| Portion of Parcels 7, 8 and other property | 021-190-038-000 | 079012 | \$18,784.04, OPEN | \$0.00 | \$18,784.04, OPEN | \$0.00 |
| Parcel 14 and other property               | 021-190-036-000 | 079012 | \$35,810.54, PAID | \$0.00 | \$35,810.54, OPEN | \$0.00 |
| Parcel 15 and other property               | 021-190-039-000 | 079012 | \$4,644.63, OPEN  | \$0.00 | \$4,644.63, OPEN  | \$0.00 |

2. Supplemental taxes for the fiscal year 2021-2022 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

| Affects  | APN             | TRA    | 1st Half, STATUS  | Penalty | 2nd half, STATUS  | Penalty |
|--|-----------------|--------|-------------------|---------|-------------------|---------|
| Portion of Parcel 1  | 018-190-023-000 | 079009 | \$294.08, DUE     | \$0.00  | \$294.08, DUE     | \$0.00  |
| Parcels 2, 4, 10, 16 and portion of Parcels 1, 3, 5 through 9 and other property | 018-190-036-000 | 079010 | \$180,451.18, DUE | \$0.00  | \$180,451.18, DUE | \$0.00  |
| Portion of Parcels 1, 3, 9 and other property                                    | 018-200-079-000 | 079007 | \$1,087.35, DUE   | \$0.00  | \$1,087.35, DUE   | \$0.00  |
| Portion of Parcel 5  | 021-190-033-000 | 079012 | \$2,178.48, DUE   | \$0.00  | \$2,178.48, DUE   | \$0.00  |
| Portion of Parcels 7, 8 and other property                                       | 021-190-038-000 | 079012 | \$10,690.23, DUE  | \$0.00  | \$10,690.23, DUE  | \$0.00  |

3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

4. Rights and way to all land owners of any part of said San Justo Rancho and all others whose necessities may require to pass over said rights of way, as reserved in Deed from Thomas Flint, executor of the last Will and Testament of Thomas Flint, deceased to Charles F. Overfelt, dated March 6, 1908, and recorded in Vol. 40 of Deed, at Page 242, San Benito County Records.

(Affects Parcel 1)

5. An easement for electric transmission pole line and incidental purposes, recorded August 7, 1947 as Instrument No. 44075 in Book 146, Page 230 of Official Records.  
In Favor of: Coast Counties Gas and Electric Company  
Affects: As described therein

The location of the easement cannot be determined from record information.

6. An easement for pole line and appurtenances and incidental purposes, recorded July 6, 1949 as Instrument No. 47831 in Book 161, Page 406 of Official Records.  
In Favor of: Pacific Telephone and Telegraph Company  
Affects: As described therein

The location of the easement cannot be determined from record information.

7. The terms and provisions contained in the document entitled "Agreement for Covenant" recorded February 6, 1975 as Volume 396, Page 620 of Official Records.
8. The terms and provisions contained in the document entitled "Memorandum of Agreement" recorded October 26, 1977 as Instrument No. 77-139760 of Official Records.
9. An easement for water pipelines and incidental purposes, recorded February 22, 1984 as Instrument No. 84-00899 of Official Records.  
In Favor of: San Benito County Water Conservation and Flood Control District  
Affects: Parcel 6
10. An easement for water pipelines and incidental purposes, recorded February 22, 1984 as Instrument No. 84-00901 of Official Records.  
In Favor of: San Benito County Water Conservation and Flood Control District  
Affects: Parcel 1
11. An easement for water pipelines and incidental purposes, recorded March 15, 1984 as Instrument No. 84-01304 of Official Records.  
In Favor of: San Benito County Water Conservation and Flood Control District  
Affects: Parcels 1 through 4



12. An easement for water pipelines and incidental purposes, recorded April 27, 1984 as Instrument No. 84-02041 of Official Records.  
In Favor of: San Benito County Water Conservation and Flood Control District  
Affects: Parcel 1
13. An easement for water pipelines and incidental purposes, recorded March 11, 1985 as Instrument No. 8501321 of Official Records.  
In Favor of: United States of America  
Affects: Parcel 1
14. The terms and provisions contained in the document entitled "Grant of Easement and Agreement" recorded June 15, 1988 as Instrument No. 8804224 of Official Records.  
  
Document(s) declaring modifications thereof recorded April 30, 1991 as Instrument No. 9103502 of Official Records.
15. The terms and provisions contained in the document entitled "Grant of Easement and Agreement" recorded June 15, 1988 as Instrument No. 8804225 of Official Records.  
  
Document(s) declaring modifications thereof recorded April 30, 1991 as Instrument No. 9103503 of Official Records.
16. The terms and provisions contained in the document entitled "Agreement Between Adjoining Landowners" recorded June 15, 1988 as Instrument No. 8804228, imposed in Deed recorded December 30, 1988, Instrument No. 88010644, both of Official Records.
17. The terms and provisions contained in the document entitled "Grant of Agricultural Water Easement" recorded June 19, 1991 as Instrument No. 9105004 of Official Records.
18. The terms and provisions contained in the document entitled "Grant of Well Field and Storm Drain Easement" recorded June 19, 1991 as Instrument No. 9105005 of Official Records.
19. The terms and provisions contained in the document entitled "Grant of Storm Drain Easement" recorded June 19, 1991 as Instrument No. 1991-5006 of Official Records.
20. The terms and provisions contained in the document entitled "Grant of Storm Drain and Water Line Easement" recorded September 27, 1991 as Instrument No. 9108025 of Official Records.  
  
Document re-recorded November 1 ,1991 as Instrument No. 9109028 of Official Records.
21. The terms and provisions contained in the document entitled "Grant of Storm Drain, Water Line and Roadway Easements" recorded October 17, 1991 as Instrument No. 9108610 of Official Records.
22. The terms and provisions contained in the document entitled "Grant of Sign Easements" recorded October 17, 1991 as Instrument No. 9108611 of Official Records.

23. The terms and provisions contained in the document entitled "Backflow Prevention Program Chemigation and Commingling Permit" recorded January 6, 1992 as Instrument No. 9200086 of Official Records.
24. The terms and provisions contained in the document entitled "San Benito County Water District Application for Service" recorded May 7, 1992 as Instrument Nos. 9204295, 9204296 and 9204297, all of Official Records.
25. The terms and provisions contained in the document entitled "Agreement Between Adjoining Landowners" recorded September 4, 1992 as Instrument No. 9208565 of Official Records.

The location of the easement cannot be determined from record information.

26. The terms, provisions and easement(s) contained in the document entitled "Grant of Easement" recorded September 4, 1992 as Instrument No. 9208566 of Official Records.

The location of the easement cannot be determined from record information.

27. The terms, provisions and easement(s) contained in the document entitled "Grant of Storm Drain and Water Line Easement" recorded January 5, 1995 as Instrument No. 9500077 of Official Records.
28. The terms, provisions and easement(s) contained in the document entitled "Grant of Easement and Agreement to Share Easement" recorded January 5, 1995 as Instrument No. 9500078 of Official Records.
29. The terms and provisions contained in the document entitled "Agreement Between Adjoining Landowners" recorded January 5, 1995 as Instrument No. 9500080 of Official Records.

30. An easement for roadway and incidental purposes, recorded May 19, 1998 as Instrument No. 98-5941 of Official Records.

In Favor of: Lee H. Brandenburg and Diane M. Brandenburg, Trustees of the  
Brandenburg Revocable Trust dated September 19, 1993 and  
Erick Brandenburg  
Affects: Parcel 1

31. The terms and provisions contained in the document entitled "Development Agreement by and among the County of San Benito, Pulte Home Corporation and San Juan Oaks, LLC" recorded April 25, 2016 as Instrument No. 2016-4061 of Official Records.

The terms and provisions contained in the document entitled "Assignment and Assumption Agreement" recorded April 11, 2019 as Instrument No. 2019-2820 of Official Records.

The effect of a document entitled "First Amendment to Development Agreement", recorded July 12, 2019 as Instrument No. 2019-006100 of Official Records.

Said document does contain a legal description and does not reference above document by Instrument Number.

The terms and provisions contained in the document entitled "Assignment and Assumption Agreement (Development Agreement, as Amended, By and Between the County of San Benito and San Juan Oaks, LLC)" recorded September 2, 2021 as Instrument No. 2021-0013348 of Official Records.

32. A Deed of Trust to secure an original indebtedness of \$17,000,000.00 recorded September 2, 2021 as Instrument No. 2021-0013349 of Official Records.
- Dated: September 2, 2021
- Trustor: San Juan Oaks Golf Owner, LLC, a Delaware limited liability company
- Trustee: First American Title Company
- Beneficiary: San Juan Oaks, LLC, a California limited liability company

(Affects Parcels 14 and 15 and other property)

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, the company will require the following for review prior to the recordation of any documents or the issuance of any policy of title insurance:
- i. Original note and deed of trust.
  - ii. Payoff demand statement signed by all present beneficiaries.
  - iii. Request for reconveyance or substitution of trustee and full reconveyance must be signed by all present beneficiaries and must be notarized by a First American approved notary.
- b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.
- c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.

A document recorded September 1, 2022 as Instrument No. 2022-0008211 of Official Records provides that San Juan Oaks, LLC, a California limited liability company was substituted as trustee under the deed of trust.

The effect of a document entitled "Substitution of Trustee and Full Reconveyance", recorded September 1, 2022 as Instrument No. 2022-0008211 of Official Records.

Note: The Company will require satisfactory proof of full payment of the debt secured by said mortgage or deed of trust prior to removing this exception or insuring the contemplated transaction.

33. The following matters shown or disclosed by the filed or recorded map referred to in the legal description:

#### NOTES

THIS MAP WAS PREPARED IN ACCORDANCE WITH SAN BENITO COUNTY CODE SECTIONS 23.07.001 AND 23.07.005 TO CREATE "LARGE LOTS" FOR FINANCING PURPOSES ONLY. IN ACCORDANCE WITH SAID CODE THE PARCELS CREATED BY THIS MAP ARE WITHIN THE

BOUNDARIES OF AN ADOPTED SPECIFIC PLAN AND ARE NOT INTENDED TO BE DEVELOPABLE UNTIL FURTHER SUBDIVIDED BY SUBSEQUENT APPROVED FINAL MAPS.

34. A deed of trust to secure an original indebtedness of \$17,000,000.00 recorded September 01, 2022 as INSTRUMENT NO. 2022-0008212 OF OFFICIAL RECORDS.

Dated: August 30, 2021

Trustor: SAN JUAN OAKS OWNER, LLC, a Delaware limited liability company

Trustee: First American Title Company

Beneficiary: SAN JUAN OAKS, LLC, a California limited liability company

(Affects Parcels 4, 5, 7 and 8)

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, the company will require the following for review prior to the recordation of any documents or the issuance of any policy of title insurance:
    - i. Original note and deed of trust.
    - ii. Payoff demand statement signed by all present beneficiaries.
    - iii. Request for reconveyance or substitution of trustee and full reconveyance must be signed by all present beneficiaries and must be notarized by a First American approved notary.
  - b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.
  - c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
35. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.

Consideration for the deletion of this exception is highly fact intensive. Please contact the underwriter assigned to your file as soon as possible to discuss.

36. Rights of the public in and to that portion of the Land lying within any Road, Street, Alley or Highway.
37. The lack of a right of access to and from the land.

(Affects Parcels 2 through 4, 7, 9, 10, 14 and 15)

38. Water rights, claims or title to water, whether or not shown by the Public Records.
39. Rights of parties in possession.

**Prior to the issuance of any policy of title insurance, the Company will require:**

40. With respect to SAN JUAN OAKS OWNER, LLC, a limited liability company:
- a. A copy of its operating agreement and any amendments thereto;
  - b. If it is a California limited liability company, that a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) be recorded in the public records;
  - c. If it is a foreign limited liability company, that a certified copy of its application for registration (LLC-5) be recorded in the public records;
  - d. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, that such document or instrument be executed in accordance with one of the following, as appropriate:
    - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such document must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
    - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
  - e. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

|                            |
|----------------------------|
| <b>INFORMATIONAL NOTES</b> |
|----------------------------|

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as No Situs Found, Hollister, California.

(Affects Parcels 2, 4, 10, 16 and portions of Parcels 1, 3 and 5 through 9, affecting underlying APN: 018-190-033-000)

2. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 4070 San Juan Road, Hollister, California.

(Affects Parcel 14 and portion of Parcels 5 and 7 affecting underlying APN: 021-190-030-000)

3. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 4155 San Juan Road, Hollister, California.

(Affects Parcel 15 affecting underlying APN: 021-190-032-000)

4. The property covered by this report is vacant land.

(Affects Portion of Parcels 1 and 6 affecting APN's: 018-190-023-000 and 021-140-046-000 and portions of Parcels 1, 3 and 7 through 9 affecting underlying APN: 018-200-056-000 and 021-190-031-000)

5. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded September 2, 2021 as Instrument No. 2021-0013346 of Official Records.

From: San Juan Oaks, LLC  
To: San Juan Oaks Owner, LLC

(Affects Parcels 1 through 10 and 16)

A document recorded September 2, 2021 as Instrument No. 2021-0013347 of Official Records.

From: San Juan Oaks, LLC  
To: San Juan Oaks Golf Owner, LLC

(Affects Parcels 14 and 15)

A document recorded April 08, 2022 as Instrument No. 2022-0003967 of Official Records.

From: San Juan Oaks Owner, LLC and San Juan Oaks Golf Owner, LLC  
To: San Juan Oaks Owner, LLC

(Affects Parcels 1 through 10, 14 and 15)

6. We find no outstanding voluntary liens of record affecting subject property. Disclosure should be made concerning the existence of any unrecorded lien or other indebtedness which could give rise to any possible security interest in the subject property.

(Affects Parcels 1 through 3, 6, 9, 10 and 16)

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

### **LEGAL DESCRIPTION**

Real property in the unincorporated area of the County of San Benito, State of California, described as follows:

PARCELS 1 THROUGH 10, 14, 15 AND 16 AS SHOWN ON THE FINAL MAP OF PARCEL MAP SAN JUAN OAKS, FILED FOR RECORD ON APRIL 8, 2022, IN BOOK 11, OF PARCEL MAPS, AT PAGE 88, SAN BENITO COUNTY RECORDS.

ALONG WITH EASEMENT FOR WELLS SHOWN IN THE AGREEMENT BETWEEN ADJOINING LANDOWNERS FILED SEPTEMBER 04, 1992 RECORDED IN INSTRUMENT NO. 9208565.

APN: 018-190-023-000 (Portion of Parcel 1)  
Portion of 018-190-036-000 (Parcels 2, 4, 10, 16 and portion of Parcels 1, 3 and 5 through 9)  
Portion of 018-200-079-000 (Portion of Parcels 1, 3 and 9)  
021-190-033-000 (Portion of Parcel 5)  
Portion of 021-140-055-000 (Portion of Parcels 5 and 6)  
021-140-046-000 (Portion of Parcel 6)  
Portion of 021-190-037-000 (Portion of Parcel 7)  
Portion of 021-190-038-000 (Portion of Parcels 7 and 8)  
Portion of 021-190-036-000 (Parcel 14)  
Portion of 021-190-039-000 (Parcel 15)





***NOTICE***

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

**EXHIBIT A**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**CLTA STANDARD COVERAGE POLICY – 1990**  
**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

**CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)**  
**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;

- b. zoning;
- c. land use;
- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

#### **LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

|                  | <u>Your Deductible Amount</u>   | <u>Our Maximum Dollar Limit of Liability</u> |
|------------------|---|--|
| Covered Risk 16: | 1% of Policy Amount Shown in Schedule A or \$2,500<br>(whichever is less) | \$10,000                                     |
| Covered Risk 18: | 1% of Policy Amount Shown in Schedule A or \$5,000<br>(whichever is less) | \$25,000                                     |
| Covered Risk 19: | 1% of Policy Amount Shown in Schedule A or \$5,000<br>(whichever is less) | \$25,000                                     |
| Covered Risk 21: | 1% of Policy Amount Shown in Schedule A or \$2,500<br>(whichever is less) | \$5,000                                      |

#### **2006 ALTA LOAN POLICY (06-17-06)**

##### **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [ t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

#### [PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by a n accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.

#### PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

### 2006 ALTA OWNER'S POLICY (06-17-06)

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
- 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
- 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- 6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.
- 7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

#### **ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)**

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11,

- 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or  
(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
  5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
  6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
  7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
  8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
  9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
    - (a) a fraudulent conveyance or fraudulent transfer, or
    - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
  10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
  11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

## **Addendum D**

### **Comparable Data**



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## Land Sales

Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | Lagoon Valley - Neighborhood K-1            |
| Sub-Property Type:  | Residential, Single Family Development Land |
| Address:            | National Garden Ln.                         |
| City/State/Zip:     | Vacaville, CA 95687                         |
| County:             | Solano                                      |
| Market Orientation: | Suburban                                    |
| IRR Event ID:       | 3247290                                     |



Sale Information

|                         |                         |
|-------------------------|-------------------------|
| Sale Price:             | \$14,960,000            |
| Effective Sale Price:   | \$14,960,000            |
| Sale Date:              | 06/28/2024              |
| Sale Status:            | Closed                  |
| \$/Acre(Gross):         | \$1,645,765             |
| \$/Land SF(Gross):      | \$37.78                 |
| \$/Building SF:         | \$3,324.44              |
| \$/Unit (Potential):    | \$170,000 /Unit         |
| Grantor/Seller:         | Triad Lagoon Valley LLC |
| Grantee/Buyer:          | Lennar Homes of CA LLC  |
| Assets Sold:            | Real estate only        |
| Property Rights:        | Fee Simple              |
| % of Interest Conveyed: | 100.00                  |
| Financing:              | Cash to seller          |
| Conditions of Sale:     | Arm's-length            |
| Document Type:          | Deed                    |

Sale Analysis

|                              |  |
|------------------------------|--|
| Expenditures After Purchase: | \$135,600                              |
| Expenditures Description:    | Permits and fees and residual payments |

|                      |                            |
|----------------------|----------------------------|
| Other Adjustment:    | \$2,300                    |
| Adjustment Comments: | Estimated bond encumbrance |

Improvement and Site Data

|                           |              |
|---------------------------|--------------|
| Legal/Tax/Parcel ID:      | 0128-111:114 |
| Acres(Gross):             | 9.09         |
| Land-SF(Gross):           | 395,960      |
| Potential Building SF:    | 4,500        |
| No. of Units (Potential): | 88           |
| Source of Land Info.:     | Owner        |

Comments

This is a closed sale of neighborhood K-1 is the Lagoon Valley master plan, which represents 88 lots with a typical lot size of 4,500 square feet. The lots will transfer in finished condition and have an alley-loaded configuration. The lots transferred at the end of June 2024 for \$170,000 per lot. There are also residual payments to be made by Lennar to the master developer in the form of a profit participation agreement as well as another residual payment. Considering time value of money, the estimated residual payment for total consideration is \$44,000 per lot. Permits and fees are estimated at \$91,600 per lot. The exact annual special taxes cannot be determined; however, based on the information provided, special taxes are estimated at \$2,300 per lot. The lots also have a master marketing fee of 0.5% of the purchase price of each home



Comments (Cont'd)

closing.



Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | The Knolls (143 Lots)                             |
| Sub-Property Type:  | Residential, Single Family Development Land       |
| Address:            | South of W Grant Line Rd,<br>West of Central Pkwy |
| City/State/Zip:     | Mountain House, CA 95391                          |
| County:             | San Joaquin                                       |
| Market Orientation: | Suburban  |
| IRR Event ID:       | 3337664   |



Sale Information

|                       |  |
|-----------------------|--|
| Sale Price:           | \$37,000,000                                 |
| Effective Sale Price: | \$37,000,000                                 |
| Sale Date:            | 03/27/2024                                   |
| Sale Status:          | Closed                                       |
| \$/Acre(Gross):       | \$1,032,654                                  |
| \$/Land SF(Gross):    | \$23.71                                      |
| \$/Building SF:       | \$7,400.00                                   |
| \$/Unit (Potential):  | \$258,741 /Approved Lot                      |
| Grantor/Seller:       | Sanidhya Dhir; Suneha Holdings, LLC, et. al. |
| Grantee/Buyer:        | KL LB BUY 2 LLC                              |
| Assets Sold:          | Real estate only                             |
| Property Rights:      | Fee Simple                                   |
| Financing:            | Cash to seller                               |
| Conditions of Sale:   | Arm's-length                                 |

|                           |  |
|---------------------------|--|
| Expenditures Description: | Net site development costs, and permits and fees |
| Other Adjustment:         | \$6,300  |
| Adjustment Comments:      | Annual special tax per lot                       |

Improvement and Site Data

|                           |                         |
|---------------------------|-------------------------|
| Acres(Gross):             | 35.83                   |
| Land-SF(Gross):           | 1,560,755               |
| Potential Building SF:    | 5,000                   |
| No. of Units (Potential): | 143                     |
| Zoning Code:              | RL                      |
| Zoning Desc.:             | Low Density Residential |
| Source of Land Info.:     | Other                   |

Comments

These 143 lots were purchases from land seller for \$37,000,000. TriPointe is utilizing a Land Bank and will take down the lots over a scheduled three-year period. The average lot size is 50x100. The tentative map was approved in November 2022, and the final map is anticipated to be approved in March 2025. The lots will be encumbered by bond debt, proceeds of which will finance certain public improvements; net site development costs, including permits and fees, are approximately \$160,780 per lot. Annual special taxes are estimated at \$6,300 per lot.

Sale Analysis

|                              |           |
|------------------------------|-----------|
| Expenditures After Purchase: | \$160,780 |
|------------------------------|-----------|



Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | Units 4 & 8 - Villa Ticino West             |
| Sub-Property Type:  | Residential, Single Family Development Land |
| Address:            | Lazio Ct.                                   |
| City/State/Zip:     | Manteca, CA 95337                           |
| County:             | San Joaquin                                 |
| Market Orientation: | Suburban                                    |
| IRR Event ID:       | 3318065                                     |



Sale Information

|                         |                                    |
|-------------------------|------------------------------------|
| Sale Price:             | \$20,984,000                       |
| Effective Sale Price:   | \$20,984,000                       |
| Sale Date:              | 03/21/2024                         |
| Contract Date:          | 01/09/2024                         |
| Sale Status:            | Closed                             |
| \$/Acre(Gross):         | \$496,663                          |
| \$/Land SF(Gross):      | \$11.40                            |
| \$/Building SF:         | \$3,413.70                         |
| \$/Unit (Potential):    | \$122,000 /Unit                    |
| Grantor/Seller:         | Jen California 23 LLC              |
| Grantee/Buyer:          | Meritage Homes of California, Inc. |
| Assets Sold:            | Real estate only                   |
| Property Rights:        | Fee Simple                         |
| % of Interest Conveyed: | 100.00                             |
| Financing:              | Cash to seller                     |
| Conditions of Sale:     | Arm's-length                       |
| Document Type:          | Deed                               |
| Recording No.:          | 2024.23268                         |

|                              |   |
|------------------------------|---|
| Expenditures After Purchase: | \$160,786                                   |
| Expenditures Description:    | Site development costs and permits and fees |
| Other Adjustment:            | \$1,972                                     |
| Adjustment Comments:         | Bond encumbrance                            |

Improvement and Site Data

|                           |  |
|---------------------------|--|
| Legal/Tax/Parcel ID:      | 198-360-010 through -840<br>198-160-440 and -450 |
| Acres(Gross):             | 42.25  |
| Land-SF(Gross):           | 1,840,410  |
| Potential Building SF:    | 6,147  |
| No. of Units (Potential): | 172  |
| Zoning Code:              | R-1  |
| Zoning Desc.:             | Residential                                      |
| Source of Land Info.:     | Public Records                                   |

Comments

This is a sale of 172 partially-improved lots with a typical lot size of 6,147 square feet. The site development costs to finished the lots is estimated at \$94,186 per lot. Permits and fees are estimated at \$66,600 per lot, while special taxes are estimated at \$1,972 per lot.

Sale Analysis



## Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | Denali - Unit 3 (Phase 2)                   |
| Sub-Property Type:  | Residential, Single Family Development Land |
| Address:            | 20249 McKinley Ave.                         |
| City/State/Zip:     | Manteca, CA 95337                           |
| County:             | San Joaquin                                 |
| Market Orientation: | Suburban                                    |
| IRR Event ID:       | 3198205                                     |



## Sale Information

|                         |                           |
|-------------------------|---------------------------|
| Sale Price:             | \$12,540,000              |
| Effective Sale Price:   | \$12,540,000              |
| Sale Date:              | 12/28/2023                |
| Sale Status:            | Closed                    |
| \$/Acre(Gross):         | \$1,059,122               |
| \$/Land SF(Gross):      | \$24.31                   |
| \$/Acre(Usable):        | \$1,059,122               |
| \$/Land SF(Usable):     | \$24.31                   |
| \$/Building SF:         | \$2,559.18                |
| \$/Unit (Potential):    | \$190,000 /Unit           |
| Grantor/Seller:         | TH Denali LLC             |
| Grantee/Buyer:          | Meritage Homes California |
| Assemblage:             | No                        |
| Portfolio Sale:         | No                        |
| Assets Sold:            | Real estate only          |
| Property Rights:        | Fee Simple                |
| % of Interest Conveyed: | 100.00                    |
| Financing:              | Cash to seller            |
| Conditions of Sale:     | Arm's-length              |
| Document Type:          | Deed                      |
| Recording No.:          | 2023.90919                |

## Sale Analysis

|                              |                      |
|------------------------------|----------------------|
| Expenditures After Purchase: | \$70,531             |
| Expenditures Description:    | Permits & fees       |
| Other Adjustment:            | \$2,280              |
| Adjustment Comments:         | Annual special taxes |
| Sale Price Includes FF&E?    | No                   |

## Improvement and Site Data

|                           |                               |
|---------------------------|-------------------------------|
| Legal/Tax/Parcel ID:      | 268-100-060                   |
| Acres(Usable/Gross):      | 11.84/11.84                   |
| Land-SF(Usable/Gross):    | 515,750/515,750               |
| Usable/Gross Ratio:       | 1.00                          |
| Potential Building SF:    | 4,900                         |
| No. of Units (Potential): | 66                            |
| Shape:                    | Irregular                     |
| Topography:               | Level                         |
| Corner Lot:               | Yes                           |
| Frontage Feet:            | 1255                          |
| Frontage Desc.:           | McKinley                      |
| Zoning Code:              | R-1                           |
| Zoning Desc.:             | One Family Dwelling (8 du/ac) |
| Flood Plain:              | Yes                           |
| Flood Zone Designation:   | X (Shaded)                    |
| Comm. Panel No.:          | 06077C-0620F                  |

Improvement and Site Data (Cont'd)

Date: 10/16/2009

Source of Land Info.: Engineering Report

Comments

This comparable represents the sale of 66 finished lots with a typical lot size of 4,900 SF. Permits & fees are \$70,531/lot and annual special taxes are \$2,280/lot. The Developer (Meritage Homes) intends to construct nine floor plans ranging from 1,740 to 3,247 square feet, priced at \$615,000 to \$750,000.





## Location & Property Identification

|                     |   |
|---------------------|---|
| Property Name:      | Orchard Grove                               |
| Sub-Property Type:  | Residential, Single Family Development Land |
| Address:            | Lone Oak Rd.                                |
| City/State/Zip:     | Brentwood, CA 94513                         |
| County:             | Contra Costa                                |
| Market Orientation: | Suburban                                    |
| IRR Event ID:       | 3242840                                     |



## Sale Information

|                         |                                |
|-------------------------|--------------------------------|
| Sale Price:             | \$5,610,000                    |
| Effective Sale Price:   | \$5,610,000                    |
| Sale Date:              | 02/28/2023                     |
| Sale Status:            | Closed                         |
| \$/Acre(Gross):         | \$333,532                      |
| \$/Land SF(Gross):      | \$7.66                         |
| \$/Acre(Usable):        | \$333,532                      |
| \$/Land SF(Usable):     | \$7.66                         |
| \$/Building SF:         | \$565.52                       |
| \$/Unit (Potential):    | \$110,000 /Unit                |
| Grantor/Seller:         | Multiple sellers               |
| Grantee/Buyer:          | Shea Homes Limited Partnership |
| Property Rights:        | Fee Simple                     |
| % of Interest Conveyed: | 100.00                         |
| Financing:              | Cash to seller                 |
| Conditions of Sale:     | Arm's-length                   |
| Document Type:          | Deed                           |
| Recording No.:          | 2023.18433                     |

|                           |                                   |
|---------------------------|-----------------------------------|
| Expenditures Description: | Site development and permits/fees |
| Other Adjustment:         | \$2,811                           |
| Adjustment Comments:      | Bond encumbrance                  |

## Improvement and Site Data

|                           |                           |
|---------------------------|---------------------------|
| Legal/Tax/Parcel ID:      | 016-040-005               |
| Acres(Usable/Gross):      | 16.82/16.82               |
| Land-SF(Usable/Gross):    | 732,679/732,679           |
| Usable/Gross Ratio:       | 1.00                      |
| Potential Building SF:    | 9,920                     |
| No. of Units (Potential): | 51                        |
| Shape:                    | Rectangular               |
| Topography:               | Level                     |
| Corner Lot:               | Yes                       |
| Frontage Desc.:           | Lone Oak Road             |
| Zoning Code:              | R-1-E                     |
| Zoning Desc.:             | Single Family Residential |
| Flood Plain:              | No                        |
| Flood Zone Designation:   | X                         |
| Comm. Panel No.:          | 06013C0354G               |
| Date:                     | 03/21/2017                |

|                       |                    |
|-----------------------|--------------------|
| Source of Land Info.: | Engineering Report |
|-----------------------|--------------------|

## Sale Analysis

|                              |           |
|------------------------------|-----------|
| Expenditures After Purchase: | \$253,417 |
|------------------------------|-----------|

## Comments

Sale of 51 lots with an average lot size of 9,920 SF (lots range from 4,700 SF to 25,107 SF, with a median lot size of

## Comments (Cont'd)

8,100 SF). Project will include six BMR duet units. Pricing for market rate homes will begin around \$1,060,000. Site development costs are estimated at \$156,863 per lot, and permits/impact fees are approximately \$132,087 per lot. The project is proposed for bond financing, though it was not encumbered by bonds at the time of sale. The bonds will finance \$35,533 per lot in impact fees, thereby reducing permits and impact fees to \$96,554 per lot. Special taxes are estimated at \$2,811 per unit.

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## **APPENDIX B**

### **RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 1 OF  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2023-08 (SAN JUAN OAKS)  
COUNTY OF SAN BENITO  
STATE OF CALIFORNIA**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 of California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California ("CFD No. 2023-08") and collected each Fiscal Year commencing in Fiscal Year 2023-2024, in an amount determined by the CSCDA Program Manager, through the application of this Rate and Method of Apportionment as described below. All Taxable Property in Improvement Area No. 1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 1 unless the Commission adopts, and the owners of the annexed land unanimously approve, a separate Rate and Method of Apportionment of Special Taxes for the annexation area.

**A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area expressed in acres of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, record of survey, or other recorded County map or the land area calculated to the reasonable satisfaction of the CSCDA Program Manager using the boundaries set forth on such map or plan.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 (commencing with Section 53311) of the California Government Code.

**"Active Adult Property"** means Residential Property that has a restriction limiting occupancy of Dwelling Units to residents above a certain age, pursuant to (i) the recorded declaration(s) of covenants, conditions, and restrictions for such property, or (ii) a deed restriction.

**"Administrative Expenses"** means the actual or reasonably estimated costs directly related to the administration of Improvement Area No. 1, including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CSCDA Program Manager or designee thereof or both); the costs of collecting the Special Tax (whether by the County or otherwise); the costs of remitting the Special Tax levies 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 CSCDA, CFD No. 2023-08, or any designee thereof of complying with arbitrage rebate requirements, or responding to questions from the Securities and Exchange Commission

or Internal Revenue Service pertaining to any Improvement Area No. 1 Bonds or any audit of any Improvement Area No. 1 Bonds by the Securities and Exchange Commission or Internal Revenue Service; the costs to CSCDA, CFD No. 2023-08, or any designee thereof of complying with CSCDA, CFD No. 2023-08, 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 levy disclosure statements and responding to public inquiries regarding the Special Tax levies; the costs of CSCDA, CFD No. 2023-08, or any designee thereof related to an appeal of the levy or application of the Special Tax; the costs associated with the release of funds from an escrow account; and CSCDA's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by CSCDA or CFD No. 2023-08 for any other administrative purposes of CFD No. 2023-08, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax levies.

**"Assessor"** means the Assessor of the County.

**"Assessor's Parcel"** means a lot or parcel to which an Assessor's parcel number is assigned as determined from an Assessor's Parcel Map or the applicable assessment roll.

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

**"Assigned Special Tax"** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.b, below.

**"Authorized Facilities"** means the facilities authorized to be financed by CFD No. 2023-08.

**"Backup Special Tax"** means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.c, below.

**"Boundary Map"** means a recorded map(s) which indicates the boundaries of CFD No. 2023-08, Improvement Area No. 1, and the Future Annexation Area.

**"Building Permit"** means a permit issued by the County, or other governmental agency, for the construction of one or more residential or non-residential structures or facilities other than the construction of a garage, parking lot, or parking structure.

**"Buildout"** means, for Improvement Area No. 1, that all planned Building Permits for residential dwelling units and/or non-residential development to be constructed within Improvement Area No. 1 have been issued, as determined by the CSCDA Program Manager.

**"CFD Formation"** means the date on which the Commission approved documents to form CFD No. 2023-08.

**"CFD No. 2023-08"** means California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California.

**"Commission"** means the governing board of CSCDA acting as the legislative body of CFD No. 2023-08.

**"Contractual Impositions"** means (a) a voluntary contractual assessment established and levied on an Assessor's Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as

amended from time to time, (b) a special tax established and levied on an Assessor's Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof.

**"County"** means the County of San Benito, State of California.

**"CSCDA"** means the California Statewide Communities Development Authority.

**"CSCDA Program Manager"** means the Community Facilities District program manager for CSCDA, or its designee.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which the Final Subdivision was recorded on or before January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, and for which a Building Permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2023 and on or before June 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**"Dwelling Unit"** means one (1) residential unit of any configuration, including, but not limited to, a single family attached or detached dwelling, condominium, townhome, or otherwise.

**"Final Mapped Property"** means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, located in a Final Subdivision recorded as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**"Final Subdivision"** means (i) a subdivision of property by recordation of a final map, parcel map, or lot line adjustment approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which Building Permits may be issued, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 that creates an individual lot(s) for which a Building Permit(s) may be issued without further subdivision. The term "Final Subdivision" shall not include any Assessor's Parcel Map or subdivision map or portion thereof that does not create individual lots for which a Building Permit may be issued, including Assessor's Parcels that are designated as remainder parcels.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Formation Proceedings"** means the date on which the Commission approved documents to form CFD No. 2023-08 and designate Improvement Area No. 1, including all resolutions, ordinances, reports and notices.

**"Future Annexation Area"** means that geographic area that, at the time of CFD Formation, was considered potential annexation area for CFD No. 2023-08 and which was, therefore, identified as "future annexation area" on the recorded CFD No. 2023-08 Boundary Map. Such designation does not mean that any or all of the Future Annexation Area will annex into CFD No. 2023-08, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the



Act for territory included in a future annexation area, as well as the procedures established by the Commission.

**"Goals and Policies"** means the Mello-Roos Community Facilities Act of 1982 Goals and Policies, as adopted by the Commission.

**"Improvement Area No. 1"** means Improvement Area No. 1 of CFD No. 2023-08.

**"Improvement Area No. 1 Bonds"** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, authorized by CFD No. 2023-08 for Improvement Area No. 1 under the Act and issued by CSCDA and secured by Special Taxes.

**"Indenture"** means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Improvement Area No. 1 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**"Land Use Class"** means any of the land use classes listed in Table 1 herein.

**"Lot"** means any legal lot created by a Final Subdivision, for which building permits may be issued for such lot without further subdivision. Such property may include one or more lots within a single Assessor's Parcel. For purposes of taxation under this Rate and Method of Apportionment, such property will be taxed as separate lots (i.e., one Assessor's Parcel which includes two or more Lots will be taxed as multiple Lots).

**"Lot Area"** means, for each Lot, the Acreage of such Lot as shown on the Assessor's Parcel Map or Final Subdivision, multiplied by 43,560.

**"Market Rate Property"** means Residential Property that is not Active Adult Property.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C herein, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

**"Non-Residential Property"** means all Assessor's Parcels of Developed Property for which a Building Permit(s) has been issued permitting the construction of one or more non-residential structures or facilities.

**"Outstanding Bonds"** means all Improvement Area No. 1 Bonds which remain outstanding under the Indenture.

**"Property Owner Association Property"** means, (i) any property within the boundaries of Improvement Area No. 1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the January 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner's association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CSCDA Program Manager by June 1 preceding the Fiscal Year for which the Special Tax is being levied.

**"Proportionately"** means, for Developed Property, that the ratio of the actual Special Tax

levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For each of the Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property categories, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre within each of these Taxable Property categories is equal for all Assessor's Parcels in that specific Taxable Property category.

**"Public Property"** means, for each Fiscal Year, any property within the boundaries of Improvement Area No. 1 that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, or any local government or other public agency, 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; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

**"Rate and Method of Apportionment"** means this Rate and Method of Apportionment for Improvement Area No. 1.

**"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 Dwelling Units.

**"Special Tax" or "Special Taxes"** means the special tax authorized to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within Improvement Area No. 1 to fund the Special Tax Requirement as set forth in Section C herein.

**"Special Tax Requirement"** means that amount of Special Taxes required, if any, in any Fiscal Year to (i) pay debt service on Outstanding Bonds payable in the calendar year commencing in such Fiscal Year, (ii) pay any amounts required to establish or replenish any reserve funds for all Improvement Area No. 1 Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year, (iii) pay for Administrative Expenses, (iv) without duplicating any amounts described in clause (ii), above, pay for reasonably anticipated annual Special Tax delinquencies based on the delinquency rate for the Special Taxes levied in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act, and (v) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Special Tax levy beyond the first step in Section D herein, less (vi) a credit for funds available per the Indenture to reduce the Special Tax levy, as determined by the CSCDA Program Manager, so long as the amount required is not less than zero.

**"State"** means the State of California.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Tax pursuant to applicable law or Section E herein.

**"Taxable Property Owner Association Property"** means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E herein.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to Section E herein.

**"Trustee"** means the trustee or fiscal agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Property Owner Association Property, or Taxable Public Property.

*Please refer to additional definitions in Section H herein relating to the Prepayment of Special Tax.*

## **B ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, commencing with Fiscal Year 2023-2024, all Taxable Property within Improvement Area No. 1 shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property or Taxable Public Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

## **C MAXIMUM SPECIAL TAX RATE**

### ***C.1 Developed Property***

#### **C.1.a Maximum Special Tax**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

#### **C.1.b Assigned Special Tax**

Residential Property shall be assigned to Land Use Classes 1 through 4 as listed in Table 1 below. Non-Residential Property shall be assigned to Land Use Class 5. The Fiscal Year 2023-2024 Assigned Special Tax that shall be levied for each Land Use Class is shown below in Table 1.

**Table 1: Assigned Special Tax for Developed Property for Improvement Area No. 1 of CFD No. 2023-08 (San Juan Oaks) for Fiscal Year 2023-2024**

| Land Use Class | Description              | Lot Area (Square Feet)   | Assigned Special Tax      |
|----------------|--------------------------|--------------------------|---------------------------|
| 1              | Market Rate Property     | N/A                      | \$2,100 per Dwelling Unit |
| 2              | Active Adult Property    | 6,400 or greater         | \$1,600 per Dwelling Unit |
| 3              | Active Adult Property    | 5,200 to less than 6,400 | \$1,350 per Dwelling Unit |
| 4              | Active Adult Property    | Less than 5,200          | \$1,100 per Dwelling Unit |
| 5              | Non-Residential Property | N/A                      | \$5,000 per Acre          |

#### **C.1.c Backup Special Tax**

The Fiscal Year 2023-2024 Backup Special Tax for an Assessor's Parcel of Developed Property within Improvement Area No. 1 shall equal to \$9,405 per Acre.

The Backup Special Tax shall be reduced to \$0 when the CSCDA Program Manager calculates that (i) the annual debt service required for the Outstanding Bonds, when compared to the Assigned Special Tax that shall be levied against all Assessor's Parcels of Developed Property in Improvement Area No. 1, results in 110% debt service coverage (i.e.,

the Assigned Special Tax that shall be levied against all Developed Property in Improvement Area No. 1 in each remaining Fiscal Year based on the then existing development is at least equal to the sum of (a) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (b) estimated Administrative Expenses), and (ii) all authorized Improvement Area No. 1 Bonds have been issued or the Commission has covenanted that it shall not issue any additional Improvement Area No. 1 Bonds (except refunding bonds) to be supported by the Special Tax in Improvement Area No. 1.

**C.1.d Increase in the Assigned Special Tax and Backup Special Tax**

The Fiscal Year 2023-2024 Assigned Special Taxes, identified in Table 1, above, and the Fiscal Year 2023-2024 Backup Special Tax for Improvement Area No. 1 shall increase annually, commencing on July 1, 2024, and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.

**C.1.e Multiple Land Uses**

In some instances, an Assessor's Parcel may contain Developed Property, Final Mapped Property and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property, Final Mapped Property and/or Undeveloped Property based on the portion of the Assessor's Parcel for which Building Permits had been issued prior to June 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which Building Permits had not been issued prior to June 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CSCDA Program Manager's allocation to each type of property shall be final.

***C.2 Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property***

The Fiscal Year 2023-2024 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property within Improvement Area No. 1 shall be \$9,405 per Acre, and shall increase annually thereafter, commencing on July 1, 2024, and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2.00%) of the Maximum Special Tax for the previous Fiscal Year.

**D METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2023-2024, and for each following Fiscal Year, the CSCDA Program Manager shall determine the Special Tax Requirement and shall levy the Special Taxes as prioritized below until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Taxes shall be levied in each Fiscal Year as follows:

### ***D.1 Annual Levy***

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax for Developed Property until all authorized Improvement Area No. 1 Bonds have been issued (as determined by the CSCDA Program Manager), and, thereafter, Proportionately on each Assessor's Parcel of Developed Property until (i) the total Special Tax levied under this first step of this Section D equals the Special Tax Requirement or (ii) the Special Tax levied on Developed Property equals 100% of the Maximum Special Tax for Developed Property, whichever occurs first; provided that under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 1 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property until (i) the total Special Tax levied under the first two steps listed in this Section D equals the Special Tax Requirement, or (ii) the Special Tax levied on Final Mapped Property equals 100% of the Maximum Special Tax for Final Mapped Property, whichever occurs first;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until (i) the total Special Tax levied under the first three steps listed in this Section D equals the Special Tax Requirement, or (ii) the Special Tax levied on Undeveloped Property equals 100% of the Maximum Special Tax for Undeveloped Property, whichever occurs first;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel of Developed Property until (i) the total Special Tax levied under the first four steps listed in this Section D equals the Special Tax Requirement, or (ii) the Special Tax levied on all Developed Property equals 100% of the Maximum Special Tax for Developed Property, whichever occurs first;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable Public Property until (i) the total Special Tax levied under the first five steps listed in this Section D equals the Special Tax Requirement, or (ii) the Special Tax levied on all Taxable Property Owner Association Property and Taxable Public Property equals 100% of the Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property, whichever occurs first;

## **E EXEMPTIONS**

No Special Tax shall be levied on up to 196.27 Acres, in aggregate, of Public Property and Property Owner Association Property in Improvement Area No. 1. Tax-exempt status shall be assigned by the CSCDA Program Manager in the chronological order in which property in Improvement Area No. 1 becomes Public Property or Property Owner Association Property.

In addition, any Assessor's Parcel in Improvement Area No. 1 that becomes Public Property or Property Owner Association Property prior to the first issuance of Improvement Area No. 1 Bonds shall also be exempted from paying the Special Tax.

Public Property and Property Owner Association Property not exempted from the Special Tax pursuant to the two preceding paragraphs shall be classified as Taxable Public Property and Taxable Property Owner Association Property, respectively.

## **F REVIEW/APPEAL PROCESS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with CSCDA, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CSCDA Program Manager or its designee shall review the appeal, meet with the appellant if the CSCDA Program Manager deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the CSCDA Program Manager agrees with the appellant, the CSCDA Program Manager shall make a recommendation to CSCDA to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of CSCDA or its designee must be obtained prior to any such elimination or reduction. If the CSCDA Program Manager disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to CSCDA by filing a written notice of appeal with the CSCDA Program Manager, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CSCDA Program Manager's determination. The CSCDA Program Manager shall schedule the appeal to be heard before CSCDA within sixty (60) days after receipt of the second appeal.

Interpretations may be made by the CSCDA Program Manager by written certificate, without Commission approval, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Taxes, this Rate and Method of Apportionment, Land Use Classes, or any other definition applicable to CFD No. 2023-08.

Without Commission approval, the CSCDA Program Manager may by written certificate make minor, non-substantive administrative and technical changes to the provisions of this document that do not materially affect this Rate and Method of Apportionment, and manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

## G MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2023-08 may directly bill the Special Tax, may collect Special Tax levies at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## H PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within Improvement Area No. 1 is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued after January 1, 2023, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CSCDA Program Manager with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CSCDA Program Manager shall notify such owner of the prepayment amount for such Assessor's Parcel. The CSCDA Program Manager may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than thirty (30) days prior to a date that notice of redemption of Improvement Area No. 1 Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture that is specified in the report of the Special Tax Prepayment Amount (defined below).

The following additional definitions apply to this Section H:

**"CFD Public Facilities Costs"** means either \$24,590,375 in 2023 dollars, which shall increase by the Construction Inflation Index on July 1, 2024, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CSCDA Program Manager as sufficient to provide funding for the Authorized Facilities under the authorized bonding program for Improvement Area No. 1, or (ii) shall be determined by CSCDA concurrently with a covenant that it shall not issue any more Improvement Area No. 1 Bonds (except refunding bonds) to be supported by the Special Tax levy under this Rate and Method of Apportionment.

**"Construction Inflation Index"** means the annual percentage change in the Engineering News Record Building Cost Index for the City of San Francisco, measured as of the month of December in 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 CSCDA Program Manager that is reasonably comparable to the Engineering News Record Building Cost Index for the City of San Francisco.

**"Future Facilities Costs"** means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) monies currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, (iii) monies currently on deposit in an escrow fund established pursuant to the Indenture and expected to be available to fund Authorized Facilities, and (iv) the amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of these funds, but in no event less than \$0.

**"Improvement Fund"** means a fund or account specifically identified in the Indenture (or prior to the issuance of the first series of Improvement Area No. 1 Bonds a fund or account held by CSCDA) to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

**"Previously Issued Bonds"** means, for any Fiscal Year, all Outstanding Bonds that are outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

### ***H.1 Prepayment in Full***

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

|         |                                  |
|---------|----------------------------------|
|         | Bond Redemption Amount           |
| Plus    | Redemption Premium               |
| Plus    | Future Facilities Amount         |
| Plus    | Defeasance Amount                |
| Plus    | Administrative Fees and Expenses |
| Less    | Reserve Fund Credit              |
| Less    | Capitalized Interest Credit      |
| Equals: | Special Tax Prepayment Amount    |

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated according to the following paragraphs:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued after January 1, 2023, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for such Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Tax levy for Improvement Area No. 1 based on the Developed Property Assigned Special Taxes which could be levied on all expected development assuming Buildout of Improvement Area No. 1, excluding any Assessor's Parcels for which the Special Tax has been prepaid, and  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at Buildout for the entirety of Improvement Area No. 1, excluding any Assessor's Parcels for which the Special Tax has been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be redeemed (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").



6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute 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 redemption date for the Previously Issued Bonds specified in the report of the Special Tax Prepayment Amount.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount, less any interest earnings attributed to the Future Facilities Amount, and less any interest earnings attributed to the Administrative Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. The administrative fees and expenses of Improvement Area No. 1 are as calculated by the CSCDA Program Manager and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Improvement Area No. 1 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (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 Previously Issued 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 Previously Issued 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. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment date (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Special Tax Prepayment Amount").

## ***H.2 Prepayment in Part***

The owner of any Assessor's Parcel who desires a partial prepayment of the Special Tax shall notify the CSCDA Program Manager of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A.$$

These terms have the following meaning:

PP = The partial prepayment;

PE = The Special Tax Prepayment Amount calculated according to Section H.1;

F = The percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax; and

A = The Administration Fees and Expenses calculated according to Section H.1.

## ***H.3 General Provisions Applicable to the Prepayment of Special Tax***

### **H.3.a Use of the Special Tax Prepayment Amount**

The Special Tax Prepayment Amount, less (i) the Administrative Fees and Expenses calculated according to Sections H.1 and H.2 which shall be retained by CFD No. 2023-08, and (ii) the Future Facilities Amount calculated according to Section H.1 which shall be deposited into the Improvement Fund, shall be deposited into specific funds established under the Indenture, to fully or partially redeem as many Outstanding Bonds as possible, and, if amounts are less than \$5,000, to make debt service payments on the Outstanding Bonds.

### **H.3.b Full Prepayment of Special Tax**

Upon confirmation of the payment of the current Fiscal Year's entire Special Tax obligation, the CSCDA Program Manager may remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in accordance with Section H.1, the CSCDA Program Manager shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

### **H.3.c Partial Prepayment of Special Tax**

With respect to any Assessor's Parcel that is partially prepaid, the CSCDA Program Manager shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.3.a and (ii) indicate in the records of Improvement Area No. 1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage  $(1.00 - F)$  of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

#### H.3.d Debt Service Coverage

Notwithstanding the foregoing, no prepayment of the Special Tax shall be allowed unless the amount of Special Tax that may be levied on Taxable Property (assuming Buildout) within Improvement Area No. 1 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property, as set forth in Section E herein), after the proposed prepayment, is at least equal to the sum of (i) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (ii) Administrative Expenses.

### **I TERM OF SPECIAL TAX**

The Special Tax shall be levied for a period not to exceed fifty years commencing with the Fiscal Year in which Special Taxes are first levied in Improvement Area No. 1, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CSCDA Program Manager has determined that all required interest and principal payments on the Improvement Area No. 1 Bonds have been paid or amounts are held under the Indenture in an amount sufficient to pay the Improvement Area No. 1 Bonds in full, and either no additional Improvement Area No. 1 Bonds are authorized or the Commission has covenanted that it shall not issue any additional Improvement Area No. 1 Bonds (except refunding bonds) to be supported by the Special Tax in Improvement Area No. 1.

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

California Statewide Communities Development Authority  
Sacramento, California

California Statewide Communities Development Authority  
Community Facilities District No. 2023-08 (San Juan Oaks),  
Improvement Area No. 1,  
Special Tax Bonds, Series 2025  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Statewide Communities Development Authority (the “Authority”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of its Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025 (the “Bonds”), issued pursuant to an Indenture, dated as of August 1, 2025 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the tax certificate related to the Bonds (the “Tax Certificate”), opinions of counsel to San Juan Oaks Owner, LLC (the “Master Developer”) and the Trustee, certificates of the Authority, the County of San Benito, the Master Developer, SH AA SJ01, LLC (the “Homebuilder”), the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the Authority and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent

conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. We also express no opinion regarding the plans, specifications, maps, financial report or other engineering or financial details of the proceedings, or upon the Rate and Method or the validity of the Special Tax levied upon any individual parcel. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

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

1. The Bonds constitute the valid and binding special tax obligations of the Authority, payable solely from the Net Special Tax Revenues and certain funds held under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Special Tax Revenues and the other assets pledged therefor under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX D

### SUMMARY OF THE INDENTURE

*The following is a brief summary of certain provisions of the Indenture. Additional provisions of the Indenture are summarized in the body of the Official Statement. This summary does not purport to be complete and is qualified in its entirety by reference to the Indenture.*

#### Definitions

Unless the context otherwise requires, the terms defined below will for all purposes of the Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, report, request or other document mentioned in the Indenture or in any Supplemental Indenture or in the Bonds have the meanings defined below. The following definitions will be equally applicable to both the singular and plural forms of any of the terms defined in the Indenture.

“Acquisition and Construction Fund” means the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Acquisition and Construction Fund” established pursuant to the Indenture and maintained by the Trustee.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of the Improvement Area: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules; the costs of remitting the Special Tax 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 Authority or any designee thereof of complying with arbitrage rebate requirements; the costs to the Authority or any designee thereof of complying with disclosure requirements associated with applicable federal and state securities laws and of the Law; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Tax; the costs of the Authority or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the Authority’s annual administration fees and third party expenses. Administrative Expenses will also include amounts estimated or advanced by the Authority for any other administrative purposes of the Improvement Area, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax.

“Authority” means the California Statewide Communities Development Authority.

“Authorized Signatory” means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“Average Annual Debt Service” means the average over all Bond Years of the annual debt service from the date of the Bonds to their maturity, including:

- (1) the principal amount of all such Outstanding 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 such Bonds Outstanding in such Bond Year assuming such Bonds are retired as scheduled.

“Bond Year” means the period from September 2 through the following September 1.

“Bonds” means the special tax bonds of the Authority at any time Outstanding under the Indenture or under any Supplemental Indenture that are executed, issued and delivered in accordance with the provisions of the Indenture or of any Supplemental Indenture, consisting of the Series 2025 Bonds and any Parity Bonds. “Serial Bonds” means the Bonds for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Bonds which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in Wilmington, Delaware, New York, New York, or the city in which the Principal Corporate Trust Office is located are authorized or obligated by law, regulation or executive order to be closed.

“Certificate of the Authority” means an instrument in writing signed by an Authorized Signatory.

“Certificate of the County” means an instrument in writing signed by an officer of the County or such officer’s designee.

“Closing Date” means, with respect to the Series 2025 Bonds, the date upon which the Series 2025 Bonds are delivered and, with respect to any Parity Bonds, will have the meaning given to such term in the Supplemental Indenture providing for the issuance of such Parity Bonds.

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular Section of the Code will include reference to any successor to such Section of the Code.

“Commission” means the governing board of the Authority.

“Community Facilities District” means the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California, a community facilities district duly organized by the Authority and existing in the County under and by virtue of the Law.

“Costs of Issuance” means all costs and expenses payable by or reimbursable to the Authority that are related to the formation of the Community Facilities District, designation of the Improvement Area, or the authorization, sale, execution, authentication, or initial delivery of Bonds, including costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees, and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for the preparation of Bonds, and any other cost or expense in connection with the formation of the Community Facilities District, designation of the Improvement Area, or the authorization, sale, execution, authentication, or initial delivery of Bonds.

“Costs of Issuance Account” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Costs of Issuance Account established pursuant to the Indenture and maintained by the Trustee.

“County” means the County of San Benito, California.

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the

sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Bonds or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Bonds to refund Outstanding Bonds, Debt Service will be deemed to include Debt Service on the proposed Parity Bonds but will not include Debt Service on any Bonds proposed to be defeased concurrently.

“Developer” means San Juan Oaks Owner, LLC, a Delaware limited liability company.

“Event of Default” means an event described as such in the Indenture.

“Expense Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Expense Fund established pursuant to the Indenture and maintained by the Trustee.

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of Authority funds, together with any repurchase agreements which are secured by any of such securities or obligations that (a) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (b) are in the possession of the Trustee or a third party acting solely as agent for the Trustee who holds a perfected first lien therein, and (c) are free from all third party claims.

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

“Holder” means any person who is the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to the Indenture.

“Improvement Area” means Improvement Area No. 1 of the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California, a portion of the Community Facilities District designated as such improvement area by the Authority pursuant to the Law.

“Improvements” means the public capital improvements, including those financed with development impact fees, authorized to be financed by the Community Facilities District, and to which the Improvement Area is authorized to contribute, as more particularly described in the formation proceeding resolutions.

“Indenture” means the Indenture and all Supplemental Indentures.



“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and of recognized national reputation as a verification agent, appointed and paid by the Authority, and who, or each of whom:

- (1) is in fact independent and not under the domination of the Authority;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and
- (3) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2026, as well as any date on which the Bonds are redeemed prior to their maturity.

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

“Legal Investments” means any securities in which funds of the Authority may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the Authority as determined by the Commission, including without limitation the California Asset Management Program pooled investment fund.

“Mandatory Sinking Account Payments” means the payments required by the Indenture and by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of Bonds by totaling the following for each Bond Year:

- (1) The amount of all such Outstanding Bonds payable in such Bond Year;
- (2) The principal amount of any such Bonds scheduled to be called and redeemed in such Bond Year; and
- (3) The interest payable on the aggregate principal amount of such Outstanding Bonds in such Bond Year if such Outstanding Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Net Special Tax Revenues” means Special Tax Revenues, less amounts required to pay Priority Administrative Expenses.

“Opinion of Counsel” means a written opinion of counsel retained or employed by the Authority.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

(1) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;

(2) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(3) Bonds in lieu of or in substitution for which other Bonds have been executed by the Authority and authenticated and delivered by the Trustee pursuant to the Indenture.

“Parity Bonds” means Bonds other than the Series 2025 Bonds that are issued pursuant to the Indenture.

“Prepayment Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Prepayment Fund established pursuant to the Indenture and maintained by the Trustee.

“Principal Corporate Trust Office” means the corporate trust office of the original Trustee in Costa Mesa, Los Angeles or San Francisco, California, at which at any particular time corporate trust business is administered, or such other office as it designates; and any such office designated by any successor Trustee, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

“Priority Administrative Expenses” means Administrative Expenses in an amount not to exceed (i) for the Fiscal Year 2025-26, \$25,000, and (ii) for each subsequent Fiscal Year, an amount equal to the maximum Priority Administrative Expenses amount for the preceding Fiscal Year plus 2% of such amount.

“Rate and Method” means the “Rate and Method of Apportionment for Improvement Area No. 1 of California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California,” adopted by the Commission in connection with the formation of the Community Facilities District.

“Rebate Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Rebate Fund established pursuant to the Indenture (to be maintained by the Treasurer of the Authority).

“Redemption Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Redemption Fund established pursuant to the Indenture and maintained by the Trustee.

“Required Bond Reserve” means, as of any date of calculation, the lesser of (a) Maximum Annual Debt Service, (b) 10% of the proceeds (within the meaning of Section 148 of the Code) of the Bonds, and (c) 125% of the Average Annual Debt Service; provided that upon the issuance of any Series of Parity Bonds, the Required Bond Reserve will not be required to be funded or increased by an amount greater than 10% of the proceeds of that Series. At issuance of the Series 2025 Bonds, the Required Bond Reserve will equal the amount stated in this Official Statement and shall not increase except in connection with the issuance of any Parity Bonds.

“Reserve Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Reserve Fund established pursuant to the Indenture and maintained by the Trustee.

“Series” means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to the Indenture or a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the Indenture.

“Series 2025 Bonds” means the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025,” issued pursuant to the Indenture.

“Sinking Account” means the accounts referred to by that name in the Redemption Fund established pursuant to the Indenture.

“Special Tax” means the “Special Tax” levied within the Improvement Area to fund the Special Tax Requirement (as each term is defined in the Rate and Method).

“Special Tax Fund” means the CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Special Tax Fund established pursuant to the Indenture and maintained by the Trustee.

“Special Tax Requirement” has the meaning given in the Rate and Method.

“Special Tax Revenues” means the proceeds of the Special Tax received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon, and proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, which will be limited to the amount of said lien and interest and penalties thereon.

“Standard & Poor’s” means S&P Global Ratings, a business of Standard & Poor’s Financial Services LLC, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, or, if such entity will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Authority.

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the Authority and the Trustee, amendatory of or supplemental to the Indenture; but only to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means each certificate delivered upon the issuance of Bonds relating to Section 148 of the Code.

“Taxable Property” has the meaning given in the Rate and Method.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the Indenture, at its Principal Corporate Trust Office, or any other bank, national banking association or trust company having a corporate trust office in Costa Mesa, Los Angeles or San Francisco, California, which may at any time be substituted in its place as provided in the Indenture at its Principal Corporate Trust Office.

“Written Request of the Authority” means an instrument in writing signed by an Authorized Signatory.

## **Equal Security**

In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture will be deemed to be and will constitute a contract between the Authority and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated and delivered under the Indenture, subject to the agreements, conditions, covenants and terms contained in the Indenture; and all

agreements, conditions, covenants and terms contained in the Indenture required to be observed or performed by or on behalf of the Authority will be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

### **Various Provision Relating to the Bonds**

#### Authentication by the Trustee

Only those Bonds that bear thereon a certificate of authentication manually executed by the Trustee will be entitled to any benefit, protection or security under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee will be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, authenticated and delivered under the Indenture and are entitled to the benefits of the Indenture.

#### Transfer and Exchange of Bonds

The Trustee is required to keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books are required to at all times during normal business hours with reasonable prior notice be open to inspection by the Authority or by any Holder. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds are surrendered for transfer or exchange, the Authority is required to execute and the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the Authority nor the Trustee will be required (i) to transfer or exchange any Bonds during the fifteen-day period prior to the selection of any Bonds for redemption under the Indenture, or (ii) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under the Indenture.

#### Mutilated, Destroyed, Stolen or Lost Bonds

In case any Bond becomes mutilated in respect of the body of such Bond or is believed by the Authority to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Authority and the Trustee and upon the surrender of such mutilated Bond at the Principal Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Authority and the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Authority and the Trustee, and also upon payment of all Administrative Expenses incurred by the Authority and the Trustee related to the replacement of any Bond so mutilated, destroyed, stolen or lost, the Authority is required to execute and the Trustee will authenticate and deliver at its Principal Corporate Trust Office a new Bond or Bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Trustee will determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond will have matured or been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt of like proof, indemnity and payment of Administrative Expenses.

Any replacement Bonds issued pursuant to the Indenture will be entitled to equal and proportionate benefits with all other Bonds issued under the Indenture, and the Authority and the Trustee will not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and the replacement Bond will be treated as one and the same.

#### Temporary Bonds

Any Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds will be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority, will be issued in fully registered form, will contain such reference to any of the provisions of the Indenture as may be appropriate and will be executed by the Authority upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee will deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Bonds will be entitled to the same benefits as definitive Bonds issued under the Indenture.

#### Use of Depository for Bonds

The Depository Trust Company, in New York, New York, has been appointed depository for the Bonds, and the Bonds will be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and will be initially issued as one Bond for each of the maturities in the principal amounts set forth in the Indenture, and registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

- To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to the Indenture (a "Substitute Depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company, or any Substitute Depository, will be qualified under any applicable laws to provide the services proposed to be provided by it;
- To any Substitute Depository not objected to by the Trustee, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for The Depository Trust Company or its successor because The Depository Trust Company or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided, that any such Substitute Depository will be qualified under any applicable laws to provide the services proposed to be provided by it; or
- To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository.

In the case of any transfer pursuant to one of the first two of the bulleted paragraphs immediately above, upon receipt of the Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity date of the Bonds are required to be executed by the Authority and authenticated and delivered by the Trustee in the aggregate principal amount of the Bonds so received, in such denominations and registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority. In the case of any transfer pursuant to the third of the bulleted paragraphs immediately above, upon receipt of the Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond or Bonds for each maturity date of the Bonds are required to be executed by the Authority and authenticated and delivered by the Trustee in the aggregate principal amount of the Bonds so received, in such denominations and registered in the names of such persons as are requested in such Written Request of the Authority, subject to the limitations of the Indenture related to authorized denominations, and thereafter, the Bonds will be transferred pursuant to the provisions of the Indenture relating to the transfer and exchange of Bonds; provided, that the Trustee will not be required to deliver such new Bonds on a date prior to sixty (60) days after receipt of such Written Request of the Authority.

The Authority and the Trustee will be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Authority or the Trustee; and the Authority and the Trustee will have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or any Substitute Depository or its successor), except to The Depository Trust Company or its successor (or any Substitute Depository or its successor) as a Holder of the Bonds.

So long as any Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee are required to cooperate with Cede & Co., as sole Holder, or its registered assigns, in effecting payment of the interest on and principal of and redemption premium, if any, on such Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

### **Bond Proceeds**

Upon the receipt of payment of the proceeds of sale of the Series 2025 Bonds when the same have been duly sold by the Authority, the Trustee is required to set aside and deposit the proceeds of sale of the Series 2025 Bonds in the following accounts and funds (or in a temporary account or fund in its books used to facilitate such deposits and transfers):

#### The Reserve Fund

The Trustee will establish and maintain a fund to be known as the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Reserve Fund,” (the “Reserve Fund”) into which is required to be deposited an amount equal to the Required Bond Reserve. Subject to the Indenture, moneys in the Reserve Fund are required to be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Redemption Fund are insufficient therefor, and for that purpose the Trustee will withdraw from the Reserve Fund, for deposit in the Redemption Fund, moneys necessary for such purpose. Amounts in the Reserve Fund will only be withdrawn to pay principal and interest on the Bonds; provided, that if the amount on deposit in the Reserve Fund is less than the Required Bond Reserve, the Trustee is required to notify the Authority of the amount needed to replenish the Reserve

Fund to the Required Bond Reserve and the Authority will collect the deficiency by including it in the next annual Special Tax levy, to the extent permitted by law and as necessary.

#### The Costs of Issuance Account

The Trustee will establish and maintain an account to be known as the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Costs of Issuance Account,” (the “Costs of Issuance Account”) into which account is required to be deposited the amount shown above. All money in the Costs of Issuance Account will be applied by the Trustee in the manner provided by law for payment of Costs of Issuance as directed by the Written Request of the Authority; provided, that any money remaining in the Costs of Issuance Account after the completion of the payment of the Costs of Issuance (but, with respect to the Series 2025 Bonds, not later than the date that is six months after the Closing Date for the Series 2025 Bonds) will be withdrawn by the Trustee from the Costs of Issuance Account and deposited by the Trustee in the Acquisition and Construction Fund, and the Costs of Issuance Account will be closed. Any Supplemental Indenture may reopen or create a new Costs of Issuance Account with respect to Parity Bonds.

#### The Acquisition and Construction Fund

The Trustee is required to establish and maintain a fund to be known as the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Acquisition and Construction Fund” (the “Acquisition and Construction Fund”); into which fund will be deposited the amounts required to be deposited therein by the provisions of the Indenture. All money in the Acquisition and Construction Fund will be applied by the Trustee in accordance with the following paragraph for financing the acquisition and construction of the Improvements (or for making reimbursements to the Developer for such costs theretofore paid by it), including payment of costs incidental to or connected with financing such acquisition and construction, or for the payment of development fees, or for the repayment of funds advanced to or for the Community Facilities District, not to exceed the amount on deposit in the Acquisition and Construction Fund.

Amounts in the Acquisition and Construction Fund will be applied by the Trustee as directed in a Disbursement Request. Any amount remaining in the Acquisition and Construction Fund after the completion of its purpose, which completion will be conclusively evidenced by a Certificate of the County and confirmed in writing by the Developer, will be transferred by the Trustee to the Special Tax Fund, except that any amounts remaining in the Acquisition and Construction Fund after all Series 2025 Bonds and all Parity Bonds have been paid and retired is required to be deposited in the Expense Fund.

### **Special Tax Revenues**

#### Deposit of Special Tax Revenues in the Special Tax Fund

The Trustee is required to establish and maintain a fund to be known as the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Special Tax Fund” (the “Special Tax Fund”), which fund is required to be held and maintained in trust by the Trustee, and the Authority agrees and covenants that all Special Tax Revenues (including any prepayments thereof and including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Tax or other actions by the Authority to collect delinquent Special Tax), when and as received, will be immediately transferred to the Trustee, and the Trustee agrees and covenants to deposit all such transfers in the Special Tax Fund, and all money in the Special Tax Fund will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture and summarized in this Official Statement under

the heading “SECURITY FOR THE 2025 BONDS – Funds and Accounts; Flow of Funds – *Priority of Deposits.*”

Except for money held in the Acquisition and Construction Fund, the Prepayment Fund, the Expense Fund, and the Rebate Fund, all of the Net Special Tax Revenues, all funds and accounts established to hold Net Special Tax Revenues under the Indenture, and any investment earnings thereon, are pledged to, and constitute a trust fund for, the payment of the principal of and interest on the Bonds. So long as the principal of and interest on the Bonds remains unpaid, the Net Special Tax Revenues, the funds and accounts established to hold Net Special Tax Revenues, and any investment earnings thereon will not be used for any other purpose, except as otherwise permitted by the Indenture, and is required to be held in trust for the benefit of the owners of the Bonds and will be applied pursuant to the Indenture. The Prepayment Fund is pledged for the payment of principal and redemption premium, if any, on the Bonds in accordance with the Indenture; but is pledged to pay interest on the Bonds only to the extent of accrued interest included in the calculations of the prepayment amounts under the Rate and Method and in accordance with the Indenture.

#### Special Tax Remainder

Until the Acquisition and Construction Fund is closed pursuant to the Indenture, all money remaining in the Special Tax Fund on September 1 of each year after the transfers made to the Expense Fund, the Redemption Fund, and the Reserve Fund pursuant to the Indenture will be transferred to the Acquisition and Construction Fund and used for the purposes thereof. After the Acquisition and Construction Fund is closed pursuant to the provisions of the Indenture, after transferring all of the sums required to be transferred on or prior to such date by the provisions of the Indenture as described in this Official Statement under the heading “SECURITY FOR THE 2025 BONDS – Funds and Accounts; Flow of Funds – *Priority of Deposits.*” all money remaining in the Special Tax Fund on September 1 of each year will be applied by the Trustee as a credit against Special Tax collections in the following year.

### **Covenants of the Authority**

#### Punctual Payment and Performance

The Authority will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Indenture in strict conformity with the terms of the Law and the Indenture and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture and in the Bonds required to be observed and performed by it.

#### Against Indebtedness and Encumbrances

The Authority will not issue any evidences of indebtedness payable from the Net Special Tax Revenues except as provided in the Indenture, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided in the Indenture; provided, that the Authority may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District so long as any payments due thereunder will be subordinate in all respects to the use of the Net Special Tax Revenues as provided in the Indenture.

#### Against Federal Income Taxation

The Authority will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant



to Section 103 of the Code, and specifically the Authority will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the Authority, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code; provided, that if the Authority will obtain an opinion of nationally recognized bond counsel to the effect that any action required under this covenant is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority may rely conclusively on such opinion in complying with the provisions of this covenant. In the event that at any time the Authority is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any money held by the Treasurer of the Authority or the Trustee under the Indenture or otherwise the Authority will so instruct the Treasurer of the Authority or the Trustee, as the case may be, in writing, and the Treasurer of the Authority or the Trustee, as the case may be, will take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation will survive payment in full or defeasance of the Bonds, and to that end, there is established in the treasury of the Authority a fund to be known as the “CSCDA/San Juan Oaks Improvement Area No. 1 Community Facilities District Rebate Fund” (the “Rebate Fund”) to be held in trust and administered by the Treasurer of the Authority. The Authority will comply with the provisions of the Tax Certificate with respect to making deposits in the Rebate Fund, and all money held in the Rebate Fund is pledged to provide payments to the United States of America as provided in the Indenture and in the Tax Certificate and no other person will have claim to such money except as provided in the Tax Certificate. The Trustee may rely conclusively upon the Authority’s determinations, calculations and certifications required by this covenant. The Trustee will have no responsibility to independently make any calculation or determination or to review the Authority’s calculations required by this covenant.

The provisions of this covenant will survive the defeasance of the Bonds.

#### Payment of Claims

The Authority will pay and discharge any and all lawful claims which, if unpaid, might become payable from the Net Special Tax Revenues or any part thereof or upon any funds in the hands of the Trustee allocated to the payment of the interest on or principal of or redemption premium, if any, on the Bonds, or which might impair the security of the Bonds.

#### Expense Budgets

The Authority will, on or before June 1 in each year, prepare and approve a budget setting forth the estimated Administrative Expenses for the period from such June 1 through the next succeeding May 31. Any budget approved in accordance with this covenant may be amended at any time.

#### Accounting Records; Financial Statements and Other Reports

The Authority will keep, and pursuant to the Indenture requires the Trustee to keep, appropriate accounting records in which complete and correct entries are required to be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Special Tax Revenues and of the

proceeds of the Bonds, which accounting records are required at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the Authority) of any investment banker, security dealer or other person interested in the Bonds.

The Authority will prepare annually, no later than January 1, a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Administrative Expenses for the prior Bond Year and containing a general statement of the physical condition of the Improvements. The Authority will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting a copy thereof.

The Authority will prepare annually not later than October 30 of each year, commencing October 30, 2025, and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law (see Section 53359.5), including:

- The principal amount of the Outstanding Bonds;
- The balance in the Reserve Fund;
- The balance in the capitalized interest account, if any;
- The number of parcels securing the Bonds which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the total amount of Special Tax due on the delinquent parcels, the length of time that each delinquent parcel has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified;
- The balance in the Acquisition and Construction Fund;
- The assessed value of all parcels subject to the levy of the Special Tax to repay the Bonds, as shown on the most recent equalized assessment roll, the date of assessed value reported, and that the information comes from the County Assessor's Office of the County of San Benito;
- The total amount of Special Tax due, the total amount of unpaid Special Tax, and whether the Special Tax is paid under the County's Teeter Plan; and
- Contact information for the Authority official providing the information.

Additionally, the Authority will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the Authority or the Trustee fails to pay any interest on or principal of any of the Bonds on any scheduled payment date.

#### Protection of Security and Rights of Holders

The Authority will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

### Levy and Collection of the Special Tax

The Authority, so long as any Bonds are Outstanding, will annually levy the Special Tax against all Taxable Property in the Improvement Area and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Administrative Expenses as they become due and payable in accordance with the provisions and terms of the Indenture. The Special Tax will be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in the following covenant and in the Law, will be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

### Foreclosure of Special Tax Liens

On or before October 1 of each year, the Authority will review the public records of the County of San Benito relating to the collection of the Special Tax in the Improvement Area in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and on the basis of such review the Authority will, not later than December 1 of such year, institute foreclosure proceedings as authorized by the Law (a) against any single parcel within the Improvement Area with aggregate delinquent Special Taxes (including prior years) of \$5,000 or more in any year in which such Special Tax payments were due, (b) against all parcels owned within the Improvement Area by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of \$5,000 or more, and (c) against all parcels with delinquent Special Tax payments regardless of their delinquent amount in any Fiscal Year in which it receives Special Tax payments in an amount which is less than 95% of the total Special Tax levy, and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale; provided that any actions taken to enforce delinquent Special Tax liens will be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Law.

### Continuing Disclosure Certificate

The Authority will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Authority and dated the date of the execution, authentication and initial delivery of any Series of Bonds issued under the Indenture, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision of the Indenture, failure of the Authority to comply with such Continuing Disclosure Certificate will not be considered a default under the Indenture; provided, that any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Indenture.

### Further Assurances

The Authority will adopt, deliver, execute and make any and all further assurances, instruments and resolutions 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 Holders of the rights and benefits provided in the Indenture.

## **The Trustee**

Wilmington Trust, National Association at its Principal Corporate Trust Office is Trustee for the purpose of receiving all money which the Authority is required to transfer to it under the Indenture and for applying and using such money as provided in the Indenture for the purpose of paying the interest on and principal of and redemption premium, if any, on the Bonds. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in Costa Mesa, Los Angeles or San Francisco, California.

The Authority may remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor will be a bank, national banking association or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by a federal or state banking authority. If such bank, national banking association or trust company 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 the combined capital and surplus of such bank, national banking association 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. The Trustee may at any time resign and be discharged from its duties and obligations under the Indenture by giving written notice of such resignation to the Authority and by giving notice of such resignation by mail pursuant to the Indenture to the Holders, and upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing having the qualifications required by the Indenture. Any resignation or removal of a Trustee and appointment of a successor Trustee will become effective only upon the acceptance of appointment by the successor Trustee. If within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee will have been appointed by the Authority and will have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Indenture.

### Liability of the Trustee

The recitals of facts, agreements and covenants contained in the Indenture and in the Bonds will be taken as statements, agreements and covenants of the Authority, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity thereof or of the Bonds or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and will not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it in the Indenture or in the Bonds, and will not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. In no event will the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable for any error of judgment made in good faith, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts, and no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any liability for the performance of its duties under the Indenture, or in the exercise of any of its rights or powers under the Indenture.

The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, and the Trustee will not be

answerable for the negligence or misconduct of any such attorney, agent, receiver, certified public accountant or other professionals selected by it with due care. The Trustee will be entitled to rely on and will not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee with due care.

The Trustee is required to perform only those duties expressly set forth in the Indenture. These duties will be deemed purely ministerial in nature, the Trustee will not be liable except for the performance of such duties, and no implied duties or obligations will be read into the Indenture against the Trustee. The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any party, including, without limitation, the Authority or any Holder, pursuant to the provisions of the Indenture, unless such party will have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

The Trustee will not be required to take notice or be deemed to have notice of any default under the Indenture, unless a responsible officer in the trust department of the Trustee responsible for the administration of the Indenture has actual notice thereof or the Trustee will be specifically notified in writing of such default by the Authority or the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding, and, in the absence of such notice so delivered, the Trustee may conclusively assume that no default or Event of Default exists. The Trustee will, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under similar circumstances in the conduct of its own affairs.

The Trustee will not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the Authority with respect to any of the Bonds. Neither the Trustee nor any of its directors, officers, employees, agents or affiliates will be responsible for nor have any duty to monitor the performance or any action of the Authority, or any of its directors, members, officers, agents, affiliates or employee, nor will the Trustee have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons and entities of their respective obligations. The Trustee will have no enforcement or notification obligations relating to breaches of representations or warranties of any other person or entity.

The Trustee will be entitled to request and receive written instructions and directions pursuant to the Indenture and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written instructions or directions. Such instructions or directions may be sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the County elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the County agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee will not be liable to the parties to the Indenture or deemed in breach or default under the Indenture if and to the extent its performance thereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure will include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, quarantine restrictions or other similar occurrences.

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 will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company is eligible under the Indenture and will be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and it will not be answerable for other than its negligence or willful misconduct.

The Trustee will hold any financial statements of the Authority solely as an accommodation to the Holders and will have no duty or obligation to review such financial statements.

The Trustee will not be responsible for or accountable to anyone for the subsequent use or application of any moneys which will be released or withdrawn in accordance with the provisions of the Indenture.

#### Notice to the Trustee

The Trustee will be protected in acting or refraining from acting in reliance upon any Bond, Certificate of the Authority, consent, notice, opinion, report, resolution, order, judgment, decree, Written Request of the Authority or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Each such Bond, Certificate of the Authority, consent, notice, opinion, report, resolution, order, judgment, decree, Written Request of the Authority or other document or paper will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee may consult with counsel, including, without limitation, counsel to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered under the Indenture in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations under the Indenture the Trustee deems it necessary or desirable that a matter be established or proved prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively established or proved by a Certificate of the Authority and/or an Opinion of Counsel, which will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, and on which the Trustee may conclusively rely, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

## **Amendment or Supplement to the Indenture**

### Amendment or Supplement by Consent of Holders

The Indenture and the rights and obligations of the Authority and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding when the written consents of the Holders of sixty percent (60%) or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided under the heading “Disqualified Bonds” below, are filed with the Trustee. No such amendment or supplement will (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or principal of or Mandatory Sinking Account Payment for or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the Holder of such Bond, or (2) permit the issuance by the Authority of any other obligations payable from the Net Special Tax Revenues except as provided in the Indenture, or jeopardize the ability of the Authority to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

### Amendment or Supplement Without Consent of Holders

The Indenture and the rights and obligations of the Authority and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

- To add to the agreements and covenants required in the Indenture to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority which will not (in the opinion of the Authority) adversely affect the interests of the Holders, or to surrender any right or power reserved in the Indenture to or conferred therein upon the Authority which will not (in the opinion of the Authority) adversely affect the interests of the Holders;
- To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the Authority may deem desirable or necessary and not inconsistent with the Indenture and which will not (in the opinion of the Authority) adversely affect the interests of the Holders;
- To authorize the issuance under and subject to the Law of any Parity Bonds for any of the Bonds and to provide the conditions and terms under which such Parity Bonds may be issued subject to the Indenture;
- To make such additions, deletions or modifications as may be necessary or appropriate to insure exclusion from gross income for purposes of federal income taxation of the interest on the Bonds; or
- To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Bonds.

### Disqualified Bonds

Bonds owned or held for the account of the Authority will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and will not be entitled to consent to or take any other action provided for in the Indenture. Upon request of the Trustee, the Authority will specify in a certificate to the Trustee those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

### Endorsement or Replacement of Bonds After Amendment or Supplement

After the effective date of any action taken as above provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action will be made on such Bond. If the Authority so determines, new Bonds so modified as, in the opinion of the Authority, will be necessary to conform to such action will be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds will, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

### Amendment or Supplement by Mutual Consent

The provisions of the Indenture will not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; provided, that due notation thereof is made on such Bonds.

## **Events of Default and Remedies of Holders**

### Events of Default; Remedies of Holders

If one or more of the following events (herein “Events of Default”) should happen, that is to say -

- if default is made by the Authority in the due and punctual payment of any interest on or principal of or Mandatory Sinking Account Payment for any of the Bonds when and as the same becomes due and payable; or
- if default is made by the Authority in the observance or performance of any of the other agreements or covenants contained in the Indenture required to be observed or performed by it, and such default continues for a period of thirty (30) days after the Authority has been given notice in writing of such default by the Trustee;

then in each and every such case during the continuance of such Event of Default any Holder will have the right for the equal benefit and protection of all Holders similarly situated, and the Trustee has the right, in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all the Bonds with respect to which such an Event of Default has occurred, also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Holders of such Bonds under the laws of the State or under the Indenture by such of the following remedies as the Trustee deems most effectual to protect and enforce such rights:



- by mandamus or other suit or proceeding at law or in equity to enforce his rights against the Authority, its Commission, or any of the officers or employees of the Authority, and to compel the Authority, its Commission, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained in the Indenture;
- by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or
- by suit in equity upon the nonpayment of the Bonds to require the Authority, its Commission or its officers and employees to account as the trustee of an express trust.

All money collected by the Trustee at any time pursuant to the provisions of the Indenture relating to the Events of Default and the remedies of Holders shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Special Tax Fund. Such money so credited to the Special Tax Fund and all other money from time to time credited to the Special Tax Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of the Indenture described above under the heading “Special Tax Revenues,” in this Official Statement under the heading “SECURITY FOR THE 2025 BONDS – Funds and Accounts; Flow of Funds,” and in this section entitled “Events of Default; Remedies of Holders.”

In the event that at any time the money credited to the Special Tax Fund and the Redemption Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money shall be applied, first, for payment of all amounts due to the Trustee incurred in performance of its duties under the Indenture, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under the Indenture.

#### Non-waiver

Nothing in the Indenture or in the Bonds will affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premium, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity from the Net Special Tax Revenues and the other funds as provided in the Indenture, or will affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Indenture and in the Bonds.

A waiver of any default or breach of duty or contract by any Holder will not affect any subsequent default or breach of duty or contract and will not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or will be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the Authority and such Holder will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

#### Remedies Not Exclusive

No remedy conferred upon or reserved to the Holders by the Indenture is intended to be exclusive of any other remedy, and every such remedy will be cumulative and will be in addition to every other

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

## **Defeasance**

### Discharge of the Bonds.

If the Authority is required to pay or cause to be paid or there is otherwise required be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premium, if any, thereon at the times and in the manner stipulated therein and pursuant to the Indenture, then all agreements, covenants and other obligations of the Authority to the Holders of such Bonds under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee is required to execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee is required to deposit in accordance with a written direction of the Authority all money or securities held by it pursuant to the Indenture which are not required for the payment of the interest on and principal of and redemption premium, if any, on the Bonds.

Any Outstanding Bonds will on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the preceding paragraph if there will be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premium, if any, due on such Bonds on such date.

Any Outstanding Bonds will prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above if (1) in case any of the Bonds are to be redeemed on any date prior to their maturity date, the Authority will have irrevocably instructed the Trustee to mail pursuant to the Indenture a notice of redemption to the respective Holders of all such Outstanding Bonds, (2) there will have been deposited with an escrow agent or the Trustee either (i) money in an amount which will be sufficient or (ii) as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the Authority and the Trustee, Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, will be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premium, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding ninety (90) days, the Authority will have agreed to mail pursuant to the Indenture a notice to the Holders of such Bonds that the deposit required above has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and redemption premium, if any, on such Bonds.

### Unclaimed Money.

Anything contained in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed

for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds or interest thereon became due and payable, will be repaid by the Trustee to the Authority as its absolute property free from trust for use in accordance with the Law, and the Trustee will thereupon be released and discharged with respect thereto and the Holders will look only to the Authority for the payment of such Bonds and interest thereon; provided, that before the Trustee will be required to make any such repayment the Authority will mail pursuant to the Indenture a notice to the Holders of all Outstanding Bonds and to such securities depositories and securities information services selected by it pursuant to the Indenture that such money remains unclaimed and that after a date named in such notice, which date will not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Authority.

## **Miscellaneous**

### Liability of Authority Limited to Net Special Tax Revenues

Notwithstanding anything contained in the Indenture, the Authority will not be required to advance any money derived from any source of income other than the Net Special Tax Revenues and the other funds as provided in the Indenture for the payment of the interest on or principal of or redemption premium, if any, on the Bonds.

The Bonds are special tax obligations of the Authority and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the Net Special Tax Revenues and such other funds, and the Authority is not obligated to pay them except from the Net Special Tax Revenues and such other funds. The general funds and assets of the Authority are not liable and the full faith and credit of the Authority is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax will ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the Authority or any of its income or receipts except the Net Special Tax Revenues and such other funds as provided in the Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the Authority. The Bonds do not constitute an indebtedness of the Authority within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Commission nor the Authority nor any officer or employee thereof will be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds otherwise than from the Net Special Tax Revenues and the other funds as provided in the Indenture.

### Benefits of the Indenture Limited to Certain Parties

Nothing contained in the Indenture, express or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of the Indenture, and any agreement or covenant required under the Indenture to be performed by or on behalf of the Authority or any officer or employee thereof will be for the sole and exclusive benefit of the Trustee and the Holders.

### Execution of Documents by Holders

Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder

or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number and date of holding the same will be proved by the registration books required to be kept by the Trustee pursuant to the Indenture.

Any declaration, request or other instrument or writing of the Holder of any Bond will bind all future Holders of such Bond with respect to anything done or suffered to be done by the Authority in good faith and in accordance therewith.

#### Deposit and Investment of Moneys in Funds

All money held by the Trustee in any fund established in the Indenture is required to be deposited by the Trustee in Legal Investments at the written direction of the Authority, and is required to be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Trustee in the Redemption Fund, Expense Fund and Acquisition and Construction Fund are required to be invested by the Trustee in Legal Investments upon the written direction of the Authority. In the absence of a written investment direction of the Authority, the Trustee is required to invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will have received a written direction of the Authority specifying a specific money market fund and, if no such written direction of the Authority is so received, the Trustee is required to hold such moneys uninvested. The Trustee may rely upon any investment direction from the Authority as a certification to the Trustee that such investment constitutes a Legal Investment. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Trustee under the Indenture and may impose its customary charges therefor, and the Trustee will not be responsible for any loss suffered in connection with any investment made in accordance with the Indenture. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

All interest received on any such money so deposited or invested is required to (subject to the Authority's covenant to preserve the tax-exempt status of the Bonds) be retained within the fund from which the deposit or investment was made, and all losses on any such money so deposited or invested will be borne by the fund from which the deposit or investment was made.

#### Waiver of Personal Liability

No member of the Authority Commission or officer or employee of the Authority will be individually or personally liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, but nothing contained in the Indenture will relieve any member of the Authority Commission or officer or employee of the Authority from the performance of any official duty provided by the Indenture or by the Law or by any other applicable provisions of law.

### Execution in Counterparts and Electronic Signatures

The Indenture may be executed in several counterparts, each of which will be deemed an original, and all of which will constitute but one and the same instrument. Each of the parties to the Indenture agrees that the transaction consisting of the Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs the Indenture using an electronic signature, it is signing, adopting, and accepting the Indenture and that signing the Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on the Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of the Indenture in a usable format.

### Governing Law

The Indenture will be governed by and construed and interpreted in accordance with the laws of the State of California.

### Action to Be Taken on Days Other Than Business Day

Except as otherwise provided in the Indenture, whenever the Indenture requires any action to be taken on a day which is not a Business Day, such action will be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest will accrue for the intervening period.

## APPENDIX E

### FORMS OF CONTINUING DISCLOSURE CERTIFICATES

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2023-08,  
(SAN JUAN OAKS), IMPROVEMENT AREA NO. 1,  
SPECIAL TAX BONDS, SERIES 2025**

**CONTINUING DISCLOSURE CERTIFICATE  
(Authority)**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the California Statewide Communities Development Authority (the “**Authority**”) in connection with the issuance by the Authority of its California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025 (the “**2025 Bonds**”). The 2025 Bonds are being issued pursuant to an Indenture, dated as of August 1, 2025 (the “**Indenture**”), by and between the Authority and Wilmington Trust, National Association, as Trustee (the “**Trustee**”). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners (as defined below) of the 2025 Bonds, and in order to assist the Underwriter (as defined below) in complying with the Rule (as defined below), but shall not be deemed to create any monetary liability on the part of the Authority to any other persons, including Holders or Beneficial Owners of the 2025 Bonds based on the Rule. The sole remedy in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

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 Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Beneficial Owner**” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2025 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2025 Bonds for federal income tax purposes.

“**Community Facilities District**” shall mean the California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California.

“**Dissemination Agent**” shall mean any dissemination agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation. The initial Dissemination Agent shall be DTA Public Finance, Inc.

“**Financial Obligation**” shall mean, for purposes of the Listed Events set out in Section 5(a)(x) and Section 5(b)(viii), a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of

(a) or (b). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Holder**” shall mean the person in whose name any 2025 Bond shall be registered.

“**Improvement Area**” shall mean Improvement Area No. 1 designated within the Community Facilities District.

“**Listed Event**” shall mean any of the events listed in Section 5(a) or 5(b) 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 the official statement relating to the 2025 Bonds, dated \_\_\_\_\_, 2025.

“**Report Date**” shall mean January 15 in each year.

“**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.

“**Special Tax**” shall mean the annual special taxes for facilities of the Community Facilities District levied on taxable property within the Improvement Area.

“**Underwriter**” shall mean Stifel, Nicolaus & Company, Incorporated, as original underwriter of the 2025 Bonds and any other underwriter of the 2025 Bonds required to comply with the Rule in connection with offering of the 2025 Bonds.

### SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than January 15 in each year, commencing January 15, 2026, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Authority 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. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the 2025 Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Authority) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Authority's first Annual Report due on January 15, 2026, shall consist of the Official Statement and the Authority's audited financial statements as described in Section 4(a) below. Thereafter, the Annual Reports shall contain or incorporate by reference the following:

(a) *Financial Statements.* The Authority's audited financial statements for the most recent Fiscal Year then ended. If audited financial statements are not available by the time the Annual Report is required to be filed by Section 3, then the Annual Report must include a statement indicating that it does not include such audited financial statements.

(b) *Financial and Operating Data.* The Annual Report must contain or incorporate by reference the following information except to the extent the information is included in the Authority's audited financial statements or in a report to the California Debt and Investment Advisory Commission that has been uploaded to EMMA:

(1) The then-outstanding principal amount of the 2025 Bonds and any Parity Bonds, and the balances in each of the following funds established under the Indenture as of the close of the prior fiscal year:

(A) The Redemption Fund (with a statement of the debt-service requirement to be discharged by the fund before the receipt of expected additional Special Tax revenue, *i.e.*, the Debt Service due on the following September 1).

(B) The Reserve Fund.

(2) The aggregate land assessed valuation and the aggregate improvement assessed valuation of the Taxable Property within the Improvement Area for the current Fiscal Year.

(3) A statement of the actual Special Tax collections and delinquencies for the Improvement Area for the prior Fiscal Year.

(4) A statement of any Special Tax prepayments for the prior Fiscal Year.

(5) An update of the information in Table 9 of the Official Statement based on the assessed valuation of the Taxable Property within the Improvement Area for the current Fiscal Year.

(6) Any changes to the Rate and Method for the Community Facilities District set forth in Appendix B to the Official Statement.

(7) The following information (to the extent that it is no longer reported in the Authority's annual filings with the California Debt and Investment Advisory Commission regarding the 2025 Bonds):

(A) The Required Bond Reserve for the prior Fiscal Year.



(B) A statement as to the status of any foreclosure actions with respect to delinquent payments of the Special Tax.

(c) Any or all of the items listed in section 4(a) or 4(b) may be included by specific reference to other documents (including official statements of debt issues of the Authority or related public entities) that 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 through EMMA. The Authority shall clearly identify each document included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2025 Bonds in a timely manner not later than ten (10) business days after the occurrence of the event to the MSRB:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the obligated person; or
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Community Facilities District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (ix), 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.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2025 Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event to the MSRB:

(i) unless described in paragraph 5(a)(vi), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2025 Bonds or other material events affecting the tax status of the 2025 Bonds;

(ii) modifications to rights of bond holders;

(iii) bond calls;

(iv) release, substitution, or sale of property securing repayment of the 2025 Bonds;

(v) non-payment related defaults;

(vi) 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;

(vii) appointment of a successor or additional trustee or the change of name of a trustee; or

(viii) incurrence of a Financial Obligation of the Community Facilities District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Community Facilities District, any of which affect security holders.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

(e) The Authority intends to comply with the Listed Events described in Section 5(a)(x) and Section 5(b)(viii), and the definition of “Financial Obligation” in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 14-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2025 Bonds. If such termination or substitution occurs prior to the final maturity of the 2025 Bonds, the Authority shall give notice of such termination or substitution to the MSRB.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be DTA Public Finance, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2025 Bonds, or the type of business conducted;
- (b) the undertaking, 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 2025 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 Holders of the 2025 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority 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 Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given to the MSRB, 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority 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 Authority 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 Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Authority Not Responsible for Continuing Disclosure by Other Parties. Nothing contained herein shall be construed to require the Authority to enforce the obligation of any other party, including any owner of property within the Improvement Area, to provide information to the MSRB, or the Underwriter or otherwise to comply with such other party's continuing disclosure undertaking entered into in connection with the issuance of the 2025 Bonds.

SECTION 12. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and if the Authority is not the Dissemination Agent, the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the 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 Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2025 Bonds.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

|                   |   |
|-------------------|---|
| To the Authority: | California Statewide Communities<br>Development Authority<br>1100 K Street, Suite 101<br>Sacramento, California 95814<br>Attention: Chair |
|-------------------|---|

|                     |  |
|---------------------|--|
| To the Underwriter: | Stifel, Nicolaus & Company, Incorporated<br>One Montgomery Street, Suite 3700<br>San Francisco, CA 94014<br>Attn: Eileen Gallagher |
|---------------------|--|

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter, Holders and Beneficial Owners of the 2025 Bonds from time to time, and shall create no rights in any other person or entity.

SECTION 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Date: [\_\_\_\_\_]

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: California Statewide Communities Development Authority

Name of Bond Issue: California Statewide Communities Development Authority Community  
Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No.  
1, Special Tax Bonds, Series 2025

Date of Issuance: [\_\_\_\_\_]

NOTICE IS HEREBY GIVEN that the California Statewide Communities Development Authority (the  
“Authority”) has not provided an Annual Report with respect to the above named Bonds as required by the  
Continuing Disclosure Certificate, dated the date of issuance of such 2025 Bonds. The Authority anticipates  
that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Date: \_\_\_\_\_, 20\_\_.

CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2023-08  
(SAN JUAN OAKS), IMPROVEMENT AREA NO. 1,  
SPECIAL TAX BONDS, SERIES 2025**

**DEVELOPER CONTINUING DISCLOSURE CERTIFICATE**

This Developer Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed on \_\_\_\_\_, 2025, by San Juan Oaks Owner, LLC, a Delaware limited liability company (the “**Developer**”), in connection with the issuance by the California Statewide Communities Development Authority (the “**Authority**”) of its California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No. 1, Special Tax Bonds, Series 2025 (the “**Bonds**”). The Bonds are being issued pursuant to an Indenture, dated as of August 1, 2025 (the “**Indenture**”), by and between the Authority and Wilmington Trust, National Association, as Trustee (the “**Trustee**”).

The Developer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the Holders and Beneficial Owners, but shall not be deemed to create any monetary liability on the part of the Developer to any other persons, including Holders or Beneficial Owners of the Bonds. The sole remedy in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

SECTION 2. Definitions. In addition to the definitions set forth in the preamble above and 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 when used herein:

“**Affiliate**” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Developer, and about whom information would be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Developer’s ability to pay the Special Taxes levied on the Property prior to delinquency).

“**Assumption Agreement**” shall mean an undertaking of a Major Owner, for the benefit of the Holders and Beneficial Owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the Community Facilities District), whereby such Major Owner agrees to provide Semiannual Reports and notices of significant events, setting forth the information described in Sections 4 and 5 hereof, respectively, with respect to the portion of the property in the Improvement Area owned by such Major Owner.

“**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).

“**Business Day**” shall mean any day other than (i) a Saturday or a Sunday or (ii) a day which is a federal or State of California holiday.

“**Community Facilities District**” shall mean California Statewide Communities Development Authority Community Facilities District No. 2023-08 (San Juan Oaks), County of San Benito, State of California.

**“Developer Improvements”** is defined in Section 4(a)(5) herein.

**“Dissemination Agent”** shall mean any dissemination agent designated in writing by the Developer and which has filed with the Developer a written acceptance of such designation. The initial Dissemination Agent shall be the Developer.

**“EMMA”** shall mean the Electronic Municipal Market Access system of the MSRB, currently located at <http://emma.msrb.org>.

**“Government Authority”** shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**“Holder”** shall mean the person in whose name any Bond shall be registered.

**“Improvement Area”** shall mean Improvement Area No. 1 designated within the Community Facilities District.

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

**“Major Owner”** shall mean, as of any date, a Person (including the Developer) that, together with any of its Affiliates, owns or is responsible for developing 200 or more of the 1,017 planned residential lots within the Improvement Area subject to the Special Tax. As of the date of this Disclosure Certificate, the Developer is a Major Owner.

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

**“Official Statement”** shall mean the Official Statement, dated \_\_\_\_\_, 2025, relating to the Bonds.

**“Participating Underwriter”** shall mean Stifel, Nicolaus & Company, Incorporated, as original underwriter of the Bonds and any other underwriter of the Bonds.

**“Person”** shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

**“Property”** means, as of the date of determination, collectively, the real property within the boundaries of the Improvement Area that (i) is owned by the Developer or any Affiliate thereof and (ii) the Developer or any Affiliate thereof has sold to a Major Owner who has not assumed the obligations under this Disclosure Certificate pursuant to an Assumption Agreement. Property as of any date of determination does not include real property within the boundaries of the Improvement Area that has been conveyed to individual homeowners or any real property that is the subject of an Assumption Agreement.

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



“**Special Taxes**” shall mean the annual special taxes for facilities of the Community Facilities District levied on taxable property within the Improvement Area.

“**State**” shall mean the State of California.

SECTION 3. Provision of Semiannual Reports.

(a) So long as the Developer’s obligations hereunder have not been terminated pursuant to Section 7, the Developer shall, or shall cause the Dissemination Agent (if the Dissemination Agent is other than the Developer) to, not later than June 15 and December 15 of each year, commencing December 15, 2025, provide to the MSRB a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, June 15 or December 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day. 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 is not the Developer, not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the MSRB, the Developer shall provide the Semiannual Report to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Developer is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be available. If the Dissemination Agent is not the Developer and it does not receive by such date a copy of the Semiannual Report or notification from the Developer that the Developer intends to file the Semiannual Report, the Dissemination Agent shall notify the Developer to determine if the Developer is in compliance with the first sentence of this Section (b).

(c) If the Developer does not provide, or does not cause the Dissemination Agent to provide, a Semiannual Report to the MSRB by the date required in subsection (a), the Developer or the Dissemination Agent shall send in a timely manner a notice (in the form of Exhibit A) to the MSRB in a form that is accepted by the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Semiannual Report the name and address of the MSRB;

(ii) provide each Semiannual Report received by it to the MSRB, as provided herein; and

(iii) to the extent the Semiannual Report has been furnished to it, promptly file a report with the Developer (if the Dissemination Agent is other than the Developer), and the Authority certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

(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 under Rule 15c2-12.

SECTION 4 Content of Semiannual Report.

(a) The Developer’s Semiannual Report shall contain or include by reference the information which is available not more than sixty (60) days prior to the date of the Semiannual Report relating to the following:

1. An update of the information in Table 6 of the Official Statement.
2. A summary of development activity conducted by the Developer or its Affiliates on the Property, and as to Property owned by the Developer or its Affiliates, the number of parcels for which sales have closed (including any lot takedowns by homebuilders within the Improvement Area).
3. A table summarizing the recordation of any final small lot subdivision map within the Improvement Area.
4. Any sale by the Developer or its Affiliates of Property to another Person (including any homebuilders), 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.
5. Status of completion of the development being undertaken by the Developer or its affiliates with respect to the Property, and any major legislative, administrative and judicial challenges known to the Developer to or affecting the construction of the development or the time for construction of any public or private improvements to be made by the Developer or its Affiliates on the Property (the “**Developer Improvements**”).
6. Information regarding any failure by the Developer or its Affiliates to pay, prior to delinquency, any real property taxes (including Special Taxes) levied on a parcel of Property which was, at the time of the levy, owned by the Developer or its Affiliates.
7. Unless such information has previously been included or incorporated by reference in an Semiannual Report, describe any other significant changes in the information relating to the Developer or its Affiliates or any Property contained in the Official Statement under the heading “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1” (except for any information under the subheading “Home Construction and Sales” therein) and under the heading “THE MASTER DEVELOPER AND THE HOMEBUILDER – The Master Developer” that would materially and adversely interfere with the Developer’s ability to develop the Property as described in the Official Statement.

(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 MSRB 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 Developer shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Listed Events.

(a) So long as Developer’s obligations hereunder have not been terminated pursuant to Section 7, pursuant to the provisions of this Section 5, the Developer 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. Failure to pay any Special Taxes levied within the Improvement Area on a parcel of Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Developer upon discovery thereof.
2. Damage to or destruction of any of the Developer Improvements which has a material adverse effect on the value of the Property.

3. Material default by the Developer on any loan with respect to the construction or permanent financing of the Developer Improvements.

4. Material default by the Developer on any loan secured by the Property.

5. Material payment default by the Developer on any loan of the Developer (whether or not such loan is secured by the Property) which is beyond any applicable cure period in such loan that may have a material adverse effect on the Developer's completion of its development within the Improvement Area in the time and manner described in the Official Statement.

6. The filing of any proceedings with respect to the Developer, in which the Developer 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.

7. The filing of any lawsuit against the Developer (with service of process on the Developer having occurred) which, in the reasonable judgment of the Developer, will materially adversely affect the completion of the Developer Improvements or the development of the Property, or litigation which if decided against the Developer, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer in a manner that would materially adversely affect the completion of the development of the Property.

8. A sale or transfer of all or substantially all of the Developer's assets or a sale of a majority of the partnership interests, membership interests or outstanding stock of the Developer (it being understood that if the Developer is a publicly traded company, such majority sale is not meant to include an aggregation of routine, unrelated market trades).

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event described in Section 5(a), the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB and the Authority in a timely manner.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Developer's obligations hereunder shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) the date on which (i) the Developer is no longer a Major Owner and (ii) the Developer no longer has any obligations under this Disclosure Certificate with respect to any Major Owner as a result of such obligations having been assumed under one or more Assumption Agreements unless such Major Owner is a foreclosing creditor and/or lender, or

(c) upon the delivery by the Developer to the Authority of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Certificate is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Developer or a private letter ruling obtained by a similar entity to the Developer.

The Developer's obligations under this Disclosure Certificate with respect to a Major Owner shall terminate upon the earliest to occur of (x) the date on which such Major Owner is no longer a Major Owner, as defined herein, or (y) the date on which the Developer's obligation with respect to such Major Owner are assumed under an Assumption Agreement entered into by such Major Owner; provided, however, that upon the occurrence of any of the events described in clauses (x) or (y), the Developer's obligations hereunder with respect to each other Major Owner, if any, shall remain in full force and effect.

If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Listed Event hereunder.

SECTION 8. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Developer) shall not be responsible in any manner for the content of any notice or report prepared by the Developer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may agree to 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, change in law, or change in the identity, nature or status of the Developer, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Authority and the Trustee, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(c) The Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer 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 Developer 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 Developer 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.

SECTION 11. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture (as such term is defined therein), and the sole remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance. Neither the Developer nor the Dissemination Agent shall have any liability to the Holders of the Bonds or the Beneficial Owners of the

Bonds or any other party for monetary damages or financial liability of any kind whatsoever arising from or relating to this Disclosure Certificate.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and in any agreement between the Developer and Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Reporting Obligation of Developer's Transferees. The Developer shall, in connection with any sale or transfer of ownership of land within the Improvement Area to a transferee that is not an affiliate of the Developer which will result in the transferee (which term shall include any successors and assigns of such party) becoming a Major Owner, cause such transferee to enter into an Assumption Agreement provided that such transferee's obligations under such Assumption Agreement shall terminate upon the sold or transferred land being improved with structures, or the land owned by the transferee becoming responsible for the payment of less than twenty (20) percent of the annual Special Taxes.

SECTION 14. Developer as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Developer is an independent contractor and not an agent of the Authority.

SECTION 15. Notices. Notices should be sent by regular, overnight or electronic mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

To the Developer:

San Juan Oaks Owner, LLC  
5671 Santa Teresa Blvd., Suite 200  
San Jose, CA 95123  
Attn: Michael B. Cady  
Email: mcady@thirdmillenniumpartners.com

To the Underwriter:

Stifel, Nicolaus & Company, Incorporated  
One Montgomery Street, Suite 3700  
San Francisco, CA 94014  
Attn: Eileen Gallagher  
Email: egallagher@stifel.com

To the Authority:

California Statewide Communities Development  
Authority  
1100 K Street, Suite 1001  
Sacramento, CA 95814  
Attn: Chair  
Email: info@cscda.org

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Developer, the Dissemination Agent, the Trustee, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 18. Governing Law. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California applicable to contracts made and performed in California.

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

**IN WITNESS WHEREOF**, the Developer hereto has executed this Developer Continuing Disclosure Certificate as of the date first above written.

**SAN JUAN OAKS OWNER, LLC,**  
**a Delaware limited liability company**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE SEMIANNUAL REPORT**

Name of Issuer: California Statewide Communities Development Authority

Name of Bond Issue: California Statewide Communities Development Authority Community  
Facilities District No. 2023-08 (San Juan Oaks), Improvement Area No.  
1, Special Tax Bonds, Series 2025

Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that [\_\_\_\_\_] (the “**Developer**”) has not provided a  
Semiannual Report with respect to the above named bonds as required by the Continuing Disclosure  
Certificate, dated the date of issuance of such Bonds. The Developer anticipates that the Semiannual Report  
will be filed by \_\_\_\_\_, 20\_\_.

Date: \_\_\_\_\_, 20\_\_.

DISSEMINATION AGENT:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: The Developer  
Underwriter



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## APPENDIX F

### BOOK-ENTRY SYSTEM

*The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the Authority takes no responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2025 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the bonds (the “2025 Bonds”). The 2025 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 certificate will be issued for each series and maturity of the 2025 Bonds, each in the principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

2. 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](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 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 2025 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 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

4. 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 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 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.

5. 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 the 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2025 Bonds may wish to ascertain that the nominee holding the 2025 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 Trustee and Paying Agent and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. 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 Authority 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).

8. Redemption proceeds, distributions, and dividend payments on the 2025 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 Authority or Paying Agent, 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, Paying Agent, or Authority, 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 Authority or Paying Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the 2025 Bonds at any time by giving reasonable notice to Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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