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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 15, 2026

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, 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 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 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 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 Bonds. See "TAX MATTERS" herein.

$18,450,000*
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
SPECIAL TAX BONDS, SERIES 2026

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

The City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026 (the "Bonds") are being issued and delivered by the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) (the "District") to (i) provide financing for certain public facilities and costs with respect thereto related to the development within the District, (ii) fund capitalized interest through September 1, 2027, (iii) fund a reserve fund with respect to the Bonds, and (iv) pay the costs of issuance with respect to the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The District has been formed by and is located in the City of Fontana, California (the "City").

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et seq. of the Government Code of the State of California), and pursuant to an Indenture, dated as of November 1, 2026, by and between the District and U.S. Bank Trust Company, National Association, as Trustee. The Bonds are special, limited obligations of the District and are payable solely from Net Special Tax Revenues (as defined herein), and the other assets pledged therefor under the Indenture, all as further described herein. The Special Tax (as defined herein) is to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. The City Council is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Bonds may be made in principal amounts of $5,000 and integral multiples thereof. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable on each September 1 and March 1, commencing March 1, 2027. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are expected to remit such payments to the beneficial owners of the Bonds. See "THE BONDS — General Provisions" and Appendix I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The purchase of the Bonds involves certain risks. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

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

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick Herrington & Sutcliffe LLP, Los Angeles, California, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Riverside, California, in its capacity as City Attorney, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Anzel Galvan LLP, San Francisco, California. It is anticipated that the Bonds will be available for delivery through the facilities of the DTC book-entry only system or its agent in book-entry form on or about November 5, 2026.

STIFEL

Dated: October __, 2026

* *Preliminary, subject to change.*

MATURITY SCHEDULE
BASE CUSIP[†]: _____

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

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

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

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

$_____ _____% Term Bonds due September 1, 2057, Yield: _____% Price: _____ CUSIP No. ___[†]

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

CITY OF FONTANA

CITY COUNCIL

Acquanetta Warren, Mayor
Peter Garcia, Mayor Pro Tem
Phillip Cothran, Council Member
John Roberts, Council Member
Jesus "Jesse" Sandoval, Council Member

STAFF

Matthew C. Ballantyne, City Manager
Jessica Brown, Chief Financial Officer, Finance Department
Janet Koehler-Brooks, City Treasurer
Germaine Key, City Clerk
Best Best & Krieger LLP, City Attorney

BOND COUNSEL

Orrick Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

TRUSTEE

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

SPECIAL TAX CONSULTANT

DTA Public Finance, Inc.
Irvine, California

APPRAISER

Kitty Siino &Associates, Inc.
Tustin, California

PRICE POINT CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

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

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the District's Continuing Disclosure Agreement, a form of which is attached hereto as Appendix G, neither the District nor the City plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. Risewell Homes (as defined herein) has agreed to provide certain continuing disclosure information concerning Risewell Homes and its property and development within the District in accordance with the form of undertaking attached hereto as Appendix H. See "CONTINUING DISCLOSURE."

A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City and others. No such information is a part of or incorporated into this Official Statement.

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

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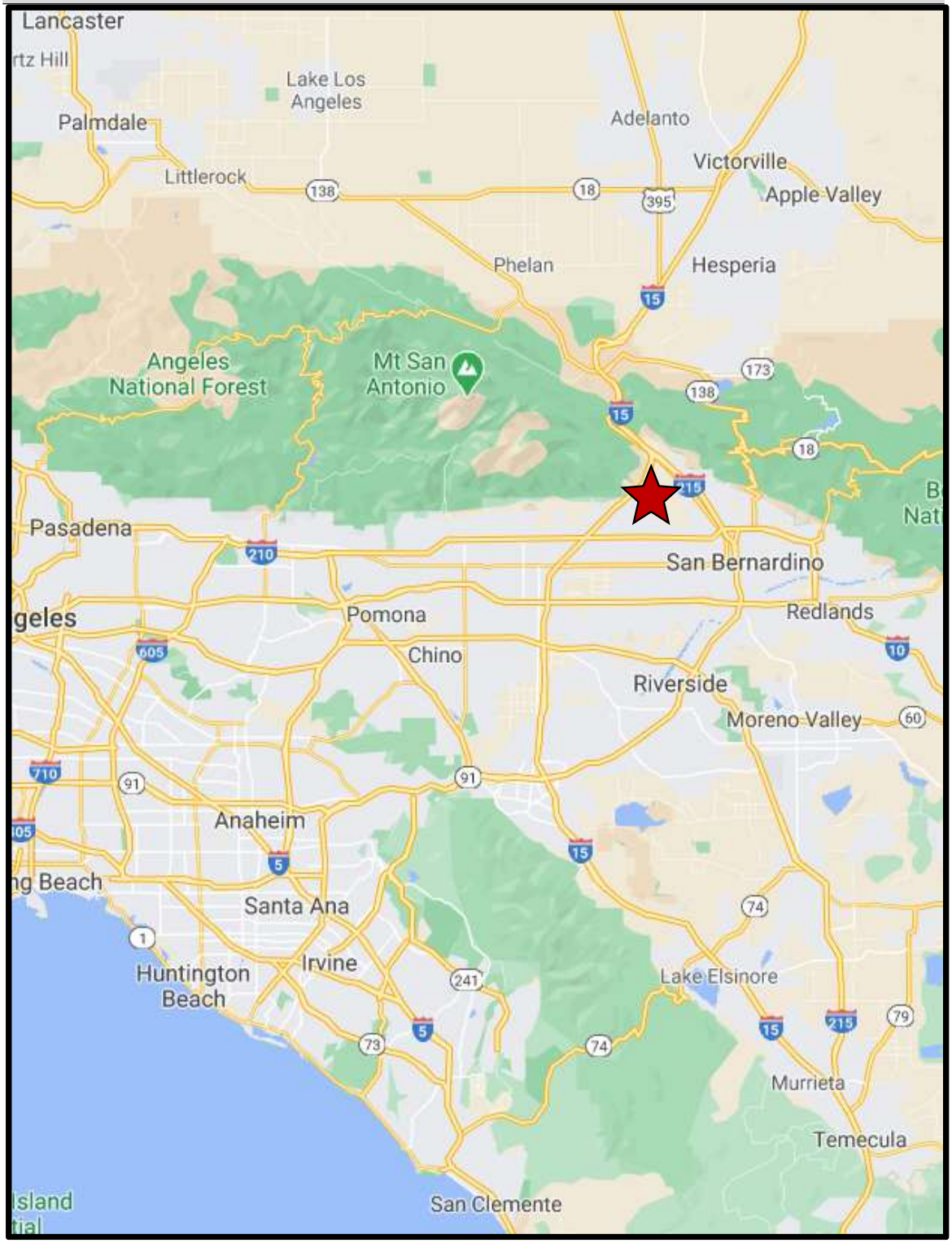
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City of Fontana
Community Facilities District No. 113
(The Gardens Phase Two)
210
Sierra Lakes
Golf Club
15
Oak Grove
Park
Cypress Avenue
Casa Grande Avenue
Cassava Drive
Previous Phases of
The Arboretum
Sierra Avenue
Duncan Canyon Road
Boundaries Approximate
Aerial flown by AirViews 7/22/26

REGIONAL AREA MAP



$18,450,000*
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
SPECIAL TAX BONDS, SERIES 2026

INTRODUCTION

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

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices, is to provide certain information concerning the issuance of the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026 (the "Bonds") by the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) (the "District"), in the aggregate principal amount set forth on the front cover page. The proceeds of the Bonds will be used to finance certain public facilities and costs with respect thereto related to the development within the District, to fund interest on the Bonds through September 1, 2027, to fund a reserve fund for the Bonds (the "Reserve Fund"), and to pay costs of issuance of the Bonds.

The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and pursuant to the Indenture, dated as of November 1, 2026 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds are secured under the Indenture by a pledge of, constituting a lien on and security interest in, the Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established pursuant to the Indenture.

The sale and delivery of the Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions" herein.

The District

The District includes approximately 36 gross acres and is located in the northwestern portion of the City of Fontana (the "City"). The District is located at the southeast corner of Duncan Canyon Road and Cypress Avenue in the City. The District is being developed into a master planned residential community known as "The Gardens Phase Two" by The New Home Company Southern California LLC, a Delaware limited liability company, doing business as Risewell Homes ("Risewell Homes"), which is a wholly-owned subsidiary of Risewell Homes Company Inc. ("Risewell Homes Inc."), and Richmond American Homes of Maryland, Inc., a Maryland corporation ("Richmond American," and, together with Risewell Homes, the "Developers").

Overall, the District is planned for a total of 388 residential units at buildout in four product lines: "Trellis," "Marigold," "Iris" and "Flora." Risewell Homes plans to construct a total of 214 residential units in the District in two product lines of triplex and detached condominium units known as "Trellis" and "Marigold." Risewell Homes is using a land bank in the development of its property within the District, TPG AG EHC III (NWHM) CA 2, L.P., a Delaware limited partnership (the "Risewell Homes Land Bank"). See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes Land Bank Arrangement" herein. Trellis is triplex development planned for a total of 90 units at buildout, and Marigold is a detached alley-load condominium unit development planned for a total of 124 units at buildout.

Richmond American plans to construct a total of 174 residential units in the District in two product lines of detached condominium units, known as "Iris" and "Flora." Iris is a cluster alley-loaded detached condominium unit development planned for a total of 88 units at buildout, and Flora is a detached condominium unit development planned for a total of 86 units at buildout.

As of August 7, 2026, within the District, 120 residential units had been completed and conveyed to individual homeowners, including homes within each of the four product lines. As of August 7, 2026, Risewell Homes owned seven completed model units (none of which were in escrow), 9 homes over 95% complete (three of which were in escrow), 8 residential units under construction and less than 95% complete (none of which were in escrow), and 27 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Additionally, as of August 7, 2026, Risewell Homes Land Bank owned 142 finished lots. Since August 7, 2026, as of October 1, 2026, Risewell Homes had conveyed an additional 7 residential units to individual homeowners.

As of August 7, 2026, Richmond American owned eight completed model units (none of which were in escrow), 29 homes over 95% complete (two of which were in escrow), and 38 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Since August 7, 2026, as of October 1, 2026, Richmond American had conveyed an additional 2 residential units to individual homeowners.

Within the District, building permits had been obtained for 220 planned residential units within the District as of October 1, 2026; accordingly, such 220 parcels will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

The master developer of the master planned community known as "The Arboretum," of which the development within the District is a portion, is North Fontana Investment Company, LLC, a Delaware limited liability company (the "Master Developer"). The Master Developer is an affiliate of The Lewis Group of Companies. All of the infrastructure required to be completed by the Master Developer within the District has been completed, and the Master Developer will receive Bond proceeds as reimbursement for the acquisition of such infrastructure.

The District was formed to finance certain public facilities and services and costs with respect thereto related to the development within the District. 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 of California (the "State"). Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. The legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of special taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness for the purpose of financing authorized facilities (the "Facilities"). Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling a special election to submit the levy of the special taxes and the incurring of bonded indebtedness to the qualified voters of the District. On May 14, 2024, at an election held pursuant to the Act, the then sole landowners who comprised the qualified voters of the District, Richmond American and the Master Developer, authorized the District to incur bonded indebtedness in the aggregate principal amount of not to exceed $24,000,000 to be secured by the levy of Special Taxes (as defined below) on taxable property within the District for the purpose of financing the Facilities, and approved the rate and method of apportionment of the special taxes for the District (the "Rate and Method").

On June 6, 2024, the Board approved a joint community facilities agreement (the "Water District Joint Community Facilities Agreement") with respect to the District, by and among the City, the District and West Valley Water District (the "Water District"), which provides for certain of the Water District Facilities to be financed through the District.

The Rate and Method provides for a Facilities Special Tax (as defined in the Rate and Method) (the "Facilities Special Tax") to be levied for the Special Tax Requirement for Facilities (as defined in the Rate and Method) and a Services Special Tax (as defined in the Rate and Method) (the "Services Special Tax") to be levied for services described in the Rate and Method. As used in this Official Statement, the terms "Special Tax" or "Special Taxes" refer only to the Facilities Special Tax and does not include the Services Special Tax. The Services Special Tax is not pledged under the Indenture nor is the Services Special Tax available to pay debt service on the Bonds. The Special Tax will be levied against certain property within the District pursuant to the Act, the Ordinance approving the levy of the Special Tax and the Indenture and in accordance with the Rate and Method. The lien of the Special Tax will be co-equal with the lien of the Services Special Tax.

Security and Sources of Payment for the Bonds

Under the Indenture, the District has pledged to repay the Bonds and any additional bonds issued under the Indenture (the "Additional Bonds") from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Proceeds of any Additional Bonds may only be applied to refund the Bonds or any Additional Bonds previously issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — No Additional Bonds Except for Refunding Bonds." The Indenture defines "Net Special Tax Revenues" to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term "Special Tax Revenues" is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Tax, which will be limited to the amount of said lien and interest and penalties thereon. "Administrative Expenses" is defined in the Indenture to mean costs directly related to the administration of the District, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules and the costs of collecting the Special Tax, the costs of remitting the Special Tax to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of any delinquent Special Tax.

Net Special Tax Revenues are the primary security for the repayment of the Bonds and any Additional Bonds. In the event that Net Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Additional Bonds will be the amounts held for such purpose in the Special Tax Fund, the Bond Fund and the Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE

DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Description of the Bonds

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

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described herein. See Appendix I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

The Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

Appraisal Report

The District has obtained an appraisal of the Taxable Property (as defined herein) included in the District dated September 22, 2026, with a date of value as of August 7, 2026 (the "Appraisal"). The Appraisal was prepared for the District by Kitty Siino & Associates, Inc., Tustin, California (the "Appraiser"). Subject to the limitations set forth in the Appraisal, the Appraiser is of the opinion that, as of August 7, 2026 the minimum market value of the Taxable Property within the District was not less than $144,878,560 (the "Appraised Value"). See "THE COMMUNITY FACILITIES DISTRICT — Property Values" and "THE COMMUNITY FACILITIES DISTRICT — Value-to-Lien Ratios." A copy of the Appraisal is included as Appendix B to this Official Statement. It is a condition precedent to the issuance of the Bonds that the Appraiser deliver a certificate stating that nothing has come to the attention of the Appraiser subsequent to the date of value that would lead the Appraiser to believe that the value of the Taxable Property (as defined in the Rate and Method) in the District is less than the minimum market value of such property reported in the Appraisal. However, the Appraiser has not performed any procedures since the date of value to obtain knowledge of such events or occurrences nor is it obligated to do so in the future.

Price Point Study

In connection with the formation of the District, the City hired Empire Economics, Inc., Capistrano Beach, California (the "Price Point Consultant") to prepare a price point study of the prices of the homes planned within the District, dated January 11, 2024 (the "Original Price Point Study"). The Special Tax rates set forth in the Rate and Method were based in part on the prices set forth in the Original Price Point Study. In connection with and in preparation for the issuance of the Bonds, the City hired the Price Point Consultant to conduct an update to the Original Price Point Study within the District, dated August 19, 2026 (the "Updated Price Point Study"). Pursuant to Section C of the Rate and Method, prior to the issuance of Bonds, the City is required to

amend the Assigned Facilities Special Tax (as defined in the Rate and Method) to the extent necessary to cause the total effective tax burden for residential property in the District to not exceed 1.95% of the minimum sales prices set forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Updated Price Point Study, the Facilities Special Tax, the Services Special Tax and all direct and overlapping property taxes, special assessments and other special taxes, the City does not expect to amend the Assigned Facilities Special Tax because effective tax rates are not projected to exceed 1.95% for any parcel. See "THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 3" — Projected Total Effective Tax Rates for Individually Owned Residential Property." See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate and Method of Apportionment."

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture and as the initial Dissemination Agent under the District Continuing Disclosure Agreement. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe LLP, Bond Counsel to the District. CSG Advisors Incorporated, San Francisco, California, is acting as Municipal Advisor for the City in connection with the Bonds. Kitty Siino & Associates, Inc., Tustin, California, is acting as the Appraiser to the District. DTA Public Finance, Inc. is acting as the Special Tax Consultant to the District. Empire Economics, Inc. is acting as the Price Point Consultant to the District. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Riverside, California, in its capacity as City Attorney, and Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Anzel Galvan LLP, San Francisco, California.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

The District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system available on the Internet at *http://emma.msrb.org* ("EMMA") certain annual financial information and operating data. The District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "CONTINUING DISCLOSURE" herein.

Risewell Homes will also covenant in a Continuing Disclosure Certificate, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information in this Official Statement regarding the development of its property within the District, and the property of Risewell Homes Land Bank within the District, and notices of certain significant events for a limited period of time. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of Risewell Homes's continuing disclosure obligations are contained in Appendix H — "FORM OF RISEWELL HOMES CONTINUING DISCLOSURE CERTIFICATE." See "CONTINUING DISCLOSURE — Risewell Homes."

Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Other Information

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

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture.

Copies of the Indenture, the District Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 8353 Sierra Avenue, Fontana, California 92335, Attention: Jessica Brown.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:
- Principal Amount of the Bonds
- [Plus/Less]: [Net] Original Issue [Premium/Discount]
- Less Underwriter's Discount
- Plus Special Taxes Collected and on Hand
- Total

Uses:
- Improvement Fund[(1)]
- Reserve Fund[(2)]
- Interest Account of the Bond Fund[(3)]
- Costs of Issuance Fund
- Administrative Expense Fund
- Total

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(1) Consists of $_____ to be deposited into the Acquisition Account, $_____ to be deposited in the Construction Account, $_____ to be deposited in the Water District Account, and $_____ to be deposited into the Community Benefit Account.

(2) Equal to the initial Reserve Requirement.

(3) Represents capitalized interest on a portion of the Bonds through September 1, 2027.

THE BONDS

General Provisions

The Bonds will be issued in fully registered form without coupons in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations"). The Bonds will be dated the date of issuance thereof. The Bonds are scheduled to mature on September 1, in the years and in the principal amounts, and will bear interest at the rates per annum, shown on the inside front cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing March 1, 2027 (each an "Interest Payment Date"). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) such Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day (the "Record Date") in which event interest thereon will be payable from such Interest Payment Date, (ii) such Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date or (iii) interest on such Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been previously paid or duly provided for.

The interest on, and principal of and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. Interest is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date (except that interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be payable on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee pursuant to the Indenture). Payment of principal of any Bond will be made only upon presentation and surrender thereof at maturity or upon earlier redemption at the Office of the Trustee.

The Bonds will initially be issued in book-entry form, and DTC will act as securities depository. So long as the Bonds are held in book-entry form, principal of, premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC for distribution to the Beneficial Owners of the Bonds in accordance with procedures adopted by DTC. See Appendix I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM."

The Bonds are not general obligations of the District but are special, limited obligations of the District payable solely from Net Special Tax Revenues and the other amounts held under the Indenture in the Special Tax Fund, the Bond Fund and the Reserve Fund. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State, or any political subdivision thereof, is pledged to the payment of the Bonds or Additional Bonds. See "SPECIAL RISK FACTORS — Bonds Are Limited Obligations."

Redemption*

Optional Redemption. The Bonds maturing on and after September 1, 20__ shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 20__, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

* *Preliminary, subject to change.*

Redemption Dates	*Redemption Price*
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of Special Tax prepayments required to be applied thereto and any related proportional amounts in the Reserve Fund required to be applied thereto pursuant to the Indenture (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Fund") at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	*Redemption Price*
Any Interest Payment Date through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	*Principal Amount to be Redeemed*
(Maturity)	

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest

thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	***Principal Amount to be Redeemed***
(Maturity)	

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	***Principal Amount to be Redeemed***
(Maturity)	

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest

thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	***Principal Amount to be Redeemed***
(Maturity)	

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds and Additional Bonds, the Trustee will select the Bonds and Additional Bonds to be redeemed from all Bonds and Additional Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds and Additional Bonds of a Series, among maturities of the Bonds and Additional Bonds of such Series as directed in a Written Request of the District (b) with respect to any mandatory redemption of Bonds or Additional Bonds from prepayments of the Special Tax, among maturities of all Series of Bonds and any Additional Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. The Trustee shall select for redemption the Bonds and any Additional Bonds of the same Series with the same maturity by lot in any manner that the Trustee, in its sole discretion, shall deem appropriate. For purposes of such selection, all Bonds and Additional Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond or Additional Bond that may be separately redeemed.

Notice of Redemption. If the Bonds are held in book-entry form, notice of redemption will be mailed to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry system. Neither the District nor the Trustee is responsible for giving notice of redemption to the Beneficial Owners. See Appendix I — "INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM" herein.

The Indenture provides that the Trustee on behalf and at the expense of the District will give notice of any redemption by first class mail to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books and to the Original Purchaser, at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice of redemption will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole). The notice of redemption will require

that the Bonds to be redeemed be surrendered at the Office of the Trustee for redemption at the Redemption Price, and give notice that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Effect of Notice of Redemption. If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, is held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof will have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

Debt Service Schedule

Year Ending September 1	*Principal*[(1)]	*Interest*[(2)]	*Total*	
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				
2056				
2057				
TOTAL:				

(1) Includes mandatory sinking fund redemption.
(2) Includes interest capitalized on a portion of the Bonds through September 1, 2027.
Source: The Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special, limited obligations of the District, and, except as otherwise provided in the Indenture, they are payable solely from Net Special Tax Revenues. The Indenture defines "Net Special Tax Revenues" to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term "Special Tax Revenues" is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Tax (which shall be limited to the amount of said lien and interest and penalties thereon). The Indenture defines the term "Special Tax" as the special tax described and defined in the Rate and Method as the "Facilities Special Tax" approved by the

qualified electors to be levied within the District pursuant to the Act and the Rate and Method. "Administrative Expenses" is defined in the Indenture to mean costs directly related to the administration of the District, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules and the costs of collecting the Special Tax, the costs of remitting the Special Tax to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of any delinquent Special Tax.

Under the Rate and Method, parcels of Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy. As of October 1, 2026, building permits had been obtained for 220 of the parcels of Taxable Property within the District. For the projected Fiscal Year 2027-28 Special Tax levy, based on the development status within the District as of October 1, 2026, assuming no further development, such 220 parcels of Taxable Property within the District will be classified as Developed Property and 168 parcels within the District will be classified as Undeveloped Property. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." Under no circumstances may the amount of Special Tax levied by the District in any year exceed the maximum rates approved by the qualified electors within the District, as set forth in the Rate and Method. A copy of the Rate and Method is attached to this Official Statement as Appendix A.

In addition to the Net Special Tax Revenues, any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund are pledged pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds in accordance with their respective terms, the Indenture and the Act. However, those amounts are pledged subject to the provisions of the Indenture permitting the application thereof for the purposes set forth in the Indenture. Amounts on deposit in the Improvement Fund, the Costs of Issuance Fund, the Redemption Fund (other than Special Tax prepayments deposited therein), the Administrative Expense Fund and the Rebate Fund are not pledged to the payment of any of the Bonds or any Additional Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Tax

Pursuant to the Act, the City Council adopted a resolution on April 9, 2024 stating its intention to establish the District and to levy a special tax within the District. In accordance with the provisions of the Act, the City Council established the District on May 14, 2024 for the purpose of, among other things, financing certain public infrastructure improvements necessary for the proposed development within the District. At a special election held on May 14, 2024, the then sole landowners of the property within the District, the Master Developer and Richmond American, authorized the District to incur indebtedness in an amount not to exceed $24,000,000 and approved the Rate and Method. The Rate and Method is set forth in Appendix A hereto.

Pursuant to Section C of the Rate and Method, prior to the issuance of the Bonds, if necessary, the City is required to amend the Assigned Facilities Special Tax (as defined in the Rate and Method) to the extent necessary to cause the Total Tax Burden (as defined in the Rate and Method) for one or more land use classes of residential property in the District to not exceed 1.95% of the Minimum Sale Prices (as defined in the Rate and Method) set forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Updated Price Point Study, the Facilities Special Tax, the Services Special Tax and all direct and overlapping property taxes, special assessments and other special taxes, the City does not expect to amend the Assigned Facilities Special Tax. See "— Rate and Method of Apportionment" below. See also "THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 3 — Projected Total Effective Tax Rates for Individually Owned Residential Property."

Pursuant to the Indenture, the District has covenanted that it will fix and levy the Special Tax within the District in each Fiscal Year in accordance with the Rate and Method in an amount sufficient (subject to the limitations contained in the Rate and Method as to the maximum Special Tax that may be levied on each parcel) to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds and any Additional Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the Funds and Accounts. See Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Covenants Under the Indenture." Notwithstanding this covenant, the amount of Special Tax actually collected each year may be less than the amount described for a variety of different reasons. See "SPECIAL RISK FACTORS — Levy of the Special Tax."

The Bonds have been structured so that, beginning in Fiscal Year 2027-28, the Assigned Facilities Special Tax rates set forth in the Rate and Method that may be levied within the District, based on the expected buildout of the District, are at least 110% of debt service on the Bonds in each Bond Year net of estimated Administrative Expenses of $40,000 escalating 2% each fiscal year beginning July 1, 2027. The Special Tax levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. Pursuant to the Act, the Special Tax levied in any Fiscal Year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. See "SPECIAL RISK FACTORS — Levy of the Special Tax" and "SPECIAL RISK FACTORS — Exempt Properties."

Rate and Method of Apportionment

General. The Rate and Method is to be applied by the District each year for the purpose of determining the amount of the Special Tax to be levied against each Assessor's Parcel of Taxable Property within the District. For purposes of the discussion of the Rate and Method only, terms with initial capital letters that are not otherwise defined in this Official Statement shall have the respective meanings assigned to them in the Rate and Method, a copy of which appears in Appendix A.

Under the terms of the Indenture, prior to August 1 of each year, the District will ascertain from the County of San Bernardino Assessor the relevant parcels on which the Special Tax are to be levied, taking into account any parcel splits during the preceding and then current year. The District will levy the Special Tax by August 10 of each Fiscal Year that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which the auditor (the "Auditor") of the County of San Bernardino (the "County") will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the District

will prepare, or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Tax on the next real property tax roll.

The Special Tax levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. Although the Bonds have been structured so that, beginning in Fiscal Year 2027-28, the Assigned Facilities Special Tax rates set forth in the Rate and Method that may be levied based on expected build out of the District are at least 110% of debt service on the Bonds net of estimated Administrative Expenses of $40,000 escalating 2% each fiscal year beginning July 1, 2027, there is no assurance that the proceeds of the Special Tax will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See "SPECIAL RISK FACTORS — Levy of the Special Tax" herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method, which the City Council and the qualified electors within the District have approved. The Rate and Method apportions the total amount of the Facilities Special Tax and Services Special Tax to be collected among the Taxable Property in the District as more particularly described below. The Facilities Special Tax is referred to herein as the "Special Tax" or the "Special Taxes." The Services Special Tax is not pledged to the repayment of the Bonds and is not available to pay debt service on the Bonds.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method which is attached as Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The meaning of the defined terms used in this section are as set forth in Appendix A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the Rate and Method attached as Appendix A. As used in the Rate and Method, "Bonds" means the Bonds and any Additional Bonds.

"*CFD Administrator*" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, providing for the levy and collection of the Special Taxes, and performing other duties as set forth in the Rate and Method of Apportionment of Special Tax.

"*Developed Property*" means, for each Fiscal Year, (i) with respect to the Facilities Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, 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, 2024 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Facilities Special Taxes are being levied, and (ii) with respect to the Services Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, (a) for which the Final Residential Subdivision was recorded prior to the Fiscal Year for which the Services Special Taxes are being levied, or (b) for which a building permit has been issued with respect to Non-Residential Property on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Services Special Taxes are being levied.

"*Facilities Special Tax*" means the special tax authorized to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within the District to fund the Special Tax Requirement for Facilities as set forth in the Rate and Method.

"*Lower Income Households Welfare Exemption Property*" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of the District that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessment roll finalized as of the last preceding January 1.

"Planning Area" means Planning Area 1 through 4 as identified in Exhibit B to the Rate and Method.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor's Parcel shall be as set forth in the building permit(s) issued for such Assessor's Parcel and/or as set forth in the appropriate records kept by the Building and Safety Department of the City, or other applicable City department, as determined by the CFD Administrator.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction thereon of one or more residential dwelling units.

"*Services Special Tax*" means the special tax authorized to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property within the District to fund the Special Tax Requirement for Services as set forth in the Rate and Method of Apportionment of Special Tax. The Services Special Tax is not pledged to the repayment of the Bonds and is not available to pay debt service on the Bonds.

"*Special Tax Requirement for Facilities*" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay all or a portion of Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv) above, reasonably anticipated Facilities Special Tax delinquencies based on the delinquency rate for the Facilities Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in the Facilities Special Tax levy beyond the first step in Section D.1 of the Rate and Method (i.e., beyond 100% of the Assigned Facilities Special Tax on Developed Property).

"*Taxable Property*" means all of the Assessor's Parcels within the boundaries of the District which are not exempt from the Special Tax pursuant to law or described below under the subheading "*— Exempt Property*." Each Fiscal Year, all Taxable Property within the District will be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property, and will be subject to Special Taxes in accordance with the Rate and Method described below under the subheading "*Maximum Special Tax, Assigned Special Tax and Backup Special Tax*."

"*Taxable Property Owner Association Property*" means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax described below under the subheading "*— Exempt Property*," and further described in Section E of the Rate and Method attached hereto as Appendix A.

"*Taxable Public Property*" means all Assessor's Parcels of Public Property that are not exempt from the Special Tax described below under the subheading "*— Exempt Property*," and further described in Section E of the Rate and Method attached hereto as Appendix A.

"*Undeveloped Property*" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

Exempt Property. No Facilities Special Tax will be levied on up to 11.1 Acres of Public Property and/or Property Owner Association Property in the District. Tax-exempt status will be assigned by the CFD Administrator in chronological order in which property within a Planning Area in the District becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Facilities Special Tax.

Notwithstanding the above, an Assessor's Parcel in the District that is transferred to a public agency or property owner's association prior to the issuance of the first series of bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 11.1 Acreage limit that can be designated by the CFD Administrator under the Rate and Method will also be exempted from the Special Tax.

Public Property or Property Owner Association Property that is not exempt from the Facilities Special Tax as described above will be subject to the levy of the Facilities Special Tax and will be taxed Proportionately as part of the fourth step described under the heading "*Method of Apportionment of Special Tax*" below. The District will not levy a Services Special Tax on Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property or Public Property and Property Owner Association Property described below under the subheading "— *Exempt Property*," and further described in Section E of the Rate and Method attached hereto as Appendix A.

Under the Rate and Method, no Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Facilities Special Tax, then the Facilities Special Tax shall be levied on such Assessor's Parcel in accordance with the Rate and Method as if such Assessor's Parcel were not classified as Lower Income Households Welfare Exemption Property. Senate Bill 1473, the "Local Government Omnibus Act of 2020," amended Government Code Section 53340(c) to provide that in a community facilities district in which the levy of a special tax is authorized by an ordinance adopted on or after January 1, 2020, a property receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code shall be exempt from the special tax unless debt is outstanding and the property was subject to the special tax prior to receiving the exemption, in which case the property shall remain subject to the special tax and the special tax shall be enforceable against the property. Therefore, pursuant to the Rate and Method and California law, and given that no property is subject to the welfare exemption as of the date hereof, the Special Tax will be applicable to Lower Income Household Welfare Exemption Property so long as the Bonds are outstanding.

Maximum Special Tax, Assigned Special Tax and Backup Special Tax. The Maximum Special Tax, Assigned Special Tax and Backup Special Tax for the Facilities Special Tax provided for in the Rate and Method are as follows:

<u>*Facilities Special Tax*</u>.

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

Assigned Facilities Special Tax. There are four Planning Areas within the District pursuant to the Rate and Method. Residential Property in Planning Area 1 will be assigned to Land Use Classes 1 through 5, Residential Property in Planning Area 2 will be assigned to Land Use Classes 6 through 10, and Residential Property in Planning Areas 3 and 4 will be assigned to Land Use Classes 11 through 15, each as identified in Table 1 in Section C of the Rate and Method based on the Residential Floor Area for each residential dwelling unit. The Assigned Facilities Special Tax applicable to an Assessor's Parcel classified as Residential Property within (i) Planning Area 1 ranges from $3,344 per taxable unit (Residential Floor Area of less than 1,650) to $4,137 per taxable unit (Residential Floor Area of 2,100 square feet or greater), (ii) Planning Area 2 ranges from $3,198 per taxable unit (Residential Floor Area of less than 1,650) to $3,946 per taxable unit (Residential Floor Area of 2,100 square feet or greater), and (iii) Planning Areas 3 and 4 ranges from $3,549 per taxable unit (Residential Floor Area of less than 1,775) to $4,604 per taxable unit (Residential Floor Area of 2,225 square feet or greater). The Assigned Facilities Special Tax applicable to an Assessor's Parcel classified as Non-Residential is $59,110 per Acre in Planning Area 1, $59,970 per Acre in Planning Area 2, $51,370 per Acre in Planning Area 3, and $52,300 per Acre in Planning Area 4. Based on the Updated Price Point Study provided by the Price Point Consultant, the City does not expect the Assigned Facilities Special Tax rates set forth in

Section C of the Rate and Method to be reduced, as the total effective tax burden applicable to each land use class of residential property to be constructed within the District will not exceed 1.95% of the minimum sale prices set forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement.

Backup Facilities Special Tax. The Backup Facilities Special Tax for an Assessor's Parcel of Developed Property upon adoption of the Rate and Method equaled the lesser of (a) $69,540 per Acre in Planning Area 1, $70,560 per Acre in Planning Area 2, $60,450 per Acre in Planning Area 3, and $61,530 per Acre in Planning Area 4, or (b) in connection with any reduction in the Assigned Facilities Special Tax as set forth in Section C.1 of the Rate and Method, the reduced amount per Acre calculated pursuant to Section C.1.a.(4) of the Rate and Method. Pursuant to the Updated Price Point Study provided by the Price Point Consultant, no reduction of the Assigned Facilities Special Tax will be required under the Rate and Method; accordingly, no reduction of the Backup Facilities Special Tax will be required.

The Assigned Facilities Special Tax and Backup Facilities Special Tax are not subject to escalation.

Multiple Land Use Classes. In some instances an Assessor's Parcel of Developed Property may contain both Developed and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel will be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to May 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 will 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 Facilities Special Tax that can be levied on such Assessor's Parcel will be the sum of the Maximum Facilities Special Tax that can be levied on each type of property located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property will be final.

Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property. The Maximum Facilities Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property is $69,540 per Acre in Planning Area 1, $70,560 per Acre in Planning Area 2, $60,450 per Acre in Planning Area 3, and $61,530 per Acre in Planning Area 4. The Maximum Facilities Special Tax rates for Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property are not subject to escalation.

Method of Apportionment of Special Tax. Commencing with Fiscal Year 2024-25, and for each following Fiscal Year, the CFD Administrator will determine the Special Tax Requirement for Facilities and, subject to the Maximum Facilities Special Tax rates described above, will provide for the levy the Facilities Special Tax as follows:

First: The Facilities Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Facilities Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Facilities Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Facilities Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Facilities Special Tax is determined through the application of the Backup Facilities Special Tax shall be increased in equal percentages from the

Assigned Facilities Special Tax up to the Maximum Facilities Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Facilities Special Tax for Taxable Public Property and Taxable Property Owner Association Property, as needed to satisfy the Special Tax Requirement for Facilities.

Notwithstanding the above, the CFD Administrator will, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Facilities Special Tax in step one above, when (i) the CFD Administrator is no longer required to provide for the levy of the Facilities Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement for Facilities; and (ii) all authorized Bonds for the District have already been issued or the City Council has covenanted that it will not issue any additional District bonds (except refunding bonds) to be supported by the Facilities Special Tax. The District has covenanted in the Indenture not to issue any Additional Bonds except to refund the Bonds or outstanding Additional Bonds. See "— No Additional Bonds Except For Refunding Bonds" below.

Further, notwithstanding the above, under no circumstances shall the Facilities 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 the District by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Facilities Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Facilities Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Facilities Special Tax.

Prepayment of Special Taxes. The Facilities Special Tax obligation for an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued, may be prepaid in full, or in part, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment, provided that the terms set forth under Section H of the Rate and Method are satisfied. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus the Future Facilities Amount plus the Defeasance Amount plus the Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less an allocable share of capitalized interest (if any), all as specified in Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section H."

Mandatory redemption of Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Bonds if the Bonds were purchased at a price greater than par. See "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Term of Special Taxes. Pursuant to the Rate and Method, the Facilities Special Tax levy is authorized to be levied for a period not to exceed fifty years commencing with Fiscal Year 2024-25.

Estimated Debt Service Coverage. Based on the expected buildout of the District, Assigned Special Tax rates set forth in the Rate and Method are at least 110% of debt service on the Bonds in each Bond Year plus estimated Administrative Expenses of $40,000 escalating 2% each fiscal year beginning July 1, 2027. The District may levy up to the Maximum Special Tax rates on Taxable Property within the District. See "— Rate and Method of Apportionment — *Maximum Special Tax, Assigned Special Tax and Backup Special Tax*" and "— Rate and Method of Apportionment — *Exempt Property.*"

Pursuant to the Rate and Method, the status of Developed Property is based on building permits issued as of May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied. As of October 1, 2026, building permits had been obtained for 220 of the parcels of Taxable Property within the District. For the projected Fiscal Year 2027-28 Special Tax levy, based on the development status within the District as of October 1, 2026, assuming no further development, such 220 parcels of Taxable Property within the District will be classified as Developed Property and 168 parcels within the District will be classified as Undeveloped Property. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Collection and Application of the Special Tax

The Special Tax is levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the District may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum rates and method of collection of the Special Tax are not altered in a manner that would impair the District's ability to collect a sufficient amount of the Special Tax to pay debt service on the Bonds and Administrative Expenses when due. First, the District has covenanted it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds and any Additional Bonds and if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds and any Additional Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds and any Additional Bonds. Second, the District has covenanted not to authorize owners of taxable parcels within the District to satisfy Special Tax obligations by the tender of Bonds and any Additional Bonds unless the District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds and any Additional Bonds when due.

Although the Special Tax constitutes a lien on Taxable Property within the District, it does not constitute a personal indebtedness of the owners of such property within the District. Moreover, other overlapping general obligation debt already exists on the property located within the District and other future special tax and assessment liens and overlapping general obligation debt could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Tax or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Under the terms of the Indenture, the Trustee shall establish and maintain a separate Fund designated the "Special Tax Fund." As soon as practicable after the receipt by the District of any Special Tax Revenues, but in any event no later than the date ten Business Days after such receipt, the District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represents Special Tax prepayments that are to be applied to the payment of the redemption price of Bonds and any Additional Bonds in accordance with the provisions of the Indenture shall be identified to the Trustee as such by the District and shall be deposited in the Redemption Fund. See "— Special Tax Fund" below, "THE BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*" and Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the District has covenanted in the Indenture that it will determine or cause to be determined, no later than September 15 of each year, whether or not any owners of property within the District are delinquent in the payment of the Special Tax levied thereon and that, if such delinquencies exist, the District will order and cause to be commenced no later than November 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the Special Tax or installment thereof not paid when due. Notwithstanding the foregoing, the District is not required under the Indenture to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the District for such Fiscal Year is less than 5% of the total amount of the Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the District determines

that any single parcel is delinquent in excess of $5,000 in the payment of the Special Tax, then the District will diligently institute, prosecute and pursue foreclosure proceedings against such parcel.

The mere commencement of foreclosure proceedings will not assure a prompt and favorable resolution of Special Tax delinquencies. The ability of the District to foreclose the lien of delinquent unpaid Special Tax may be limited. See "SPECIAL RISK FACTORS — Bankruptcy and Legal Delays" and "SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties." Moreover, even if a judgment of foreclosure and order of sale is obtained, the District must cause a notice of levy to be issued. Under current law, the property owner has 120 days from the date of service of the notice of levy in which to redeem the subject property. If the property owner fails to redeem the property and it is sold, the property owner's only remedy is an action to set aside the sale, which action must be brought within 90 days of the date of sale. If such an action results in the setting aside of the foreclosure sale, the judgment is revived, and the District would be entitled to receive interest on the revived judgment as if the sale had not been made. Under former law a property owner had a period of one year within which to redeem property to be sold, and the constitutionality of the legislation that eliminated the one year redemption period has not been tested.

There can be no assurance that, even if the subject property is sold, the proceeds from such sale will be sufficient to pay the delinquent installments of the Special Tax. The Act does not require the District or any other governmental agency to purchase or otherwise acquire any Assessor's Parcel being sold if there is no other purchaser at such sale. The Act does require that property being sold pursuant to foreclosure under the Act must be sold for not less than the judgment amount (which must include reasonable attorneys' fees, together with interest, penalties, and other authorized charges and costs) plus post judgment interest and authorized costs, unless a lower bid price is authorized by the Owners of not less than 75% by value of the Bonds and any Additional Bonds Outstanding.

Special Tax Fund

The Indenture provides that the Trustee will establish and maintain a separate Fund designated the "Special Tax Fund." The Indenture requires that the District transfer Special Tax Revenues (other than Special Tax prepayments) to the Trustee for deposit into the Special Tax Fund as soon as practicable after the District's receipt thereof, but in any event no later than ten Business Days after such receipt. No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfers to the Administrative Expense Fund, as requested by the District, to have sufficient amounts available therein to pay Administrative Expenses, the Trustee is required by the Indenture to make transfers from the Special Tax Fund to the Interest Account in the Bond Fund, the Principal Account in the Bond Fund and the Reserve Fund in the amounts and in the priority specified in the Indenture. See Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

As soon as practicable after the District's receipt of Special Tax prepayments, but in any event no later than ten Business Days after such receipt, the District is required to transfer any Special Tax prepayment to the Trustee and, in connection therewith, submit to the Trustee a Written Certificate identifying such amounts as Special Tax prepayment, identifying the portion of such Special Tax prepayments so transferred that is to be applied to the Redemption Price of the Bonds and any Additional Bonds and identifying the portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds and any Additional Bonds to be so redeemed. The portion of such Special Tax prepayment that is to be applied to the Redemption Price will be deposited by the Trustee in the Redemption Fund and will be applied to the redemption of the Bonds and any Additional Bonds pursuant to the Indenture. The portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds and any Additional Bonds to be so redeemed will be deposited by the Trustee in the Interest Account and will be applied to the payment of such interest.

Reserve Fund

The Indenture provides that the Trustee will establish and maintain a separate Fund designated the "Reserve Fund." On the Closing Date, the Trustee will deposit in the Reserve Fund the amount specified under the Indenture. See "ESTIMATED SOURCES AND USES OF FUNDS." The Trustee is also required, not later than the Business Day immediately preceding each Interest Payment Date, to transfer from the Special Tax Fund (after the requisite transfers to the Administrative Expense Fund, the Interest Account and the Principal Account) the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of the date of any calculation, the least of (i) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, with respect to the Bonds (excluding from such calculation Bonds and any Additional Bonds refunded with the proceeds of subsequently issued Additional Bonds secured by the Special Tax on a parity with such Bonds and Additional Bonds), (ii) Maximum Annual Debt Service and (iii) 125% of Average Annual Debt Service.

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund are to be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with the Indenture in the event that, on the Business Day prior to an Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds and any Additional Bonds due and payable on such Interest Payment Date, (ii) making transfers to the Principal Account in accordance with the Indenture in the event that, on the Business Day prior to a September 1 on which principal of the Bonds and any Additional Bonds is due and payable (including principal due and payable by reason of mandatory sinking fund redemption of the Bonds and any Additional Bonds), amounts in the Principal Account are insufficient to pay such principal, and (iii) redeeming Bonds and any Additional Bonds in accordance with the Indenture as described in the following paragraph.

Whenever Bonds or any Additional Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share (determined as provided below) of the amount on deposit in the Reserve Fund will, on the date on which amounts to redeem such Bonds and any Additional Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and will be applied to the redemption of said Bonds and any Additional Bonds; provided that, such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds and any Additional Bonds to be redeemed). Such proportionate share will be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds and any Additional Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds and any Additional Bonds to be so redeemed and the denominator of which is the principal amount of Bonds and any Additional Bonds to be Outstanding on the day prior to the date on which such Bonds and any Additional Bonds are to be so redeemed.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay all Outstanding Bonds and any Additional Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee will, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds and any Additional Bonds. If, as a result of the scheduled payment of principal of or interest on the Bonds and any Additional Bonds, the Reserve Requirement is reduced, the Trustee will transfer an amount equal to the amount of such reduction to the Interest Account.

Investment of Moneys

All moneys in any of the Funds or Accounts are required to be invested by the Trustee solely in Permitted Investments, as directed in writing by the District. As used in the Indenture, the phrase "Permitted Investments" includes a variety of investments, some of which may not be rated by a national rating service. See Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions."

No Additional Bonds Except for Refunding Bonds

So long as any of the Bonds and any Additional Bonds remain Outstanding, the District will not issue any obligations payable from Net Special Tax Revenues senior to the Bonds. The District may issue Additional Bonds or obligations payable on a parity with the Bonds and any Additional Bonds, if, among other things: (i) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing under the Indenture; (ii) the proceeds of the Additional Bonds will be applied to refund the Bonds or any Additional Bonds previously issued under the Indenture, pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and/or make any requisite deposit to the Reserve Fund; and (iii) an Independent Consultant certifies that the Annual Debt Service in each Bond Year, calculated for all Bonds and any Additional Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds and any Additional Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

THE COMMUNITY FACILITIES DISTRICT

General Information Regarding the District

The District was organized by the City Council under the Act to provide for the financing of public improvements to meet the needs of new development related to the District. The qualified electors within the boundaries of the District, being the then owners of all property in the District, authorized the District to incur bonded indebtedness to finance certain public facilities to meet the needs of new development within the District and approved the Rate and Method for and authorized the levy of the Special Tax.

The District includes approximately 36 gross acres and is located in the northwestern portion of the City. The District is located at the southeast corner of Duncan Canyon Road and Cypress Avenue in the City. The District is being developed into a master planned residential community known as "The Gardens Phase Two." Overall, the District is planned for a total of 388 residential units at buildout in four product lines: "Trellis," "Marigold," "Iris" and "Flora." Risewell Homes plans to construct a total of 214 residential units in the District in two product lines of triplex and detached condominium units, known as "Trellis" and "Marigold." Risewell Homes is using a land bank in the development of its property within the District, Risewell Homes Land Bank. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes Land Bank Arrangement" herein. Trellis is triplex development planned for a total of 90 units at buildout, and Marigold is a detached condominium unit development planned for a total of 124 units at buildout.

Richmond American plans to construct a total of 174 residential units in the District in two product lines of detached condominium units, known as "Iris" and "Flora." Iris is a cluster alley-loaded detached condominium unit development planned for a total of 88 units at buildout, and Flora is a detached condominium unit development planned for a total of 86 units at buildout.

As of August 7, 2026, within the District, 120 residential units had been completed and conveyed to individual homeowners, including homes within each of the four product lines, 21 of which are part of the product lines being built by Risewell Homes and 99 of which are part of the product lines being built by Richmond American. As of August 7, 2026, Risewell Homes owned seven completed model units (none of which were in escrow), 9 homes over 95% complete (three of which were in escrow), 8 residential units under construction and less than 95% complete (none of which were in escrow), and 27 finished lots (none of which

were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Additionally, as of August 7, 2026, Risewell Homes Land Bank owned 142 finished lots. Since August 7, 2026, as of October 1, 2026, Risewell Homes had conveyed an additional 7 residential units to individual homeowners.

As of August 7, 2026, Richmond American owned eight completed model units (none of which were in escrow), 29 homes over 95% complete (two of which were in escrow), and 38 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Since August 7, 2026, as of October 1, 2026, Richmond American had conveyed an additional 2 residential units to individual homeowners.

Within the District, building permits had been obtained for 220 planned residential units as of October 1, 2026; accordingly, such 220 parcels will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Per the current City General Plan and Zoning Map, the District is located within the Arboretum Specific Plan and is zoned RMF (or Residential Multifamily) which allows for residential land use with a density of 8.1 to 16.1 dwelling units per acre. Tract Map No. 20362 subdivided the District into four lots, and subsequent condominium maps further divided the property into 388 single family units (each of which is a separate Assessor's Parcel subject to the levy of the Special Tax pursuant to the Rate and Method), along with a community center and pool/spa, tot lot, gazebo area, outdoor exercise area, covered eating areas, setback areas and internal streets. The approved condominium maps results in a density of approximately 9.67 for the Iris product line, 8.99 for the Flora product line, 13.06 for the Trellis product line, and 11.44 for the Marigold product line, each of which is within the approved designation.

Water service to the property within the District will be supplied by the West Valley Water District and sewer service to the property within the District will be supplied by the City. Electricity will be supplied by Southern California Edison Company, gas by the Southern California Gas Company and schools by the Fontana Unified School District.

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a County Designated Fault Zone or an Earthquake Fault Zone Boundary. However, faults that have the potential to generate the strongest ground shaking in the Fontana area include the Cucamonga (thrust fault), the San Jacinto (strike-slip fault), and the San Andreas (strike-slip) fault. The Cucamonga fault is an active fault that crosses the northern portion of the City, trending northwest along the foot of the San Gabriel Mountains. The Lytle Creek Branch of the San Jacinto Fault is an active fault that crosses the extreme northeast portion of the City in a southeastern direction. There are several other faults that border the Lytle Creek alluvial basin, including the Chino, San Andreas and San Jacinto faults.

In recent years, wildfires have caused extensive damage throughout the State. The most significant recent fire near the City was the South Fire in Jurupa Valley, just across the Santa Ana River to the south. It started on May 19, 2026, in the river bottom near Bain Street and Limonite Avenue, and was declared 100% contained by May 29, 2026 after burning over 1,450 acres. There have been smaller fires, such as the 147-acre Sierra Fire that burned in November 2018 and the 277-acre Karen Fire in July 2020. Per the State of California's Fire Hazard Map, the District is within a local Responsibility Area with a recommendation for the District to be in a very high fire severity zone. Per the City's General Plan and Zoning Map, the District is located within a local responsibility area that is contiguous to a very high fire hazard area. A copy of the CalFire Fire Hazard Zone map is located in the addenda to the Appraisal attached to this Official Statement as Appendix B. See Appendix B — "APPRAISAL REPORT." The Appraisal assumes, as an extraordinary assumption, that fire insurance will continue to be available for the homes in the District. While the District is not aware of any particular risk of wildfire within the District other than such designation, there can be no assurances that wildfires won't occur within the District. See "SPECIAL RISK FACTORS — Geologic, Topographic and Climatic Conditions."

The Federal Emergency Management Agency has determined that the District is located in a Zone "X" flood area (an area determined to be outside of the 0.2 percent annual chance floodplain), and flood insurance will not be required.

An aerial photo showing the taxable property within the District and a map showing the general location of the District and the surrounding area appears on the pages before page 1. More detailed information about the property therein is contained in Appendix B — "APPRAISAL REPORT," and information about the ownership of such property is set forth under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT." General information about the City is set forth in Appendix E.

Assigned Special Tax and Development Summary

The following table sets forth the Assigned Special Taxes that are projected to be levied on the property within the District at buildout of the development.

TABLE 1
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
SPECIAL TAX AND DEVELOPMENT SUMMARY

Rate and Method Land Use Classes		*Number of Permitted Units as of May 1, 2026*[(1)]	*Remaining Number of Units*[(2)]	*Assigned Facilities Special Tax*	*Fiscal Year Assigned Facilities Special Taxes at Build Out*
Developed Property Description / Planning Area					
Residential Property (2,100 sq. ft. or greater)		0	0	$4,137	$ 0
Residential Property (1,950 to less than 2,100 sq. ft.)		1	14	3,956	59,340
Residential Property (1,800 to less than 1,950 sq. ft.)	Planning	5	17	3,775	83,050
Residential Property (1,650 to less than 1,800 sq. ft.)	Area 1	26	61	3,554	309,198
Residential Property (less than 1,650 sq. ft.)		0	0	3,344	0
Residential Property (2,100 sq. ft. or greater)		0	0	3,946	0
Residential Property (1,950 to less than 2,100 sq. ft.)		0	0	3,759	0
Residential Property (1,800 to less than 1,950 sq. ft.)	Planning	0	0	3,572	0
Residential Property (1,650 to less than 1,800 sq. ft.)	Area 2	14	18	3,385	108,320
Residential Property (less than 1,650 sq. ft.)		22	36	3,198	185,484
Residential Property (2,225 sq. ft. or greater)		0	0	4,604	0
Residential Property (2,075 to less than 2,225 sq. ft.)	Planning	16	0	4,259	68,144
Residential Property (1,925 to less than 2,075 sq. ft.)	Areas 3 &	76	14	3,914	352,260
Residential Property (1,775 to less than 1,925 sq. ft.)	4	43	7	3,699	184,950
Residential Property (less than 1,775 sq. ft.)		17	1	3,549	63,882
TOTAL	NA	220	168	NA	$1,414,628
SUBTOTAL OF APPLICABLE SPECIAL TAXES		$817,979	$596,649	NA	NA

(1) Represents the classification of 220 lots of Taxable Property as Developed Property for Fiscal Year 2026-27, comprised of approximately 15.2 acres, based upon the building permits that have been obtained for such properties as of May 1, 2026.

(2) Represents the projected Developed Property classification of 168 lots of Taxable Property, comprised of approximately 10.1 acres classified as Undeveloped Property for Fiscal Year 2026-27, assuming such properties are constructed at the home sizes identified in the development plan submitted by the Developers.

Source: DTA Public Finance, Inc.

Direct and Overlapping Debt

The District is included within the boundaries of numerous overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all

or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 2
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
DIRECT AND OVERLAPPING DEBT SUMMARY (TAXABLE PROPERTY)

Overlapping District	*Percent of Levy on Taxable Parcels in the District*[1]	*Total Debt Outstanding*[2]	*District Share of Total Debt Outstanding*
Fontana Unified School District G.O. Bonds	0.32986%	$401,287,730	$ 1,323,690
Chaffey Community College District G.O. Bonds	0.05671	428,235,000	242,860
San Bernardino Valley Municipal Water District G. O. Bonds[3]	0.18022	0	0
Estimated Share of Overlapping Debt Allocable to District			$ 1,566,550
Plus: The Bonds			18,450,000*
Estimated Share of Direct and Overlapping Debt Allocable to District			$ 20,016,550*

* *Preliminary, subject to change.*

(1) Based on the District's estimated share of the Fiscal Year 2025-26 levy for each applicable overlapping district.

(2) Based on the overlapping tax and assessment debt as of August 1, 2026. Excludes debt secured by any 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.

(3) The long term general obligation bond outstanding debt allocable to the San Bernardino Valley Municipal Water District, as provided by the Department of Water Resources, were fully redeemed as of November 1, 2024.

Source: DTA Public Finance, Inc., San Bernardino County.

As shown in Table 3, the projected total effective tax rates for completed residential units conveyed to individual homeowners as of August 7, 2026 in The Gardens Phase Two ranges from approximately 1.844% to approximately 1.866% of the concluded value as identified in the Appraisal. Such estimates assume that the Rate and Method is not amended in accordance with Section C thereof.

TABLE 3
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
PROJECTED TOTAL EFFECTIVE TAX RATES FOR
INDIVIDUALLY OWNED RESIDENTIAL PROPERTY

		Neighborhoods within Community Facilities District No. 113			
DESCRIPTION		**MARIGOLD**	**TRELLIS**	**IRIS**	**FLORA**
Planning Area		P.A. 1	P.A. 2	P.A. 3	P.A. 4
Number of Anticipated Units		124	90	88	86
Number of Units Sold[(1)]		9	12	50	49
Average Unit Size[(1)]		1,737	1,588	1,879	2,006
Average Minimum Market Value[(1)]		$ 557,835	$ 515,935	$ 591,565	$ 626,810
Less: Homeowner Exemption		(7,000)	(7,000)	(7,000)	(7,000)
Equals: Assumed Taxable Value[(2)]		$ 550,835	$ 508,935	$ 584,565	$ 619,810
	Property	***Projected***	***Projected***	***Projected***	***Projected***
***AD VALOREM* PROPERTY TAXES[(3)]**	***Tax Rate***	***Amount***	***Amount***	***Amount***	***Amount***
Base Property Tax	1.0000%	$ 5,508	$ 5,089	$ 5,846	$ 6,198
Fontana Unified School District G.O. Bonds	0.0819%	451	417	479	508
Chaffey Community College District G.O. Bonds	0.0165%	91	84	96	102
San Bernardino Valley Municipal Water District	0.0400%	220	204	234	248
Subtotal *Ad Valorem* Property Tax Rate/Taxes	1.1383%	$ 6,270	$ 5,794	$ 6,655	$ 7,056
		Projected	***Projected***	***Projected***	***Projected***
PARCEL CHARGES, ASSESSMENTS AND SPECIAL TAXES[(4)]		***Amount***	***Amount***	***Amount***	***Amount***
Fontana Vector Control Charge		$ 6	$ 6	$ 6	$ 6
City of Fontana Sewer User Fee[(5)]		NA	NA	NA	NA
Fontana CFD No. 113 Services Special Tax[(6)]		580	580	580	580
Fontana CFD No. 113 Facilities Special Tax[(7)]		3,554	3,198	3,699	3,914
Subtotal Parcel Charges, Assessments And Special Taxes		$ 4,140	$ 3,784	$ 4,285	$ 4,500
PROJECTED TOTAL PROPERTY TAXES		$ 10,410	$ 9,578	$ 10,940	$ 11,556
PROJECTED EFFECTIVE TAX RATE (% OF MARKET VALUE)		**1.866%**	**1.856%**	**1.849%**	**1.844%**

(1) Number of units sold, average unit size, and average minimum market value for units that have closed to individual homeowners based on the Appraisal with a date of value as of August 7, 2026. Preliminary and subject to change.
(2) Assumed Taxable Value and ad valorem taxes incorporate owner-occupied AV exemption of $7,000.
(3) Based on the applicable Fiscal Year 2026-27 ad valorem rates for the overlapping jurisdictions encompassing the project approved by the Board of Supervisors of San Bernardino County on September 1, 2026. Rates subject to change in future years.
(4) Represents special assessments, special taxes for any overlapping community facilities district(s), and any other taxes, fees and charges payable from and secured by the property as identified on the current property tax bill(s) for the project and discussions with overlapping taxing jurisdictions. Charges subject to change in future years.
(5) Excluded from the effective tax rate determination pursuant to the City of Fontana Community Facilities and Assessment District Policy Guidelines.
(6) Based on the applied levy of the Services Special Tax.
(7) Based on the levy of the Assigned Facilities Special Tax.
Source: Except as otherwise noted, DTA Public Finance, Inc.

Property Values

Appraisal. In order to provide information with respect to the value of the land within the District, the District engaged Kitty Siino & Associates, Inc. to prepare the Appraisal. The principal of the Appraiser, who was actively involved in the preparation of the Appraisal, has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land secured municipal bonds. The Appraiser was selected by the District and has no material relationships with the City, the District or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal and other similar engagements for the City. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the commission now known as California Debt and Investment Advisory Commission. A copy of the Appraisal is included as Appendix B to this Official Statement.

The purpose of the Appraisal was to estimate the minimum market value of the fee simple estate, subject to special tax and special assessment liens, of the property within the District in its current condition, subject to the hypothetical condition that all improvements and benefits to be funded with the proceeds of the Bonds are complete and in place. As of August 7, 2026, within the District, 120 residential units had been completed and conveyed to individual homeowners, including homes within each of the four product lines. As of August 7, 2026, Richmond American owned eight completed model units (none of which were in escrow), 29 homes over 95% complete (two of which were in escrow), and 38 finished lots (none of which were in escrow). As of August 7, 2026, Risewell Homes owned seven completed model units (none of which were in escrow), 9 homes over 95% complete (three of which were in escrow), 8 residential units under construction and less than 95% complete (none of which were in escrow), and 27 finished lots (none of which were in escrow). Additionally, as of August 7, 2026, Risewell Homes Land Bank owned 142 finished lots.

Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of August 7, 2026, the minimum market value of the Taxable Property within the District was not less than $144,878,560, consisting of $71,503,520 for the 120 completed units conveyed to individual homeowners, $27,745,624 for the 37 completed or near completed homes and 38 finished lots owned by Richmond American, and $14,326,560 for the 16 completed or near completed homes and 35 finished lots and homes under construction owned by Risewell Homes, and $31,302,856 for the 142 finished lots owned by Risewell Homes Land Bank. See Appendix B — "APPRAISAL REPORT."

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

The Appraisal merely indicates the Appraiser's opinion as to the minimum market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not adversely change in the future.

The Appraiser has specifically consented to the inclusion of the Appraisal in this Official Statement. Nevertheless, the Appraisal contains the following statement:

The acceptance of and/or use of this appraisal report by the client or any third party constitutes acceptance of the following conditions:

> The liability of Kitty Siino &Associates, Inc. and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third-party. If the appraisal report is placed in the hands of anyone other than the client for whom this report was prepared, the client shall make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.
>
> If the client or any third party brings legal action against Kitty Siino &Associates, Inc. or the signer of the Appraisal and the appraisers prevail, the party initiating such legal action shall reimburse Kitty Siino &Associates, Inc. and/or the appraisers for any and all costs of any nature, including attorneys' fees, incurred in their defense.

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that nothing has come to the attention of the Appraiser subsequent to the date of value of the Appraisal that would cause the Appraiser to believe that the value of property in the District is less than

the minimum value reported in the Appraisal. However, the Appraiser has not performed any procedures since the date of value to obtain knowledge of such events or occurrences nor is it obligated to do so in the future.

Value-to-Lien Ratios

The value of the property within the District is significant because, in the event of a delinquency in the payment of the Special Tax, the District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its "share" of the Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the applicable Special Tax. As indicated above, the minimum market value of the property within the District is not less than $144,878,560. The ratio of that value to the $18,450,000* total principal amount of the Bonds is approximately 7.85*-to-1. This ratio does not include other overlapping general obligation debt within the District. At this time there is no other overlapping land secured special tax or assessment debt within the District. See "— Direct and Overlapping Debt." Taking the $18,450,000* principal amount of the Bonds and $1,566,550 in other overlapping general obligation debt within the District into account, the ratio of the minimum market value to the total amount of direct and overlapping bonded debt for the District of $20,016,550* is approximately 7.24*-to-1. Table 4 sets forth the minimum market value-to-lien ratios of all the taxable property within the District by development status as of August 7, 2026 based on the projected Fiscal Year 2027-28 Special Tax levy.

The following Table 5 sets forth the value-to-lien ratios within the District by land use class under the Rate and Method using the principal amount of the Bonds allocated based on the projected Fiscal Year 2027-28 Special Tax levy.

Each of the aforesaid value-to-lien ratios is for the entire District, however, the ratios of the value of individual lots within the District to their respective shares of the principal amount of the Bonds can be expected to vary substantially depending upon the selling price thereof. The following Table 6 sets forth the stratification of value-to-liens of the parcels within the District, based on the appraised value of such parcels set forth in the Appraisal and such parcels' respective shares of the principal amount of the Bonds (allocated to each parcel based upon its respective share of the total projected Fiscal Year 2027-28 Special Tax levy) and the ratio of the appraised value to its share of the Bonds. Taxable property within the District will be classified as "Developed Property" for purposes of the Fiscal Year 2027-28 Special Tax levy if a building permit for such property is obtained by May 1, 2027. Based on the development status within the District as of October 1, 2026, building permits had been issued for 220 residential parcels of Taxable Property within the District; accordingly, such 220 residential parcels within the District will be classified as Developed Property for purposes of the projected Fiscal Year 2027-28 Special Tax levy, and the remaining 168 finished lots within the District will be classified as undeveloped property for purposes of the projected Fiscal Year 2027-28 Special Tax levy unless building permits are obtained for such parcels by May 1, 2027. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

* *Preliminary, subject to change.*

TABLE 4
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON BONDS ONLY
ALLOCATED BY PROPERTY OWNER/DEVELOPMENT STATUS
(Projected Fiscal Year 2027-28 Special Tax Levy)

Property Owner / Development Status[1]	*Number of Dwelling Units / Lots*	*Projected Fiscal Year 2027-28 Facilities Special Tax*[2]	*Percent of Projected Fiscal Year 2027-28 Facilities Special Tax*	*Pro Rata Share of Bonds*[3]	*Minimum Market Value*[1]	*Estimated Minimum Market Value-to-Lien Ratios*[4]
Risewell Homes						
Model Homes	7	$ 24,620	1.91%	$ 352,549	$ 3,108,114	8.82
95%+ Completed Homes	9	30,055	2.33	430,376	3,503,017	8.14
Homes Under Construction	8	26,332	2.04	377,064	1,763,077	4.68
Finished Lots / Developed Property[5]	23	80,422	6.24	1,151,611	5,070,439	4.40
Finished Lots / Undeveloped Property[5]	4	11,385	0.89	163,026	881,913	5.41
Subtotal	51	$ 172,814	13.41%	$ 2,474,626	$ 14,326,560	5.79
Risewell Homes Land Bank						
Finished Lots / Developed Property	0	$ 0	0.00%	$ 0	$ 0	NA
Finished Lots / Undeveloped Property	142	391,122	30.36	5,600,718	31,302,856	5.59
Subtotal	142	$ 391,122	30.36%	$ 5,600,718	$ 31,302,856	5.59
Richmond American Homes						
Model Homes	8	$ 30,647	2.38%	$ 438,853	$ 3,980,660	9.07
95%+ Completed Homes	29	109,316	8.48	1,565,361	13,235,646	8.46
Homes Under Construction	0	0	0.00	0	0	NA
Finished Lots / Developed Property[5]	16	61,724	4.79	883,863	4,440,594	5.02
Finished Lots / Undeveloped Property[5]	22	67,958	5.28	973,124	6,088,724	6.26
Subtotal	75	$ 269,645	20.93%	$ 3,861,201	$ 27,745,624	7.19
Individual Homeowners	120	$ 454,863	35.30%	$ 6,513,455	$ 71,503,520	10.98
TOTAL	**388**	**$1,288,444**	**100.00%**	**$18,450,000**	**$144,878,560**	**7.85**

* *Preliminary, subject to change*.

(1) Based on the Appraisal with a date of value as of August 7, 2026.

(2) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of August 7, 2026, and assumes no further development.

(3) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any 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). The Bonds are allocated based on a proportionate share of the projected Fiscal Year 2027-28 Facilities Special Tax.

(4) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.

(5) Under the Rate and Method, parcels of Taxable Property are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy. For Risewell Homes, twenty-three (23) parcels identified in the Appraisal as finished pads have obtained building permits as of August 7, 2026 and such lots will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy, four (4) parcels identified in the Appraisal as finished pads have not obtained building permits as of August 7, 2026 and such lots will be classified as Undeveloped Property for the Fiscal Year 2027-28 Special Tax levy assuming no further development. For Richmond American Homes, sixteen (16) parcels identified in the Appraisal as finished pads have obtained building permits as of August 7, 2026 and such lots will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy, twenty-two (22) parcels identified in the Appraisal as finished pads have not obtained building permits as of August 7, 2026 and such lots will be classified as Undeveloped Property for the Fiscal Year 2027-28 Special Tax levy assuming no further development.

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

TABLE 5
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON BONDS ONLY
ALLOCATED BY LAND USE CLASSES
(Projected Fiscal Year 2027-28 Special Tax Levy)

Rate and Method Land Use Classes	*Product Line*	*Number of Units/ Acres*[1]	*Fiscal Year 2027-28 Assigned / Facilities Special Tax*[2]	*Projected Fiscal Year 2027-28 Facilities Special Tax*[3]	*Pro Rata Share of Bonds*[4]	*Minimum Market Value*[5]	*Estimated Minimum Market Value-to-Lien Ratios*[6]
Developed Property							
Residential Property (2,100 sq. ft. or greater)		0	$ 0	$ 0	$ 0	$ 0	N/A
Residential Property (1,950 to less than 2,100 sq. ft.)	***Marigold (Planning Area 1)***	1	3,956	3,956	56,648	482,345	8.51
Residential Property (1,800 to less than 1,950 sq. ft.)		5	18,875	18,875	270,282	2,094,991	7.75
Residential Property (1,650 to less than 1,800 sq. ft.)		26	92,404	92,404	1,323,188	8,864,592	6.70
Residential Property (less than 1,650 sq. ft.)		0	0	0	0	0	NA
Residential Property (2,100 sq. ft. or greater)		0	0	0	0	0	NA
Residential Property (1,950 to less than 2,100 sq. ft.)	***Trellis (Planning Area 2)***	0	0	0	0	0	NA
Residential Property (1,800 to less than 1,950 sq. ft.)		0	0	0	0	0	NA
Residential Property (1,650 to less than 1,800 sq. ft.)		14	47,390	47,390	678,606	5,070,399	7.47
Residential Property (less than 1,650 sq. ft.)		22	70,356	70,356	1,007,470	8,144,020	8.08
Residential Property (2,225 sq. ft. or greater)		0	0	0	0	0	NA
Residential Property (2,075 to less than 2,225 sq. ft.)	***Iris and Flora (Planning Area 3 and 4)***	16	68,144	68,144	975,795	9,413,667	9.65
Residential Property (1,925 to less than 2,075 sq. ft.)		76	297,464	297,464	4,259,566	42,402,108	9.95
Residential Property (1,775 to less than 1,925 sq. ft.)		43	159,057	159,057	2,277,633	21,547,102	9.46
Residential Property (less than 1,775 sq. ft.)		17	60,333	60,333	863,944	8,585,843	9.94
Subtotal		220	$ 817,979	$ 817,979	$ 11,713,132	$106,605,067	9.10
Undeveloped Property	NA	10.1	$ 692,455	$ 470,465	$ 6,736,868	$ 38,273,493	5.68
TOTAL	**NA**	**NA**	**$ 1,510,434**	**$ 1,288,444**	**$ 18,450,000**	**$144,878,560**	**7.85**

(1) Based on the building permits obtained as of August 7, 2026, and assumes no further development. Under the Rate and Method, parcels of Taxable Property are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy.

(2) Based on the Assigned Special Tax revenues generated by residential dwelling units for which building permits have been obtained as of August 7, 2026, and the Maximum Special Tax revenues generated by one hundred sixty-eight (168) lots of Taxable Property, comprised of approximately 10.1 acres that will be classified as Undeveloped Property for fiscal year 2027-2028, for which building permits have not been obtained as of August 7, 2026, and assumes no further development.

(3) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of August 7, 2026, and assumes no further development.

(4) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any 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). The Bonds are allocated based on a proportionate share of the Projected Fiscal Year 2027-2028 Facilities Special Tax.

(5) Based on the Appraisal with a date of value as of August 7, 2026. Preliminary and subject to change.

(6) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.

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

TABLE 6
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN STRATIFICATION
BASED ON BONDS ONLY
(Projected Fiscal Year 2027-28 Special Tax Levy)

Estimated Minimum Market Value-to-Lien Ratio Category	*Number of Units / Lots Subject to Facilities Special Tax*	*Projected Fiscal Year 2027-28 Facilities Special Tax*[(1)]	*Percent of Projected Fiscal Year 2027-28 Facilities Special Tax*	*Pro Rata Share of Bonds*[(2)]	*Minimum Market Value*[(3)]	*Estimated Minimum Market Value-to-Lien Ratios*[(4)]
11.00:1 and above	52	$ 190,013	14.75%	$ 2,720,909	$ 30,494,900	11.21
9.00:1 to 10.99:1	74	286,608	22.24	4,104,111	43,873,496	10.69
7.00:1 to 8.99:1	47	172,880	13.42	2,475,572	20,962,561	8.47
5.00:1 to 6.99:1	174	492,359	38.21	7,050,384	39,946,812	5.67
3.00:1 to 4.99:1	41	146,584	11.38	2,099,024	9,600,791	4.57
Less than 3.00:1	0	0	0.00	0	0	NA
TOTAL	**388**	**$ 1,288,444**	**100.00%**	**$18,450,000**	**$144,878,560**	**7.85**

(1) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of August 7, 2026, and assumes no further development.
(2) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any 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). The Bonds are allocated based on a proportionate share of the Projected Fiscal Year 2027-2028 Facilities Special Tax.
(3) Based on the Appraisal with a date of value as of August 7, 2026. Preliminary and subject to change.
(4) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.
Source: Except as otherwise noted, DTA Public Finance, Inc.

Delinquency History

Fiscal Year 2025-26 was the first year in which Special Taxes were levied in the District. For Fiscal Year 2025-26, Facilities Special Taxes totaling $533,144 were levied on 141 residential units with respect to the Facilities Special Tax based on building permits obtained for such properties as of May 1, 2025. As of October 1, 2026, no parcel was delinquent in the payment of the Facilities Special Taxes.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

Representatives of the Developers have provided the information in this section regarding the Developers and their ownership and development within the District. None of the Underwriter, the District nor the City has independently confirmed or verified the information in this section of the Official Statement nor does any such party make any representation as to accuracy or adequacy of this information. Further, there may be material adverse changes in this information after the date of this Official Statement.

The information in this section of the Official Statement regarding ownership of certain taxable property in the District has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to the Developers should not be construed to suggest that the Bonds, or the Special Tax that will be used to pay the Bonds, are recourse obligations of the Developers, or any other property owner in the District. A property owner may sell or otherwise dispose of land within the District or a development or any interest therein at any time.

No assurance can be given that the proposed development within the District will occur as described below. As the proposed land development progresses and parcels are sold, it is expected that the ownership of the land within the District will become more diversified. No assurance can be given that development of the land within the District will occur in a timely manner or in the configuration or intensity described herein, or that any landowner described herein will obtain or retain ownership of any of the land within the District.

The Bonds and the Special Tax are not personal obligations of the Developers or any other current or subsequent property owners and, in the event that the Developers or any other current or subsequent property owner defaults in the payment of the Special Tax, the City may proceed with judicial foreclosure but has no direct recourse to the assets of the such delinquent Property Owner or any other current or subsequent property owner. As a result, other than as provided in the Official Statement, no financial statements or information is, or will be, provided about the Developers or any other current or subsequent property owner. The Bonds are secured solely by the Net Special Tax Revenues and other amounts pledged under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS."

General

Development within the District is part of one of four neighborhoods within a larger master planned community known as "The Arboretum." The Arboretum Specific Plan was approved in October 2009 and amended in June 2021 and covers 525.7 gross acres allowing for 3,532 residential units within the City, located north of Casa Grande Avenue, south of Grapeland Street, east of Citrus Avenue, and west of Sierra Avenue (the "Specific Plan"). The four neighborhoods in The Arboretum master planned community include The Arboretum, The Meadows, The Resort and The Gardens. The development within the District is the second phase of development within The Gardens neighborhood. The first phase of the Gardens commenced construction in 2022 and is completely built out. The Meadows is located adjacent and to the west of The Gardens and is completely built out except for an approximately 24 acre school site at the southwest corner of the Specific Plan. The Resort neighborhood is located adjacent and north of the District and is in the early stages of development. The Arboretum neighborhood is located to the northwest of the District and is in the early stages of development. The Arboretum neighborhood is planned to contain an approximately 10.7 acre park at buildout.

Risewell Homes

General. As previously defined in this Official Statement, "Risewell Homes" is The New Home Company Southern California LLC, a Delaware limited liability company, doing business as Risewell Homes, which is a wholly-owned subsidiary of Risewell Homes Company Inc. ("Risewell Homes Inc."). Risewell Homes Inc. is formerly known as The New Home Company Inc., which filed a legal name change on or about December 17, 2025 following the acquisition of Landsea Homes by The New Home Company. Headquartered in Irvine, California, Risewell Homes Inc., through its subsidiaries, designs, constructs and sells homes in

Northern California, Southern California, Arizona, Colorado, Florida, Oregon, Texas, and Washington. Risewell Homes Inc. was a publicly held company listed on the NYSE until September 2021 when the company became privately held upon its purchase by an entity controlled by Apollo Funds ("Apollo") and managed by affiliates of Apollo Global Management, Inc. ("APO"), a publicly traded company listed on the NYSE. For more information about Risewell Homes Inc., visit its website at www.risewellhomes.com. The Southern California division of Risewell Homes Inc., based in Irvine, California, is responsible for the development of its project in the District.

The foregoing internet website is included for reference and convenience 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 Risewell Homes nor any other entity or person is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such website in evaluating whether to buy, hold or sell the Bonds. The information contained on such website may be incomplete or inaccurate and has not been reviewed by the City, the District or the Underwriter.

Development Plan. Risewell Homes plans to construct a total of 214 residential units in the District in two product lines of triplex and detached condominium units, known as "Trellis" and "Marigold." Risewell Homes contracted to acquire property within the District in October 2024 and home closings began in December 2025. Risewell Homes plans to complete its development within the District by the end of 2028. Risewell Homes is using a land bank arrangement for its development within the District. See "— Risewell Homes Land Bank Arrangement" herein.

Trellis. Trellis is triplex development planned for a total of 90 units at buildout. The majority of the units in the Trellis product line have two detached homes and one home over the three and two car garages. Trellis is located south of Duncan Canyon Road and east of Cypress Avenue within The Gardens neighborhood. Trellis contains three plans ranging in size from approximately 1,530 square feet to approximately 1,667 square feet with the detached units having 4 bedrooms and 3 bathrooms, with the upstairs "carriage units" having 3 bedrooms and 2 bathrooms.

As of August 7, 2026, within the Trellis product line development, individuals owned 12 completed units, Risewell Homes owned three completed model homes (none of which were in escrow), 7 homes over 95% complete (three of which were in escrow), 8 homes under construction (none of which were in escrow), and 6 finished lots (none of which were in escrow). Additionally, Risewell Homes Land Bank owned 54 finished lots as of August 7, 2026. See "— Risewell Homes Land Bank Arrangement" herein. As of October 1, 2026, an additional five completed homes within the Trellis product line had been conveyed to individual homeowners, for a total of 17 closed homes as of such date, and there were four units in escrow. Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the Trellis product line, 36 building permits had been obtained as of August 7, 2026. As such, according to the Special Tax Consultant, assuming no further development, 36 parcels within the Trellis product line will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy and the remaining 54 parcels will be classified as Undeveloped Property.

Marigold. Marigold is a detached alley-load condominium unit development planned for a total of 124 units at buildout. Marigold is located at the southeast corner of Duncan Canyon Road and Cypress Avenue within The Gardens neighborhood. Marigold contains four plans ranging in size from approximately 1,656 square feet to approximately 1,979 square feet with 3 to 4 bedrooms and 2.5 to 3 bathrooms.

As of August 7, 2026, within the Marigold product line development, individuals owned 9 completed units, Risewell Homes owned four completed model homes (none of which were in escrow), 2 homes over 95% complete (none of which were in escrow), and 21 finished lots (none of which were in escrow). Additionally, Risewell Homes Land Bank owned 88 finished lots as of August 7, 2026. See "— Risewell Homes Land Bank

Arrangement" herein. As of October 1, 2026, an additional two completed homes within the Marigold product line had been conveyed to individual homeowners, for a total of 11 closed homes as of such date, and there were two units in escrow. Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the Marigold product line, 32 building permits had been obtained as of August 7, 2026. As such, according to the Special Tax Consultant, assuming no further development, 32 parcels within the Marigold product line will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy and the remaining 92 parcels will be classified as Undeveloped Property.

The following table describes the development and ownership status as of August 7, 2026 by floor plan within the development.

TABLE 7
THE GARDENS PHASE TWO
DEVELOPMENT AND OWNERSHIP STATUS
(Trellis and Marigold product lines, as of August 7, 2026)

Floor Plan	*Total Units Planned*	*Home Size*	*Owned by Individuals*	*Completed Homes*[1]	*Homes Under Construction*	*Finished Lots*[2]	*Base Home Prices*[3]
Trellis							
1	29	1,530	4	3	2	20	$506,000
2	29	1,567	4	3	2	20	541,000
3	32	1,667	4	4	4	20	565,000
Total Trellis	**90**		**12**	**10**	**8**	**60**	
Marigold							
1	45	1,656	4	2	0	39	$567,000
2	42	1,760	3	2	0	37	590,000
3	22	1,870	2	1	0	19	635,000
4	15	1,979	0	1	0	14	665,000
Total Marigold	**124**		**9**	**6**	**0**	**109**	
Total Risewell Products	**214**		**21**	**16**	**8**	**169**	

(1) Includes seven model homes (one for each floor plan) and nine production units 95% complete or greater, of which there were three production homes in escrow in Trellis.

(2) Includes 142 finished lots owned by Risewell Homes Land Bank as of August 7, 2026 (54 finished lots within the Trellis product line and 88 finished lots within the Marigold product line). See "— Risewell Homes Land Bank Arrangement" herein.

(3) Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered. Risewell Homes is offering varying concessions, including rate buy downs, on a case-by-case basis. As of August 7, 2026, the net closing cost and rate buy down concessions for the 21 residential units conveyed to individual homeowners and the three residential units in escrow within the District ranged from approximately $10,000 to approximately $55,000, and averaged approximately $34,500 per residential unit.

Source: Risewell Homes.

Risewell Homes's development expectations described above are based on Risewell Homes's current plans. These plans may change due to changes in economic and market conditions or other factors. No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Risewell Homes reserves the right to change its development plans at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Required Infrastructure. All backbone infrastructure required to build-out all 214 residential units within the Trellis and Marigold product lines within the District has been completed.

Entitlement Status. Other than certain permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes in the Trellis and Marigold

product lines within the District have been received. All environmental approvals have been secured in order to complete the development in the Trellis and Marigold product lines within the District.

Conditions of Approval. None of the remaining infrastructure improvements are required to be completed as a condition of receiving building or occupancy permits for the Trellis and Marigold product lines within the District.

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Risewell Homes has no actual knowledge of any impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within the District as described in the Official Statement.

Financing Plan. Risewell Homes intends to finance the development of the Trellis and Marigold product lines using internal sources (which may include home sales revenues, funding from its parent company, and borrowings under the Credit Facility (described below). However, home sales revenues from Risewell Homes's Trellis and Marigold product lines are not segregated and set aside for completing the development of the Trellis and Marigold product lines. Home sales revenue is accumulated and used to pay costs of operations for Risewell Homes and its affiliates, to pay down debt and for other corporate purposes, and may be diverted to pay costs other than the costs of completing the Trellis and Marigold product lines at the discretion of management. Notwithstanding the foregoing, Risewell Homes believes that it will have sufficient funds available to complete its proposed development activities in the District in accordance with the development timing described in this Official Statement.

As of October 1, 2026, Risewell Homes's ultimate parent, Risewell Homes Company Inc. (previously defined herein as "Risewell Homes Inc."), was a party to a $745 million unsecured revolving credit facility with JP Morgan Chase Bank, N.A. (the "Credit Facility") which matures in June 2029. The Credit Facility contains a borrowing base and certain covenants and conditions that may limit the amount that Risewell Homes Inc. may borrow or have outstanding at any time. As of October 1, 2026, Risewell Homes Inc. had drawn approximately $306 million under the Credit Facility and had an available amount of approximately $439 million.

Risewell Homes estimates that, as of October 1, 2026, it has spent approximately $56 million on development of its Trellis and Marigold product lines, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of internal financing repayment, corporate overhead and other carry costs). Risewell Homes expects to incur an additional approximately $75 million between October 1, 2026 and full buildout of its Trellis and Marigold product lines, remaining land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of internal financing repayment, corporate overhead and other carry costs).

No assurance can be given that amounts necessary to fund the remaining planned land acquisition and development by Risewell Homes in the District will be available when needed. Neither Risewell Homes nor any other entity or person is under any legal obligation of any kind to expend funds for remaining land acquisition and the development of the property planned by Risewell Homes in the District. Any contributions by Risewell Homes or any other entity or person to fund such costs are entirely voluntary. Risewell Homes has no legal obligation to the Bond holders to make any such funds available for land acquisition, construction or development, or the payment of ad valorem property taxes or the Special Taxes.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the remaining planned land acquisition and development by Risewell Homes in the District and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed land acquisition and development by Risewell Homes or to pay ad valorem property taxes or Special Taxes related to Risewell Homes's property in the District and the remaining portions of such development may not be completed. Many

factors beyond Risewell Homes's control, or a decision by Risewell Homes to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS — Failure to Develop Properties."

Risewell Homes Land Bank Arrangement

As previously defined in this Official Statement, "Risewell Homes Land Bank" is TPG AG EHC III (NWHM) CA 2, L.P, a Delaware limited partnership. Risewell Homes contracted to acquire the property being developed into the Trellis and Marigold product lines from the Master Developer on October 1, 2024 (the "Risewell Homes Property"). Prior to the close of escrow on the Risewell Homes Property, Risewell Homes assigned the Risewell Homes Property to Risewell Homes Land Bank, which is serving as land bank to Risewell Homes. Risewell Homes Land Bank is not an affiliate of Risewell Homes or the Master Developer.

To facilitate the land banking structure, Risewell Homes and Risewell Homes Land Bank entered into that certain Option Agreement, dated October 1, 2024 (as amended, the "Risewell Homes Option Agreement") whereby Risewell Homes has the option, but not the obligation, to purchase the 214 Risewell Homes Property lots from Risewell Homes Land Bank pursuant to a takedown schedule.

In addition to the Risewell Homes Option Agreement, TNHC Realty and Construction Inc. (the "Contractor"), an affiliate of Risewell Homes, and Risewell Homes Land Bank entered into a Construction Agreement (the "Risewell Homes Construction Agreement") granting Contractor the right to enter upon the land subject to the Risewell Homes Option Agreement, for the purpose of, among other things, constructing related improvements thereon before Risewell Homes acquires the land subject to the Risewell Homes Option Agreement from Risewell Homes Land Bank. Pursuant to the Risewell Homes Option Agreement, Risewell Homes has the right to enter upon the land subject to the Risewell Homes Option Agreement for the purpose of constructing homes thereon before Risewell Homes acquires such lots.

During the term of the Risewell Homes Option Agreement, Risewell Homes is obligated to pay all taxes on the subject land, including the Special Taxes. Upon termination or expiration thereof, Risewell Homes Land Bank would be solely responsible for the payment of taxes, including the Special Taxes, for any land that it owns.

Under the terms of the Risewell Homes Option Agreement, Risewell Homes Land Bank granted Risewell Homes the exclusive right and option to purchase all 214 residential lots subject to the Risewell Homes Option Agreement in consideration for, among other things, (a) an initial option payment, which payment has been made to Risewell Homes Land Bank; (b) payment and performance by Contractor of its obligations under the Construction Agreement; and (c) upon exercise of the option, the payment of the purchase price for each set of lots acquired.

The Risewell Homes Property lots are scheduled to be acquired by Risewell Homes pursuant to a takedown schedule, typically on the 18th calendar day of every third month beginning in September, 2025, through December, 2027, and Risewell Homes Property lots must be purchased in certain groups known as phases, although Risewell Homes may acquire lots in a higher numbered phase prior to the acquisition of all lots in a lower numbered phase provided Risewell Homes complies with certain "out of sequence" rules and pays an out of sequence premium under certain circumstances. Additionally, Risewell Homes has the right to acquire lots ahead of the takedown schedule and to defer acquisition of a limited number of lots for a period of one month at a time so long as Risewell Homes pays a per lot hiatus fee each time Risewell Homes elects to defer such acquisition and complies with the terms under the Risewell Homes Option Agreement for such deferred lots. The failure to timely acquire lots according to the Risewell Homes Option Agreement could result in a termination of the Risewell Homes Option Agreement, which could result in Risewell Homes no longer having a right to purchase any of the remaining lots under the Risewell Homes Option Agreement.

As of October 1, 2026, 142 Risewell Homes lots remain to be taken down by Risewell Homes under the Risewell Homes Option Agreement. The following table reflects Risewell Homes's projected takedown schedule for acquiring the remaining Risewell Homes lots, which is subject to amendment from time to time:

TABLE 8
THE GARDENS PHASE TWO
DEVELOPMENT AND OWNERSHIP STATUS
RISEWELL HOMES – PROJECTED TAKEDOWN SCHEDULE
Risewell Homes Option Agreement
(As of October 1, 2026)

Takedown Date	No. of Lots Per Takedown Trellis Lots	No. of Lots Per Takedown Marigold Lots	Total Lots Per Takedown	Cumulative Takedowns [(1)]
Through Oct. 1, 2026	36	36	Var.	72
10/16/26	6	20	26[(1)]	98[(1)]
01/18/27	15	8	23	121
04/16/27	12	10	22	143
05/18/27	12	20	32	175
07/18/27	9	23	32	207
12/17/27	0	7	7	214
TOTAL	**90**	**124**	**214**	

(1) Risewell Homes has elected to defer the takedown of 26 lots scheduled to be taken down on October 16, 2026 under the Risewell Homes Option Agreement.

Source: Risewell Homes.

The option under the Risewell Homes Option Agreement expires on the earlier of (i) the last date permitted for the final takedown specified on the takedown schedule in the Risewell Homes Option Agreement and the expiration of any applicable cure period, or (ii) the date Risewell Homes has acquired all of the applicable Risewell Homes Property lots in accordance with the Risewell Homes Option Agreement, or (iii) at Risewell Homes Land Bank's option, upon a default by Risewell Homes. The failure to timely acquire lots under the Risewell Homes Option Agreement could result in the termination of the Risewell Homes Option Agreement and Risewell Homes will no longer have a right to purchase any of the remaining lots under the Risewell Homes Option Agreement.

Risewell Homes Land Bank is serving as the land bank for Risewell Homes and is not a homebuilder. In the event Risewell Homes does not acquire all lots owned by Risewell Homes Land Bank, or the right to purchase the Risewell Homes Property lots expires or is terminated, Risewell Homes Land Bank would likely attempt to market and sell such lots to another homebuilder.

Risewell Homes Land Bank. According to Risewell Homes Land Bank, Risewell Homes Land Bank is an affiliate of, and managed by, Angelo Gordon & Co., L.P. ("Angelo Gordon"). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately $73 billion across a broad range of credit and real estate strategies. Neither Risewell Homes Land Bank nor Angelo Gordon are affiliated entities of Risewell Homes or the Master Developer.

Richmond American

General. As previously defined in this Official Statement, Richmond American is Richmond American Homes of Maryland, Inc., a Maryland corporation. Richmond American is a wholly-owned subsidiary of Sekisui House U.S., Inc., a Delaware corporation ("SHUS"), which was formerly known as M.D.C. Holdings, Inc., a Delaware corporation and underwent a name change to SHUS on September 4, 2025. SHUS is a wholly-owned subsidiary of Sekisui House, Ltd., a Japanese kabushiki kaisha ("SHL"). Richmond American and its predecessor entity have been building homes in California since 1986. The Southern California division of Richmond American based in Riverside, California, is responsible for the development of its project in the District.

SHUS has two primary operations: homebuilding and financial services. SHUS's homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under multiple names including "SHAWOOD," "Chesmar," "Holt," "Hubble," "Richmond American," and "Woodside." SHUS's financial services operations include subsidiary companies that originate mortgage loans, provide title agency services, offer third-party insurance products for Richmond American's homebuyers, and provide insurance coverage for SHUS subsidiaries and most of Richmond American's subcontractors.

SHUS continues to voluntarily file public reports with the Securities and Exchange Commission (the "**SEC**") setting forth certain data relative to the consolidated results of operations and financial position of SHUS and its subsidiaries, including Richmond American, as of such date. There is no guarantee that SHUS will continue to file such reports or information with the SEC or otherwise make them publicly available.

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

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

Development Plan. Richmond American plans to construct a total of 174 residential units in the District in two product lines of detached condominium units, known as "Iris" and "Flora." Richmond American acquired its property within the District in January 2024 and home closings began in April 2025. Richmond American plans to complete the development within the District in June 2028.

Iris. Iris is a cluster alley-loaded detached condominium unit development planned for a total of 88 units at buildout. Iris is located at the northwest corner of Gardens Street and Cassava Drive within The Gardens neighborhood. Iris contains four plans ranging in size from approximately 1,750 square feet to approximately 1,950 square feet with 3 to 4 bedrooms and 2 to 3 bathrooms.

As of August 7, 2026, within the Iris product line development, individuals owned 50 completed condominium units, Richmond American owned four completed model homes (none of which were in escrow), 15 homes over 95% complete (one of which was in escrow), and 19 finished lots (none of which were in escrow). As of October 1, 2026, an additional completed home within the Iris product line had been conveyed to individual homeowners, for a total of 51 closed homes as of such date, and there were three units in escrow. Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the

prospective homebuyers. Within the Iris product line, 79 building permits had been obtained as of August 7, 2026. As such, according to the Special Tax Consultant, assuming no further development, 79 parcels within the Iris product line will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy and the remaining 9 parcels will be classified as Undeveloped Property.

Flora. Flora is a detached condominium unit development planned for a total of 86 units at buildout. Flora is located at the southeast corner of Gardens Street and Cypress Avenue within The Gardens neighborhood. Flora contains four plans ranging in size from approximately 1,850 square feet to approximately 2,120 square feet with 3 to 4 bedrooms and 2 to 3.5 bathrooms.

As of August 7, 2026, within the Flora product line development, individuals owned 49 completed condominium units, Richmond American owned four completed model homes (none of which were in escrow), 14 homes over 95% complete (one of which was in escrow), and 19 finished lots (none of which were in escrow). As of October 1, 2026, an additional completed home within the Flora product line had been conveyed to individual homeowners, for a total of 50 closed homes as of such date, and there were two units in escrow. Within the Flora product line, 73 building permits had been obtained as of August 7, 2026. As such, according to the Special Tax Consultant, assuming no further development, 73 parcels within the Flora product line will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy and the remaining 13 parcels will be classified as Undeveloped Property.

The following table describes the development and ownership status as of August 7, 2026 by floor plan within the development.

TABLE 9
THE GARDENS PHASE TWO
DEVELOPMENT AND OWNERSHIP STATUS
(Iris and Flora product lines, as of August 7, 2026)

Floor Plan	*Total Units Planned*	*Home Size*	*Owned by Individuals*	*Completed Homes*[1]	*Homes Under Construction*	*Finished Lots*	*Base Home Prices*[2]
Iris							
1	18	1,750	11	4	0	3	$588,990
2	14	1,833	4	6	0	4	582,990
3	21	1,846	9	8	0	4	605,990
4	35	1,952	26	1	0	8	655,990
Total Iris	**88**		**50**	**19**	**0**	**19**	
Flora							
1	15	1,851	7	5	0	3	$628,000
2	29	1,929	16	3	0	10	665,000
3	26	2,074	14	8	0	4	649,000
4	16	2,121	12	2	0	2	669,990
Total Flora	**86**		**49**	**18**	**0**	**19**	
Total Richmond American Products	**174**		**99**	**37**	**0**	**38**	

(1) Includes eight model homes (one for each floor plan) and one production home in escrow in Iris and one production home in escrow in Flora.
(2) Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered. Richmond American is offering varying concessions, including rate buy downs, on a case-by-case basis. As of August 7, 2026, the net closing cost and rate buy down concessions for the 99 residential units conveyed to individual homeowners and the two residential units in escrow within the District ranged from approximately $8,000 to approximately $77,000, and averaged approximately $44,000 per residential unit.

Source: Richmond American.

Richmond American's development expectations described above are based on Richmond American's current plans. These plans may change due to changes in economic and market conditions or other factors. No

assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Richmond American reserves the right to change its development plans at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Required Infrastructure. All backbone infrastructure required to build-out all 174 residential units within the Iris and Flora product lines within the District has been completed.

Entitlement Status. Other than certain permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes in the Iris and Flora product lines within the District have been received. All environmental approvals have been secured in order to complete the development in the Iris and Flora product lines within the District.

Conditions of Approval. None of the remaining infrastructure improvements are required to be completed as a condition of receiving building or occupancy permits for the Iris and Flora product lines within the District.

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Richmond American has no actual knowledge of any impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within the District as described in the Official Statement.

Financing Plan. Richmond American intends to finance the development of the Iris and Flora product lines in the District through internally generated funds, which may include home sales revenue and funding from its parent company SHUS. However, home sales revenues for Richmond American's project in the District are not segregated and set aside for completing its project in the District.

Richmond American estimates that, as of October 1, 2026, it has spent approximately $76,635,000 on development of the Iris and Flora product lines in the District, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs). Richmond American expects to incur an additional approximately $20,840,000 between October 1, 2026 and full buildout of the Iris and Flora product lines in the District, including site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs).

No assurance can be given that amounts necessary to fund the remaining land acquisition costs and planned development by Richmond American of the Iris and Flora product lines in the District will be available when needed. Neither Richmond American nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Richmond American in the District. Any contributions by Richmond American or any other entity or person to fund such costs are entirely voluntary. Richmond American has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the remaining planned development by Richmond American in the District and other financing is not put into place, there could be a shortfall in the funds required to complete the proposed development by Richmond American or to pay ad valorem property taxes or Special Taxes related to Richmond American's property in the District and the remaining portions of such development may not be completed. Many factors beyond Richmond American's control, or a decision by Richmond American to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS – Failure to Develop Properties" herein.

SPECIAL RISK FACTORS

The principal source of payment of debt service on the Bonds will be payments of the Special Tax made with respect to the Taxable Property. As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax," the Special Tax is to be levied annually against all such Taxable Property either at the maximum rate authorized by the Rate and Method or at such lower rates as are determined by the District Administrator to raise sufficient funds to comply with the agreements, conditions, covenants and terms contained in the Indenture, and in accordance with the Act. The Special Tax is to be collected on the tax roll of the District at the same time and in the same manner as general *ad valorem* real property taxes are collected. The Special Tax cannot be levied at a tax rate higher than the maximum tax rate even if the maximum tax rate will not produce sufficient Net Special Tax Revenues to pay the principal and interest then payable with respect to the Bonds. See discussions below under "— Levy of the Special Tax" and "— Collection of the Special Tax."

Payment of the Special Tax levied on a parcel is secured by a continuing lien against such parcel. In the event an installment of the Special Tax included in the tax bill for a parcel of Taxable Property is not paid when due, the District has covenanted to institute foreclosure proceedings in court to cause the parcel to be sold in order to attempt to recover the delinquent amount from the sale proceeds. Foreclosure and sale may not always result in the recovery of the full amount of delinquent installments of the Special Tax. See "— Collection of the Special Tax." The sufficiency of the foreclosure sale proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the sale. Sufficiency of the foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. Further, other governmental claims, such as hazardous substance claims, may affect the realizable value even though such claims may not rise to the status of liens. See "— Hazardous Substances."

Timely foreclosure and sale proceedings with respect to a parcel of Taxable Property may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Not only may foreclosure and sale proceedings be forestalled or delayed, but the sale of a parcel may also be similarly affected by a bankruptcy stay. Further, should the stay not be lifted, payment of the Special Tax may be subordinated to bankruptcy law priorities. See "— Bankruptcy and Legal Delays."

Although bankruptcy proceedings may forestall or delay a foreclosure and sale or a tax sale of a delinquent parcel of Taxable Property, the Special Tax is secured by a lien which, assuming proper procedures are followed, may be enforced against the parcel. There may not be any recourse against a bankrupt property owner since the owner is not personally obligated to pay the Special Tax. Further, if proper disclosure of the authorization of the Special Tax is not made to the owner, the willingness or ability of an owner to pay the Special Tax may be adversely affected. See "— Payment of the Special Tax is Not a Personal Obligation of the Owners."

The District is not obligated to advance funds to pay such debt service except from moneys on deposit in the Reserve Fund. See "— Bonds Are Limited Obligations."

Even if debt service is timely paid, interest on the Bonds may have to be included in the gross income of the owner of the Bonds by reason of some circumstance occurring subsequent to issuance of the Bonds, thereby reducing the after-tax yield. See "— Loss of Tax Exemption."

Risks of Real Estate Secured Investments Generally – Declines in Value

Purchasers of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses.

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

Levy of the Special Tax

The principal source of money with which to pay debt service on the Bonds is the proceeds derived from the annual levy and collection of the Special Tax applicable to the Taxable Property in the District. The amount of the Special Tax that can be levied is limited to the maximum tax rates authorized pursuant to the Rate and Method. Additionally, pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax on residential parcels in all years. The levies cannot be made at higher rates even if the failure to do so would result in insufficient Net Special Tax Revenues to pay the principal of and interest on the Bonds as the same become due and payable.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of a particular parcel and the amount of the levy of the Special Tax against such parcel. Thus, there will rarely, if ever, be a uniform relationship between the value of a parcel and its proportionate share of the debt service on the Bonds. The Special Tax levied in any particular Fiscal Year on a parcel is based upon the revenue needs of the District and the application of the Rate and Method. The application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each parcel by comparison with similar development factors with respect to the other parcels in the District. Thus, in addition to annual variations in the revenue needs of the District that must be met from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular parcel to vary from the Special Tax that might otherwise be expected:

Reduction in the number of parcels of Taxable Property, for reasons such as acquisition of such parcels by a governmental entity and failure of the governmental entity to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property; and

Failure of the owners of certain parcels of Taxable Property to pay the applicable Special Tax and delays in the collection of or inability to collect such Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Collection of the Special Tax

The timely payment of the principal of and interest on the Bonds is ultimately dependent upon the timely payment of all of the Special Tax. Any money on deposit in the Reserve Fund can be used to make such payment in the event of delinquencies, but the replenishment of the Reserve Fund will be dependent on the recovery of such delinquencies. The Indenture provides that the Special Tax is to be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners) and, except as provided in the special covenant for foreclosure described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure" and in the Act, is to be subject to the same proportionate penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes on real property.

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the District 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 judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the District has covenanted for the benefit of the owners of the Bonds that it will institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax under certain circumstances. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure." In the event that foreclosure proceedings are commenced, such foreclosure proceedings could be stayed by the commencement of bankruptcy proceedings by or against the owner of the property being foreclosed. In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Reserve Fund is depleted.

The District may be unable to make full or timely payment of debt service on the Bonds if property owners in the District fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the District is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developers, Risewell Homes Land Bank, or any other property owner to pay the Special Tax prior to delinquency. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development of land in the District is also subject to the availability of water. Finally, development of land is subject to economic considerations.

As of August 7, 2026, within the District, 120 residential units had been completed and conveyed to individual homeowners. As of August 7, 2026, Risewell Homes owned seven completed model units (none of which were in escrow), 9 homes over 95% complete (three of which were in escrow), 8 residential units under construction and less than 95% complete (none of which were in escrow), and 27 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Additionally, as of August 7, 2026, Risewell Homes Land Bank owned 142 finished lots. As of August 7, 2026, Richmond American owned eight completed model units (none of which were in escrow), 29 homes over 95% complete (two of which were in escrow), and 38 finished lots (none of which were in escrow). Since August 7, 2026, as of October 1, 2026, Risewell Homes and Richmond American had conveyed an additional 7 and 2 completed homes to individual homeowners, respectively. Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the District, building permits had been obtained for 220 planned residential units within the District as of October 1, 2026; accordingly, such 220 parcels will be classified as Developed Property for the Fiscal Year 2027-28 Special Tax levy. See "THE COMMUNITY FACILITIES DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT." However, no assurance can be given that the remaining proposed residential development will be partially or fully completed; and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bond Owners should it be necessary for the District to foreclose on the property due to the nonpayment of the Special Tax. The failure to complete development in the District as planned, or substantial

delays in the completion of the development may reduce the value of the property within the District and increase the length of time during which the Special Tax will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Tax prior to delinquency.

There can be no assurance that land development operations within the District will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Tax. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Bond Owners should assume that any event that significantly impacts the ability to develop land in the District would cause the property values within the District to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within the District to pay the Special Tax prior to delinquency.

Concentration of Property Ownership

Based on the development and ownership status as of August 7, 2026, Risewell Homes is expected to be responsible for approximately 43.77% of the projected Fiscal Year 2027-28 Special Tax levied within the District, including 13.41% of the projected Fiscal Year 2027-28 Special Tax levy for the lots Risewell Homes owned as of such date and 30.36% of the projected Fiscal Year 2027-28 Special Tax levy for the lots owned by Risewell Homes Land Bank as of such date. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes Land Bank Arrangement" herein. Based on the development and ownership status as of August 7, 2026, Richmond American is expected to be responsible for approximately 20.93% of the projected Fiscal Year 2027-28 Special Tax levied within the District. Since August 7, 2026, as of October 1, 2026, Risewell Homes and Richmond American had conveyed an additional 7 and 2 completed homes to individual homeowners, respectively, and as of such date Risewell Homes and Richmond American are expected to be responsible for approximately 41.96% and 20.36% of the projected Fiscal Year 2027-28 Special Tax levy, respectively.

While the District includes 128 completed residential units owned by individual homeowners as of October 1, 2026, the inability or refusal of the Developers or Risewell Homes Land Bank to pay the Special Tax applicable to its property when due could result in the depletion of the Reserve Fund prior to reimbursement thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Bonds as the same became due. Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default. As a result, while the Maximum Special Tax pursuant to the Rate and Method may be higher, the Special Tax levied on a residential parcel cannot be increased as a result of such delinquencies or defaults to more than 110% of the amount that would otherwise have been levied on such parcel.

Exempt Properties

Certain properties are 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 the Special Tax; provided, however, that property in the District 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 the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that

property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property in the District, it may be unconstitutional. If for any reason property in the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties in the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of property in the District becomes exempt from the Special Tax because of public ownership, or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default would occur with respect to the payment of such principal and interest.

Constitutional Limitations on Taxation and Appropriations

Articles XIIIA and XIIIB of the California Constitution. On June 6, 1978, California voters approved an amendment to the California Constitution, commonly known as Proposition 13 (the Jarvis/Gann Initiative), which added Article XIIIA to the California Constitution. The effect of Article XIIIA is to significantly limit the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. On November 7, 1978, California voters approved Proposition 8, which made certain clarifications to Article XIIIA.

Article XIIIA of the California Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIIIA requires a vote of two-thirds of the qualified electorate to impose special taxes on real property, while otherwise generally precluding the imposition of any additional *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. In addition, Article XIIIA requires the approval of two-thirds of all members of the California Legislature to change any State laws resulting in increased tax revenues.

Enactment of Article XIIIA has reduced the amount of general property tax revenues received by the City. This reduction in such revenues makes it less likely that the City or the District will have surplus funds, other than the Reserve Fund for the Bonds, with which to advance funds to make any payments or to cure any deficiency in the Interest Account or Principal Account of the Bond Fund, should the City or the District, as applicable, in the exercise of its discretion, choose to do so. If there are additional delinquencies after exhaustion of funds in the Reserve Fund for the Bonds, none of the City or the District has any obligation to transfer into the Interest Account or Principal Account of the Bond Fund the amount of any such delinquencies out of any surplus moneys of the City.

At the November 6, 1979, general election, Proposition 4 (the Gann Initiative) was approved by the voters of California. Such proposition added Article XIIIB to the California Constitution.

Article XIIIB of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the

particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

On December 17, 1980, the Third District Court of Appeal rendered a 3-0 decision in the case *County of Placer v. Corin* (113 Cal. App. 3d 443) that determined that special assessments are not subject to the limitation of Article XIIIB (Proposition 4). The Court held that the definition of "proceeds of taxes" imposed by California Constitution Article XIIIB does not apply to special assessments and improvement bonds issued pursuant to the 1915 Act and the 1913 Act. The decision of the Court was not appealed.

In early 1990, the U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Article XIIIA provides that property may only be assessed up to 2%, per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Article XIIIA.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIIIA. Two cases involve residential property and one case involves commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIIIA's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently decided to drop the case.

On October 7, 1991, the U.S. Supreme Court granted the plaintiff's petition for a writ of certiorari and agreed to hear the *Nordlinger v. Lynch* case. On June 18, 1992, the U.S. Supreme Court affirmed the Nordlinger decision (505 U.S. 1) of the California Court of Appeal, Second Appellate District, which previously held that Article XIIIA does not violate the U.S. Constitution.

The City cannot predict whether any other pending or future challenges to the State's present system of property tax assessment will be successful, when the ultimate resolution of any challenge will occur, or the ultimate effect any decision regarding the State's present system of property tax assessment will have on the City's revenues or on the State's financial obligations to local governments.

Articles XIIIC and XIIID of the California Constitution. Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act," was approved by California voters on November 6, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, and, with the exception of certain provisions, Articles XIIIC and XIIID became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes, or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the

electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special purpose districts, including community facilities districts and assessment districts, have no power to levy general taxes. The City believes that the issuance of the Bonds does not require the conduct of further proceedings under the Act or Proposition 218, other than as described herein.

Proposition 218 provides that the initiative power shall "not be prohibited or otherwise limited in matters reducing or repealing any local tax, assessment, fee or charge..." Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Special Tax. Consequently, it is conceivable that the voters of the City or the District could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

Although the provisions of Article XIIIC have not been interpreted by the courts, the City believes that the initiative power cannot be used to reduce or repeal the unpaid Special Tax that are pledged as security for payment of the Bonds or to otherwise interfere with the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Special Tax that are pledged as security for payment of the Bonds.

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

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). There were no registered voters in the District at the time of formation. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax elections in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in the District approved the Special Tax and the issuance of bonds on May 14, 2024. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the City believes the Special Tax is being levied in accordance with the Rate and Method and the Act.

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

Ballot Initiatives

General. Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process, including through Proposition 13 in 1978, Proposition 218 in 1996 and Proposition 26 in 2010. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or other local agencies to increase revenues or to increase appropriations.

As described above, Proposition 218 was approved by California voters in 1996 and added Article XIII C to the California Constitution. On November 2, 2010, the voters of the State approved Proposition 26, known as the "Supermajority Vote to Pass New Taxes and Fees Act" ("Proposition 26"). Proposition 26, among other things, amends Article XIIIC to the California Constitution principally to define what constitutes a "tax" under the limitations and requirements of that provision. Article XIIIC imposes limitations on local governments when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Before Proposition 26, Article XIIIC did not define the term "tax." Proposition 26 broadly defines a tax under Article XIIIC to include "any levy, charge, or exaction of any kind imposed by a local government." Proposition 26 lists several exceptions to the definition of "tax," which include (a) a charge for a specific benefit or privilege, which does not exceed the reasonable costs of providing the benefit or privilege, (b) a charge for a government service or product, which does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law, (f) a charge imposed as a condition of property development, and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID.

Maximum Special Tax

Within the limits of the Special Tax, the District may adjust the Special Tax levied on all property in the District to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement for the respective Bonds and to pay Administrative Expenses. However, the amount of the Special Tax that may be levied against any property in the District is subject to the Maximum Special Tax applicable to it. There is no assurance that the Maximum Special Tax on the property in the District will be sufficient to pay the amounts required to be paid by the Indenture at all times. Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax."

Payment of the Special Tax is Not a Personal Obligation of the Owners

An owner of a parcel of Taxable Property is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation only against the parcel of Taxable Property. If the value of a parcel is not sufficient, taking into account other obligations also payable thereby, to fully secure the Special Tax, the District has no recourse against the owner.

Disclosures to Future Purchasers

The District has recorded a notice of the Special Tax Lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will

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

Parity Taxes and Special Assessments

The ability or willingness of a property owner in the District to pay the Special Tax could be affected by the existence of other taxes and assessments imposed upon the property. The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special tax and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or assessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The District has no control over the ability of other entities and districts to issue indebtedness secured by special tax or assessments payable from all or a portion of the property in the District. In addition, the City is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the District. In the event any additional improvements are financed pursuant to the establishment of an assessment district, community facilities district or other district, any taxes or assessments levied to finance such improvements will have a lien on a parity with the lien of the Special Tax. The imposition of additional liens on a parity with the Special Tax could reduce the ability or willingness of the property owners to pay the Special Tax and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Tax or the principal of and interest on the Bonds when due.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. Money in said fund may be used to pay debt service on the Bonds in the event the proceeds of the levy and collection of the Special Tax against property in the District are insufficient. If funds in the Reserve Fund are used to pay debt service on the Bonds, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid pursuant to the Indenture. However, no replenishment from the proceeds of a levy of the Special Tax can occur as long as the proceeds that are collected from the levy of the Special Tax at the maximum tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted by its use to pay such amounts and will not be replenished by the levy of the Special Tax. There is no assurance that the amount in the Reserve Fund will, at any particular time, be sufficient to pay all such amounts or that any amounts of the Reserve Requirement used for debt service on the Bonds will be fully replenished from the proceeds of the levy and collection of the Special Tax.

Bankruptcy and Legal Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, the bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Any such delays could increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of the Special Tax, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws against Taxable Property, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

FDIC/Federal Government Interests In Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Tax may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the "FDIC"), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of the FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California, in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting

the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or in the event a private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Tax may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of Taxable Property but does not pay taxes and assessments levied on the parcel (including the Special Tax), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Tax, 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 Tax and preserve the federal government's mortgage interest.

The District's remedies may also be limited in the case of delinquent Special Tax with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Geologic, Topographic and Climatic Conditions

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a County Designated Fault Zone or an Earthquake Fault Zone Boundary. However, faults that have the potential to generate the strongest ground shaking in the Fontana area include the Cucamonga (thrust fault), the San Jacinto (strike-slip fault), and the San Andreas (strike-slip) fault. The Cucamonga fault is an active fault that crosses the northern portion of the City, trending northwest along the foot of the San Gabriel Mountains. The Lytle Creek Branch of the San Jacinto Fault is an active fault that crosses the extreme northeast portion of the City in a southeastern direction. There are several other faults that border the Lytle Creek alluvial basin, including the Chino, San Andreas and San Jacinto faults.

The Federal Emergency Management Agency has determined that the District is located in a Zone "X" flood area (an area determined to be outside of the 0.2 percent annual chance floodplain), and flood insurance will not be required.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several of the recent fires in the State damaged or destroyed property in areas that were not previously considered to be at risk from such events.

In January of 2025, a wildfire started in the Pacific Palisades area of Los Angeles County, approximately 70 miles west of the District, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including

the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more. On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the "Governor's Order), which suspended until April 10, 2026 certain provisions of the Revenue and Taxation Code requiring or authorizing penalties, costs or interest for late payment of taxes on the secured or unsecured roll or supplemental tax bills for properties within specified zip codes affected by the Los Angeles County wildfires. The Governor's Order also directed tax collectors to cancel specified penalties, costs and interest due during calendar year 2025 The relief excluded taxes already delinquent as of January 6, 2025 and properties for which taxes were paid through impound accounts, and did not excuse payment of the underlying taxes. Similar relief following a major fire or other natural disaster affecting the City or the District could delay the receipt of Special Taxes needed to pay debt service on the Bonds. If Special Tax revenues and other available funds, including amounts in the Reserve Fund, are insufficient, the District could fail to make debt service payments on the Bonds when due.

In March 2025, Cal Fire released an updated Fire Hazard Severity Zone map for the Southern California region. The Cal Fire Hazard Severity Zone maps evaluate fire hazard, which is defined as the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts, as opposed to risk, which is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to State law, the State Fire Marshal is mandated to classify the state responsibility areas where the state has financial responsibility for wildfire protection and prevention into Fire Hazard Severity Zones classified as "Moderate," "High" or "Very High." In areas designated as local responsibility areas, where local agencies have financial responsibility for wildfire protection and prevention, Cal Fire's Fire Hazard Severity Zone maps make recommendations for the classification of Moderate, High or Very High Fire Hazard Severity Zones and the local agencies must adopt maps which either adopt Cal Fire's recommendations or place the relevant areas in a higher classification. Per the Fire Hazard Severity Zone map, the District is within a local Responsibility Area with a recommendation for the District to be in a very high fire severity zone. Per the City's General Plan and Zoning Map, the District is located within a local responsibility area that is contiguous to a very high fire hazard area.

The District experiences high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires. The District can provide no assurances that property within the District will not be impacted by wildfires in the future. There is a risk of residential property within the District being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

The most significant recent fire near the City was the 2021 South Fire. The 2021 South Fire occurred approximately 13 miles north from the City of Fontana and burned 680 acres over 8 days. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Property damage due to wildfire could result in a significant decrease in the market value of property in the District and in the ability or willingness of property owners to pay the Special Tax.

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

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

In general, the owners and operators of a parcel of Taxable Property may be required by law to remedy conditions of the parcel 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) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

While the District is not aware that the owner (or operator) of any of Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the District is not aware of them. Each of the Developers has also represented to the District that it is not aware of any substances currently classified as hazardous by the federal government or the State located on its property within the District.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel of Taxable Property that is realizable upon a delinquency.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Bonds or any Additional Bonds. The Bonds are limited obligations of the District; and, except as provided in the Indenture, they are payable solely from Net Special Tax Revenues and the other assets pledged therefore under the Indenture. Net Special Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of the Special Tax or the insufficiency of proceeds derived from the sale of land within the District following a delinquency in the payment of the applicable Special Tax. The District has no obligation to pay debt service on the Bonds in the event of insufficient Net Special Tax Revenues, except to the extent that money is available for such purpose in the Reserve Fund. The District's only obligation with respect to delinquent Special Tax is to pursue judicial foreclosure proceedings under the circumstances described in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure."

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the District subsequent to the issuance of the Bonds in violation of the District's covenants with respect to the Bonds. Should interest become includable in gross income, the Bonds are not subject to redemption by reason thereof

and will remain outstanding until maturity or unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Tax at any time. Such payments will result in a mandatory redemption of Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See "THE BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*."

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage.

To strengthen cyber security, the City has deployed managed detection and response services, along with advanced data security and threat detection systems. These tools provide 24/7 monitoring and rapid response to potential risks, which are intended to protect taxpayer dollars and sensitive information. In addition, the City has invested in an email management platform that defends against phishing, spam, and other threats while supporting efficient communication across departments. The City is also advancing community engagement and service delivery. The City has invested in a customer relationship management (CRM) system, which powers the City's 311 platform. This tool centralizes access to City services, making it easier for residents to connect with departments, submit requests, and receive timely updates. By streamlining how residents interact with their local government, the system is intended to enhance responsiveness and accountability.

To support these initiatives, the City has adopted a cloud-first strategy when evaluating technology solutions. This approach provides flexibility, scalability, and cost savings with the goal of ensuring that critical systems are reliable and secure. The City is finalizing a project to connect all City facilities through a dedicated fiber backbone network. This major step is expected to improve reliability, reduce long-term costs, and allow the City to deliver services more efficiently and securely across every center.

Notwithstanding the foregoing, no assurance can be given that the City and the other entities the City relies on will not be affected by cyber threats and attacks in a manner that may affect the Bond Owners.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters. For instance, since the beginning of the geopolitical conflict in Iran, the federal funds rate has increased to 6.69 percent as of August 6, 2026. The City, the District and the Developers cannot predict the economic effect of continued geopolitical unrest in Iran.

CONTINUING DISCLOSURE

The District

Pursuant to a Continuing Disclosure Agreement (the "District Continuing Disclosure Agreement") with U.S. Bank Trust Company, National Association, in its capacity as Trustee and in its capacity as dissemination agent, the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found on the Internet at *www.emma.msrb.org* ("EMMA"), on an annual basis certain financial information and operating data concerning the District. The District has further agreed to provide notice to EMMA of certain listed events. The District's covenants have been made in order to assist the Underwriter in complying with the Rule.

The District has not previously entered into any undertaking with respect to the Rule. However, the City, as well as the Fontana Public Financing Authority (the "Authority"), the Fontana Public Facilities Financing Authority (the "Facilities Authority"), the Successor Agency to the Fontana Redevelopment Agency (the "Successor Agency") and various community facilities districts within the City (each, a "CFD"), all of which are entities with the City Council as the legislative body, have entered into numerous continuing disclosure undertakings and for which staff of the City provides administrative services including with respect to filings of annual financial information and listed event notices.

Except as described below, within the last five years, the City and its related entities have complied in all material respects with its undertakings under the Rule: (i) the Successor Agency with respect to its bonds filed its Fiscal Year 2022 audited financial statements late and failed to file unaudited financial statements on or before the deadline therefore; (ii) with respect to its Fiscal Year 2021-22 disclosure, the Facilities Authority filed unaudited financial information when its audited financial statements were not available, but such filing excluded certain required information typically included in audited financial statements; the Fiscal Year 2021-22 audited financial statements were subsequently posted to EMMA when they became available; (iii) a CFD failed to file one annual report for one issue of bonds for which the official statement relating to such bonds contained all of the information required to be contained in such report; (iv) the Facilities Authority with respect to two bond issues filed the City's Fiscal Year 2022-23 audited financial statements six days late and failed to file unaudited financial statements on or before the deadlines therefor; (v) due to an error on the part of a third party consultant, the Successor Agency timely filed the wrong report for Fiscal Year 2024-25 pertaining to two outstanding bond issuances; the correct report has since been posted for such bond issues; and (vi) the District is aware that not all of the required information was included with respect to a number of annual report filings by the City, the Authority, the Successor Agency and several CFDs, including required tabular information.

The City has since made filings on behalf of itself and its related entities to correct material omissions with respect to the filings that were required to have been made within the past five years and has adopted written procedures to ensure future compliance with the City's disclosure undertakings and those of its related entities. The full text of the form of the District Continuing Disclosure Agreement is set forth in Appendix G.

Risewell Homes

Risewell Homes will also covenant in a Continuing Disclosure Certificate, the form of which is set forth in Appendix H, for the benefit of the Owners, to provide semi-annual reports containing updates of certain development information within the Official Statement regarding its property in the District and notices of certain significant events as all provided therein. The specific nature of the information to be contained in the semi-annual reports or notices of significant events and certain other terms of the continuing disclosure obligations of Risewell Homes is contained in Appendix H — "FORM OF RISEWELL HOMES CONTINUING DISCLOSURE CERTIFICATE." The obligations of Risewell Homes under its Continuing Disclosure Certificate will terminate when Risewell Homes owns, or is under contract with Risewell Homes Land Bank to develop, 87 or fewer residential units (or property intended to be developed with 87 or fewer residential units) within the District.

Risewell Homes has advised the City that, based on a review of its prior continuing disclosure obligations, Risewell Homes has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in California within the past five years.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), 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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 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 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 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 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 Bonds is the first price at which a substantial amount of such maturity of the 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 Bonds accrues daily over the term to maturity of such 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the 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 Bonds in the original offering to the public at the first price at which a substantial amount of such 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 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 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 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 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 Bonds may adversely affect the value of, or the tax status of interest on, the 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 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 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 federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 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 Bonds. Prospective purchasers of the 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 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the 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 District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 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 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the 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 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 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.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, the City Attorney of the City will deliver a certificate to the effect that, to the best of the City Attorney's knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the City or the District, which would adversely impact the ability of the City or the District to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Tax, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Tax, or the transactions described herein.

ABSENCE OF RATINGS

The District has not made, and does not contemplate making, application to any rating organization for a rating on the Bonds.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the Bonds. A copy of the form of such approving opinion is attached hereto as Appendix D. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the City by the City Attorney and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Anzel Galvan LLP, San Francisco, California.

Although it is serving as Bond Counsel to the District in connection with the issuance and sale of the Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the Bonds. Disclosure Counsel and the City Attorney also represent the Underwriter in connection with other financings and matters unrelated to the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____ ($_____ principal amount, [plus/less] [net] original issue [premium/discount] of $_____ and less an Underwriter's discount of $_____). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation is contingent upon the successful issuance of the Bonds.

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

FINANCIAL INTERESTS

The fees being paid to the Municipal Advisor, Bond Counsel, Disclosure Counsel, Underwriter, and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

MUNICIPAL ADVISOR

The District has retained CSG Advisors Incorporated, San Francisco, California, as municipal advisor (the "Municipal Advisor") for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

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

CITY OF FONTANA COMMUNITY FACILITIES
DISTRICT NO. 113 (THE GARDENS PHASE TWO)

By: _____
City Manager

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APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113
(THE GARDENS PHASE TWO)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) ("CFD No. 113") and collected each Fiscal Year, in an amount determined by the City Council of the City of Fontana, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 113, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area 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 map, parcel map, condominium plan, or other recorded County map or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. For residential dwelling units within a condominium plan, the Acres applicable to each residential dwelling unit shall be determined by dividing (i) the Acres of the underlying lot or parcel on which the residential dwelling unit is constructed or to be constructed, by (ii) the total number of residential dwelling units constructed or to be constructed on such lot or parcel. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"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.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 113, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 113 or any designee thereof of complying with arbitrage rebate requirements with respect to the Special Tax and CFD No. 113 Bonds; the costs to the City, CFD No. 113 or any designee thereof of complying with disclosure requirements of the City, CFD No. 113 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 113, or any designee thereof related to the reduction of the Assigned Facilities Special Tax and Backup Facilities Special Tax in accordance with Section C.1 herein; the costs of the City, CFD No. 113 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses related to CFD No. 113 Bonds. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 113 for any other administrative purposes of CFD No. 113, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"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 Facilities Special Tax" means the applicable Facilities Special Tax for (i) Residential Property as determined in accordance with Section C.1.a.(2) herein, and (ii) Non-Residential Property as determined in accordance with Section C.1.a.(3) herein.

"Assigned Services Special Tax" means the Services Special Tax, determined in accordance with Section C.2.b herein, that can be levied in any Fiscal Year on any Assessor's Parcel of Developed Property.

"Authorized Facilities" means those facilities eligible to be funded by CFD No. 113.

"Authorized Services" means those services eligible to be funded by CFD No. 113 in accordance with the Act, namely, fire protection and suppression services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

"Backup Facilities Special Tax" means the Facilities Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.a.(4) herein.

"Buildout" means, for CFD No. 113, that all expected building permits for residential dwelling units and/or non-residential development to be constructed within CFD No. 113 have been issued, as determined by the CFD Administrator.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, providing for the levy and collection of the Special Taxes, and performing other duties as set forth herein.

"CFD No. 113" means City of Fontana Community Facilities District No. 113 (The Gardens Phase Two).

"CFD No. 113 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 113 and secured by the Facilities Special Tax levy on property within the boundaries of CFD No. 113 under the Act.

"City" means the City of Fontana, California.

"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.

"Council" means the City Council of the City acting as the legislative body of CFD No. 113.

"County" means the County of San Bernardino.

"Developed Property" means, for each Fiscal Year, (i) with respect to the Facilities Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, 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, 2024 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Facilities Special Taxes are being levied, and (ii) with respect to the Services Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, (a) for which the Final Residential Subdivision was recorded prior to the Fiscal Year for which the Services Special Taxes are being levied, or (b) for which a building permit has been issued with respect to Non-Residential Property on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Services Special Taxes are being levied.

"Facilities Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 113 to fund the Special Tax Requirement for Facilities, as set forth in Section C.1 herein.

"Final Residential Subdivision" means a Final Subdivision that creates individual lots for which building permits may be issued for residential dwelling units without further subdivision of such property.

"Final Subdivision" means (i) a subdivision of property by recordation of a final map, parcel map, or lot line adjustment approved by the City 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 City 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. Notwithstanding the above, a condominium plan for which one or more building permits have been issued, but no individual lots have been created for such building permits, shall be considered a Final Subdivision, and the portion of the condominium plan for which building permits have been issued shall be defined as Developed Property.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 113 Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1, Table 5, or Table 6 herein.

"Lower Income Households Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 113 that is subject to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessment roll finalized as of the last preceding January 1.

"Maximum Facilities Special Tax" means the maximum Facilities Special Tax, determined in accordance with Section C.1 herein, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Maximum Services Special Tax" means the maximum Services Special Tax, determined in accordance with Section C.2 herein, that can be levied in any Fiscal Year on any Assessor's Parcel of Developed Property.

"Minimum Sale Price" means the minimum price at which any parcel in a given Land Use Class has sold or is expected to be sold in a normal marketing environment and shall not include prices for such parcels that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction of one or more non-residential structures or facilities.

"Outstanding Bonds" means all CFD No. 113 Bonds which are outstanding under the Indenture.

"Planning Area" means an area designated with the letters "P.A." as shown on Exhibit B.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 113 that (a) has substantial experience in performing price point studies for residential dwelling units within community facilities districts or otherwise estimating or confirming pricing for residential dwelling units in community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential dwelling units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 113 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 113, (ii) the City, (iii) any owner of real property in CFD No. 113, or (iv) any real property in CFD No. 113, and (e) is not connected with CFD No. 113 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 113 or the City.

"Price Point Study" means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

"Property Owner Association Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 113 for which the owner of record, as determined from the County's assessment roll for the Fiscal Year in which the Special Tax is being levied, is a property owner's association, including any master or sub-association, or (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. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

"Proportionately" means that the ratio of the actual Facilities Special Tax levy to the Assigned Facilities Special Tax is equal for all Assessor's Parcels of Developed Property, and that the ratio of the actual Services Special Tax levy to the Assigned Services Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Facilities Special Tax levy per Acre to the Maximum Facilities Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" shall similarly be applied to other categories of Taxable Property as listed in Section D herein.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 113 that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, 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 CFD No. 113.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor's Parcel shall be as set forth in the building permit(s) issued for such Assessor's Parcel and/or as set forth in the appropriate records kept by the Building and Safety Department of the City, or other applicable City department, as determined by the CFD Administrator.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction thereon of one or more residential dwelling units.

"Services Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property within CFD No. 113 to fund the Special Tax Requirement for Services, as set forth in Section C.2 herein.

"Special Tax" or "Special Taxes" means the Facilities Special Tax and/or Services Special Tax, as applicable.

"Special Tax Requirement for Facilities" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the CFD No. 113 Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay all or a portion of Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv), above, reasonably anticipated Facilities Special Tax delinquencies based on the delinquency rate for the Facilities Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Facilities Special Tax levy beyond the first step in Section D.1 herein.

"Special Tax Requirement for Services" means that amount required in any Fiscal Year for CFD No. 113 to (i) pay directly for the Authorized Services; (ii) pay Administrative Expenses not funded through the Special Tax Requirement for Facilities as determined by the CFD Administrator; (iii) pay for reasonably anticipated Services Special Tax delinquencies based on the delinquency rate for the Services Special Tax levy in the previous Fiscal Year; less (iv) a credit for funds available to reduce the annual Services Special Tax levy, as determined by the CFD Administrator, 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 CFD No. 113 which 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 pursuant to Section E herein.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E herein.

"Total Tax Burden" means, for a parcel of residential property within a Land Use Class, for the Fiscal Year in which Total Tax Burden is being calculated, the sum of (a) the Assigned Facilities Special Tax for such Fiscal Year, plus (b) the Assigned Services Special Tax for such Fiscal Year, plus (c) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes and assessments (which, for purposes of clarity, do not include Contractual Impositions) collected by the County on *ad valorem* tax bills and that the CFD Administrator estimates would be levied or imposed on such residential property in such Fiscal Year if the residential dwelling unit thereon or therein had been completed and sold, and was subject to such fees, charges, taxes and assessments in such Fiscal Year.

"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, Taxable Public Property or Taxable Property Owner Association Property.

Please refer to additional definitions in Section H herein relating to the Prepayment of Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2024-2025, all Taxable Property within CFD No. 113 shall be classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D herein.

C. MAXIMUM SPECIAL TAX RATE

1. Facilities Special Tax

At least 30 days prior to the issuance of the first series of CFD No. 113 Bonds, the Assigned Facilities Special Tax for Residential Property (set forth in Table 1 below) shall be analyzed in accordance with and subject to the conditions set forth in this Section C. At such time, the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of residential property within each Land Use Class. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to one or more Land Use Classes of residential property constructed or to be constructed within CFD No. 113 shall exceed 1.95% of the Minimum Sale Price of such residential property constructed or to be constructed within CFD No. 113, the CFD Administrator shall reduce the Assigned Facilities Special Tax to the extent necessary to cause the Total Tax Burden that shall apply to residential property within such Land Use Class(es) to not exceed 1.95% of the Minimum Sale Price of such residential property. Each Assigned Facilities Special Tax reduction for a Land Use Class shall be calculated separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Facilities Special Tax for Residential Property, the CFD Administrator shall also reduce the Assigned Facilities Special Tax for Non-Residential in accordance with Section C.1.a.(3) herein, and the Backup Facilities Special Tax in accordance with Section C.1.a.(4) herein. Upon determining the reductions, if any, in the Assigned Facilities Special Tax and Backup Facilities Special Tax required pursuant to this Section C, the CFD Administrator shall complete the Certificate to Amend Facilities Special Tax substantially in the form attached hereto as Exhibit A (the "Certificate to Amend") and shall execute such completed Certificate to Amend and shall deliver such Certificate to Amend to CFD No. 113. Upon receipt thereof, if in satisfactory form, CFD No. 113 shall execute such Certificate to Amend. The reduced Assigned Facilities Special Tax and Backup Facilities Special Tax specified in such Certificate to Amend shall become effective upon the execution of such Certificate to Amend by CFD No. 113. The Assigned Facilities Special Tax and Backup Facilities Special Tax reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which CFD No. 113 shall cause to be recorded with the San Bernardino County Recorder as soon as practicable after execution of the Certificate to Amend by CFD No. 113. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to each Land Use Class of residential property constructed or to be constructed within CFD No. 113 does not exceed 1.95% of the Minimum Sale Price of each

such Land Use Class of residential property constructed or to be constructed within CFD No. 113, then there shall be no reduction in the Assigned Facilities Special Tax, nor shall there be a reduction in the Backup Facilities Special Tax.

a. Developed Property

(1). Maximum Facilities Special Tax

The Maximum Facilities 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 Facilities Special Tax or (ii) the amount derived by application of the Backup Facilities Special Tax.

(2). Assigned Facilities Special Tax for Residential Property

Residential Property shall be assigned to Land Use Classes 1 through 15 as listed in Table 1 below based on the Planning Area, Description, and the Residential Floor Area associated with each such residential dwelling unit. The Assigned Facilities Special Tax that shall be levied in any Fiscal Year for each Land Use Class is shown below in Table 1 and shall not be subject to escalation.

Table 1
Assigned Facilities Special Tax for Residential Property
City of Fontana CFD No. 113 (The Gardens Phase Two)

Land Use Class	Planning Area	Description	Residential Floor Area (square feet)	Assigned Facilities Special Tax
1	Planning Area 1	Residential Property	2,100 or greater	$4,137 per unit
2		Residential Property	1,950 to less than	$3,956 per unit
3		Residential Property	1,800 to less than	$3,775 per unit
4		Residential Property	1,650 to less than	$3,554 per unit
5		Residential Property	Less than 1,650	$3,344 per unit
6	Planning Area 2	Residential Property	2,100 or greater	$3,946 per unit
7		Residential Property	1,950 to less than	$3,759 per unit
8		Residential Property	1,800 to less than	$3,572 per unit
9		Residential Property	1,650 to less than	$3,385 per unit
10		Residential Property	Less than 1,650	$3,198 per unit
11	Planning Areas 3 & 4	Residential Property	2,225 or greater	$4,604 per unit
12		Residential Property	2,075 to less than	$4,259 per unit
13		Residential Property	1,925 to less than	$3,914 per unit
14		Residential Property	1,775 to less than	$3,699 per unit
15		Residential Property	Less than 1,775	$3,549 per unit

(3). Assigned Facilities Special Tax for Non-Residential Property

The Assigned Facilities Special Tax for an Assessor's Parcel of Non-Residential Property within a Planning Area shall equal the lesser of (a) the Assigned Facilities Special Tax applicable for such Planning Area set forth in Table 2 below (as such Assigned Facilities Special Tax shall not be subject to escalation), or (b) in connection with any reduction in the Assigned Facilities Special Tax for

Residential Property as set forth in Section C.1 herein, the amount per Acre calculated for each Planning Area pursuant to the formula below:

RAFST = AFST ÷ ATP

These terms have the following meaning:

RAFST = the reduced Assigned Facilities Special Tax for Non-Residential Property within a Planning Area.

AFST = The total estimated Assigned Facilities Special Tax levy within such Planning Area based on the reduced Assigned Facilities Special Taxes for Developed Property permitted pursuant to Section C.1 herein which could be levied on all expected development within such Planning Area assuming Buildout of CFD No. 113.

ATP = The sum of the Acreage of all Taxable Property within a Final Subdivision (assuming Buildout of CFD No. 113) within such Planning Area (after excluding Public Property and Property Owner Association Property as set forth in Section E.1 herein).

Table 2
Assigned Facilities Special Tax for Non-Residential Property
City of Fontana CFD No. 113 (The Gardens Phase Two)

Planning Area	Assigned Facilities Special Tax
P.A. 1	$59,110 per Acre
P.A. 2	$59,970 per Acre
P.A. 3	$51,370 per Acre
P.A. 4	$52,300 per Acre

(4). Backup Facilities Special Tax

The Backup Facilities Special Tax for an Assessor's Parcel of Developed Property within a Planning Area shall equal the lesser of (a) the Backup Facilities Special Tax applicable for such Planning Area set forth in Table 3 below (as such Backup Facilities Special Tax shall not be subject to escalation), or (b) in connection with any reduction in the Assigned Facilities Special Tax as set forth in Section C.1 herein, the amount per Acre calculated for each Planning Area pursuant to the formula below:

RBFST = AFST ÷ ATPX

These terms have the following meaning:

RBFST = the reduced Backup Facilities Special Tax for Developed Property within a Planning Area.

AFST = The total estimated Assigned Facilities Special Tax levy within such Planning Area based on the reduced Assigned Facilities Special Taxes for Developed Property permitted pursuant to Section C.1 herein which could be levied on all expected development within such Planning Area assuming Buildout of CFD No. 113.

ATPX = The sum of the Acreage of all Taxable Property within a Final Subdivision (assuming Buildout of CFD No. 113) within such Planning Area (after excluding Public Property and Property Owner Association Property as set forth in Section E.1 herein) multiplied by 85%.

Table 3
Backup Facilities Special Tax for Developed Property
City of Fontana CFD No. 113 (The Gardens Phase Two)

Planning Area	Backup Facilities Special Tax
P.A. 1	$69,540 per Acre
P.A. 2	$70,560 per Acre
P.A. 3	$60,450 per Acre
P.A. 4	$61,530 per Acre

Furthermore, all Assessors' Parcels within CFD No. 113 shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Facilities Special Tax if the CFD Administrator calculates that (i) the annual debt service required for the Outstanding Bonds, when compared to the Assigned Facilities Special Tax that shall be levied against all Assessors' Parcels of Developed Property in CFD No. 113 results in 110% debt service coverage (i.e., the Assigned Facilities Special Tax that shall be levied against all Developed Property in CFD No. 113 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) Administrative Expenses), and (ii) all authorized CFD No. 113 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 113 Bonds (except refunding bonds) to be supported by the Facilities Special Tax in CFD No. 113.

(5). Multiple Land Uses

In some instances an Assessor's Parcel may contain both Developed Property and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to May 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 Facilities Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Facilities Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CFD Administrator's allocation to each type of property shall be final.

b. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

The Maximum Facilities Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within a Planning Area shall be the applicable amount for such Planning Area set forth in Table 4 below. The Maximum Facilities Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall not be subject to escalation and shall therefore remain the same in every Fiscal Year.

Table 4
Maximum Facilities Special Tax for Undeveloped Property,
Taxable Public Property and Taxable Property Owner Association Property
City of Fontana CFD No. 113 (The Gardens Phase Two)

Planning Area	Maximum Facilities Special Tax
P.A. 1	$69,540 per Acre
P.A. 2	$70,560 per Acre
P.A. 3	$60,450 per Acre
P.A. 4	$61,530 per Acre

2. Services Special Tax

For purposes of the Services Special Tax, an Assessor(s) Parcel of Developed Property within a Final Residential Subdivision shall be assigned to Land Use Classes 1, as identified in Table 5 and Table 6 below. Non-Residential Property shall be assigned to Land Use Class 2. Furthermore, the Services Special Tax levied against each Assessor's Parcel within a Final Residential Subdivision shall be based on the number of residential dwelling units for which building permits have been issued or are expected to be issued for such Assessor's Parcel, as determined by the CFD Administrator based on such Final Residential Subdivision or other available documents.

a. Maximum Services Special Tax

The Fiscal Year 2023-2024 Maximum Services Special Tax for each Land Use Class of Developed Property is shown below in Table 5.

Table 5
Maximum Services Special Tax for Developed Property
City of Fontana CFD No. 113 (The Gardens Phase Two)
Fiscal Year 2023-2024

Land Use Class	Description	Maximum Services Special Tax
1	Final Residential	$770 per unit
2	Non-Residential Property	$11,830 per Acre

b. Assigned Services Special Tax

The Fiscal Year 2023-2024 Assigned Services Special Tax for each Land Use Class of Developed Property is shown below in Table 6.

Table 6
Assigned Services Special Tax for Developed Property
City of Fontana CFD No. 113 (The Gardens Phase Two)
Fiscal Year 2023-2024

Land Use Class	Description	Assigned Services Special Tax
1	Final Residential	$550 per unit
2	Non-Residential Property	$8,450 per Acre

c. Increase in the Maximum Services Special Tax

The Maximum Services Special Tax in Table 5 above shall be applicable for Fiscal Year 2023-2024, and shall increase thereafter, commencing on July 1, 2024, and on each July 1 thereafter by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

d. Increase in the Assigned Services Special Tax

The Assigned Services Special Tax in Table 6 above shall be applicable for Fiscal Year 2023-2024, and shall increase thereafter, commencing on July 1, 2024, and on each July 1 thereafter in an amount estimated to fund the Special Tax Requirement for Services for the Fiscal Year commencing on such July 1. However, in no case shall the Assigned Services Special Tax for an Assessor's Parcel of Developed Property exceed the applicable Maximum Services Special Tax for such Assessor's Parcel of Developed Property in any Fiscal Year.

e. Multiple Land Uses

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. In such cases, the Acreage of 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 Services Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Services Special Tax that can be levied on each type of property located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. Facilities Special Tax

Commencing with Fiscal Year 2024-2025, and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for Facilities and shall provide for the levy of the Facilities Special Tax each Fiscal Year as follows:

First: The Facilities Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Facilities Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Facilities Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the levy of the Facilities Special Tax on each Assessor's Parcel of Developed Property whose Maximum Facilities Special Tax is determined through the application of the Backup Facilities Special Tax shall be increased in equal percentages from the Assigned Facilities Special Tax up to the Maximum Facilities Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Facilities Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Facilities Special Tax for Taxable Public Property and Taxable Property Owner Association Property, as needed to satisfy the Special Tax Requirement for Facilities.

Notwithstanding the above, the CFD Administrator shall, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Facilities Special Tax in step one (above), when (i) the CFD Administrator is no longer required to provide for the levy of the Facilities Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement for Facilities; and (ii) all authorized CFD No. 113 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 113 Bonds (except refunding bonds) to be supported by the Facilities Special Tax.

Further notwithstanding the above, under no circumstances shall the Facilities 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 CFD No. 113 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. To the extent that the levy of the Facilities Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Facilities Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Facilities Special Tax.

2. Services Special Tax

Commencing with Fiscal Year 2024-2025 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for Services and shall provide for the levy of the Services Special Tax until the total Services Special Tax levy equals the Special Tax Requirement for Services. The Services Special Tax shall be levied each Fiscal Year as follows:

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

Second: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, then the levy of the Services Special Tax on each Assessor's Parcel of Developed Property shall be increased in equal percentages from the Assigned Services Special Tax up to the Maximum Services Special Tax for each such Assessor's Parcel.

E. EXEMPTIONS

1. Facilities Special Tax

No Facilities Special Tax shall be levied on up to the applicable Acreage limit of Public Property and/or Property Owner Association Property established for each Planning Area as set forth in Table 7 below. Tax-exempt status shall be assigned by the CFD Administrator in the chronological order in which property within a Planning Area becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it shall, from that point forward, be subject to the Facilities Special Tax.

Table 7
Exempt Acreage Limits
City of Fontana CFD No. 113 (The Gardens Phase Two)

Planning Area	Exempt Acreage Limit
P.A. 1	3.36 Acres
P.A. 2	2.00 Acres
P.A. 3	2.66 Acres
P.A. 4	3.08 Acres

Notwithstanding the above, an Assessor's Parcel within a Planning Area that is transferred to a public agency or property owner's association prior to the issuance of the first series of CFD No. 113 Bonds that causes the Acreage of Public Property and Property Owner Association Property within such Planning Area to exceed the applicable Acreage limit that can be designated by the CFD Administrator under this Section E.1 shall also be exempted from paying the Special Tax.

Public Property or Property Owner Association Property that is not exempt from the Facilities Special Tax under this Section E.1 shall be subject to the levy of the Facilities Special Tax and shall be taxed Proportionately as part of the fourth step in Section D herein, at up to 100% of the applicable Maximum Facilities Special Tax for Taxable Public Property and Taxable Property Owner Association Property.

In addition, no Facilities Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Facilities Special Tax, then the Facilities

Special Tax shall be levied on such Assessor's Parcel in accordance with this Rate and Method of Apportionment as if such Assessor's Parcel were not classified as Lower Income Households Welfare Exemption Property.

2. Services Special Tax

No Services Special Tax shall be levied on Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property, Public Property, or Property Owner Association Property.

In addition, no Services Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Services Special Tax, then the Services Special Tax shall be levied on such Assessor's Parcel in accordance with this Rate and Method of Apportionment as if such Assessor's Parcel were not classified as Lower Income Households Welfare Exemption Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 113 may directly bill the Special Tax, and/or may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations, and, to the extent of the Facilities Special Tax, may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels.

G. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment 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 CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, a cash refund shall not be made (except for the last year of levy), but the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payment of Special Taxes. This second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

H. PREPAYMENT OF FACILITIES SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 113 is permitted to prepay the Facilities Special Tax. The obligation of the Assessor's Parcel to pay the Facilities Special Tax may be fully prepaid and permanently satisfied or partially prepaid 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 Undeveloped Property for which a building permit has been issued after January 1, 2024, 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 Facilities Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to a date that notice of redemption of CFD No. 113 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 Facilities Special Tax Prepayment Amount (defined below).

The following additional definitions apply to this Section H:

"CFD Public Facilities Costs" means either $20,183,675 in 2024 dollars, which shall increase by the Construction Inflation Index on July 1, 2025, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for the Authorized Facilities under the

authorized bonding program for CFD No. 113, or (ii) shall be determined by the Council concurrently with a covenant that it shall not issue any more CFD No. 113 Bonds (except refunding bonds) to be supported by the Facilities 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 Los Angeles, 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 CFD Administrator that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, and (iii) the amount the CFD Administrator reasonably expects to derive from the reinvestment of these funds.

"Improvement Fund" means a fund or account specifically identified in the Indenture (or prior to the issuance of the first series of CFD No. 113 Bonds a fund or account held by the City) 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.

1. Prepayment in Full

The Facilities 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
Total:	equals	Facilities Special Tax Prepayment Amount

As of the proposed date of prepayment, the Facilities 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 Facilities Special Tax and Backup Facilities Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued after January 1, 2024, compute the Assigned Facilities Special Tax and Backup Facilities 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 Facilities Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Facilities Special Tax levy for CFD No. 113 based on the Assigned Facilities Special Taxes for Developed Property which could be levied on all expected development assuming Buildout of CFD No. 113, excluding any Assessor's Parcels which have been prepaid, and

   (b) Divide the Backup Facilities Special Tax computed pursuant to paragraph 2 by the total estimated Backup Facilities Special Taxes at Buildout for the entire CFD No. 113, excluding any Assessor's Parcels which have 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%) set forth in the Indenture, 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 Facilities Special Tax Prepayment Amount.

9. Determine the Facilities 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 CFD Administrator reasonably expects to derive from the reinvestment of the Facilities 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 CFD No. 113 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 113 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 Facilities 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 "Facilities Special Tax Prepayment Amount").

2. Prepayment in Part

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) x F] + A

These terms have the following meaning:

PP = the partial prepayment.

PE = the Facilities 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 Facilities Special Tax.

A = the Administrative Fees and Expenses calculated according to Section H.1.

3. General Provisions Applicable to the Prepayment of Facilities Special Tax

(a). Use of the Facilities Special Tax Prepayment Amount

The Facilities Special Tax Prepayment Amount, less the Administrative Fees and Expenses calculated according to Section H.1 which shall be retained by CFD No. 113, and less 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.

(b). Full Prepayment of Facilities Special Tax

Upon confirmation of the payment of the current Fiscal Year's entire Facilities Special Tax obligation, the CFD Administrator shall remove the current Fiscal Year's Facilities 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 CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Facilities Special Tax and the release of the Facilities Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Facilities Special Tax shall cease.

(c). Partial Prepayment of Facilities Special Tax

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator 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 CFD No. 113 that there has been a partial prepayment of the Facilities Special Tax and that a portion of the Facilities Special Tax with respect to such Assessor's parcel, equal to the outstanding percentage (1.00 – F) of the remaining Maximum Facilities Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

(d). Debt Service Coverage

Notwithstanding the foregoing, no prepayment of the Facilities Special Tax shall be allowed unless the amount of Facilities Special Tax that may be levied on Taxable Property (assuming Buildout) within CFD No. 113 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property as set forth in Section E.1 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 Facilities Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2024-2025. The Services Special Tax shall be levied in perpetuity to fund the Special Tax Requirement for Services.

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EXHIBIT A

CERTIFICATE TO AMEND FACILITIES SPECIAL TAX

CFD NO. 113 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment (the "Rate and Method") for City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) ("CFD No. 113"), the Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property within CFD No. 113 has been reduced as described herein.

   (a) The information in Table 1 of the Rate and Method relating to the Assigned Facilities Special Tax for Residential Property within CFD No. 113 shall be modified as follows:

Land Use Class	Planning Area	Description	Residential Floor Area (square feet)	Original Assigned Facilities Special Tax	Modified Assigned Facilities Special Tax
1	Planning Area 1	Residential Property	2,100 or greater	$4,137 per unit	$[_____] per unit
2		Residential Property	1,950 to less than 2,100	$3,956 per unit	$[_____] per unit
3		Residential Property	1,800 to less than 1,950	$3,775 per unit	$[_____] per unit
4		Residential Property	1,650 to less than 1,800	$3,554 per unit	$[_____] per unit
5		Residential Property	Less than 1,650	$3,344 per unit	$[_____] per unit
6	Planning Area 2	Residential Property	2,100 or greater	$3,946 per unit	$[_____] per unit
7		Residential Property	1,950 to less than 2,100	$3,759 per unit	$[_____] per unit
8		Residential Property	1,800 to less than 1,950	$3,572 per unit	$[_____] per unit
9		Residential Property	1,650 to less than 1,800	$3,385 per unit	$[_____] per unit
10		Residential Property	Less than 1,650	$3,198 per unit	$[_____] per unit
11	Planning Areas 3 & 4	Residential Property	2,225 or greater	$4,604 per unit	$[_____] per unit
12		Residential Property	2,075 to less than 2,225	$4,259 per unit	$[_____] per unit
13		Residential Property	1,925 to less than 2,075	$3,914 per unit	$[_____] per unit
14		Residential Property	1,775 to less than 1,925	$3,699 per unit	$[_____] per unit
15		Residential Property	Less than 1,775	$3,549 per unit	$[_____] per unit

   (b) The Assigned Facilities Special Tax for Non-Residential Property within a Planning Area, set forth in Table 2 within Section C.1.a.(3) of the Rate and Method, shall be modified as follows:

Planning Area	Original Assigned Facilities Special Tax	Modified Assigned Facilities Special Tax
P.A. 1	$59,110 per Acre	$[_____] per Acre
P.A. 2	$59,970 per Acre	$[_____] per Acre
P.A. 3	$51,370 per Acre	$[_____] per Acre

Planning Area	Original Assigned Facilities Special Tax	Modified Assigned Facilities Special Tax
P.A. 4	$52,300 per Acre	$[____] per Acre

(c) The Backup Facilities Special Tax for Developed Property within a Planning Area, set forth in Table 3 within Section C.1.a.(4) of the Rate and Method, shall be modified as follows:

Planning Area	Original Backup Facilities Special Tax	Modified Backup Facilities Special Tax
P.A. 1	$69,540 per Acre	$[____] per Acre
P.A. 2	$70,560 per Acre	$[____] per Acre
P.A. 3	$60,450 per Acre	$[____] per Acre
P.A. 4	$61,530 per Acre	$[____] per Acre

2. The Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property may only be reduced prior to the first issuance of CFD No. 113 Bonds.

3. Upon execution of the certificate by CFD No. 113, CFD No. 113 shall cause an amended notice of Special Tax lien for CFD No. 113 to be recorded reflecting the reductions set forth herein.

All capitalized terms used herein shall have the meanings set forth in the Rate and Method.

By:_____ Date:_____
CFD Administrator

By execution hereof, the undersigned acknowledge, on behalf of CFD No. 113, receipt of this certificate and modification of the Rate and Method as set forth in this certificate.

CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113
(THE GARDENS PHASE TWO)

By:_____ Date:_____

EXHIBIT B

PLANNING AREAS

Planning Area (P.A.)	**Legal Description**
Planning Area 1	Lot 1 of Tract No. 20362
Planning Area 2	Lot 2 of Tract No. 20362
Planning Area 3	Lot 3 of Tract No. 20362
Planning Area 4	Lot 4 of Tract No. 20362
Reference is hereby made to Tract No. 20362 filed in Book 362 of Tract Maps at Pages 78 through 84 in the Office of the San Bernardino County Recorder (recorded as Document No. 2022-0129505), Tract No. 20363 filed in Book 363 of Tract Maps at Pages 58 through 66 in the Office of the San Bernardino County Recorder (recorded as Document No. 2022-0259528), and Tract No. 20364 filed in Book 363 of Tract Maps at Pages 67 through 71 in the Office of the San Bernardino County Recorder (recorded as Document No. 2022-0259529) for a description of the lines and dimensions of the tracts and lots listed above.	

APPENDIX B

APPRAISAL REPORT

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APPRAISAL REPORT

CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113
(The Gardens Phase Two)

City of Fontana, San Bernardino County, California
(Appraisers' File No. 2026-1318)



Prepared For
City of Fontana
8353 Sierra Avenue
Fontana, California 92335

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

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

September 22, 2026

Jessica Brown, Chief Financial Officer
City of Fontana
8353 Sierra Avenue
Fontana, CA 92335

Reference: Appraisal Report
City of Fontana Community Facilities District No. 113 (The Gardens Phase Two)
Southeast of Duncan Canyon Road and Cypress Avenue, Fontana, California

Dear Ms. Brown:

At the request and authorization of the City of Fontana, we have completed an Appraisal Report for the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) ("Fontana CFD No. 113") which consists of a portion of the Gardens community within the Arboretum master plan, located in the northern portion of the City of Fontana. The Gardens Phase Two includes a total of 388 proposed homes being built-out into four neighborhoods by two homebuilders. The first homebuilder is The New Home Company Southern California LLC, doing business as Risewell Homes ("Risewell Homes") which is building out two neighborhoods including Trellis and Marigold. Trellis is proposed for 90 single family homes in a detached-triplex format while Marigold is proposed for 124 homes in a detached-alley loaded format. Risewell Homes is using TPG AG EHC III (NWHM) CA 2, L.P., a Delaware limited liability company ("TPG AG") as a Landbank company for these two neighborhoods. Richmond American Homes of Maryland, Inc ("Richmond American") is developing the neighborhoods of Iris and Flora. Iris is proposed for 88 detached homes in a cluster format while Flora is proposed for 86 homes, in an alley load/cluster format. Richmond American has been purchased by Sekisui House U.S. Inc. Out of the total 388 proposed homes within The Gardens Phase Two, 120 have closed to individual homeowners to date with an additional five in escrow. The remaining property is held by Richmond American, Risewell Homes and TPG AG. The builder or landbank-owned properties range from completed models and production homes to homes under construction to physically finished pads.

The valuation methods used in this report are the Sales Comparison Approach, a Discounted Cash Flow Analysis and a Mass Appraisal Technique as defined within this report. The fee simple estate of the subject property has been valued, subject to the Fontana CFD No. 113 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by the Special Tax Bonds of Fontana CFD No. 113. As a result of our investigation, the concluded minimum market value for the subject property is shown below.

The Gardens Phase Two:

Risewell Homes (35 pads & 16 houses)	$ 14,326,560
TPG AG (142 pads)	$ 31,302,856
Richmond American (38 pads & 37 houses)	$ 27,745,624
Individual Owners (120 houses)	$ 71,503,520
Total Aggregate Value CFD No. 113	**$144,878,560**

The values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 7, 2026.

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

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2024) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report.

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

Respectfully submitted,

KITTY SIINO & ASSOCIATES, INC.



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

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ADDENDA

Fontana CFD No. 113 Boundary Map
Tract Map Nos. 20362 and Site Plans
California Fire Hazard Map
Discounted Cash Flow Analyses
Finished Lot Land Sales Map and Summary Chart
Improved Residential Sales Map and Summary Chart
Appraiser's Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

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

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

3. It is assumed that the subject property is subject to the special tax lien of Fontana CFD No. 113.

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

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

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

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

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

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

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

11. Any sketch or photograph included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps, photographs and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless

otherwise stated in this report. No survey has been made for the purpose of this report.

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

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

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

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

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

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

18. It is assumed that homebuyers and the homeowner's associations within Fontana CFD No. 113 can obtain fire insurance. The property is within a recommended Very High Fire Severity Zone by CalFire. While fire breaks and fire roads have been incorporated into the development, recently insurance companies have been leaving California high fire zones. It is the appraiser's understanding fire insurance is currently available on the subject homes. Due to the current insurance atmosphere in California, it is an extraordinary assumption that fire insurance will continue to be available.

19. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document for the Fontana CFD No. 113 special tax bonds.

HYPOTHETICAL CONDITION

1. It is assumed that all improvements and benefits to the subject property, which are to be funded by the City of Fontana CFD No. 113 Special Tax Bond Proceeds are completed and in place.

EXTRAORDINARY ASSUMPTION

1. It is assumed that the sales information and remaining development costs as reported by the builder and summarized in the report are correct. Regarding sales, we have reviewed samples of closed sales against public record when available; however, we have not reviewed escrow documents on each sale. Regarding costs, we have not received detailed remaining land development costs and fees and are relying on the builder and their representatives as we are not experts in the field of construction estimation. If actual costs differ, it may change the value conclusions.


City of Fontana
Community Facilities District No. 113
(The Gardens Phase Two)
210
Sierra Lakes
Golf Club
15
Oak Grove
Park
Cypress Avenue
Casa Grande Avenue
Cassava Drive
Previous Phases of
The Arboretum
Sierra Avenue
Duncan Canyon Road
Boundaries Approximate
Aerial flown by AirViews 7/22/26
N

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of Fontana CFD No. 113.

THE SUBJECT PROPERTY

The subject property consists of 388 proposed single-family homes being developed into Phase Two of the community known as The Gardens within the master planned community known as The Arboretum in the City of Fontana ("City"). The Gardens Phase Two is located at the southeast corner of Duncan Canyon Road and Cypress Avenue. The lands are being built into four neighborhoods, two by Risewell Homes and two by Richmond American. Trellis by Risewell Homes is proposed for 90 detached triplex homes (with one model upstairs over the three, two-car garages) with sizes ranging from 1,530 to 1,667 square feet, and Marigold by Risewell Homes is proposed for 124 detached alley-loaded homes with sizes from 1,656 to 1,979 square feet. Iris by Richmond American is proposed for 88 cluster format detached homes with sizes from 1,750 to 1,950 square feet while Flora by Richmond American is proposed for 86 cluster format detached homes with sizes from 1,850 to 2,120 square feet.

The Gardens Phase Two is encompassed by a portion of Tract Map 20362 along with subsequent condominium maps on Lots 1 through 4 of Tract 20362, which subdivide the property into 388 residences. Risewell uses a land bank company (TPG AG) to fund the lots with options to purchase them back at certain intervals. The lots vary in status from completed models and production homes, to homes under construction to generally finished lots/pads. The description, ownership and condition of the lands are detailed in the chart on the following page.

Description / Name	No. Units	Owner	Product / Condition / Status
Trellis (Detached Triplex) Units 1-90 on Lot 2 of Tract 20362			
Units 1-7 and 19-23	12	Individuals	Completed Homes
Units 61-63	3	Risewell	Model Homes (0 in escrow)
Units 24-30	7	Risewell	Homes over 95% (3 in esc)
Units 8-15	8	Risewell	Homes Under Construction (none in escrow)
Units 16-18 and 31-33	6	Risewell	Finished Pads
Units 34-60 and 64-90	54	TPG AG	Finished Pads
Subtotal Trellis	90		
Marigold (Condo Lots Detached) Units 1-124 on Lot 1 of Tract 20362			
Units 16-22 and 25-26	9	Individuals	Completed Homes
Units 109-112	4	Risewell	Model Homes
Units 23-24	2	Risewell	Homes over 95%
None	0	Risewell	Homes Under Construction
Units 1-2, 7-15, 27-34 and 123-124	21	Risewell	Finished Pads
Units 3-6, 35-108 and 113-122	88	TPG AG	Finished Pads
Subtotal Marigold	124		
Iris (Condo Lots Detached) Units 1-88 of Lot 3 of Tract 20362			
Units 1-10, 12-17, 19-35, 49, 52-56, 58-59, 61, 63-64, 67-69, 73-74 and 78	50	Individuals	Completed Homes
Units 43, 46-48	4	Richmond American	Model Homes
Units 11, 18, 57, 60, 62, 65-66, 70-72, 75-7750-51,	15	Richmond American	Homes over 95% (1 in esc)
None	0	Richmond American	Homes Under Construction (none in escrow)
Units 36-42, 44-45 and 79-88	19	Richmond American	Finished Pads
Subtotal Iris	88		
Flora (Condo Lots Detached) Units 1-86 on Lot 4 of Tract 20362.			
Units 14, 16-17, 19, 22, 24, 26-29, 31-38, 40, 42, 44, 48-51, 54-63, 65-78	49	Individuals	Completed Homes
Units 2-3, 10-11	4	Richmond American	Model Homes
Units 15, 18, 23, 25, 30, 39, 41, 43, 45-47, 52-53 and 64	14	Richmond American	Homes over 95% (1 In escrow)
None	0	Richmond American	Homes Under Construction
Units 1, 4-6, 7-9, 12-13, 20-21 and 79-86	19	Richmond American	Finished Pads
Subtotal Flora	86		
TOTAL CFD No. 113	**388**		

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Fontana, will utilize this report in disclosure documents related to the sale of the Fontana CFD No. 113 Special Tax Bonds. This report may be included in the Official Statement or similar documents to be distributed in connection with the marketing and offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

DEFINITIONS

Market Value

The term "Market Value" as used in this report is defined as:

> *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
>
> 1. *buyer and seller are typically motivated;*
> 2. *both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;*
> 3. *a reasonable time is allowed for exposure in the open market;*
> 4. *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
> 5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*[1]

Inherent in the Market Value definition is exposure time or the time the subject property would have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions, the exposure time for each individually owned property or each builder-owned property or investor-owned property (TPG AG), in a bulk sale, is less than one year.

Finished Lot/Pad

The term "Finished Lot/Pad" is defined as:

> *"A parcel which has legal entitlements created by a recorded subdivision or condominium map, whose physical characteristics are a fine graded level pad per lot/pad with infrastructure contiguous to each individual lot/pad, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable development fees with the exception of building permit and plan check fees."*

Minimum Market Value

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

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

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

Mass Appraisal Technique

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

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

In the case at hand, the statistical testing included reviewing all original builder sales and reviewing the Multiple Listing Service ("MLS") for any resales and/or current listings of each plan type. In addition, we have determined the actual range of sales prices for each plan type which will be utilized in the valuation process. The search of the MLS resulted in one home currently listed for resale and no resale of homes at this time.

Hypothetical Condition

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

"*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis"*

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by Fontana CFD No. 113.

Extraordinary Assumptions

The term "Extraordinary Assumption" is defined by USPAP as:

"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"

[2] USPAP 2024 Edition

The Extraordinary Assumption within this report is that the sales information and the cost information received from the builders and/or their representatives are true and accurate. Regarding the sales information, we have reviewed sample closings against public record and the information appears reasonable, however we have not reviewed escrow documents on the sales. Regarding costs, we have received a high summarized cost with no detail to review from the builder. We are not experts in the field of cost estimating. It should be noted that these costs were relied upon for the value conclusion and, if the remaining costs differ, it may change the value conclusion.

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple estate interest, subject to easements of record and the special tax lien of Fontana CFD No. 113. The definition of "fee simple estate" is defined as:

> *"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*[3]

EFFECTIVE DATE OF VALUE

The subject property is valued as of August 7, 2026.

DATE OF REPORT

The date of this report is September 22, 2026.

SCOPE OF APPRAISAL

As previously stated, the purpose of this appraisal is to report the appraiser's best estimate of the market value for the subject property, Fontana CFD No. 113, which is known as Phase Two of The Gardens within the master plan known as The Arboretum. Risewell Homes and Richmond American are the builders and are actively marketing four neighborhoods. The Gardens Phase Two offers mostly two-story floorplans which are

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

generally detached, ranging in size from 1,530 to 2,120 square feet with product types ranging from one unit upstairs over three, two-car garages to single-family detached homes on condominium lots. There are a total of 388 proposed homes within The Gardens Phase Two. This appraisal will be presented in the following format:

- County of San Bernardino Description
- City of Fontana Description
- The Arboretum Specific Plan / Immediate Surroundings Description
- Brief Description of Fontana CFD No. 113
- Subject Property Description
- Inland Empire Residential Market Analysis
- Highest and Best Use Analysis
- Valuation Procedure, Analysis and Conclusions
- Appraisal Report Summary

In valuing the subject property, the value estimates will be based upon the highest and best use conclusion, using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

> *"…a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sales prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparables is available."*[4]

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject that have recently been sold, are listed for sale or are under contract. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results. In addition, we have utilized a mass appraisal technique which included reviewing all builder sales and searching the MLS for any resales and/or resale listings.

The due diligence of this appraisal report included the following:

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

[4] Dictionary of Real Estate Appraisal, Fourth Edition, 2002

2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro- and macro-economic outlook within San Bernardino County and the Fontana area.

3. Inspected the subject property between July 1, 2026, and August 7, 2026.

4. Had the site flown by an aerial photographer on July 22, 2026.

5. Interviewed representatives from Risewell Homes and Richmond American, or their consultants, in order to obtain project information.

6. Reviewed preliminary title reports on the subject property.

7. Reviewed The Arboretum Specific Plan, the controlling land use document on the subject property.

8. Searched the area for relevant comparable residential land sales, inspected and verified each sale with a buyer or seller or broker familiar with the transaction.

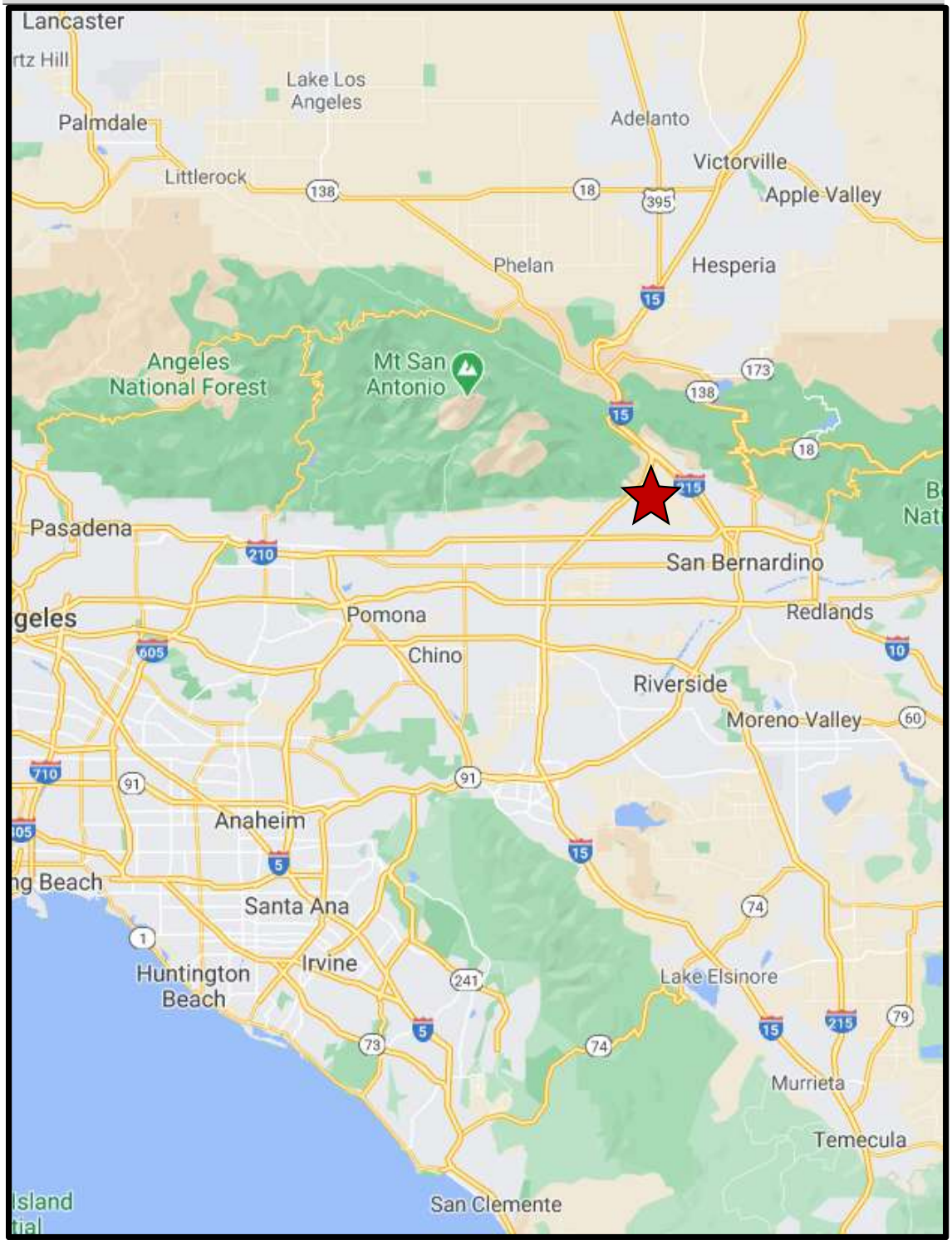
9. Searched the area for relevant comparable new home residential projects, including sales prices and concessions, and interviewed representatives from each comparable project.

10. Reviewed the sales brochures and websites for the subject communities.

11. Reviewed developer sales information on each home within each neighborhood in the community along with reviewing public record on sample lots in each community.

12. Reviewed Multiple Listing Service information to determine if there are any resales, pending resales or listings of resale homes.

REGIONAL AREA MAP



COUNTY OF SAN BERNARDINO AREA DESCRIPTION

Location

The subject property is located in the southwestern portion of San Bernardino County, in the northern most portion of the City of Fontana, at the southeast corner of Duncan Canyon Road and Cypress Avenue.

San Bernardino County (the "County") is the largest county in the United States by area containing over 20,100 square miles, and includes large expanses of undeveloped deserts, valleys, canyons and mountains with mountains and deserts comprising about 90 percent of the acreage. The County is a major beneficiary of outward urban pressure from Los Angeles, Orange and Riverside Counties. Although located at the periphery of most urban activity in Southern California, the southwestern portion of San Bernardino County has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

Transportation

The subject property is situated about one mile east of I-15, approximately 1.5 miles north of the 210 Freeway, five miles south of the intersection of I-15 and I-215, and about 6.5 miles north of Interstate 10 ("I-10"). The I-15 and I-10 are the nearest interstates providing access to the subject from the employment areas of Orange, Los Angeles and Riverside Counties. From I-15 there is good access from Duncan Canyon Road, east under one mile to Cypress Avenue. I-15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. I-10 begins from the west in Los Angeles and provides access into Arizona to the east. In the vicinity of the subject, I-210 provides additional east/west access about two miles north of I-10 beginning in Santa Clarita in Los Angeles County and provides access near the City of San Bernardino. The subject is located about four miles north of the historical Route 66, the original Los Angeles to Chicago cross country route.

The County is served by Amtrak and Metrolink as well as several rail-freight lines. The Ontario International Airport provides regional international air service and is located approximately ten miles southwest of the subject property. San Bernardino International Airport is located approximately 12 miles southeast of the subject. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways and state freeways.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2026, County population was 2.216 million. This represents a one-year increase of 0.1 percent. This compares to an average annual growth rate over the past 16 years (2010 to 2026) of about 0.5 percent and an average annual population growth of the previous 20 years of 1.82 percent. Current projections for San Bernardino County per the California Department of Finance suggest the population is anticipated to reach approximately 2.240 by 2030 indicating an average annual increase of approximate 0.3 percent over the next four years. The forecasted population for 2030 was reduced from an estimated one percent annual growth rate predicted in 2024. Future growth is predicted to assume a more stable market than was seen prior to the Great Recession.

Economy

The U.S. economy has experienced challenging times in the past five years due to reactions from the COVID disruption, changes in the federal administration and most currently, the war with Iran. These economic challenges include significant inflation, volatile interest rates, banks' instability, the unknowns on tariff agreements, oil prices and reaching an agreement on the debt ceiling which shut down the government in late 2025 for 43 days.

During COVID, the Federal, State, County and City Governments ("Governments") originally shut down non-essential businesses and areas where social gatherings occur in order to slow the spread of the virus. This created a strain on small and large

businesses alike. Restaurants and hotels were hit hard and travel reduced drastically as citizens were urged to stay home. Layoffs occurred with reports of 40 million people filing for unemployment in the first few months of the pandemic. The Governments attempted to curtail the job losses and hardships with the approval of over $5.6 trillion in COVID relief to our nation. In addition, the Federal Reserve Board ("Board") reduced interest rates and started quantitative easing by buying bonds. This legislation helped shore up the U.S. economy; however, due to the significant amount of new money introduced into the economy, inflation began occurring at a rate not seen for 40 years. In June 2022, the national inflation rate hit a peak of 9.1 percent with the current (July 2026) rate at 3.4 percent. This compares to a 1.4 percent annual inflation rate for 2020, a 4.7 percent annual rate for 2021, an 8.0 percent annual rate for 2022, a 4.1 percent annual rate for 2023, a 2.9 percent annual rate for 2024 and a 2.7 percent annual rate of 2025. This compares to an average of 1.74 percent annual rate for 2010 until 2020. Thus far in 2026 the inflation rate has been volatile, mostly due to the increase in oil prices due to the Iran war going from 2.4 percent in January and February, up to 3.3% in March, 3.8 percent in April, 4.2 percent in May and down to 3.4 percent in July. The Iran war was thought to be reaching a conclusion in June which brought oil prices down, however economists then thought inflation would rise in July, however it actually dropped 0.1 percent from June. Whether it was a result of world turmoil, supply chain issues due to the COVID disruption, additional money entering the economy or tariffs, inflation hit Americans hard.

In an effort to curb inflation, the Board began raising interest rates. Between March 2022 and August 2023, there were eleven interest rate increases rising the Federal Funds Rate ("FFR") from 0.25 – 0.50 percent to 5.25 – 5.50 percent. The Board kept rates at 5.25 – 5.50 percent from September 2023 until September 2024 with three decreases occurring in late 2024, and three decreases in late 2025 bringing the FFR to 3.50 – 3.75 percent. Thus far in 2026, they have kept the rate steady, however they are closely watching all signs of the economy. The head of the Federal Reserve has recently changed; however, it is too early to tell what the new chairman will do. Wall Street currently is anticipating up to two increases by the end of the year. While the FFR increases appeared to help slow inflation, the quick, significant increases strained bank balance sheets and created

significant volatility on home mortgages. The FFR increases, which occurred between March 2022 and August 2023, increased a typical 30-year fixed mortgage rate from 2.98 percent as of November 10, 2021, to the high of 7.79 percent as of October 2023. The rates hit a low in February 2026 at 5.98 percent but since the Iran war began, the rate has increased to 6.69 percent as of August 6, 2026 (per Federal Reserve Economic Data-St. Louis). Mortgage rates have generally ranged between 6.0 and 6.75 percent since October 2025. This steep increase which occurred in mortgage interest rates significantly affected the real estate market. The first-time homebuyer pool grew up thinking interest rates were always sub-four percent and are still reeling from shock over the recent 6.0 to 7.0 percent rates. Existing homeowners with 3-4 percent mortgages are not moving as they typically would which has put pressure on pricing as supply is lower than in a normal market. In order to combat the unaffordability of these higher rates on new homes, many homebuilders have been "buying down" the mortgage rates in order to keep new home sales going. This will be discussed further in the Inland Empire Housing Market section later within this report.

The COVID disruption to the economy also caused extreme volatility in the stock market with the Dow Jones Industrial Average ("DJIA") dropping from 29,398 in February 2020 to 19,174 in March 2020, a drop of 37 percent. Government interventions resulted in a bounce back in the DJIA to 27,111 by June 2020 with the stock market then climbing up to a peak of 36,799 in January 2022. In February 2022, Russia began invading Ukraine which caused volatility in world economics followed by Israel declaring war on Hamas in October 2023 resulting in a 20 percent drop in 2022 (28,150) and a low in 2023 to 32,417. The FFR rate increases began helping to stabilize the economy (reducing inflation) to a point where analysts began predicting decreases in the FFR which occurred in late 2024 and 2025 which helped boost the stock market, mostly due to the NASDAQ (tech heavy index) increasing about 50 percent, partially due to the race for Artificial Intelligence ("AI") with a new high of 54,349 on August 4, 2026. Current concerns on the U.S. economy include the inflation, global wars, tariff uncertainties and the debt limit which can only be increased through government approvals.

The significant increase in mortgage rates between 2022 and 2023 is just one part of the puzzle affecting the impact of new housing on the broader economy. Additional risks include homebuilders trying to find balanced inventory levels, supply chain issues, both wage and price increases, unknown tariffs on building materials, construction workers immigration status, the affordability index at all-time lows, consumer confidence and persistent inflation. Over the past 25 years, the Inland Empire economy saw significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels in 2011. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Inland Empire housing market seeing an improvement beginning in mid-2012.

Contrary to homebuilders' original thoughts of a slowdown due to the COVID pandemic, new home buyers stepped up in the spring of 2020 and new home sales were significantly higher during the second half of 2020 versus the previous year and continued extremely strong throughout 2021. This exceptional activity in new home sales was the one bright spot in the COVID disruption and is thought to be due to several factors, including: a tight supply of resale homes; historically low interest rates; millennials finally buying homes; and the work from home factor which began during the pandemic and allowed residents to live in more suburban areas without long commutes. As rates began increasing in early 2022, there was a significant slowdown in existing home sales as homeowners did not want to give up their low-interest mortgages. The scarcity of existing home listings put pressure on pricing as the demand for homes continued with median home prices in the Inland Empire increasing about 50 percent from 2019 levels into 2024. In 2025 incentives began rising and thus far in 2026, many areas are showing a slight decrease in pricing.

While most jobs have come back, job losses were significant during the COVID recession as the Nation's unemployment rate went from 3.5 percent in February 2020 to 14.4 percent in April 2020 with decreases through the fall season of 2020. Since that time, the national unemployment rate generally ranged between 3.5 percent and 4.5 percent between December 2021 and today with the June 2026 National unemployment rate at

4.4 percent. The unemployment rate for the MSA was estimated at 5.3 percent (as of June 2026, most recent available per the Employment Development Department). This reflects a decrease from the peak during the Great Recession of 15.1 percent in 2010 and a decrease from the peak during COVID of 14.9 percent. As of June 2026, San Bernardino County's unemployment rate was 5.2 percent, and Riverside County had a 5.4 percent unemployment rate. The current unemployment rate for the MSA of 5.3 percent is similar to the California rate at 5.2 percent and higher than the June 2026 National rate of 4.4 percent. Below is a table comparing San Bernardino County's unemployment rate to the unemployment rates of the surrounding counties as of June 2026.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	June-2026	5.3%
Riverside County	June-2026	5.4%
San Bernardino County	June-2026	5.2%
Orange County	June-2026	4.1%
San Diego County	June-2026	4.4%

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

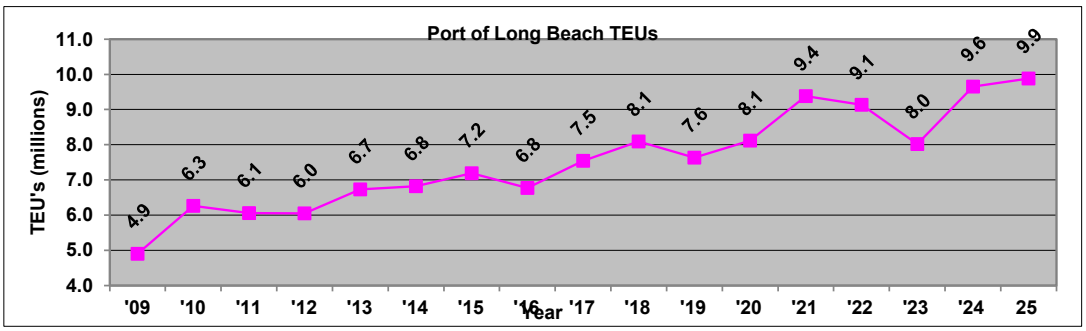
The latest UCLA Anderson Forecast ("Forecast") was June 3, 2026, with a finding that the economy is confronting another inflationary shock driven by the war in Iran. In the last Forecast in March 2026, the essence was that tariff-driven inflation had appeared to peak and the labor market began to stabilize, however with the Strait of Hormuz closed down due to the war in Iran, rising energy prices are creating a new source of pressure on households, businesses and the Federal Reserve. The National Forecast states "the 2020s are beginning to look eerily similar to the 1970s", a decade marked by high inflation, slow growth and the reemergence of the term "stagflation". The current Forecast does not predict a repeat of the 1970s but the comparison reflects the sequence of supply shocks this economy as experienced since 2020: pandemic-era supply-chain disruptions, the war in Ukraine, tariffs, and now the war in Iran. The primary economic impact of the oil shock is inflation. CPI inflation rose from 2.4 percent in January and February, to 3.3 percent in March and 3.8 percent in April. Since the Forecast, the May 2026 inflation rate came out

at 4.2 followed by a 3.5 percent rate in June and 3.4 percent rate in July 2026. The Forecast states inflation should peak at 4.5 percent by the end of 2026. The labor market has held up better than expected but remains more stagnant than strong. They anticipate unemployment to increase to 4.5 percent (national rate) by the end of the year (currently 4.4 percent). Regarding the Federal Reserve, they anticipate the central bank to hold rates steady for the remainder of the year. GDP growth grew at 2.1 percent in 2025 with the same 2.1 percent growth anticipated this year followed by a weaker 1.8 percent growth rate in 2027. The main counterweight for higher inflation and slower growth is the surge in artificial intelligence investment. Combined with tax cuts, this investment is anticipated to help the U.S. economy absorb the oil shock without falling into a recession. In summary, the national economy is being tested with another supply shock with the central risk shifted from tariff-driven inflation to energy-driven inflation. The baseline forecast does not call for a recession, but it does anticipate slower growth, higher inflation and a Federal Reserve with little room to cut interest rates.

The California Forecast describes a state economy that remains bifurcated. California continues to outperform the U.S. in output and income growth, but employment remains weak and uneven. The bifurcation is not geographic, but sectoral, with AI, aerospace and other tech on one side, and the rest of the economy on the other. Increased demand for commercial aircraft, defense goods and space products is expected to continue into late 2026, 2027 and 2028. At the same time, California's labor market remains weak with an over 5.0 percent unemployment rate for over 27 months (currently at 5.2 percent). The logistics sector had been a large part of the employment growth over the past few years is anticipated to show little growth in 2026 and 2027 due to lower consumer demand, higher fuel costs and supply chain interruptions. Housing remains a major constraint with new home permits remaining relatively flat at around 110,000 new units over the past year, significantly below what is needed to address the State's housing affordability problem. The Forecast estimates 115,000 new permits for the 2026 year increasing up to 122,000 new permits in 2028. It should be noted that these estimates are significantly lower than the Forecast estimates of one year ago.

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

As a final indicator of overall economic activity for the region, we have reviewed the rise and fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the Inland communities, as it represents much of the growth in development of West Coast distribution centers and warehouses in the Inland Empire linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there had been increases since 2009 except for slight dips in 2016, 2019, 2022 followed by an over 12 percent dip in 2023 due to cooling consumer demand. The calendar year 2024 saw an over 20 percent increase while in 2025 there was a 2.5 percent increase, back to a typical overall trendline. Thus far in calendar year 2026 the overall TEUs are running 1.7 percent above 2025, however it should be noted that the loaded outbound TEUs are showing a 10.7 percent increase compared to year to date in 2025.



Government

A Board of Supervisors oversees the County as the governing body of the County, certain County special districts, and the County Housing Authority. The Supervisors enact

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

Education

The subject area is served by the Fontana Unified School District ("FUSD"). FUSD serves students with five high schools, seven middle schools, one preparatory academy (opening in 2026 with grades 6-9 and expanding to grades 6-12 over the next three years), and 30 elementary schools along with three alternative schools and one adult school. The subject is assigned to Sierra Lakes Elementary School, the newly opening Oak Grove Preparatory Academy (6-9th grade in 2026 and expanding to high school over the next three years), and Summit High School. Community Colleges are available near the subject at Chaffey College in Rancho Cucamonga (seven miles west), at Chaffey College's Fontana campus, (five miles south), and San Bernardino Valley College (10 miles southeast). Higher education is available approximately seven miles east of the subject at California State University San Bernardino, about 15 miles southeast is University of California at Riverside, 15 miles southwest in the private Claremont Colleges (which include Claremont McKenna College, Pitzer College, Harvey Mudd College, Pomona College, and Scripps College) and 22 miles to the southwest at Cal Poly Pomona.

Conclusion

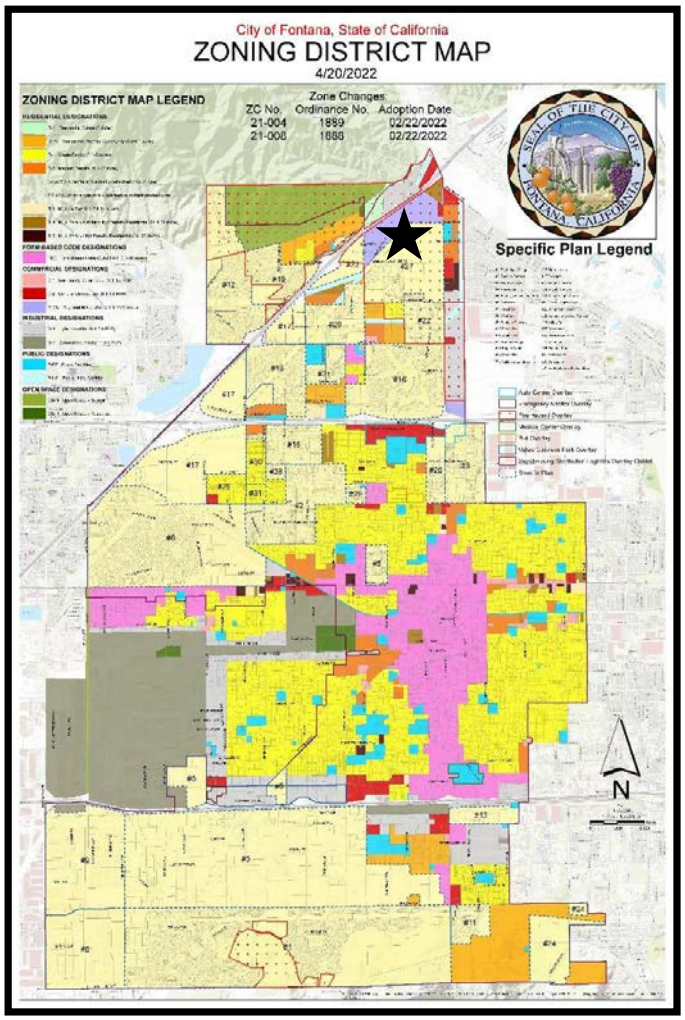
Population in the County has increased over the past 25 years with predictions for continued population growth. The Nation's economy has been slowing after the Board increased the FFR by over five percent to fight historical inflation which began during COVID. One bright spot during COVID was housing; the region's relative affordability and low interest rates, coupled with the rising prices in the coastal market and the demand for housing, set up a new housing boom. This was followed by a significant drop in sales due to increasing mortgage rates and existing homeowners being unwilling to give up their low-rate mortgages. Current concerns for the Inland Empire economy include stubborn

inflation, the high prices of homes, higher interest rates, supply chain issues, and global wars, which are all creating volatility in both local and global financial markets. How long the Iran war will go on and what it will do to the economy is unknown at this time. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land, and the relatively lower land and housing prices in comparison to adjacent Orange, Los Angeles, Riverside and San Diego Counties.

CITY OF FONTANA DESCRIPTION

General Area

The subject property is located in the northern portion of the City of Fontana ("City") in southwestern San Bernardino County. The City is situated at the base of the San Gabriel Foothills, east of the cities of Rancho Cucamonga and Ontario, north of Jurupa Valley, west of the City of Rialto and the community of Bloomington, and south of the San Bernardino Mountains. The City encompasses an estimated 43 square miles with generally the northern border the San Gabriel Mountains and the southern border the Jurupa Mountains. The black star on the below map shows the approximate location of Fontana CFD No. 113 within the City limits.



History

Fontana was founded in 1913 and is the second largest city in San Bernardino County and the 20th largest city in the State of California. The area was originally a rural farming community with citrus orchards, vineyards and chicken ranches that ran along U.S. Route 66 which is now known as Foothill Boulevard. The historic Route 66, which was built in 1926 to connect Los Angeles to Chicago, is a commercial corridor that runs east/west through the City. During World War II, Henry J. Kaiser opened the Kaiser Steel Mill near Fontana, the only steel mill west of the Mississippi River, which brought industrial employment to the area during the war. To provide for the worker's health needs, Kaiser constructed the Fontana Kaiser Permanente Medical Facility which now employs more than 5,000 people. In 1994 the San Bernardino Freeway, which later became Interstate 10, was completed connecting Los Angeles to San Bernardino and making accessibility to Fontana relatively easy. This led to substantial growth as Fontana became an industrial hub for the County.

In the 1950s and 1960s the area of Fontana was home to a drag racing strip which served as a significant venue in the National Hot Rod Association ("NHRA") circuit. In 1997, Roger Penske built the Fontana Speedway, also known as the Auto Club Speedway, which became a major NASCAR sanctioned tract. In 2006, the Auto Club Speedway opened a new NHRA sanctioned drag strip on site to resurrect Fontana's drag racing heritage. The Auto Club Speedway was purchased by NASCAR in 2019 and hosts at least one major NASCAR race each year. It was recently announced the existing raceway will close due to the redevelopment of the lands; however, a smaller short-track will be developed on a portion of the lands keeping car racing in the area of Fontana.

Population

The January 2026 population of Fontana (per the California Department of Finance) was 219,774, which represents an increase of 0.6 percent over the previous year. The 2000 population of Fontana was 128,928, suggesting the population has increased over 70 percent over the past 26 years or an average rate of 2.03 percent per year. The City population represents 9.9 percent of the County population. The 0.6 percent growth

compares to an increase of 0.1 percent in the County year-over-year and a decrease of 0.1 percent in the State year-over-year. The State hit a peak population of 39.54 million in 2020 with a drop in 2021 and 2022, a slight increase in 2023 and 2024, level in 2025 and a slight decrease in 2026 to 39.35 million. The City has several new home communities currently under construction, especially in the northern portion of the City. Per the U.S. Census Bureau, the average household size in Fontana is 3.75 persons while in overall San Bernardino County the average household size is 3.26 persons. Over 78 percent of the population of the City are high school graduates and over 28 percent of the population of the City are under 18 years old.

Housing

According to the Southern California Association of Governments ("SCAG"), the City of Fontana has an estimated 57741 housing units as of 2024 (latest data available), with a growth rate of over 50 percent since the year 2000. This compares to the County's housing growth rate of 22.2 percent during this time. This further illustrates Fontana's growth spurt due to land available for development over the past 20 years. Fontana hosts over eight percent of the total number of households in the County. Over the past 25 years Fontana has gone from a high of 1,908 residential building permits in 2002, to a low of 209 in 2008, slowly increasing to 498 residential building permits in 2018, then increasing to 865 in 2020, 1,182 in 2021, 1,029 in 2022 and 1,185 in 2023 before dropping to 582 in 2024 and 700 in 2025. Per SCAG, over 66 percent of the housing stock is owner occupied and 34 percent are renters. Only 22 percent of the housing stock in the City was built before 1970 and 78 percent was built since that time. There are several residential projects currently under construction in Northern Fontana including the 484-unit community of Narra Hills; Ventana a mixed-use neighborhood proposed for 1,671 residential units along with retail, office and hotel uses; the Arboretum Specific Plan which is ongoing and will eventually create 3,500 new homes which includes the subject 388 units, Sierra Vista (132 new homes) and Citrus Lane (65 new homes), both by D.R. Horton. There are additional planned projects according to the City. According to Redfin Market Trends, the May 2026 median home price in overall Fontana was $670,000 (median of 301 homes) which is 1.5 percent higher than one year prior while the median

home price in North Fontana was $719,000 (median of 69 homes) which was 0.83 percent lower than one year prior.

Access

Fontana has good access with I-15 generally forming the northwest border of the City. The 210 Freeway provides east-west access through the upper third of the City; Route 66 (also known as Foothill Boulevard) provides east-west access through the approximate middle of the City and the I-10 provides east-west access through the bottom third of the City. Major on/off ramps to the City from I-15 include Foothill Boulevard, Baseline Avenue, the 210 Freeway, Summit Avenue, Duncan Canyon Road and Sierra Avenue. On/off ramps from the 210 Freeway within the City include Cherry Avenue, Citrus Avenue and Sierra Avenue. Route 66/Foothill Boulevard has stop lights at major intersections while the major on/off ramps from I-10 in the City include Etiwanda Avenue, Cherry Avenue, Citrus Avenue and Sierra Avenue. Access to the subject is via I-15 to Duncan Canyon Road and east to Cypress Avenue at the subject. Additional access is via I-210 to Sierra, north to Casa Grande Avenue at the subject.

Economy

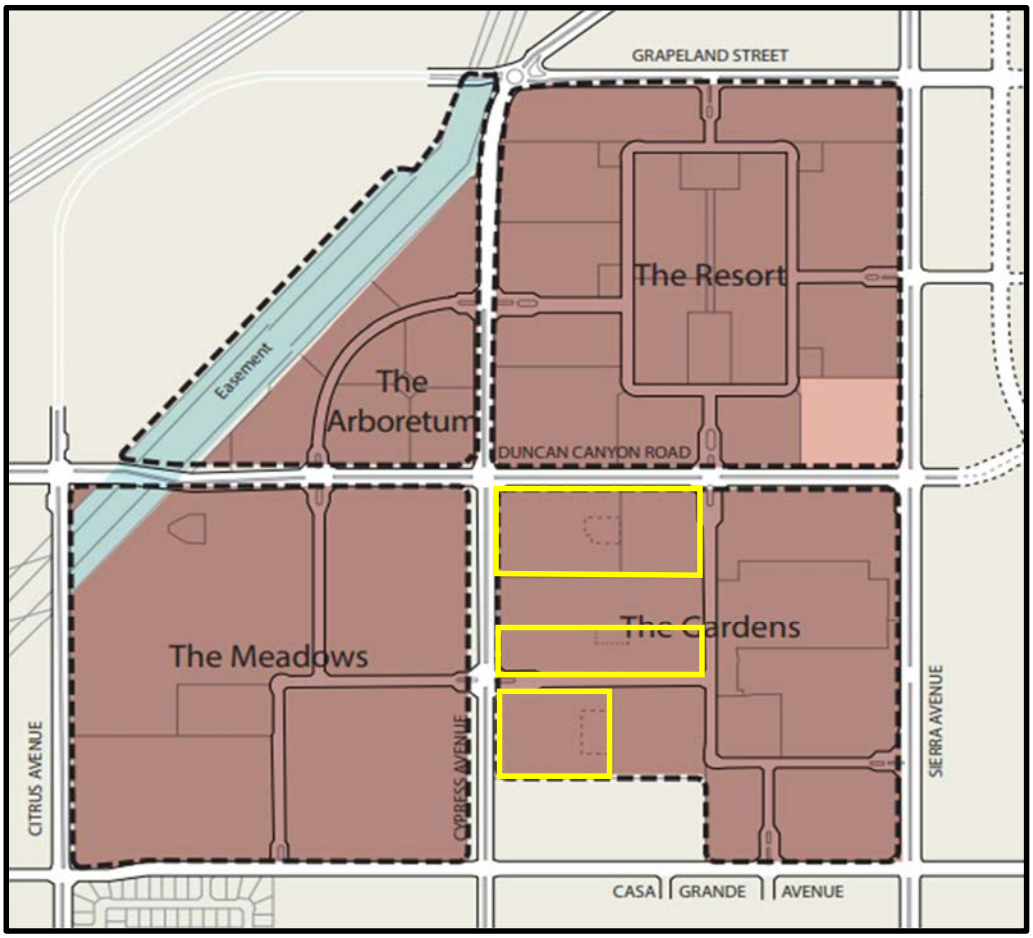
Existing commercial property within the City of Fontana is generally along the major thoroughfares including I-10, Route 66/Foothill Boulevard, Sierra Avenue and the 210 Freeway. There are several large shopping centers including Sierra Lakes Marketplace and Falcon Ridge Town Center, both which serve the subject property. There is planned retail at Citrus Avenue and Duncan Canyon Road in the Ventana Specific Plan. The City is home to an Amazon Distribution Center, a Target Distribution Center and a FedEx transfer station. The intersection of the I-10 and I-15 is a major industrial hub which extends into the City of Fontana with generally industrial use south of I-10. The Fontana Speedway is located along Cherry Avenue north of I-10 and the Metrolink station is located along Sierra Avenue.

Summary

Fontana is located at the base of the San Gabriel Mountains and was incorporated over 100 years ago as a rural farming community. Kaiser Steel brought jobs to the area during World War II and the opening of the I-10 Freeway in the 1950s made it an easy commute to Los Angeles and Orange Counties. Almost 80 percent of the housing stock within the City was built since 1970. Between April 2020 and March 2022 residential building permits grew significantly after a lull in the first 10 years since the Great Recession. In 2022 permits slowed as sales decreased due to increasing mortgage rates. The area has excellent access via I-15. The area's central location, reasonable land prices and the availability of land for development combine to make the location a prime area for future growth.

THE ARBORETUM SPECIFIC PLAN / IMMEDIATE SURROUNDINGS

The Arboretum Specific Plan was approved in October 2009 and amended in June 2021. The Specific Plan covers 525.7 gross acres allowing for 3,532 residential units. The entire Specific Plan is shown on the land use map below with the subject property (a portion of The Gardens) and surrounding streets and social club, consisting of about 36 gross acres, outlined in yellow on the map below. The site has convenient freeway access to the I-15 via Duncan Canyon Road with both on and offramps to I-15.



The Arboretum is divided into four distinct villages which include The Meadows, The Gardens, The Resort and the Arboretum. The Meadows is developed and sold out except for a 24-acre school site at the southwest corner of the planning area. The Gardens Phase Two is outlined in yellow above and includes the subject property with Phase One

generally to the east and built-out. The Resort is located north of the Gardens while The Arboretum, which will contain a 10.7-acre park that will provide the heart of the overall Arboretum community, is located northwest. It appears both are at the beginning stages of land development. Per the Specific Plan, The Gardens has an overall average gross density of 7.8 dwelling units per acre. The subject Phase Two of the Gardens encompasses 36.4 acres and houses 388 dwelling units which equates to an overall density of 10.7 dwelling units per acre.

The entire Arboretum project is surrounded by Grapeland Street to the north, Sierra Avenue to the east, Casa Grande Avenue to the south, Citrus Avenue to the west and a high wire Edison easement to the northwest. North of Grapeland Street are vacant lands, the I-15 and Lytle Creek beyond which is the community known as Devore. West of Citrus Avenue are vacant lands and existing residential uses. South of Casa Grande Avenue are existing residences while east of Sierra Avenue are existing residences north of Duncan Canyon Road and large industrial buildings south of Duncan Canyon Road.

Below is the Gardens land use map per the Specific Plan. The subject is shown as G-1, G-2 (Marigold and Trellis by Risewell Homes) and G-3 and G-4 (Iris and Flora by Richmond American).



Below is the site plan as shown on The Gardens marketing website which identifies the four subject neighborhoods.



The subject is generally along the east side of Cypress Avenue, south of Duncan Canyon Road. To both the east and south of Flora are existing homes while north of Duncan Canyon Road is vacant lands proposed for the Resort phase of the Arboretum. There is a strip of vacant undeveloped lands that is located south of Marigold/Trellis and north of Iris. The main pool and clubhouse for The Gardens is shown on the above map at the northeast corner of Cassava and Fieldcress Drives, however there are smaller community social areas in both Trellis/Marigold and Iris/Flora which also serve the subject communities. The Gardens at the Arboretum Clubhouse and meeting area includes basketball courts, pickleball courts, a dog park, a playground, a pool and clubhouse and a large grassy area along with several picnicking areas, one with a large shade cover. The Gardens Clubhouse will serve all of the residents within The Gardens.

Within a mile west of the subject on the north side of Duncan Canyon Road is a luxury apartment complex which recently opened known as Vasari at Ventana. Ventana will eventually include residential, retail and commercial land uses. KB Homes recently

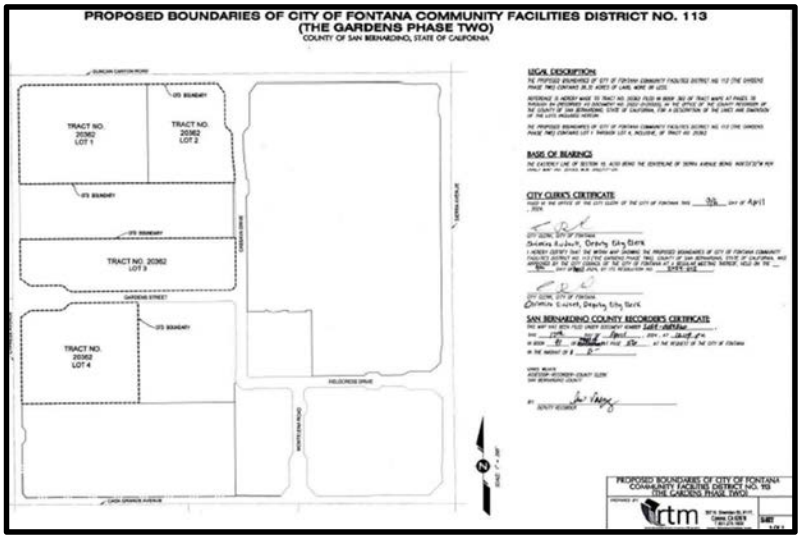
purchased residential land in Ventana for a for sale project. Across I-15 the master planned community of Narra Hills is currently selling with four actively selling communities (however two are in the final sale stage), ranging from attached homes to single-family detached on 10,000 square foot minimum lots.

Schools that serve The Gardens include Sierra Lakes Elementary School, the newly opening Oak Grove Preparatory Academy (6-9th grade in 2026 and expanding to high school over the next three years), and Summit High School.

FONTANA CFD NO. 113 (THE GARDENS PHASE TWO)

We have reviewed the City of Fontana CFD Report for Community Facilities District No. 113 (The Gardens Phase Two) dated April 29, 2024, as prepared by David Taussig & Associates, Inc. The CFD Report provides a brief description of Fontana CFD No. 113, a brief description of the facilities to be funded along with an estimate, a description of the boundaries and an estimate of the cost of financing the bonds used to pay for the facilities. The City Council of the City of Fontana adopted a resolution of intention for Fontana CFD No. 113 (The Gardens Phase Two) on April 9, 2024.

The exterior boundaries of Fontana CFD No. 113 per the Proposed Boundary map are shown below.



Per the CFD Report, at time of formation, Fontana CFD No. 113 encompassed approximately 36.4 gross acres of which 25.3 are estimated to be taxable. There are 388 proposed single-family homes at time of report which is the same as the current mapping. At time of the report, they were comprised of 388 detached condominium units ranging in size from 1,567 to 2,121 square feet while actual square footage is from 1,530 to 2,120.

Per the CFD Report, the types of facilities to be eligible for funding are streets, including grading, paving, curbs and gutters, sidewalks, street signalization and signage,

streetlights and parkway and landscaping related thereto, sewers, storm drains, flood control facilities, fire protection facilities, police facilities, public facilities, landscaping, library facilities, park and recreational facilities, water distribution, treatment and storage facilities and land, rights-of-way, and easements necessary for any of such facilities. The types of public facilities proposed to be eligible to be purchased as completed facilities by CFD No. 113 are streets, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, streetlights and parkway and landscaping related thereto, sewers, storm drains, water distribution, treatment and storage facilities and land, rights of way and easements necessary for any such facilities. The types of public services to be financed by CFD No. 113 are fire protection and suppression services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City. Incidental expenses also included are the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities; the costs associated with the creation of CFD No. 113, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 113; and, any other expenses incidental to the construction, completion, and inspection of the authorized work.

The estimated cost of public facilities at the time the Fontana CFD No. 113 Report was created were estimated as:

PUBLIC FACILITIES	AMOUNT
Acquisition Facilities:	**$28,332,492(1)**
Storm Drain Improvements	$7,556,747
Landscape Improvements	$6,414,403
Street Improvements	$7,213,962
Traffic Signal Improvements	$2,894,465
Sewer Improvements	$1,445,003
Water System Improvements	$2,562,451
Right-of-Way Acquisition	$245,461
Other Public Facilities:	**$8,753,540(2)**
Water System Capacity Improvements	$7,460,557
Circulation Facility Improvements	$546,393
Police Facility Improvements	$183,136
Public Facility Improvements	$139,028
Fire Facility Improvements	$63,632
Library Facility Improvements	$38,412
Additional Circulation Facility Improvements (3)	$322,382
Advance and Reimbursement Agreement Fee	**$1,000,000**
TOTAL ESTIMATED COSTS	**$38,086,032**

(1) Estimates provided by Project Developer and subject to review and confirmation.
(2) Estimated amount of permit fees subject to review and confirmation.
(3) Represents additional circulation facilities per Second Amendment to Development Agreement.

The assigned Special Taxes per the CFD Report range from $3,198 to $4,604. In addition, CFD 113 is expected to finance the annual costs to provide fire protection and suppression services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City. The Services Special Tax within CFD 113 has been established to pay for these public services at approximately $550 per detached condominium per year. These amounts are subject to change based on the actual need that arises as development progresses within CFD No. 113 and shall be subject to an annual increase as specified in the Rate and Method of Apportionment. The maximum bonded indebtedness for CFD No. 113 is $24,000,000.

Per the latest sources and uses of funds (dated September 10, 2026) for the proposed bond issuance, there will be an estimated $18,450,000 in Bond Par Amount and a Net Original Issue Discount of $218,625, along with previous Special Tax Collections of $533,144 for a total deposit of $18,764,519 with $17,011,984 going to the Improvement Fund, $1,302,071 in Debt Service Reserve Fund and Capitalized Interest Fund and $450,464 in Underwriter's Discount and Cost of Issuance (all amounts subject to change). A larger copy of the Fontana CFD No. 113 boundary map is located in the Addenda for your review.

SUBJECT PROPERTY DESCRIPTION

The subject property consists of 388 proposed units being developed as The Gardens Phase Two within four neighborhoods. The neighborhoods include Trellis and Marigold by Risewell Homes and Iris and Flora by Richmond American. Below we will describe each neighborhood under ownership.

Risewell Homes – Trellis and Marigold

Location:	Southeast corner of Duncan Canyon Road and Cypress Avenue, Fontana, California
Legal Property Description:	Trellis - Lot 2 of Tract 20362, City of Fontana, County of San Bernardino, California – subdivided into 90 condominium units Marigold – Lot 1 of Tract 20362, City of Fontana, County of San Bernardino, California – subdivided into 124 Units
Property Owner:	Trellis: Individual Owners as to Units 1-7 and 19-23 of Lot 2 of Tract 20362. Risewell Homes as to Units 8-18, 24-33 and 61-63, Lot 2 of Tract 20362 and TPG AG as to Units 34-60 and 64-90 of Lot 2 of Tract 20362. Marigold: Individual Owners as to Units 16-22 and 25-26 of Lot 1 of Tract 20362. Risewell Homes as to Units 1-2, 7-15, 23-24, 27-34, 109-112 and 123-124 of Lot 1 of Tract 20362. TPG AG as to Units 3-6, 35-108 and 113-122 of Lot 1 of Tract 20362.
Assessor's Parcel Nos.:	The San Bernardino County Assessor's office does not have the maps for Trellis or Marigold available to the public at this time.
Property Taxes:	We have not been able to review property taxes on any of the above assessor parcel numbers. Our review of the Assessor's Office does not yet show any taxes on the subdivided parcels. It is an assumption of this report that the overall property taxes and special assessments are not over two percent.
Three-Year Sales History:	Per Risewell Homes representatives, The New Home Company Southern California LLC (dba Risewell Homes) purchased Lot 1 (Marigold) and Lot 2 (Trellis) together October 1, 2024 for $35,814,227 from North Fontana Investment Company, LLC (a related entity to Lewis). TPG AG EHC III (NWHM) CA 2, L.P., a Delaware limited liability company (a land bank company for Risewell Homes) took title to the property and Risewell Homes began taking

down pads as needed for construction. It is the appraiser's understanding that they have completed take-downs of 72 total pads as of August 10, 2026. Per Risewell Homes representatives, the scheduled take-downs are anticipated to be completed in December 2027. Risewell Homes began closing homes within the subject property to individual owners in January 23, 2026, and has closed 21 houses (12 In Trellis and 9 in Marigold) between January 23, 2026, and August 7, 2026.

Size and Shape: Trellis is irregular in shape and contains 6.891 acres per Tract Map No. 20362.

Marigold is generally rectangular in shape and contains 10.835 acres per Tract Map No. 20362.

Zoning: We have reviewed a letter from the Planning Division of Fontana dated July 14, 2021, which states MCN 20-096 Specific Plan Amendment (SPA 20-005) which allows for a density transfer within The Gardens and introduction of two new housing products, Tentative Parcel Map 20362 is comprised of five parcels that will be subdivided to create lots for the development of residential units have all been approved, subject to the conditions of approval. Attached to the letter were the conditions of approval for the project.

Per the current City of Fontana General Plan and the current City of Fontana Zoning Map, the subject is shown as located within The Arboretum Specific Plan. Per the Arboretum Specific Plan adopted October 14, 2009, and amended June 2021, Tract Maps 20362 is designated as RMF (Residential – Multi-Family with 8.1-16.1 dwelling units an acre. The current City of Fontana Zoning Map is consistent with the General Plan.

Entitlements: Per the Arboretum Specific Plan, Trellis is shown as G2 and has entitlements for 98 units while Marigold is shown as G1 with entitlements for 100 units. Per the above referenced letter from the Planning Division, density transfers were allowed and Trellis has been approved for 90 total units while Marigold has been approved for 124 units. This results in a density of 13.06 dwelling units per acre for Trellis and a density of 11.44 dwelling units per acre for Marigold. Both densities are within the allowed densities per the Zoning and General Plan. A copy of Tract No. 20362 along with the site plans are located in the Addenda for your review.

Homeowner's Association: Per Lewis Management Corporation, the master developer of The Arboretum, the Master HOA dues which apply to all units is $192 per month. In addition, there are additional assessments of $285 per

month for Trellis (attached/detached Triplex format) and $54 per month for Marigold (detached condominiums) which includes common driveways and landscaping. The overall HOA covers maintenance of the community gates, swimming pool, spa, barbeques, clubhouse and restrooms, community parks, as well as all walkways and community landscaping. The pool, spa, clubhouse and park areas were in excellent condition and were open for use.

Topography: The subject lands are generally level at grade of surrounding streets of Cavassa Drive, Cypress Avenue and Duncan Canyon Road, all which are improved at the site. In addition, the site has been graded into 214 residential lots and/or pads. Drainage appears to be within an engineered street drainage system that ties with surrounding lands to alleviate any drainage issues on the property. This is suggested by the City approvals for the construction of the homes.

Fire Hazard Zone: Per the City's General Plan and Zoning Map, the site is within a fire overlay zone. Per the State of California's Fire Hazard Map, the site is within a LRA (Local Responsibility Area) with the recommendation for the site to be in a very high fire severity zone. A copy of the CalFire Fire Hazard Zone map is located in the Addenda. It is an assumption of this report that all Fire Safety Conditions which are required by code have been incorporated into both the construction of the homes and the development of the lands and that the homebuyers are able to obtain fire insurance.

Soils Condition: We have reviewed a Rough Grading Compaction Report which covers Lots 1-o6 Tract 20362, Lots 1-249 Tract 20363 and Lots 1-109 of Tract 20364 (the entire Gardens portion of the Arboretum), prepared by RMA and dated April 5, 2022. The report concludes that the rough grading performed was in substantial compliance to the recommendations of the approved geotechnical report and applicable sections of the California Building Code for the proposed development residential use.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any and all reports were adhered to during construction. The appraiser is not a soils expert, and it is recommended that any concerns relating to soils should be addressed to the appropriate experts.

Seismic Information: Within the reviewed Geotechnical Reports, it states the site is not located within the boundaries of an Earthquake Fault Zone. The nearest faults are located 1,600 feet to the northwest along the Cucamonga fault zone and about 800 feet northeast along the San

Jacinto fault zone. There is a discussion in the report about a possible concealed fault, however after further research, it was concluded in the report that it appears unlikely that there was past surficial faulting. The appraiser is not an earthquake expert, and it is recommended that any concerns relating to earthquake faults should be addressed to the appropriate experts.

Environmental Concerns: We have reviewed a Phase I Environmental Site Assessment for Lot 1 and Lot 2 of Tract 20362 prepared by EnviroApplications, Inc. and dated July 22, 2024. Upon their review of regulatory agency records, there were no open release cases or regulatory listings for adjacent properties that would pose an environmental risk. Upon their physical inspection, no indication of any potential adverse environmental impacts to the subject property were observed. The assessment revealed no evidence of known or suspected RECs, CRECs, or HRECs in connection with the subject property, thus no additional investigations were recommended. It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property and that all proposed mitigation efforts were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 06071C7915H dated August 28, 2008, the property is shown as being in Zone X which states areas determined to be outside of the 0.2 percent annual chance floodplain.

Easements and Encumbrances: We have reviewed a Preliminary Title Report prepared by First American Title Company which covers Lot 1 and 2 of Tract 20362 (both Trellis and Marigold). The Report Order Number is NHSC-7198503 and the report is dated June 18, 2026. While the exceptions appear typical for subject-type lands, it is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 113. The appraiser is not a title expert, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

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

Electrical:	Southern California Edison Company
Natural Gas:	SoCal Gas
Sewer:	City of Fontana
Water:	West Valley Water District
Schools:	Fontana Unified School District

Streets/Access: Access to the subject property is convenient via I-15 to Duncan Canyon Road, east about 0.9 mile to Cypress Avenue. The gated

entrances are on both the north and west side of the Arboretum at Cassava Drive from the north and at Gardens Street off Cypress Avenue from the west. Additional access is via I-15 from Sierra Avenue and south about one mile to Duncan Canyon or from I-210 exit Sierra Avenue and north about 1.9 miles to Duncan Canyon Road.

I-15 is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

Duncan Canyon Road is an east/west access road with on/off ramps to I-15. To the east Duncan Canyon currently terminates at Sierra Avenue, about 1.5 miles east of I-15, providing access to North Fontana. To the west Duncan Canyon Road is the main entrance into Hunter's Ridge, a master plan southwest of the subject.

Sierra Avenue is the eastern boundary of the subject property. Sierra Avenue is a major north/south arterial through Fontana. Sierra Avenue has on/off ramps from the I-15, the I-210 and the I-10 (about six miles south of the subject. North of the subject Sierra Avenue becomes Lytle Creek Road past I-15 and to the south, it provides access throughout the City of Fontana and into Jurupa Valley. Sierra Avenue is a commercial corridor through most of Fontana.

Cassava Drive is a main entrance into The Gardens off of Duncan Canyon Road and providing access into the community.

Gardens Street is an east/west access street and the western entrance into the subject site. Gardens Street is an approximate ½ mile access street providing the west gated entrance into The Gardens and providing access into The Meadows neighborhood within The Arboretum to the west.

Internal streets include Bay Tree Lane, Trowel Lane, Bulb Way, Forest Lane, Peat Moss Lane, Mace Way, Stone Pine Lane, Bracken Way and Wind Break Lane within Marigold and Burlap Lane, Thorn Way, Bottlebrush Lane, Flaxleaf Way, Courtyard Lane, Impatiens Lane, Ficus Lane and Osage Way within Trellis.

Current Condition: The subject is being developed into 90 triplex homes (generally two detached and a one-story upstairs above the three, 2-car garages) within Trellis and 124 detached small-lot homes in an alley load and cluster format within Marigold. All internal streets were paved and utilities were pulled to each pad within both neighborhoods. There was some rock stockpiled on about 16 of the pads within Marigold. There is a pool/park area which is complete and open to serve both

Marigold and Trellis, along with a dog park. Upon our inspection, 22 of the 90 proposed homes within Trellis are over 95 percent complete including 12 individually owned homes, 3 models homes, 7 production homes (3 in escrow), 8 homes under construction, and 60 remaining finished pads (six owned by Risewell and 54 owned by TPG AG). Within Marigold there are 15 homes over 95 percent complete including nine individually owned homes, four models and two production homes, no homes under construction and 109 remaining finished pads (21 owned by Risewell and 88 owned by TPG AG).

Costs to Complete: Trellis has been developed into 90 finished lots/pads with internal streets generally complete and utilities stubbed to each lot/pad. Per Risewell representatives, the remaining hard costs include no remaining land development hard costs, however, there are $1,140,000 in remaining DIF fees which are not included in the CFD (this appraisal assumes the bonds are in place). It is our understanding that these costs are the builder's responsibility and will be spread between the builder and investor-owned lots as the individual owners are not responsible. Out of the total 90 lots/pads, 12 are individually owned leaving 78 pads, homes under construction or completed homes owned by the builder and/or investor. Dividing the $1,140,000 by the 78 homes/pads results in remaining land development costs of $14,615.38 per lot/pad.

Marigold has been generally developed into 124 finished lots/pads with internal streets complete and utilities stubbed to each lot/pad. Per Risewell representatives, the remaining hard costs include no remaining land development hard costs, however, there are $1,670,000 in remaining DIF fees which are not included in the CFD (this appraisal assumes the bonds are in place). It is our understanding that these costs are the builder's responsibility and will be spread between the builder and investor-owned lots as the individual owners are not responsible. Out of the total 124 pads, nine are individually owned leaving 115 pads, homes under construction or completed homes owned by the builder and/or investor. Dividing the $1,670,000 by the 115 homes/pads results in remaining land development costs of $14,521.74 per unit.

These costs will be considered under the valuation section later within this report.

Improvement Description: Below is a site plan followed by a brief description for each of the neighborhoods.



Trellis

Trellis is made up of 90 proposed triplex homes, however within the majority of the pods, two homes are detached and one is upstairs over the three, two-car garages. The three plans range in size from 1,530 to 1,667 square feet. Plan 1 is an upstairs unit over their own 2-car garage (with access from the garage) along with over two additional two-car garages which are attached. The upstairs unit (or "carriage house") has three bedrooms and two baths. Thus, Plan 1 has an attached 2-car garage while Plans 2 and 3 have detached 2-car garages with a small courtyard between the house and the garage. Trellis Plan 2 and 3 each have four bedrooms (one downstairs) and 3 bathrooms with sizes from 1,567 to 1,667 square feet. Three of the triplex plans have a fourth home, an extra Plan 3 which has its own detached garage. The plans are offered with Mediterranean and American influenced architecture detailing. Architectural and Interior Design includes designer selected paint and materials, Therma Tru front door entry door, Kwikset interior door handles and LED lighting throughout. Kitchens include GE Stainless appliances, quartz slab countertops, recycle binds, under cabinet lighting, a stainless-steel side-by-side refrigerator, stainless steel undermount sinks, white thermofoil cabinets and luxury vinyl

plank flooring. The tech and wellness (known at Risewell as “Evo”) includes a Gateway all in one smart hub panel, an alarm video doorbell, a Honeywell smart thermostat, a washer and dryer, a smart garage door opener and a Kwikset smart entry door lock.

The Trellis models are located at Courtyard and Impatiens Lanes. There are three model homes, one for each plan. Twelve of the homes have closed escrow to homebuyers and there are three models and seven homes over 95 percent complete (three in escrow). There are 8 homes under construction. The project opened for sale September 20, 2025, with base pricing $526,000 to $580,000 while current base pricing is $506,000 to $565,000 a reduction between 2.6 to 5.2 percent. The homes began closing January 23, 2026, with actual closed net sales prices (as reported by the builder) ranging from $514,490 to $577,990. These reported prices include all premiums, options and incentives. It should be noted that the “net prices” include the financing incentives including rate buy-downs that are not included in the reported sales prices, however, are a cost to the builder, thus we are including them in our analysis. Our search of the MLS revealed no resales and no current resale listings. Our physical search noted all homes appear to be in excellent condition. It should be noted that the seller is offering varying concessions, including some interest rate buydowns, on a case-by-case basis. The total incentives including closing cost/rate buy downs have ranged from $10,000 to $47,000. The houses which are over 95 percent complete are shown in the table following the Marigold description.

Marigold

Marigold is made up of 124 proposed detached homes on condominium lots. The four plans range in size from 1,656 to 1,979 square feet. All are detached on alley-load lots with attached 2-car garages. Plan 1 and 2 have stepped, single car garages rather than a typical 2-car garage. All plans have 3-4 bedrooms and 2.5 to 3 bathrooms. The plans are offered with Mediterranean and American influenced architecture detailing. All features are the same as within Trellis.

The Marigold models are located at Forest Lane and Windbreak Lane. There are four model homes, one for each plan. Nine of the homes have closed escrow to homebuyers and there are four models and two homes over 95 percent complete. There are no homes under construction at this time. The project opened for sale September 20, 2025, with base pricing $630,000 to $658,000 (however only included Plans 1 through 3) while current base pricing for Plans 1-3

is $567,000 to $635,000, a reduction between 3.5 to 10 percent. Plan 4 has a current base price of $665,000. The homes began closing December 18, 2025, with actual closed net sales prices (as reported by the builder) ranging from $608,364 to $654,490. These reported prices include all premiums, options and incentives. It should be noted that the "net prices" include the financing incentives including rate buy-downs that are not included in the reported sales prices, however, are a cost to the builder, thus we are including them in our analysis. Our search of the MLS revealed no resales and no current resale listings. Our physical search noted all homes appear to be in excellent condition. It should be noted that the seller is offering varying concessions, including some interest rate buydowns, on a case-by-case basis. The total incentives including closing cost/rate buy downs have ranged from $15,000 to $55,035. The houses which are over 95 percent complete are shown in the table below.

The Gardens Phase Two by Risewell					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Trellis					
1	3 / 2	1 / 2	1,530	4	3*
2	4 / 3	2 / 2	1,567	4	3*
3	4 / 3	2 / 2	1,667	4	4*
Subtotal Trellis				12	10
Marigold					
1	3 / 2.5	2 / 2	1,656	4	2*
2	3 / 2.5	2 / 2	1,760	3	2*
3	4 / 2.5	2 / 2	1,870	2	1*
4	4 / 3	2 / 2	1,979	0	1*
Subtotal Marigold				9	6
Total Risewell The Gardens Phase Two				**21**	**16**

*One of each of these is a model. There are an additional 8 homes under construction and 169 additional pads with 27 owned by Risewell and 142 owned by TPG AG, not shown on the above table.

Richmond American – Iris and Flora

Location: East side of Cypress Avenue, both north and south side of Gardens Street, Fontana, California

Legal Property Description: Iris - Lot 3 of Tract 20362, City of Fontana, County of San Bernardino, California – subdivided into 88 condominium units
Flora – Lot 4 of Tract 20362, City of Fontana, County of San Bernardino, California – subdivided into 86 Units

Property Owner: Iris:
Individual Owners as to Units 1-10, 12-17, 19-35, 49, 52-56, 58-59, 61, 63-64, 67-69, 73-74 and 78 of Lot 3 of Tract 20362. Richmond

American as to Units 11, 18, 36-48, 50-51, 57, 60, 62, 65-66, 70-72, 75-77 and 79-88, Lot 3 of Tract 20362.

Flora:
Individual Owners as to Units 14, 16-17, 19, 22, 24, 26-29, 31-38, 40, 42, 44, 48-51, 54-63 and 65-78 of Lot 4 of Tract 20362. Richmond American as to Units 1-13, 15, 18, 20-21, 23, 25, 30, 39, 41, 43, 45-47, 52-53, 64 and 79-86 of Lot 4 of Tract 20362.

Assessors Parcel Nos.: Iris: 1118-421 and 1118-422 - various parcels.

Flora: 1118-441 and 1118-443 - various parcels.

Property Taxes: We have reviewed the 2025/26 property tax statement for Assessor Parcel Number 1118-421-25-0000, a sample home within Iris. The property has an assessed value of $509,907; however this does not take into account the current value of the lot, thus there should be a supplemental tax bill. The overall taxes include $5,099.07 for the ad valorem tax along with miscellaneous charges totaling $1,101.90 (Chaffey Community College, Fontana Unified and San Bernardino Valley Municipal Water District) for a total tax invoice of $6,200.97. The tax invoice does not include Fontana CFD 113. At this time the overall tax rate, based on the assessed value, is 1.216 percent. It is an assumption of this report that the overall property taxes and special assessments are not over two percent.

Three-Year Sales History: Per Richmond American Homes representatives, Richmond American Homes of Maryland, Inc. purchased both Lot 3 and Lot 4 on January 2, 2024 for $28,789,376 from North Fontana Investment Company, LLC (a related entity to Lewis). On April 19, 2024 a subsidiary of Sekisui House, Ltd., a Japanese kabushiki kaisha ("**SHL**") merged with and into M.D.C. Holdings, Inc., a Delaware corporation ("**MDC**"), Richmond American's then parent, with MDC being the surviving entity. Following the merger, MDC changed its name to Sekisui House U.S., Inc., a Delaware corporation ("**SHUS**"). The landowning entity continues to be Richmond American, whose direct parent is SHUS and ultimate parent is SHL. Richmond American began closing homes within Iris and Flora to individual owners in April 25, 2025, and has closed 99 houses (50 In Iris and 49 in Flora) between April 25, 2025, and August 7, 2026.

Size and Shape: Iris is generally rectangular in shape and contains 9.097 acres per Tract Map No. 20362 (Lot 3).
Flora is generally rectangular in shape and contains 9.564 acres per Tract Map No. 20362 (Lot 4).

Zoning: Per the current City of Fontana General Plan and the current City of Fontana Zoning Map, the subject is shown as located within The Arboretum Specific Plan. Per the Arboretum Specific Plan adopted October 14, 2009, and amended June 2021, Tract Maps 20362 is designated as RMF (Residential – Multi-Family with 8.1-16.1 dwelling units an acre. The current City of Fontana Zoning Map is consistent with the General Plan.

Entitlements: Per the Arboretum Specific Plan, Iris is shown as G3 and has entitlements for 90 units while Flora is shown as G4 with entitlements for 85 units. Iris has been approved for 88 total units while Flora has been approved for 86 units. It is the appraiser's understanding that density transfers between planning areas are allowed. This results in a density of 9.89 dwelling units per acre for Iris and a density of 8.99 dwelling units per acre for Flora. Both densities are within the allowed densities per the Zoning and General Plan. A copy of Tract No. 20362 along with the site plans are located in the Addenda for your review.

Homeowner's Association: Per Richmond American representatives, the latest HOA budget shows a master association assessment of $192 per month with Iris having an additional $94 per month and Flora having an additional $77 per month. The community specific HOA covers the community-specific common area landscape area and irrigation maintenance. The master HOA covers maintenance of the community gates, swimming pool, spa, barbeques, clubhouse and restrooms, community parks, as well as all walkways and community landscaping. The pool, spa, clubhouse and park areas were in excellent condition and were open for use.

Topography: The subject lands are generally level at grade of surrounding streets of Cavassa Drive, Cypress Avenue and Gardens Street, all which are improved at the site. In addition, the site has been graded into 174 residential pads. Drainage appears to be within an engineered street drainage system that ties with surrounding lands to alleviate any drainage issues on the property. This is suggested by the City approvals for the construction of the homes.

Fire Hazard Zone: Per the City's General Plan and Zoning Map, the site is within a fire overlay zone. Per the State of California's Fire Hazard Map, the site is within a LRA (Local Responsibility Area) with the recommendation for the site to be in a very high fire severity zone. A copy of the CalFire Fire Hazard Zone map is located in the Addenda. It is an assumption of this report that all Fire Safety Conditions which are required by code have been incorporated into both the construction

of the homes and the development of the lands and that the homebuyers are able to obtain fire insurance.

Soils Condition: We have reviewed a Rough Grading Compaction Report which covers Lots 1-6 Tract 20362, Lots 1-249 Tract 20363 and Lots 1-109 of Tract 20364 (the entire Gardens portion of the Arboretum), prepared by RMA and dated April 5, 2022. The report concludes that the rough grading performed was in substantial compliance to the recommendations of the approved geotechnical report and applicable sections of the California Building Code for the proposed development residential use.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any and all reports were adhered to during construction. The appraiser is not a soils expert, and it is recommended that any concerns relating to soils should be addressed to the appropriate experts.

Seismic Information: Within the reviewed Geotechnical Reports, it states the site is not located within the boundaries of an Earthquake Fault Zone. The nearest faults are located 1,600 feet to the northwest along the Cucamonga fault zone and about 800 feet northeast along the San Jacinto fault zone. There is a discussion in the report about a possible concealed fault, however after further research, it was concluded in the report that it appears unlikely that there was past surficial faulting. The appraiser is not an earthquake expert, and it is recommended that any concerns relating to earthquake faults should be addressed to the appropriate experts.

Environmental Concerns: We have not received an environmental site assessment for Lot 3 and 4. It is an assumption of this report that there are no environmental issues which would slow or thwart development of the subject property and that all proposed mitigation efforts were completed. This is evidenced by construction of homes on the site and City inspectors on site during construction.

Flood Information: Per FEMA Map No. 06071C7915H dated August 28, 2008, the property is shown as being in Zone X which states areas determined to be outside of the 0.2 percent annual chance floodplain.

Easements and Encumbrances: We have reviewed a Preliminary Title Report prepared by Fidelity National Title which covers the Richmond American owned property within Lots 3 and 4 of Tract 20362 (both Iris and Flora). The Report Order Number is 996-30121871-G-KC1 and the report is dated July 16, 2026, and amended August 4, 2026. While the exceptions

appear typical for subject-type lands, it is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 113. The appraiser is not a title expert, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

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

Electrical:	Southern California Edison Company
Natural Gas:	SoCal Gas
Sewer:	City of Fontana
Water:	West Valley Water District
Schools:	Fontana Unified School District

Streets/Access: Access to the subject property is convenient via I-15 to Duncan Canyon Road, east about 0.9 mile to Cypress Avenue and south 0.25 miles to Gardens Street. The gated entrance is at Gardens Street off Cypress Avenue. Additional access is via I-15 from Sierra Avenue and south about one mile to Duncan Canyon or from I-210 exit Sierra Avenue and north about 1.9 miles to Duncan Canyon Road.

I-15 is a major north/south freeway, which provides access to both international borders with Mexico and Canada.

Duncan Canyon Road is an east/west access road with on/off ramps to I-15. To the east Duncan Canyon currently terminates at Sierra Avenue, about 1.5 miles east of I-15, providing access to North Fontana. To the west Duncan Canyon Road is the main entrance into Hunter's Ridge, a master plan southwest of the subject.

Sierra Avenue is the eastern boundary of the subject property. Sierra Avenue is a major north/south arterial through Fontana. Sierra Avenue has on/off ramps from the I-15, the I-210 and the I-10 (about six miles south of the subject. North of the subject Sierra Avenue becomes Lytle Creek Road past I-15 and to the south, it provides access throughout the City of Fontana and into Jurupa Valley. Sierra Avenue is a commercial corridor through most of Fontana.

Gardens Street is an east/west access street and the western entrance into the subject site. Gardens Street is an approximate ½ mile access street providing the west gated entrance into The Gardens and providing access into The Meadows neighborhood within The Arboretum to the west.

Internal streets include Botanical Lane, Anise Way, Flower Bed Lane, Nettle Lane, Perennial Lane, Trellis Lane, Anise Way, Flower

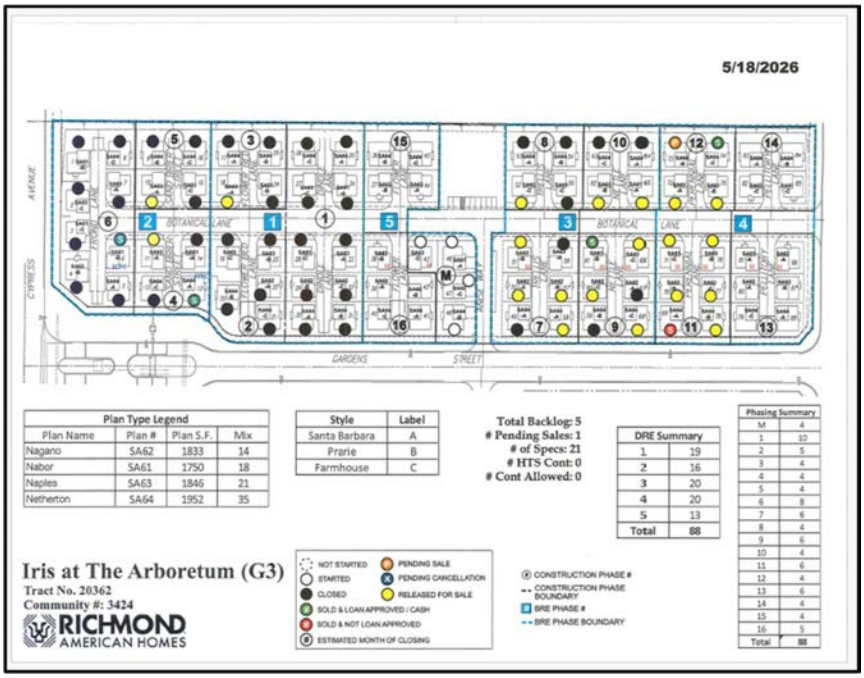
Lane, Dindle Lane, Sand Brier Street and Frond Lane within Iris and Poppy Seed Lane, Loquat Lane, Tomatillo Lane, Shallot Street, Kale Avenue, Jicama Lane and Sprout Way within Flora.

Current Condition: Iris has been developed into 88 single family detached condominium pads in a cluster load format while Flora has been developed into and 86 single family detached condominium pads in a cluster/alley load format. Internal streets were paved and utilities were pulled to each pad within both neighborhoods. There is a neighborhood park within both Iris and Flora which are complete and open. Upon our inspection, 69 of the 88 proposed homes within Iris are over 95 percent complete including 50 individually owned homes, 4 models homes and 15 production homes (1 in escrow). No homes were under construction and there are 19 remaining finished pads. Within Flora, 67 of the 86 proposed homes are over 95 percent complete including 49 individually owned homes, four models and 14 production homes. No homes were under construction and there are 19 remaining pads.

Costs to Complete: Iris has been developed into 88 finished pads with internal streets complete and utilities stubbed to each pad. Per Richmond American representatives, the remaining hard costs include no remaining land development hard costs, however, there are $232,312 in remaining DIF fees which are not included in the CFD (this appraisal assumes the bonds are in place). It is our understanding that these costs are the builder's responsibility and will be spread between the builder and investor-owned lots as the individual owners are not responsible. Out of the total 88 pads, 50 are individually owned leaving 38 pads, homes under construction or completed homes owned by the builder. Dividing the $232,312 by the 38 homes/pads results in remaining land development costs of $6,113.47 per home/pad.

Flora has been developed into 86 finished pads with internal streets complete and utilities stubbed to each pad. Per Richmond American representatives, the remaining hard costs include no remaining land development hard costs, however, there are $359,341 in remaining DIF fees which are not included in the CFD (this appraisal assumes the bonds are in place). It is our understanding that these costs are the builder's responsibility and will be spread between the builder and investor-owned lots as the individual owners are not responsible. Out of the total 86 pads, 49 are individually owned leaving 37 pads, homes under construction or completed homes owned by the builder. Dividing the $359,341 by the 37 homes/pads results in remaining land development costs of $9,711.92 per home/pad.
These costs will be considered under the valuation section later within this report.

Improvement Description: Below is a site plan for Iris followed by a brief description.



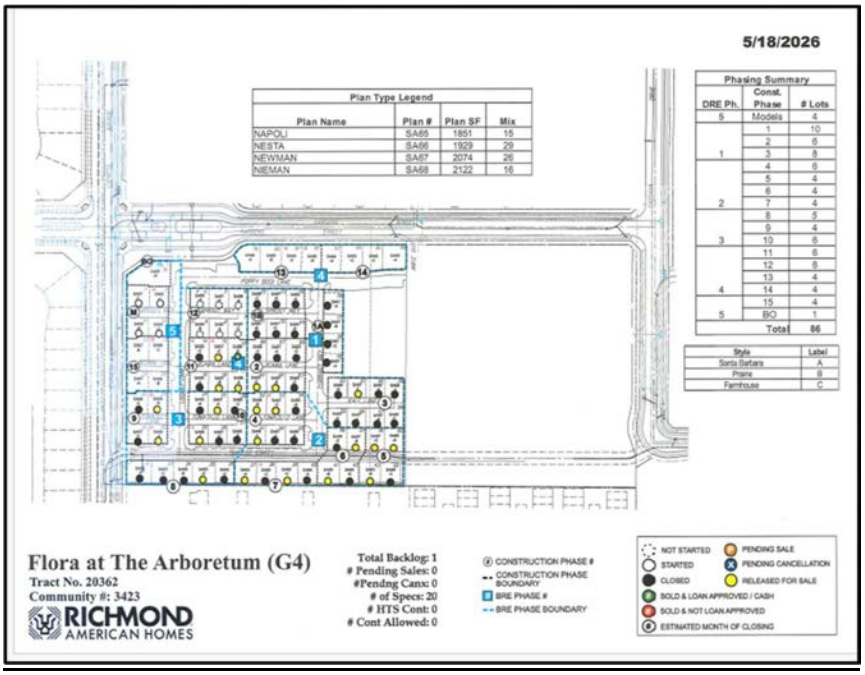
Iris

Iris is made up of 88 proposed single family detached homes in a cluster/alley-load format. The four plans range in size from 1,750 to 1,950 square feet. It should be noted that these square footages are what is reported in the marketing materials. Some permit square footage differs up to nine square feet per plan. For purposes of this analysis, we will utilize the marketing material square footages. All plans have 3-4 bedrooms and 2-3 bathrooms. The plans are offered with Mediterranean and American Farmhouse influenced architecture detailing. Architectural and interior design includes professional design team selected paint and materials. Kitchens include quartz slab countertops, stainless steel undermount sinks, white thermofoil cabinets and wood laminate flooring. Interiors include 2-panel doors, carpet and 3-1/2" baseboards. Entrances include a Halo Wi-Fi enabled smart lock deadbolt.

The Iris models are located at Anise Way and Botanical Lane. There are four model homes, one for each plan. Fifty of the homes have closed escrow to homebuyers and there are four models and 15 production homes over 95 percent complete (one in escrow). There

are no homes under construction. The project opened for sale January 11, 2025, with base pricing $606,000 to $645,000 while current base pricing is $612,000 to $650,000 suggesting a slight increase in pricing over the past 18 months. The homes began closing April 25, 2025, with actual closed net sales prices (as reported by the builder) ranging from $540,992 to $707,892. These reported prices include all premiums, options and incentives. It should be noted that the "net prices" include the financing incentives including rate buy-downs that are not included in the reported sales prices, however, are a cost to the builder, thus we are including them in our analysis. Our search of the MLS revealed no resales and one current listing of a resale of a Plan 4. Our physical search noted all homes appear to be in excellent condition. It should be noted that the seller is offering varying concessions, including some interest rate buydowns, on a case-by-case basis. The total incentives including closing cost help and mortgage rate buy downs have ranged from $5,000 to $75,956. The houses which are over 95 percent complete are shown in the table following the Flora description.

Flora



Flora is made up of 86 proposed single family detached homes in a cluster/alley-load format. The four plans range in size from 1,850 to 2,120 square feet. It should be noted that these square footages are what is reported in the marketing materials. Some permit square

footage differs up to nine square feet per plan. For purposes of this analysis, we will utilize the marketing material square footages. All plans have 3 to 4 bedrooms and 2 to 3.5 bathrooms. The plans are offered with Mediterranean and American influenced architecture detailing. Features are the same as within the Iris community

The Flora models are located on Loquat Lane. There are four model homes, one for each plan. Forty-nine of the homes have closed escrow to homebuyers and there are four models and 14 production homes over 95 percent complete (one in escrow). There are no homes under construction. The project opened for sale March 22, 2025, with base pricing $635,000 to $674,000 while current base pricing is $673,990 to $722,990 suggesting an increase in pricing of 5.7 to 7.3 percent. The homes began closing May 29, 2025, with actual closed net sales prices (as reported by the builder) ranging from $606,674 to $733,703. These reported prices include all premiums, options and incentives. It should be noted that the "net prices" include the financing incentives including rate buy-downs that are not included in the reported sales prices, however, are a cost to the builder, thus we are including them in our analysis. Our search of the MLS revealed no resales and no current resale listings. Our physical search noted all homes appear to be in excellent condition. It should be noted that the seller is offering varying concessions, including some interest rate buydowns, on a case-by-case basis. The total incentives including closing cost help and mortgage rate buy downs have ranged from $12,000 to $87,076. The houses which are over 95 percent complete are shown in the table below.

The Gardens Phase Two by Richmond American					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Iris					
1	3 / 2.5	2 / 2	1,750	11	4*
2	3 / 2.5	2 / 2	1,830	4	6*
3	4 / 3	2 / 2	1,840	9	8*
4	4 / 3	2 / 2	1,950	26	1*
Subtotal Iris				50	19
Flora					
1	4 / 3	2 / 2	1,850	7	5*
2	4 / 3.5	2 / 2	1,920	16	3*
3	4 / 3.5	2 / 2	2,070	14	8*
4	4 / 3.5	2 / 2	2,120	12	2*
Subtotal Flora				49	18
Total Richmond Am Gardens Phase II				**99**	**37**

*One of each of these is a model. There are an additional 38 additional pads (19 in Iris and 19 in Flora), not shown on the above table.

THE INLAND EMPIRE HOUSING MARKET

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

Population

The San Bernardino County population grew 0.1 percent between January 2025 and January 2026, and an average of about 0.5 percent the previous 16 years. Projections for the County's growth over the next six years is currently about 0.3 percent per year. This equates to an increase of approximately 6,500 residents per year suggesting the need for about 2,200 homes per year within the County.

Economic Conditions

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than that of other Southern California regions. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 were considerably steeper than almost anywhere in the State. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012 through January 2020. Once the COVID pandemic hit in March 2020, the economy entered what is now known as the COVID disruption. The housing market slowed down significantly early on, but by May 2020, new homes were going under contract and selling at well above average absorption rates from May 2020 through Spring of 2022 in the region. Beginning in mid-2022, the new home market saw a slowdown in absorption rates due to the increasing interest rates, the high prices of homes, and the high rate of inflation which was shaking consumer confidence. As interest rates and home prices remain elevated, sales absorption rates for 2025 continued to perform slightly lower than average with 2026 seeing even slower sales thus far. The average absorption rate for the Inland Empire for 2020-2024 was 3.7 home sales per month per project while 2025 dropped to 3.0 home sales per month per project. Thus far in 2026, the average absorption rate in the Inland Empire is 2.8 home sales per month per project.

Median housing prices (all types) in the County increased almost 300 percent from $120,406 at the lowest point in 2009 to the June 2024 peak of $522,500 while the July median price is $488.280 per the California Association of Realtors. This is 0.4 percent higher than one year ago, however 3.9 percent below last month.

Economic growth in the Inland Empire was strong generally between 2015, after the Great Recession, and until the economic shutdown due to COVID. The second half of 2020 and all of 2021 saw economic growth, however the first two quarters of 2022 saw GDP shrinking. The most July 2026 unemployment rate for the County is 5.2 percent (per the July 2026 EDD report).

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

During the COVID disruption, new home sales were one of the brightest spots in both the local and national economies. While new home sales slowed in March and April 2020 due to the onset of the COVID pandemic, both sales and prices increased significantly due to strong demand from May 2020 throughout COVID until spring 2022 when interest rate increases began affecting the home-buying market. A combination of increasing home prices and falling consumer confidence, added to the significant interest rate increases, slowed new home sales significantly beginning in mid-2022. Due to the significantly higher mortgage interest rates, existing homeowners were not moving which stifled the

existing home market, making the new home market the only option for some. Both new homes and existing home sales have slowed considerably from mid-2022 to now. In January 2022, mortgage rates were 3.22 percent (for a typical 30-year fixed conventional mortgage) while as of August 6, 2026, the rate for the same loan is 6.69 percent, after hitting a low of 5.98 in February 2026. On a $500,000 mortgage, the current monthly payment for this loan has increased from $2,162 to $3,205 or over 50 percent which has hit homebuyers hard.

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

The public homebuilders began offering significant interest rate buy-downs in early 2023 in order to keep absorption rates steady, which reportedly cost between $30,000 and $100,000 in incentives. The question is, how long can builders continue to offer these significant incentives. As rates go higher, the extent that builders can buy-down the mortgage rates goes down. From conversations with active public homebuilders, they fully expect rate buy-downs to be prevalent in the new home buying process until rates come down to the mid-five percent to six percent range. Although rate buydowns are setting new home communities apart from the resale market, it is very costly to the builders to absorb which is greatly affecting their profitability.

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

Residential Land Development

While there had been little land development going on in most of the Inland Empire during the Great Recession years 2008-2011, the second half of 2012 saw a resurgence in the more coveted areas of the Inland Empire. The increase in housing prices since 2012 combined with the limited availability of supply made land development feasible once again for homebuilders. It is thought that the increase in regulations, which has significantly increased the timeline for processing entitlements, has limited the master developers' further entitlement of developable land in California. While prior to the recession it was not unusual to see numerous large master-planned communities selling lots to various builders, there are few currently available in the subject area such as The Arboretum and in Ontario Ranch The Resort. The majority of land sales over the past few years include single tracts of land with maps ready to record or a public builder buying a larger piece of land but develops the land for its own use, such as Narra Hills by Risewell Homes and The Gardens Phase One at the Arboretum by Lennar which has sold out.

Land sales in the Inland Empire slowly grew from 2012 up to a peak in 2017, with 2018 and 2019 showing lower land transactions. Once home sales exploded in May 2020, land

sales followed with a significant number of residential land sales to builders in the Inland Empire during the second half of 2020 and throughout 2021. In late 2021 and the beginning of 2022, prior to the FFR increases, builders were paying significantly more for residential land that was ready to develop as demand was strong and supply was shrinking. The beginning of 2022 continued with strong residential land sales until May when land sales began to fall sharply due to slowing new home sales. Land sales in the Inland Empire bounced back in 2024, were down about 50 percent in 2025 and thus far in 2026 are continuing to be slow. There have been 20 residential land sales to builders in the Inland Empire thus far in 2026 with ten occurring prior to May representing six homebuilders, however since May, Lennar was the only buyer of the additional ten sales. Brokers familiar with the residential land market in the Inland Empire believe that the pipelines of the land held by builders other than Lennar has been drying up and that they will be back in the market in the next 12 months or so. Current new homes communities selling within North Fontana include: Narra Hills with two neighborhoods currently being marketed by Risewell Homes (formerly Landsea Homes), The Gardens/Arboretum with four neighborhoods (subject property) currently selling, two by Richmond American and two by Risewell, and the neighborhoods of Sierra Vista and Citrus Lane, both by DR Horton.

New Home Sales and Pricing

We have researched new single-family homes within the subject's market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. In reviewing new home sales in the Inland Empire market area, per the August 9, 2026, Ryness Report, the year-to-date average sales rate (2.8 sales per month) is five percent below 2025 (3.0 sales per month per project) with previous averages of 4.2 sales per project per month in 2024, 3.9 sales per project per month in 2023, 5.5 sales per project per month in 2022 and 5.2 sales per project per month in 2021. There are many reasons impacting the slowing new home sales but one of the main reasons is the affordability issue. According to Zonda, the new home affordability ratio is at its 10-year low. The key factors that contributed to the affordability problem are increased mortgage rates, stagnant job

and wage growth, inflation, tariffs and increasing insurance costs. Surprisingly, even with the high pricing and mortgage rates, sales of new homes are still occurring, however at a slower rate than in the last few years. This is partially due to the extremely limited supply of existing homes on the market which is creating more demand for new homes.

When comparing the August 9, 2026, Inland Empire Ryness Report to one year prior, there are three additional projects (237 in August 2025 and 234 in August 2024) and sales are down with the monthly average year to date at 2.8 sales per month per project. New single-family home pricing (combines both attached and detached) in the Inland Empire has also seen changes. The median new home price in the Inland Empire changed from the peak value of $437,200 in the third quarter of 2006 to $268,155 in early 2009 (decrease of 39 percent) while the current Inland Empire median new home price is $610,480, down 0.2 percent from one year ago. In addition to decreasing prices, builders are offering significant incentives, some which don't show up in the sales price. New home sale prices fluctuate based on the land value and competition more than on the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis typically do not fluctuate as much as land values; however, there have been inflationary increases in construction costs adding to this increase. Construction materials have increased over 50 percent since 2019. The subject communities are utilizing incentives and concessions to close homes.

We have reviewed Empire Economics' Price Point Review Study on Fontana CFD No. 113 (The Gardens Phase Two) dated August 19, 2026. Empire Economics did an original Price Point Study on the project in January 2024 in order to determine their price points for the various plans within The Gardens Phase Two. The "Review Study" is to ascertain if the prices have increased or decreased since the original Study. The Empire Economics Price Point Review Study concluded that all plans within The Gardens Phase Two have current base price conclusions which were above the original base price conclusions in January 2024. The 15 plans within the four neighborhoods in The Gardens Phase Two showed increases ranging from 3.0 percent to 12.0 percent. Overall, the plans average a 7.59 percent increase from the original January 2024 Price Point Study. The Review

Study took into account the concessions which are included in their net prices even though some are not included in the reported sales prices. That is, interest rate buy-downs and closing cost incentives are not reported in the sales prices, however, are considered in both the Price Point Review Study and in the appraisal analysis.

Within our search for the most comparable actively selling new home communities, we searched the subject area of North Fontana, which features a few actively selling new home communities. We found 12 communities we considered to be comparable to the homes at The Gardens Phase Two. The comparables have current base prices ranging from $506,000 to over $789,000. The Gardens Phase Two new homes have a range of base prices from $506,000 to $722,000, which falls within the range of comparable new homes in the area and includes the lowest of all the comparables price range for the carriage house single-story unit within Trellis which is up over garages.

Existing Homes Sales and Pricing

While the previous section looked at new home sales and pricing, this section refers to existing homes in the Inland Empire. According to the California Association of Realtors' ("CAR") most recent data, within overall Southern California, the median price paid for an existing single-family home in July 2026 ($899,000) is 0.1 percent lower than the month prior median home price ($900,000), and up 2.7 percent year-over-year from $875,030 in July 2025. These overall Southern California numbers compare to San Bernardino County with $488,280 as the median price paid for an existing home in the County in July 2026, down 3.1 percent from the previous month ($508,080), however up 0.4 percent on a year-over-year basis ($486,290). Below is a table showing the sales and prices for the Southern California area by County per CAR.

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

Source: California Association of Realtors

Based on July 2026 median existing homes prices, in comparison to the majority of the surrounding counties, San Bernardino has a definite price advantage. The "San Bernardino County Advantage" (price difference between San Bernardino and surrounding counties) is $160,720 as compared to Riverside County, $399,840 as compared to Los Angeles County, $461,720 as compared to Ventura County, $611,220 as compared to San Diego County and $986,710 as compared to Orange County. That is, in July 2026, the median priced home in San Bernardino County ($488,280) was almost $1,000,000 less than the median priced home in Orange County ($1,475,000). Typically, as the price advantage widens, homebuyers are more open to commuting to further out areas. Recently the San Bernardino County "price advantage" has widened for the majority of counties.

In a separate attempt to capture the amount of increase in home prices, the resale activity of existing homes in the subject's immediate area (per Redfin.com) has been reviewed. The number of sales and sale prices of both new and existing single family detached homes within market areas surrounding the subject are shown in the table below.

Community Name	Location To Subject	No. of Sales June '26	June '26 Median Sale Price	Price % Change Y-O-Y
North Fontana	Larger Subject Vicinity	49	$690,000	-1.8%
All of Fontana	Subject and South	320	$667,000	-1.0%
Rialto	East	127	$590,000	-0.3%
Rancho Cucamonga	West	291	$786,000	-2.9%
Jurupa Valley	South	154	$687,000	1.7%

Source: Redfin Housing Market Trends July 2026

The median home price of a detached home in the subject's vicinity of North Fontana in July 2026 was $690,000, which is in the mid-range of the detached home prices in the subject area. The majority of the new homes currently selling in Fontana are in the northern area of the city. The low end of the range relates to the area which includes all of Fontana including the southern portion that includes older homes and the Rialto and Jurupa Valley areas which also have older homes. The above price fluctuations from year-to-year relate to the California Department of Real Estate's overall San Bernardino County detached home resale price decrease of 3.9% percent year-over-year from July 2025 to July 2026.

According to the Ryness Report dated August 9, 2026, there are currently 16 new home projects in the subject's Central-East San Bernardino submarkets, with the City of Fontana housing 11 of them (including the subject's four).

The Gardens Phase Two - Sales and Pricing

The Gardens Phase Two is comprised of 388 proposed single-family homes with marketed sizes from 1,530 to 2,120 square feet with products ranging from attached triplex homes to single-family detached homes on condominium lots. The Gardens Phase Two is being developed by two homebuilders, Risewell Homes and Richmond American. Risewell Homes opened their two communities on September 20, 2025, and have sold 24 total homes suggesting an average sales rate of 2.2 homes per month between the two projects. Richmond American opened their first neighborhood in January 2025 and has sold 101 homes suggesting an average sales rate of 5.3 homes per month between the two projects. Each of the four projects is further discussed below.

Trellis by Risewell Homes

Within Trellis they have closed 12 homes with an additional 3 in escrow since September 2025 resulting in an average absorption rate of 1.4 homes per month with base prices decreasing from 2.5 to 5.2 percent depending on the plan. Original base pricing was from $526,000 to $580,000 while current base pricing is from $506,000 to $565,000. Actual net sales prices on closed homes range from $514,490 to $577,990 (these prices include

all premiums, options and a deduction of all incentives, including financing incentives). Total incentives on the closed homes have ranged from $10,000 to $47,000 per home.

Marigold by Risewell Homes

Within Marigold they have sold nine homes since September 2025 resulting in an average absorption rate of 0.8 homes per month with base prices decreasing since September 2025 from 3.4 to 10.0 percent depending on the plan. Original base pricing was from $630,000 to $658,000 while current base pricing is from $567,000 to $635,000. It should be noted that Plan 4 of Marigold was not in the original plans, thus there was no original base price. The current base price for Plan 4 is $665,000. Actual net sales prices on closed homes range from $608,364 to $662,990 (these prices include all premiums, options and a deduction of all incentives, including financing incentives). Total incentives on the closed homes ranged from $15,000 to $55,035 per home.

Iris by Richmond American

Within Iris they have closed 50 homes with one in escrow since January 2025 resulting in an average absorption rate of 2.7 homes per month with base prices decreasing from 2.3 to 4.4 percent depending on the plan. Original base pricing was from $633,000 to $677,000 while current base pricing is from $628,000 to $669,000. Actual net sales prices on closed homes range from $540,992 to $707,892 (these prices include all premiums, options and a deduction of all incentives, including financing incentives). Total incentives on the closed homes ranged from $5,000 to $75,956 per home.

Flora by Richmond American

Within Flora they have closed 49 homes with one in escrow since March 2025 resulting in an average absorption rate of 2.7 homes per month with the majority of base prices decreasing from 0.7 to 1.3 percent depending on the plan. Plan 2 had a base price increase of 4.7 percent. Original base pricing was from $633,000 to $677,000 while current base pricing is from $628,000 to $669,000. Actual net sales prices on closed homes range from $606,674 to $733,703 (these prices include all premiums, options and

a deduction of all incentives, including financing incentives). Total incentives ranged from $12,000 to $87,076 per home.

The sales rates for the four communities range from 0.8 to 2.9 sales per month per project, which is generally at or below the average of the various projects in both the Inland Empire and in the subject submarket. Per the Ryness Report, a new home tracking service, as of August 9, 2026, year-to-date average sales per project per month in the Inland Empire is 2.8 homes while within the subject's submarket of Central San Bernardino the year-to-date average sales per project per month is 2.9. The two Richmond American neighborhoods are performing at average rates while the two Risewell Home communities are performing below the average absorption rates for the area.

Summary

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

HIGHEST AND BEST USE ANALYSIS

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

> *"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"*[5]

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

"As If Vacant"

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

Physically Possible Uses

The subject property is irregular in shape, consisting of 36.4 gross acres in four separate parcels per recorded Tract Map No. 20362. The site is generally at the southeast corner of Duncan Canyon Road and Cypress Avenue, all located within the northern portion of the City of Fontana. The lands are essentially level at grade of surrounding streets. The site includes four graded sites, generally bounded by Cypress Avenue to the west, Cassava Drive to the east, Duncan Canyon Road to the north and existing homes south of Shallot Street being the southern boundary. Beyond the surrounding streets is vacant

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

land north of Duncan Canyon Road (future section of Arboretum Specific Plan known as The Resort), The Gardens Phase One (developed by Lennar and sold out) and industrial use on the east. To the south below Casa Grande Road is the master plan of Gabion Ranch which is built and sold out while beyond Cypress Drive to the west is The Meadows, another section within The Arboretum Specific Plan which is built and sold out.

The subject site has been graded for 388 single-family homes, subdivided from four parcels known as Lots 1, 2, 3 and 4 of Tract 20362. The parcels contain 10.835 acres (Lot 1), 6.891 acres (Lot 2), 9.097 acres (Lot 3) and 9.564 acres (Lot 4) per the tract map. Each site has been further subdivided and graded into pads for 388 single family units. We have reviewed two Soils Reports on the subject sites which concluded that the development of the site into the proposed residential use is feasible; however, all mitigation measures recommended within the reports should be adhered to during construction. We have received some environmental reports to review. It is an assumption of this report that the soil is adequate to support the highest and best use, and that there are no soils or environmental issues which would slow or thwart development of the property. This is evidenced by existing homes on the site which were recently built with City inspectors on site during construction.

An engineered drainage system appears to have been designed into a street drainage system for the entire tract. All standard utilities are available to serve the subject property. The site has excellent access via I-15, exit Duncan Canyon Road, and east about one mile to the subject. There are two neighborhood shopping centers within two miles of the subject at I-15 and Beech Avenue/Summit Avenue exit, one anchored by Target and Stater Bros. and one by Kohls.

Based on the physical analysis, the size and access make the subject property physically suited for numerous types of development; however, the grading that has occurred on the site suggests residential development.

Legality of Use

The subject property is located within the City of Fontana in the County of San Bernardino. We have reviewed a letter from the Planning Division of Fontana which allows for density transfers between planning areas within the Arboretum. Lots 1, 2, 3 and 4 of Tract Map 20362 is allowed to be developed into 388 single-family condominium units. Per the City of Fontana General Plan and their Zoning Map, the subject is shown as within The Arboretum Specific Plan. Per The Arboretum Specific Plan, the site is shown as RMF (Residential Multi-Family with varying densities ranging from 8.1 to 16.1 dwelling units per acre. Lot 1 (Marigold by Risewell Homes) is approved for 124 units with an overall density of 11.4 dwelling units per acre. Lot 2 (Trellis by Risewell Homes) is approved for 90 units for a density of 13.1 dwelling units per acre. Lot 3 (Iris by Richmond American) is approved for 88 units for a density of 9.9 dwelling units per acre while Lot 4 (Flora by Richmond American) is approved for 86 units for a density of 9.0 dwelling units per acre. These are all within the allowed densities per the Specific Plan.

Based on the legality of use analysis, the type of development for which the subject property can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Inland Empire Housing Market section earlier within this report, the market had shown strong increases in both sales and pricing since COVID until late 2022 when high home prices and increasing interest rates began to slow sales. Overall home sales have slowed down significantly, partially due to existing homeowners not moving due to the higher interest rates, which is stifling the existing home market, at times leaving new homes the only option for homebuyers. Within The Gardens Phase Two there have been 125 total sales to date with the first sale occurring in January 2025, suggesting an overall sales rate between the four communities of 6.5 sales per month with actual per project absorption rates between 0.8 and 2.9 homes per month with the Richmond American communities generally near the average year to date sales per month in both the Inland Empire (2.8) and the subject's submarket (2.9). All structures appear to be in excellent

condition with no physical depreciation apparent. Within the new home market in Fontana, we found 12 projects (including the four subject neighborhoods) to be most comparable to the subject property. While the market softened beginning the second half of 2022 due to interest rates rising, the Inland Empire is still seeing demand and new homes are still selling, however at slower rates. Our search for land sales found eight land sales within the past 30 months that we consider to be comparable. Population growth is still occurring in the area and will continue to create the need for housing. Based on the above analysis, the highest and best use for the subject property appears to be for single-family residential development at the right price points.

Maximum Productivity

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

Highest and Best Use Conclusion – "As If Vacant"

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

Highest and Best Use – "As Improved"

The subject property consists of four neighborhoods within the community of The Gardens Phase Two being developed by two homebuilders; Risewell Homes and Richmond American. Risewell Homes began selling in September 2025 with 24 homes sold to date, reflecting a sales rate of 2.2 sales per month spread across the two product lines. Independently, Trellis has a sales rate of 1.4 homes per month and Marigold has an average sales rate of 0.8 homes per month. These rates are below average, however the homes are selling. Richmond American began selling Iris in January 2025 and has sold 51 homes suggesting an average sales rate of 2.7 homes per month while Flora opened for sale in March 2025 and has sold 50 homes suggesting an average sales rate of 2.9 homes per month. These rates are near or slightly above the averages in the area.

Base prices at all four of the neighborhoods in The Gardens Phase Two have generally decreased since grand-opening with base price decreases ranging from 0.7 to 10.0 percent depending on the plan and one price increase of 4.7 percent. The absorption rates within the Risewell Homes communities are slower than the subject submarket average (2.9 homes per month) with the Richmond American communities having a similar sales rate to the average. In addition, prices on all plans have been decreasing as the builders try to find the market's correct price points. Builders are offering concessions to increase absorption rates in the area. In marketing The Gardens Phase Two, the builders are all offering concessions, including rate buy-downs and help with closing costs, on a case-by-case basis, at times offering significant amounts if a house is standing inventory. These concessions have ranged from $5,000 to $87,076 with an average of $42,411 per closed sale for Richmond American and an average of $34,479 for Risewell Homes. Per Empire Economics' Price Point Review Study, the plan pricing (including incentives being offered) has increased on all plans with an average increase of 7.59 percent between proposed pricing in January 2024 and current pricing. All of the homes are of good design and appear to be of good quality workmanship. It appears the homes by Richmond American within The Gardens Phase Two are being well received, and the neighborhoods are selling at or near the correct price points for the area. It appears the homes by Risewell Homes are selling at below average sales rates and may need additional concessions or price reductions; however, they are still selling. Based on the above information, it is concluded that the highest and best use for the subject property is for the continued use, as improved.

VALUATION ANALYSIS AND CONCLUSIONS

The Sales Comparison Approach will be used to value the subject property. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the subject lands, a unit of comparison needs to be addressed. For single-family detached condominium lots, cluster residential lands and small lot lands, all are typically sold on the basis of a finished pad/lot per unit. That is, the sales price is determined by a finished pad or lot value and then the remaining costs to develop the property to a true finished condition are taken into account in the sales price. Therefore, in determining a current market value for the lands, the current condition of the pads will be considered. Our search revealed several transactions similar to the subject property in that they include either single-family detached cluster or detached condominium lots along with some attached product with the different densities typically driving the prices. At times, the detached condominium and attached transactions are typically looked at on a blended price per unit, taking into consideration the overall density of the neighborhood. The Risewell pads have a density range of 11.5 – 13.0 dwelling units per acre which is considered similar. The Richmond American pads have a density range of 9.0 to 9.7 which is considered similar. Thus, we will value each ownership separately based on density.

In the case of the completed home valuations, a single new home is the unit of comparison. Our search will include all new home projects within the subject's immediate and surrounding market area to find comparable new homes for sale. In determining the value for each house, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home. The minimum market value also includes all concessions given by the builder including mortgage closing costs and buy-downs (which are not included in the reported sales prices), if applicable.

For the completed (over 95 percent complete) builder-owned models and production houses, the homes will be valued using the Sales Comparison Approach to conclude on

a retail value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the single ownership. The DCF will take into account the fair market value of the completed homes (utilizing the Sales Comparison Approach), remaining development costs (if any), the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period. A home under construction (under 95 percent complete) will be valued as a finished pad rather than attribute value to a partially complete improvement. In the case of individually owned homes, the concluded minimum market value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. All of the value conclusions will take into consideration improvements and/or benefits to be funded by the Fontana CFD No. 113 Special Tax Bonds and their lien. A summary of the final value conclusions will be reported at the end of this valuation section.

Market Data Discussion – Residential Lots

Within The Gardens Phase Two there are 388 lots/pads in a generally physically finished condition with 173 being developed with homes either complete or over 95 percent complete. The completed homes will be valued later in this report. Deducting the 173 developed homes from the 388 total pads leaves 215 pads to be valued in this section, 177 under the Risewell or TPG AG ownership and 38 under the Richmond American ownership. The above total pads include homes under construction as a home under construction (under 95 percent complete) will be valued as a finished lot rather than attribute value to a partially complete improvement.

We have searched the area and found the eight transactions summarized in the Addenda to be most comparable to the subject property. The sales are reported both on a purchase price basis and on a finished lot/pad basis. The actual purchase price is typically less, depending on the condition of the land (lots or pads) at the time the property was acquired.

Although some sales refer to “finished lots/pads,” these are typically physically finished lots/pads with some fees remaining to be paid to be considered true finished lots/pads. Below are the details of each of the comparable land sales along with a discussion of each transaction in relationship to the subject property.

Land Sale No. 1 pertains to the most recent closed transaction in our search. The site is located about 2.5 miles southwest of the subject property along the south side of Highland Avenue at Knox Street in North Fontana, just south of the I-210. Lennar purchased the site which is mapped for 393 units with an overall density of 13 dwelling units per acre. The product includes townhomes along with two cluster detached products. Lennar purchased the site in June 2026 from Fontana Investment 2023, LLC (a related entity to Diversified Pacific) for $43,161,500 or for $109,826 per unit based on a reported blended finished lot/pad price of $231,000. The site closed in an unimproved condition with an approved tentative tract map and a final map in process. In comparison to the subject property, this transaction is similar to the Risewell property due to the overall density of 13 dwelling units per acre. Overall, this location is considered to be slightly inferior as it is not associated with a master planned community with significant amenities like The Arboretum as is the subject and inferior in condition at lands at time of sale. While the development costs are taken into consideration in the finished lot/pad price, the risk associated with the development of the lands is not.

Land Sale Nos. 2, 5 and 6 refer to three land sales within the new area in Ontario Ranch known as The Resort. The resort is located northeast of Merrill and Bellegrave Avenues, just north of the City of Eastvale. The Lewis Group of Companies has obtained entitlements and developed the overall master plan and is selling planning areas to homebuilders. The Resort will have significant amenities with a pool/spa with cabanas, a clubhouse with a fitness center, pickleball courts, basketball court, dog park, tot lots, and an open lawn area.

Land Sale No. 2 pertains to Richmond American purchasing land for 100 detached units with an overall density of 17 dwelling units per acre (2 and 3 story motor court) in January

2026 for $25,501,000 which equates to $255,010 per unit based on a finished lot value estimated at $350,000. Richmond American is marketing their 2 and 3-story detached homes as “coming soon” in the neighborhood known as Aspire with sizes from 1,471 to 1,816 square feet and no pricing available at this time.

Land Sale No. 5 pertains to Tripointe Homes purchased in October 2025, of lands for 58 proposed units which are attached townhomes with an overall density of 22 dwelling units per acre. Tripointe Homes purchased the site for $8,541,500 or $147,267 per unit based on a $205,000 finished lot. This is the first of two takedowns with the total lot count of 116 proposed units. TriPointe Homes is now selling their attached 3-story attached townhomes known as Reprise with sizes ranging from 1,271 to 2,330 square feet and pricing from the $500,000s to $700,000s.

Land Sale No. 6 refers to the Richmond American purchase of lands in October 2025, slated for 155 three-story detached condominiums with an overall density of 16 dwelling units per acre. Richmond American purchased the lands based on an estimated finished lot of $315,000. Richmond American is currently selling their Momentum neighborhood of 3-story detached homes ranging from 1,987 to 2,215 square feet with prices beginning in the $700,000s.

In comparison to the subject property, the amenities within The Resort are similar to the Arboretum, however these The Resort is located about 14.5 miles southwest of the subject property in a superior location, at the south-end of Ontario Ranch. The Resort will be adjacent to the City of Eastvale which is closer in to Orange, Los Angeles and Riverside for commuters which is considered superior to the subject’s Fontana location.

Land Sale No. 3 refers to the sale, closest in proximity to the subject property. KB Home purchased the lands proposed for 2 and 3-story townhomes with an overall density of 17 dwelling units per acre in January 2026. The lands are located in the master plan of Ventana which is located just west of the subject property at the SWC of Duncan Canyon Road and Citrus Avenue in Fontana. This sales location is about 0.5 miles immediately

west of the subject property. The northern portion of Ventana has been developed with Vasari at Ventana, a successful executive-type apartment complex which is north of Duncan Canyon Road. KB Home will be developing 217 units in two product lines, both two-story and three-story townhomes. They purchased the lands for $23,250,000 or $107,143 per unit based on an estimated blended finished lot price of $209,000. The overall density of the site is 17 dwelling units per acre. In comparison to the subject lands, the density of this site is considered to be inferior to the subject property densities of 9 to 14 dwelling units per acre.

Land Sale No. 4 refers to the sale of an in-fill site entitled for 76 small lots located in Eastvale, approximately 18 miles southwest of the subject property at Grapewin Street, just east of Archibald. Richmond American Homes purchased the site in November 2025 for $5,900,000 or $77,632 per lot based on an estimated finished lot price of $380,000. The land was in an unimproved condition at time of sale with an approved map. The site will be developed into 76 detached condominium lot homes with an overall density of 9 dwelling units per acre. In comparison to the subject property, this site is considered to be superior in location as it is in Eastvale, closer to Orange, Los Angeles and Riverside for commuters. This sale is considered to be inferior due to the unimproved condition. While the cost of land development is taken into consideration, there is risk associated with unimproved land.

Land Sale No. 7 pertains to the purchase of a large site entitled for 351 homes, located in Ontario Ranch at the southwest corner of Eucalyptus and Haven Avenues. KB Home purchased the site in June 2024 and is now selling their master planned community of Compass Pointe. KB Homes purchased the site for $85,000,000 or $242,165 per unit based on a blended finished lot price of $380,000. The 351 proposed units are located on about 46 acres, however there is a high-wire Edison easement bisecting the site. The overall density of the site equates to about eight dwelling units per acre. There are three proposed products on the site which include 4,500 square foot conventional lots, detached cluster units and attached townhomes. Per brokers familiar with the transaction, the townhomes estimated finished unit price is $280,000, the cluster product finished pad

price is $410,000 while the 4,500 square foot lots are estimated at a finished lot of $560,000. This is higher than previous sales in the area. KB Home is now selling Equinox (1,358 to 1,764 square feet attached townhomes) from the mid-$500,000s; Meridian (2,024-2,548 square feet detached) from the low $700,000s and Solstice (2,393 to 2,872 detached) from the high $800,000s. Ontario Ranch is considered to be superior to Fontana due to being located closer to Orange, Los Angeles and Riverside County employment centers for commuters. The high wire easement is considered to be inferior to the subject.

Land Sale No. 8 is located in Fontana, about 8.5 miles south of the subject property near the city of Jurupa Valley. The site is southeast of Live Oak Avenue and Cherry Avenue. KB Home purchased the site in April 2024 for $31,100,000 or $121,961 per unit based upon a blended finished lot estimated price of $252,000. The site was unimproved at time of sale with an approved tentative map for two detached products, one 8-pack cluster product and one alley-load product with an overall density of eight dwelling units per acre. KB Home is now selling their Arbor at Parkview neighborhood (1,669 – 2,000 square feet) from the mid $500,000s and their Canopy at Parkview (1,791 to 2,320 square feet) from the high $500,000s. In comparison to the subject property, the density of this sale is similar to the Richmond American neighborhoods within the subject property, however the in-fill site is surrounded to the east by open space and to the west by developed homes which is considered to be slightly superior to the subject. In addition, the unimproved lands are considered to be inferior to the subject's generally finished pads. While the cost of development is considered, the risk is not.

The chart on the following page summarizes the considerations used in adjusting the market data to the subject property.

Data No.	Location	Date of Sale	Lot Size / Density	Finished Lot Price	Comparison to Subject
1	Fontana	6/26	13 du/ac Blended	$231,000 Blended	Inferior Product (some Attached) and amenities and Condition
2	Ontario Ranch	1/26	17 du/ac	$350,000	Superior – Location Inferior – Density
3	North Fontana	1/26	17 du/ac Attached	$209,000	Inferior – Product (Attached) & Density
4	Eastvale	11/25	9 du/ac	$380,000	Superior – Location Inferior - Condition
5	Ontario Ranch	10/25	22 du/ac	$205,000	Superior – Location Inferior - Density
6	Ontario Ranch	10/25	16 du/ac	$315,000	Superior – Location Inferior - Density
7	Ontario Ranch	6 / 24	8 du/ac	$380,000 ($560,000/ $410,000/ $280,000)	Superior – Location, Inferior – Highwire Easement
8	Fontana	4 / 24	8 du/ac	$252,000	Inferior – Amenities & Condition

All of the market data transactions are considered similar in density and have closed within the past 30 months with three closed transactions in Fontana, four in Ontario Ranch and one in Eastvale. The above reported finished lot values depict a wide range of lot/pad price from $205,000 to $560,000 with the majority of the differences being due to density on each site, product (attached or detached) and location. Sale Nos. 1, 3, 7 and 8 all pertain to blended transactions, with two or three products being developed within one master plan. The subject property includes Trellis and Marigold by Risewell with an overall density of 11.4 – 13.0 dwelling units per acre while Iris and Flora by Richmond American have overall densities of 9.7 and 8.9 dwelling units per acre. We will conclude at a blended value for each ownership. Data Nos. 2, 4, 5, 6 and 7 relate to sales either in Ontario Ranch or Eastvale which is considered a superior location as it is about 15 miles closer in for commuters to Orange, Los Angeles and Riverside. The Fontana sales (Nos. 1, 3 and 8) are considered to be most comparable in location and range from $209,000 to $252,000. Data No. 8 is a lower density sale in Fontana, however it sold over two years ago. The market was increasing until early 2026, with a softening since then. The attached sales (Nos. 3, 5 and a portion of 1 and 7) finished lot prices are at the low-end of the range from $205,000 to $280,000. The subject products are all detached with the exception of the carriage house (up above the garages) in Trellis.

Trellis and Marigold are within a gated community with significant amenities including a pool, basketball courts, pickle ball courts and social club. The most recent sale (Data No. 1) has an overall density of 13 dwelling units per acre which is similar to Trellis and Marigold's densities. However, Land Sale No. 1 has some detached product and some attached townhomes. It sold for a blended price of $231,000 per unit. Risewell purchased their lands in October 2024 based on an estimated finished lot price of $233,000 for the Marigold property (11.4 dwelling units per acre) and $200,000 for Trellis (13.1 dwelling units per acre. We have concluded on a blended finished pad price for Trellis and Marigold of $235,000.

Iris and Flora are within a gated community with significant amenities including a pool, basketball courts, pickle ball courts and a social club. The most recent sale has a higher overall density and sold for $231,000. Data No. 8 has a more similar overall density to Iris and Flora at 8.0 dwelling units per acre and sold for $252,000, however this transaction was back in 2024. Per Richmond American representatives, the lands sold in January 2024 at a reported blended finished lot price of $284,000. Land prices increased between January 2024 and March 2026 with a softening since then. We have concluded that Iris and Flora have a blended finished pad price of $285,000.

Trellis

The concluded value for the Trellis pads in a finished condition is $235,000. There are 68 pads (14 owned by Risewell and 54 owned by TPG AG). The homes under construction are valued on the basis of a finished lot rather than attribute value to a partially complete improvement. As discussed above, there are remaining land development costs/fees within Trellis are estimated at $14,615.38 per unit. The values are calculated as follows:

Risewell Ownership

14 pads x $235,000	$ 3,290,000
Less: $14,615.38 x 14	(204,615)
As is Value 14 Trellis Pads	**$ 3,085,385**

TPG AG Ownership

54 pads x $235,000	$ 12,690,000
Less: $14,615.38 x 54	(789,231)
As is Value 54 Trellis Pads	**$ 11,900,769**

Marigold

The concluded value for the Marigold pads in a finished condition is $235,000. There are 109 pads (22 owned by Risewell and 87 owned by TPG AG). The homes under construction are valued on the basis of a finished lot rather than attribute value to a partially complete improvement. As discussed above, there are remaining land development costs/fees within Marigold are estimated at $14,521.74 per unit. The remaining land development costs/fees are considered in this valuation. The values are calculated as follows:

Risewell Ownership

21 pads x $235,000	$ 4,935,000
Less: $14,521.74 x 21	(304,956)
As is Value 21 Marigold Pads	**$ 4,630,044**

TPG AG Ownership

88 pads x $235,000	$ 20,680,000
Less: $14,521.74 x 88	(1,277,913)
As is Value 88 Marigold Pads	**$ 19,402,087**

Iris

The concluded value for the Iris pads in a finished condition is $285,000. There are 19 remaining pads. As discussed above, the remaining land development costs for Iris are $6,113.47 per unit. The remaining land development costs/fees are considered in this valuation. The values are calculated as follows:

Richmond American Ownership

19 pads x $285,000	$ 5,415,000
Less: $6,113.47 x 19	(116,156)
As is Value 19 Iris Pads	**$ 5,298,844**

Flora

The concluded value for the Flora pads in a finished condition is $285,000. There are 19 remaining pads. As discussed above, the remaining land development costs for Flora are $9,711.92 per unit. The remaining land development costs/fees are considered in this valuation. The values are calculated as follows:

Richmond American Ownership

19 pads x $285,000	$ 5,415,000
Less: $9,711.92 x 19	(184,526)
As is Value 19 Flora Pads	**$ 5,230,474**

RETAIL HOUSE VALUATIONS – THE GARDENS PHASE TWO

Within The Gardens Phase Two there are four neighborhoods being marketed by two builders. Each neighborhood will be valued below. Within Trellis there are 12 individually owned homes, three models and seven production homes over 95 percent complete (3 in escrow) owned by Risewell Homes. Within Marigold there are nine individually owned homes, four models and two production homes over 95 percent complete owned by Risewell Homes. Within Iris there are 50 individually owned homes, four models and 15 production homes (1 in escrow) owned by Richmond American. Within Flora there are 49 individually owned homes, four model homes and 14 production homes over 95 percent complete (one in escrow), owned by Richmond American.

Due to the single ownership of multiple houses by a builder within the subject property, a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk value for the homes. This will be further discussed below. Prior to completing a DCF, the retail value of the homes needs to be determined. For purposes of this valuation, the retail value is based on actual sales prices less all concessions including rate buy-downs, along with reviewing all comparable homes in the subject marketplace.

Below is a summary of the floor plans within each neighborhood followed by a valuation for each plan and a discounted cash flow for each neighborhood. A listing of the improved residential comparable properties is located in the Addenda of this report. The majority of the new home comparables are located within the City of Fontana, which currently houses a multitude of actively selling new home communities with the addition of a master planned community in Rialto within about 3.5 miles of the subject property. Our search of the subject property and the local Multiple Listing Service (MLS) has resulted in no resales and one current resale listing within The Gardens Phase Two which will be discussed below.

Trellis

Trellis by Risewell homes include Plan 1 which is a carriage house up over three, two-car garages. The homes are built in a triplex format, however, Plans 2 and 3 are detached with their garages under Plan 1 and are not attached to the homes, thus have a detached garage.

The Gardens Phase Two					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Trellis by Risewell					
1	3 / 2	1 / 2	1,530	4	3*
2	4 / 3	2 / 2	1,567	4	3*
3	4 / 3	2 / 2	1,667	4	4*
Subtotal Trellis				12	10

*One of each of these plans is a model home. There are an additional 8 homes under construction, and 60 remaining pads (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2	1 / 2	1,530	--
1	2	4 / 3	2 / 2	1,567	$345.25
1	3	4 / 3	2 / 2	1,667	$338.93
2	1	3 / 2.5	2 / 2	1,656	$342.39
6	1	3 / 2.5	2 / 2	1,669	$335.52
8	1	3 / 2.5	2 / 2	1,500	$342.79
12	1	3 / 2.5	2 / 2	1,478	$347.76

The comparable communities are all located in Fontana with the exception of the homes within Renaissance, a master plan which is located in the adjacent city of Rialto, about 3.5 miles southeast of the subject. All are of similar quality, design, and appeal. Plan 1 within Trellis is a carriage house single level above three attached two-car garages. There is no other carriage home product selling, thus we included a stacked flat condominium (Data No. 8), cluster and alley-load homes which are considered similar. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $335.52 to $347.76 per square foot. Trellis Plan 1 has a current base asking price of $330.72 per square foot, which is lower than the comparable ranges. This is due to the single floor home located upstairs over garages. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance).

There have been four closings of Trellis Plan 1 with net sales prices ranging from $336.27 to $339.86 per square foot. There are two current escrows of Trellis Plan 1 with a sales price range of $350.32 to $350.97, however rate buy-downs are estimated at $20,000 and there is no closing cost help anticipated in these escrows. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Trellis Plan 1 has a base current market value of $325.00 per square foot. This calculates as follows:

1,530 sf x $325.00 = $497,250

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	4 / 3	2 / 2	1,567	--
1	1	3 / 2.5	1 / 2	1,530	$330.72
1	3	4 / 3	2 / 2	1,667	$338.93
2	1	3 / 2.5	2 / 2	1,656	$342.39
2	2	3 / 2.5	2 / 2	1,760	$335.23
6	1	3 / 2.5	2 / 2	1,669	$335.52
10	1	3 / 2.5	2 / 2	1,665	$324.08
12	1	3 / 2.5	2 / 2	1,478	$347.76
12	2	3 / 2.5	2 / 2	1,639	$329.76

The comparable communities are all located in Fontana with the exception of the homes within Renaissance, a master plan which is located in the adjacent city of Rialto, about 3.5 miles southeast of the subject. All are of similar quality, design, and appeal. Plan 2 within Trellis is a detached home with a detached garage that supports the Plan 1 carriage house (single level above three two-car garages). We have included cluster and alley-load homes which are considered similar. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities.

The new home comparables have a base price range from $324.08 to $347.76 with the highest priced homes per square foot, being the smallest home. This is typical due to the economies of scale obtained during construction of the homes. Trellis Plan 2 has a current base asking price of $345.25 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been four closings of Trellis Plan 2 with net sales prices ranging from $351.62 to $362.63 per square foot. There is one current escrow of Trellis Plan 2 with a sales price of $349.23. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Trellis Plan 2 has a base current market value of $330.00 per square foot. This calculates as follows:

1,567 sf x $330.00 = $517,110

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 3	2 / 2	1,667	--
1	1	3 / 2.5	1 / 2	1,530	$330.72
1	2	4 / 3	2 / 2	1,567	$345.25
2	1	3 / 2.5	2 / 2	1,656	$342.39
2	2	3 / 2.5	2 / 2	1,760	$335.23
3	1	3 / 2.5	2 / 2	1,750	$349.72
6	1	3 / 2.5	2 / 2	1,669	$335.52
10	1	3 / 2.5	2 / 2	1,665	$324.08
12	3	4 / 3	2 / 2	1,790	$313.69

The comparable communities are all located in Fontana with the exception of the homes within Renaissance, a master plan which is located in the adjacent city of Rialto, about 3.5 miles southeast of the subject. All are of similar quality, design, and appeal. Plan 3 within Trellis is a detached home with a detached garage that supports the Plan 1 carriage house (single level above three two-car garages). We have included cluster and alley-load homes

which are considered similar. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $313.69 to $349.72 with the lowest priced home per square foot, being the largest home. This is typical due to the economies of scale obtained during construction of the homes. Trellis Plan 3 has a current base asking price of $338.93 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been four closings of Trellis Plan 3 with net sales prices ranging from $341.57 to $346.72 per square foot. There are no current escrows of Trellis Plan 3. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are considered in this analysis. It has been concluded that Trellis Plan 3 has a base current market value of $320.00 per square foot. This calculates as follows:

1,667 sf x $320.00 = $533,440

Trellis Discounted Cash Flow Analysis

Due to the single ownership of multiple houses (ten houses) by the builder within Trellis, a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk value for the homes within each neighborhood. First, a retail value for each plan within Trellis will be concluded followed by a DCF for the builder owned homes which will take into account the absorption time to sell off the homes, the costs associated with selling off the homes and any remaining costs owed by the builder, if any. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value for the builder-owned homes. The DCF builder-owned final value will be followed by a reporting of the concluded values for the individually owned homes within Trellis using the concluded base retail value for each plan with a separate check of the analysis utilizing a mass appraisal technique based on actual sales prices of the homes. Each neighborhood will be valued in a similar way following Trellis.

Builder Owned Retail Value – Trellis

Within the subject property, there are ten builder-owned houses over 95 percent complete, three of which are decorated models. Per interviews with builders, upgrades and landscape/hardscape of up to $100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $50,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Trellis are calculated below:

Trellis Plan 1 (3 x $497,250)	$ 1,491,750
Trellis Plan 2 (3 x $517,110)	1,551,330
Trellis Plan 3 (4 x $533,440)	2,133,760
Model Upgrades (3 x $50,000)	150,000
Total Trellis Retail Value	$ 5,326,840

Absorption Period

In order to arrive at an absorption period for the ten builder-owned homes, the absorption rate for Trellis along with the surrounding developments has been reviewed. Trellis had an absorption period of 1.4 sales per month. The market comparables have a range of 0.8 to 8.7 sales per month. Taking into consideration the product, concluded sales prices and current escrows, along with the current interest rates, it has been concluded that the ten builder-owned homes within Trellis will be absorbed within a ten-month time period at the concluded values.

Remaining Costs

As discussed under the remaining costs section earlier within this report, there is $14,615.38 per home/lot/pad in remaining land development costs and fees associated with the Trellis builder-owned homes, which equates to a total of $146,154 for the subject ten homes. It is an assumption of this analysis that the remaining costs will be spread evenly over the ten-month absorption time period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the current soft market, we are considering eight percent for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject property In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the early great recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

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

The homes within Trellis began selling in September 2025 with the product being slowly received in the marketplace with a 1.4 sales per month absorption. The market comparables have an absorption range from 0.8 to 8.7 sales per month, however the highest in the range of 8.7 sales per month is for a newly opened community in an in-fill neighborhood with minimal new homes surrounding it. The remaining data have sales per month ranging from 0.8 to 5.2. This compares to the overall Inland Empire average sales rate per community of 2.8 sales per month (year to date as of August 9, 2026). The subject is performing below the average of the overall market. Based on the sales rate within Trellis, the competition, the

product and location, and current market conditions, a twelve percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder-owned homes within Trellis is **$3,937,834.**

Trellis Builder/Investor Ownership Totals

Risewell owns 10 homes over 95 percent complete (including three models) along with 8 houses under construction and six finished pads. The homes under construction have been valued as a finished lot rather than attribute value to a partially complete improvement. The concluded values are as follows:

Risewell Homes (14 pads "as is")	$ 3,085,385
Risewell Homes (10 Houses)	3,937,834
Subtotal Risewell Ownership Trellis	**$ 7,023,219**
TPG AG Ownership (54 Pads – "as is")	**$11,900,769**

Trellis Individual Owners Value Conclusion

There are 12 individually owned homes within Trellis. Based on the concluded value for each plan, the individually owned homes within the subject property have a minimum market value of:

Trellis Plan 1 (4 x $497,250)	$ 1,989,000
Trellis Plan 2 (4 x $517,110)	2,068,440
Trellis Plan 3 (4 x $533,440)	2,133,760
Total Trellis Individual Value	**$ 6,191,200**

In additional review, we have reviewed the original builder sales prices for the homes within Trellis. Closings for the 12 homes occurred between January 23, 2026, and April 30, 2026. The reported closing prices by the builder for the 12 individually owned homes total $6,604,001 which is 6.3 percent higher than the concluded value. The builder's reported prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder, including closing costs and mortgage

buydowns. The above valuation is for the minimum market value, as it takes into consideration the base plan price only and does not take into account any options, premiums or upgrades which were purchased by the buyers; however, it does take all concessions into consideration. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

Marigold

Marigold by Risewell homes include four plans, however Plan 4 has not yet been built as a production home, just the model is complete. The homes are built in an alley load detached format with attached garages.

The Gardens Phase Two					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Marigold by Risewell					
1	3 / 2.5	2 / 2	1,656	4	2*
2	3 / 2.5	2 / 2	1,760	3	2*
3	4 / 2.5	2 / 2	1,870	2	1*
4	4 / 3	2 / 2	1,979	0	1*
Subtotal Marigold				9	6

*One of each of these plans is a model home. There are an additional 109 pads (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2.5	2 / 2	1,656	--
1	2	4 / 3	2 / 2	1,567	$345.25
1	3	4 / 3	2 / 2	1,667	$338.93
2	2	3 / 2.5	2 / 2	1,760	$335.23
3	1	3 / 2.5	2 / 2	1,750	$333.71
6	1	3 / 2.5	2 / 2	1,669	$335.52
10	1	3 / 2.5	2 / 2	1,665	$324.08
12	2	3 / 2.5	2 / 2	1,639	$329.76

The comparable communities are all located in Fontana with the exception of the homes within Renaissance, a master plan which is located in the adjacent city of Rialto, about 3.5 miles southeast of the subject. All are of similar quality, design, and appeal. Adjustments

were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $324.08 to $349.72 per square foot. Marigold Plan 1 has a current base asking price of $342.39 per square foot, however, they haven't offered one on the market since May. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been four closings of Marigold Plan 1 with net sales prices ranging from $367.37 to $372.79 per square foot. There are no current escrows of Marigold Plan 1. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Marigold Plan 1 has a base current market value of $325.00 per square foot. This calculates as follows:

1,656 sf x $325.00 = $538,200

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	3 / 2.5	2 / 2	1,760	--
1	3	4 / 3	2 / 2	1,667	$338.93
2	1	3 / 2.5	2 / 2	1,656	$342.39
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	1	3 / 2.5	2 / 2	1,750	$333.71
3	2	3 / 2.5	2 / 2	1,830	$328.42
6	1	3 / 2.5	2 / 2	1,669	$335.52
6	2	3 / 2.5	2 / 2	1,877	$309.52
7	1	3 / 2.5	2 / 2	1,791	$314.34

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new

home comparables have a base price range from $309.52 to $349.72 per square foot. Marigold Plan 2 has a current base asking price of $335.23 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been three closings of Marigold Plan 2 with net sales prices ranging from $347.44 to $376.70 per square foot. There are no current escrows of Marigold Plan 2. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Marigold Plan 2 has a base current market value of $320.00 per square foot. This calculates as follows:

1,760 sf x $320.00 = $563,200

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 2.5	2 / 2	1,870	--
1	3	4 / 3	2 / 2	1,667	$338.93
2	2	3 / 2.5	2 / 2	1,760	$335.23
2	4	4 / 3	2 / 2	1,979	$336.03
3	2	3 / 2.5	2 / 2	1,830	$328.42
3	3	4 / 3.5	2 / 2	1,840	$329.34
4	1	3 / 3	2 / 2	1,850	$339.46
6	2	3 / 2.5	2 / 2	1,877	$309.53
7	1	3 / 2.5	2 / 2	1,791	$314.34

The comparable communities are all located in Fontana Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $309.53 to $339.46. Marigold Plan 3 has a current base asking price of $339.57 per square foot. It should be noted that the base prices do not take into consideration the mortgage

concessions (either rate buy-downs or closing cost assistance). There have been two closings of Marigold Plan 3 with net sales prices ranging from $348.90 to $349.99 per square foot. There are no current escrows of Marigold Plan 3. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Marigold Plan 3 has a base current market value of $315.00 per square foot. This calculates as follows:

1,870 sf x $315.00 = $589,050

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	4	4 / 3	2 / 2	1,979	--
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	3	4 / 3.5	2 / 2	1,840	$329.34
3	4	4 / 2.5	2 / 2	1,950	$316.92
4	3	4 / 3.5	2 / 2	2,070	$313.53
5	1	3 / 2.5	2 / 2	2,099	$348.26
6	3	4 / 2.5	2 / 2	2,000	$297.50
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $348.26 with the highest price per square foot being the smallest sized home. This is typical due to the economies of scale obtained during construction. Marigold Plan 4 has a current base asking price of $336.03 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have not been any closings of Marigold Plan 4. The model is complete and they are planning on building Plan 4's beginning in Phase 5 in the near

future. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Marigold Plan 4 has a base current market value of $302.00 per square foot. This calculates as follows:

1,979 sf x $302.00 = $597,658

Marigold Discounted Cash Flow Analysis

Due to the single ownership of multiple houses (six houses) by the builder within Magnolia, a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk value for the homes within each neighborhood. Please refer to the description under the Trellis neighborhood DCF.

Builder Owned Retail Value – Marigold

Within the subject property, there are six builder-owned houses over 95 percent complete, four of which are model homes. Per interviews with builders, upgrades and landscape/hardscape of up to $100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $50,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Marigold are calculated below:

Marigold Plan 1 (2 x $538,200)	$ 1,076,400
Marigold Plan 2 (2 x $563,200)	1,126,400
Marigold Plan 3 (1 x $589,050)	589,050
Marigold Plan 4 (1 x $597,658)	597,658
Model Upgrades (4 x $50,000)	200,000
Total Marigold Retail Value	$3,589,508

Absorption Period

In order to arrive at an absorption period for the six builder-owned homes, the absorption rate for Marigold along with the surrounding developments has been reviewed. Marigold had an absorption period of 0.8 sales per month. The market comparables have a range of 0.8 to 8.7 sales per month with Marigold at the low-end of the range. Taking into consideration the product, concluded sales prices and current escrows, along with the current interest rates, it has been concluded that the six builder-owned homes within Marigold will be absorbed within an eight-month time period at the concluded values.

Remaining Costs

As discussed under the remaining costs section earlier within this report, there is $14,521.74 per home/lot/pad in remaining land development costs and fees associated with the Marigold builder-owned homes, which equates to a total of $87,130 for the subject six homes. It is an assumption of this analysis that the remaining costs will be spread evenly over the eight-month absorption time period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the current soft market, we are considering eight percent for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject property. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the early great recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain

their work force. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

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

The homes within Marigold began selling in September 2025 with the product being slowly received in the marketplace with an 0.8 sales per month absorption. The market comparables have an absorption range from 0.8 to 8.7 sales per month, however the highest in the range of 8.7 sales per month is for a newly opened community in an in-fill neighborhood with minimal new homes surrounding it. The remaining data have sales per month ranging from 0.8 to 5.2. This compares to the overall Inland Empire average sales rate per community of 2.8 sales per month (year to date as of August 9, 2026). The subject is performing below the average of the overall market. Based on the sales rate within Marigold, the competition, the product and location, and current market conditions, a twelve percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder-owned homes within Marigold is **$2,673,297.**

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Marigold Builder/Investor Ownership Totals

Risewell owns six homes over 95 percent complete (including four models) along with 22 finished pads. The concluded values are as follows:

Risewell Homes (21 pads "as is")	$ 4,630,044
Risewell Homes (6 Houses)	2,673,297
Subtotal Risewell Ownership Marigold	**$ 7,303,341**
TPG AG Ownership (88 Pads – "as is")	**$19,402,087**

Marigold Individual Owners Value Conclusion

There are nine individually owned homes within Marigold. Based on the concluded value for each plan, the individually owned homes within the subject property have a minimum market value of:

Marigold Plan 1 (4 x $538,200)	$ 2,152,800
Marigold Plan 2 (3 x $563,200)	1,689,600
Marigold Plan 3 (2 x $589,050)	1,178,100
Marigold Plan 4 (0 x $597,658)	0
Total Marigold Individual Value	**$5,020,500**

In additional review, we have reviewed the original builder sales prices for the homes within Marigold. Closings for the nine homes occurred between December 18, 2025, and July 27, 2026. The reported closing prices by the builder for the nine individually owned homes total $5,645,884 which is 11.1 percent higher than the concluded value. The builder's reported prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder, including closing costs and mortgage buydowns. The above valuation is for the minimum market value, as it takes into consideration the base plan price only and does not take into account any options, premiums or upgrades which were purchased by the buyers; however, it does take all concessions into consideration. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

Iris

Iris by Richmond American includes four plans. The homes are built in a cluster/alley load detached format with attached garages. The plans are detailed in the chart below.

The Gardens Phase Two					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Iris by Richmond American					
1	3 / 2.5	2 / 2	1,750	11	4*
2	3 / 2.5	2 / 2	1,830	4	6*
3	4 / 3	2 / 2	1,840	9	8*
4	4 / 3	2 / 2	1,950	26	1*
Subtotal Iris				50	19

*One of each of these plans is a model home. There are an additional 19 pads (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2.5	2 / 2	1,750	--
1	3	4 / 3	2 / 2	1,667	$338.93
2	2	3 / 2.5	2 / 2	1,760	$335.23
3	2	3 / 2.5	2 / 2	1,830	$328.42
3	3	4 / 3.5	2 / 2	1,840	$329.34
6	1	3 / 2.5	2 / 2	1,669	$335.52
6	2	3 / 2.5	2 / 2	1,877	$309.53
7	1	3 / 2.5	2 / 2	1,791	$314.14

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $309.53 to $338.43 per square foot. Iris Plan 1 has a current base asking price of $333.71 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been 11 closings of Iris Plan 1 with net sales prices ranging from $309.14 to $360.04 per square foot. There are no current escrows of Iris Plan 1. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. The financing concessions for Iris Plan 1 ranged from zero to $50,998. It has been concluded that Iris Plan 1 has a base current market value of $325.00 per square foot. This calculates as follows:

1,750 sf x $325.00 = $568,750

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	3 / 2.5	2 / 2	1,830	--
2	2	3 / 2.5	2 / 2	1,760	$335.23
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	1	3 / 2.5	2 / 2	1,750	$333.71
3	3	4 / 3.5	2 / 2	1,840	$329.34
4	1	3 / 3	2 / 2	1,850	$339.46
4	2	4 / 3.5	2 / 2	1,920	$346.35
6	1	3 / 2.5	2 / 2	1,669	$335.52
6	2	3 / 2.5	2 / 2	1,877	$309.52
7	1	3 / 2.5	2 / 2	1,791	$314.34

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $309.52 to $346.35 per square foot. Iris Plan 2 has a current base asking price of $328.42 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been four closings of Iris Plan 2 with net sales prices ranging from $309.20 to $346.81 per square foot. There are no current escrows of Iris Plan 2. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Financing concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Iris Plan 2 has a net base current market value of $315.00 per square foot. This calculates as follows:

1,830 sf x $315.00 = $576,450

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 3	2 / 2	1,840	--
2	2	3 / 2.5	2 / 2	1,760	$335.23
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	1	3 / 2.5	2 / 2	1,750	$333.71
3	2	3 / 2.5	2 / 2	1,830	$328.42
3	4	4 / 2.5	2 / 2	1,959	$316.92
4	1	3 / 3	2 / 2	1,850	$339.46
4	2	4 / 3.5	2 / 2	1,920	$346.35
6	1	3 / 2.5	2 / 2	1,669	$335.52
6	2	3 / 2.5	2 / 2	1,877	$309.52
7	1	3 / 2.5	2 / 2	1,791	$314.34

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $309.52 to $346.35 per square foot. Iris Plan 3 has a current base asking price of $329.34 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been nine closings of Iris Plan 3 with net sales prices ranging from $311.32 to $355.34 per square foot. There is one current escrow of Iris Plan 3 with a reported net sales price of $347.74 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Financing concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Iris Plan 3 has a net base current market value of $320.00 per square foot. This calculates as follows:

1,840 sf x $320.00 = $588,800

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	4	4 / 3	2 / 2	1,950	--
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	2	3 / 2.5	2 / 2	1,830	$328.42
3	3	4 / 3	2 / 2	1,840	$329.34
4	2	4 / 3.5	2 / 2	1,920	$346.35
4	3	4 / 3.5	2 / 2	2,070	$313.53
5	1	3 / 2.5	2 / 2	2,099	$348.26
6	2	3 / 2.5	2 / 2	1,877	$309.52
6	3	4 / 2.5	2 / 2	2,000	$297.50
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $348.26 per square foot. Iris Plan 4 has a current base asking price of $316.92 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been 26 closings of Iris Plan 4 with net sales prices ranging from $303.77 to $362.65 per square foot. There are no current escrows of Iris Plan 4; however, there is one current resale listing of a Plan 4 with an asking price of $358.92 per square foot. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Financing concessions ranged from zero to $63,956 on the closed sales of Plan 4. Financing concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Iris Plan 4 has a net base current market value of $310.00 per square foot. This calculates as follows:

1,950 sf x $310.00 = $604,500

Iris Discounted Cash Flow Analysis

Due to the single ownership of multiple houses (19 houses) by the builder within Iris, a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk value for the homes within each neighborhood. Please refer to the description of the DCF under the Trellis neighborhood above.

Builder Owned Retail Value – Iris

Within Iris, there are 19 builder-owned houses over 95 percent complete, four of which are model homes. Per interviews with builders, upgrades and landscape/hardscape of up to $100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $50,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Iris are calculated below:

Iris Plan 1 (4 x $568,750)	$ 2,275,000
Iris Plan 2 (6 x $576,450)	3,458,700
Iris Plan 3 (8 x $588,800)	4,710,400
Iris Plan 4 (1 x $604,500)	604,500
Model Upgrades (4 x $50,000)	200,000
Total Iris Retail Value	$11,248,600

Absorption Period

In order to arrive at an absorption period for the 19 builder-owned homes, the absorption rate for Iris along with the surrounding developments has been reviewed. Iris opened for sale January 11, 2025, and has sold 51 houses to date suggesting an average absorption rate of 2.7 sales per month. The market comparables have a range of 0.8 to 8.7 sales per month with Iris in mid-range. Taking into consideration the product, concluded sales prices and current escrows, along with the current interest rates, it has been concluded that the 19 builder-owned homes within Iris will be absorbed within an eight-month time period at the concluded values.

Remaining Costs

As discussed under the remaining costs section earlier within this report, there is $6,113.47 per home/lot/pad in remaining land development costs and fees associated with the Iris builder-owned homes, which equates to a total of $116,156 for the subject 19 homes. It is an assumption of this analysis that the remaining costs will be spread evenly over the eight-month absorption time period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the current soft market, we are considering eight percent for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject property. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the early great recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

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

The homes within Iris began selling in January 2025 with the product having an average absorption rate of 2.7 sales per month which is typical for the current market. The market

comparables have an absorption range from 0.8 to 8.7 sales per month, however the highest in the range of 8.7 sales per month is for a newly opened community in an in-fill neighborhood with minimal new homes surrounding it. The remaining data have sales per month ranging from 0.8 to 5.2. This compares to the overall Inland Empire average sales rate per community of 2.8 sales per month (year to date as of August 9, 2026). The subject is performing around the average of the overall market. Based on the sales rate within Iris, the competition, the product and location, and current market conditions, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder-owned homes within Iris is **$8,572,254.**

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Iris Builder Ownership Totals

Richmond American owns 19 homes over 95 percent complete (including four models) along with 19 finished pads. The concluded values are as follows:

Richmond American (19 pads "as is")	$ 5,298,844
Richmond American (19 Houses)	8,572,254
Subtotal Richmond Ownership Iris	**$13,871,098**

Iris Individual Owners Value Conclusion

There are fifty individually owned homes within Iris. Based on the concluded value for each plan, the individually owned homes within the subject property have a minimum market value of:

Iris Plan 1 (11 x $568,750)	$ 6,256,250
Iris Plan 2 (4 x $576,450)	2,305,800
Iris Plan 3 (9 x $588,800)	5,299,200
Iris Plan 4 (26 x $604,500)	$15,717,000
Total Iris Individual Value	**$29,578,250**

In additional review, we have reviewed the original builder sales prices for the homes within Iris. Closings for the 50 homes occurred between April 25, 2025, and July 30, 2026. The reported net closing prices by the builder for the 50 individually owned homes total $30,966,759 which is 4.4 percent higher than the concluded value. The builder's reported

prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder, including closing costs and mortgage buydowns. The above valuation is for the minimum market value, as it takes into consideration the base plan price only and does not take into account any options, premiums or upgrades which were purchased by the buyers; however, it does take all concessions into consideration. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

Flora

Flora by Richmond American includes four plans. The homes are built in a cluster/alley load detached format with attached garages. The plans are detailed in the chart below.

The Gardens Phase Two					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
Flora by Richmond American					
1	4 / 3	2 / 2	1,850	7	5*
2	4 / 3.5	2 / 2	1,920	16	3*
3	4 / 3.5	2 / 2	2,070	14	8*
4	4 / 3.5	2 / 2	2,120	12	2*
Subtotal Flora				49	18

*One of each of these plans is a model home. There are an additional 19 pads (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 3	2 / 2	1,850	--
2	2	3 / 2.5	2 / 2	1,760	$335.23
2	3	4 / 2.5	2 / 2	1,870	$339.57
3	2	3 / 2.5	2 / 2	1,830	$328.42
3	3	4 / 3.5	2 / 2	1,840	$329.34
4	2	4 / 3.5	2 / 2	1,920	$346.35
6	2	3 / 2.5	2 / 2	1,877	$309.53
7	1	3 / 2.5	2 / 2	1,791	$314.14
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area

benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $346.35 per square foot. Flora Plan 1 has a current base asking price of $339.46 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been seven closings of Flora Plan 1 with net sales prices ranging from $327.75 to $357.08 per square foot. There is one current escrow of Flora Plan 1 with a reported net sales price of $354.58, however this may not include all of the concessions. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Flora Plan 1 has a base current market value of $325.00 per square foot. This calculates as follows:

1,850 sf x $325.00 = $601,250

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	4 / 3.5	2 / 2	1,920	--
2	3	4 / 2.5	2 / 2	1,870	$339.57
2	4	4 / 3	2 / 2	1,979	$336.03
3	3	4 / 3.5	2 / 2	1,840	$329.34
3	4	4 / 2.5	2 / 2	1,950	$316.92
4	1	3 / 3	2 / 2	1,850	$339.46
4	3	4 / 3.5	2 / 2	2,070	$313.53
5	2	4 / 3	2 / 2	2,136	$343.63
6	3	4 / 2.5	2 / 2	2,000	$297.50
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $343.63 per square foot. Flora Plan 2 has a current base asking price of $346.35 per square foot. It should be noted that

the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been 15 closings of Flora Plan 2 with net sales prices ranging from $316.35 to $362.28 per square foot. There are no current escrows of Flora Plan 2. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Flora Plan 2 has a base current market value of $320.00 per square foot. This calculates as follows:

1,920 sf x $320.00 = $614,400

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 3.5	2 / 2	2,070	--
2	4	4 / 3	2 / 2	1,979	$336.03
3	4	4 / 2.5	2 / 2	1,950	$316.92
4	2	4 / 3.5	2 / 2	1,920	$346.35
4	4	4 / 3.5	2 / 2	2,120	$316.03
5	2	4 / 3	2 / 2	2,136	$343.63
6	3	4 / 2.5	2 / 2	2,000	$297.50
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $346.35 per square foot. Flora Plan 3 has a current base asking price of $313.53 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been 14 closings of Flora Plan 3 with net sales prices ranging from $300.11 to $352.45 per square foot. There are no current escrows of Flora Plan 3. It should be noted that the reported net sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost

concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Flora Plan 3 has a net base current market value of $305.00 per square foot. This calculates as follows:

2,070 sf x $305.00 = $631,350

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	4	4 / 3.5	2 / 2	2,120	--
2	4	4 / 3	2 / 2	1,979	$336.03
3	4	4 / 2.5	2 / 2	1,950	$316.92
4	3	4 / 3.5	2 / 2	2,070	$313.53
5	2	4 / 3	2 / 2	2,136	$343.63
5	3	4 / 3	2 / 2	2,311	$334.92
6	3	4 / 2.5	2 / 2	2,000	$297.50
7	2	3 / 2.5	2 / 2	2,056	$288.91

The comparable communities are all located in Fontana. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, school districts, lot size, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from $288.91 to $343.63 per square foot. Flora Plan 4 has a current base asking price of $316.03 per square foot. It should be noted that the base prices do not take into consideration the mortgage concessions (either rate buy-downs or closing cost assistance). There have been 13 closings of Flora Plan 4 with net sales prices ranging from $301.95 to $345.76 per square foot. There are no current escrows of Flora Plan 4. It should be noted that the reported sales prices include upgrades, premiums, and options along with all concessions given by the builder, while the concluded value relates to a base price for the plan including closing cost concessions. Closing cost concessions do not show up in the reported sales price of the home, however, are a cost of selling the home and are included in this analysis. It has been concluded that Flora Plan 4 has a net base current market value of $308.00 per square foot. This calculates as follows:

2,120 sf x $308.00 = $652,960

Flora Discounted Cash Flow Analysis

Due to the single ownership of multiple houses (18 houses) by the builder within Flora, a Discounted Cash Flow ("DCF") analysis is needed in order to arrive at a bulk value for the homes within each neighborhood. Please refer to the description of the DCF under the Trellis neighborhood above.

Builder Owned Retail Value – Flora

Within Flora, there are 18 builder-owned houses over 95 percent complete, four of which are model homes. Per interviews with builders, upgrades and landscape/hardscape of up to $100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $50,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes within Flora are calculated below:

Flora Plan 1 (5 x $601,250)	$ 3,006,250
Flora Plan 2 (3 x $614,400)	1,843,200
Flora Plan 3 (8 x $631,350)	5,050,800
Flora Plan 4 (2 x $652,960)	1,305,920
Model Upgrades (4 x $50,000)	200,000
Total Flora Retail Value	$11,406,170

Absorption Period

In order to arrive at an absorption period for the 18 builder-owned homes, the absorption rate for Flora along with the surrounding developments has been reviewed. Flora opened for sale March 22, 2025, and has sold 50 houses to date suggesting an average absorption rate of 2.9 sales per month. The market comparables have a range of 0.8 to 8.7 sales per month with Flora in mid-range. Taking into consideration the product, concluded sales prices and current escrows, along with the current interest rates, it has been concluded that the 18 builder-owned homes within Flora will be absorbed within an eight-month time period at the concluded values.

Remaining Costs

As discussed under the remaining costs section earlier within this report, there is $9,711.92 per home/lot/pad in remaining land development costs and fees associated with the Flora builder-owned homes, which equates to a total of $174,815 for the subject 18 homes. It is an assumption of this analysis that the remaining costs will be spread evenly over the eight-month absorption time period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to the current soft market, we are considering eight percent for marketing expenses and two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject property. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the early great recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

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

The homes within Flora began selling in March 2025 with the product having an average absorption rate of 2.9 sales per month which is typical for the current market. The market

comparables have an absorption range from 0.8 to 8.7 sales per month, however the highest in the range of 8.7 sales per month is for a newly opened community in an in-fill neighborhood with minimal new homes surrounding it. The remaining data have sales per month ranging from 0.8 to 5.2. This compares to the overall Inland Empire average sales rate per community of 2.8 sales per month (year to date as of August 9, 2026). The subject is performing around the average of the overall market. Based on the sales rate within Flora, the competition, the product and location, and current market conditions, a ten percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder-owned homes within Flora is **$8,644,052.**

Flora Builder Ownership Totals

Richmond American owns 18 homes over 95 percent complete (including four models) along with 19 finished pads. The concluded values are as follows:

Richmond American (19 pads "as is")	$ 5,230,474
Richmond American (18 Houses)	8,644,052
Subtotal Richmond Ownership Flora	**$13,874,526**

Flora Individual Owners Value Conclusion

There are 49 individually owned homes within Flora. Based on the concluded value for each plan, the individually owned homes within the subject property have a minimum market value of:

Flora Plan 1 (7 x $601,250)	$ 4,208,750
Flora Plan 2 (16 x $614,400)	9,830,400
Flora Plan 3 (14 x $631,350)	8,838,900
Flora Plan 4 (12 x $652,960)	7,835,520
Total Individual Value Flora	**$30,713,570**

In additional review, we have reviewed the original builder sales prices for the homes within Flora. Closings for the 49 homes occurred between May 29, 2025, and July 31, 2026. The reported net closing prices by the builder for the 49 individually owned homes total $32,606,296 which is 5.8 percent higher than the concluded value. The builder's

reported prices include premiums, upgrades and purchased options as well as taking into consideration all concessions given by the builder, including closing costs and mortgage buydowns. The above valuation is for the minimum market value, as it takes into consideration the base plan price only and does not take into account any options, premiums or upgrades which were purchased by the buyers; however, it does take all concessions into consideration. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property within Fontana CFD No. 113 which consists of 388 proposed residential units being built out by two builders in four neighborhoods. The 388 units are known as The Gardens Phase Two and are located in the northern portion of the City of Fontana. Risewell Homes is building and marketing 214 of the units as Trellis and Marigold. Trellis consists of 90 proposed triplex homes including a carriage house up over garages and two detached units in each configuration, while Marigold includes 124 proposed detached homes on alley load condominium lots. Richmond American is building and marketing 174 of the units as Iris and Flora. Iris consists of 88 proposed single family detached homes on small lots while Flora consists of 86 proposed single family detached homes on small lots. As of August 7, 2026, individuals have purchased and closed 120 of the 388 proposed homes, with an additional five homes in escrow which are due to close in the near future. All structures appear to be in excellent condition with no visible depreciation. We have reviewed builder sales and reviewed the local MLS for current listings or resales and found one current resale listing.

The subject property was valued using the Sales Comparison Approach to value, a Discounted Cash Flow Analysis, and a Mass Appraisal Technique for the individually owned homes. A minimum value was determined by concluding at a base value for the individually owned homes. The valuation took into account the improvements/benefits to be funded by the special tax Fontana CFD No. 113 bond proceeds along with the Fontana CFD No. 113 special tax lien. The concluded aggregate value for the subject property, subject to their respective special tax lien, is:

The Gardens Phase Two:

Risewell Homes (35 lots/pads & 16 houses)	$ 14,326,560
TPG AG (142 lots/pads)	$ 31,302,856
Richmond American (38 lots/pads & 37 houses)	$ 27,745,624
Individual Owners (120 houses)	$ 71,503,520
Total Aggregate Value CFD No. 113	**$144,878,560**

The above values are stated as of said date of value and subject to the attached Assumptions and Limiting Conditions and Appraiser's Certification.

APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.

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

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

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

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

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

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

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

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

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

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

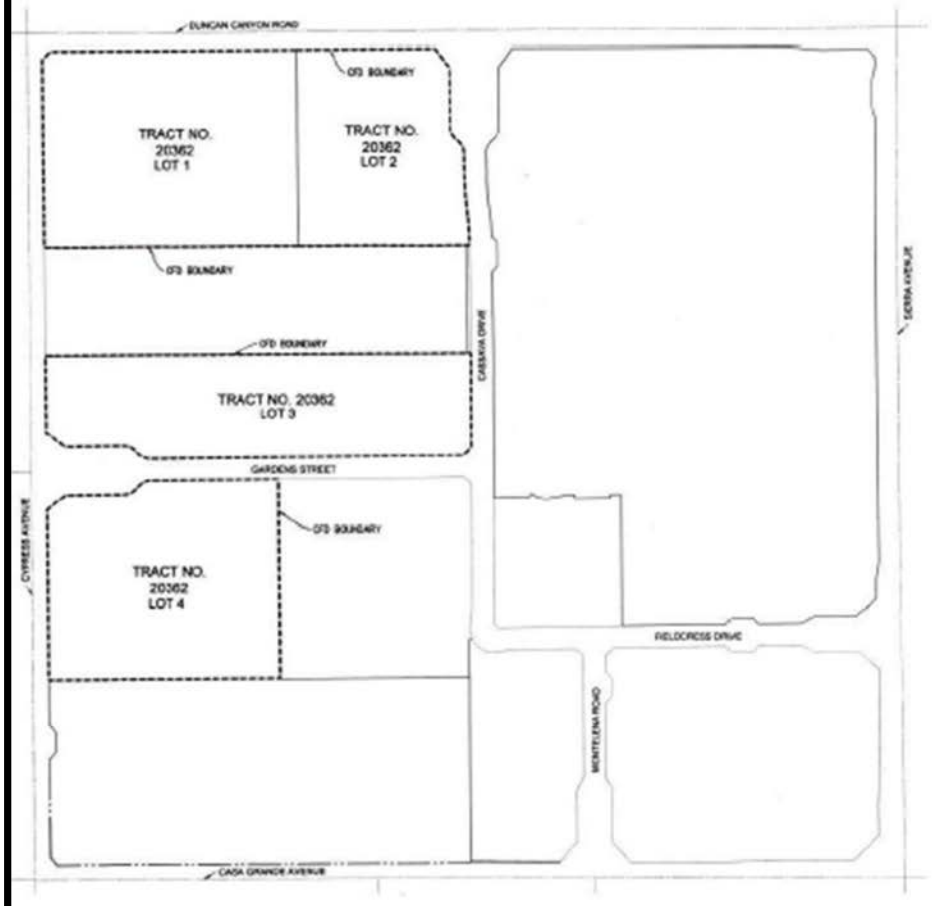


Kitty S. Siino, MAI
State Certified General
Real Estate Appraiser (AG004793)

ADDENDA

FONTANA CFD NO. 113
BOUNDARY MAP

PROPOSED BOUNDARIES OF CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113
(THE GARDENS PHASE TWO)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA



LEGAL DESCRIPTION:

THE PROPOSED BOUNDARIES OF CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO) CONTAINS 38.33 ACRES OF LAND, MORE OR LESS.

REFERENCE IS HEREBY MADE TO TRACT NO. 20362 FILED IN BOOK 362 OF TRACT MAPS AT PAGES 78 THROUGH 84 (RECORDED AS DOCUMENT NO. 2022-0129555), IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, FOR A DESCRIPTION OF THE LINES AND DIMENSION OF THE LOTS INCLUDED HEREON.

THE PROPOSED BOUNDARIES OF CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO) CONTAINS LOT 1 THROUGH LOT 4, INCLUSIVE, OF TRACT NO. 20362.

BASIS OF BEARINGS

THE EASTERLY LINE OF SECTION 19, ALSO BEING THE CENTERLINE OF SIERRA AVENUE BEING N00°33'30"W PER [illegible]

CITY CLERK'S CERTIFICATE

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF FONTANA THIS 9th DAY OF April, 2024.

CITY CLERK, CITY OF FONTANA

Sheila Rudnick, Deputy City Clerk

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO), COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF FONTANA AT A REGULAR MEETING THEREOF, HELD ON THE 9th DAY OF April 2024, BY ITS RESOLUTION NO. 2024-012

CITY CLERK, CITY OF FONTANA

Sheila Rudnick, Deputy City Clerk

SAN BERNARDINO COUNTY RECORDER'S CERTIFICATE

THIS MAP HAS BEEN FILED UNDER DOCUMENT NUMBER 2024-0089160,

THIS 17th DAY OF April, 2024, AT 12:17 P.M.

IN BOOK 91 OF MAPS AT PAGE 52, AT THE REQUEST OF THE CITY OF FONTANA

IN THE AMOUNT OF $ 0

LARRY WALKER
ASSESSOR-RECORDER-COUNTY CLERK
SAN BERNARDINO COUNTY

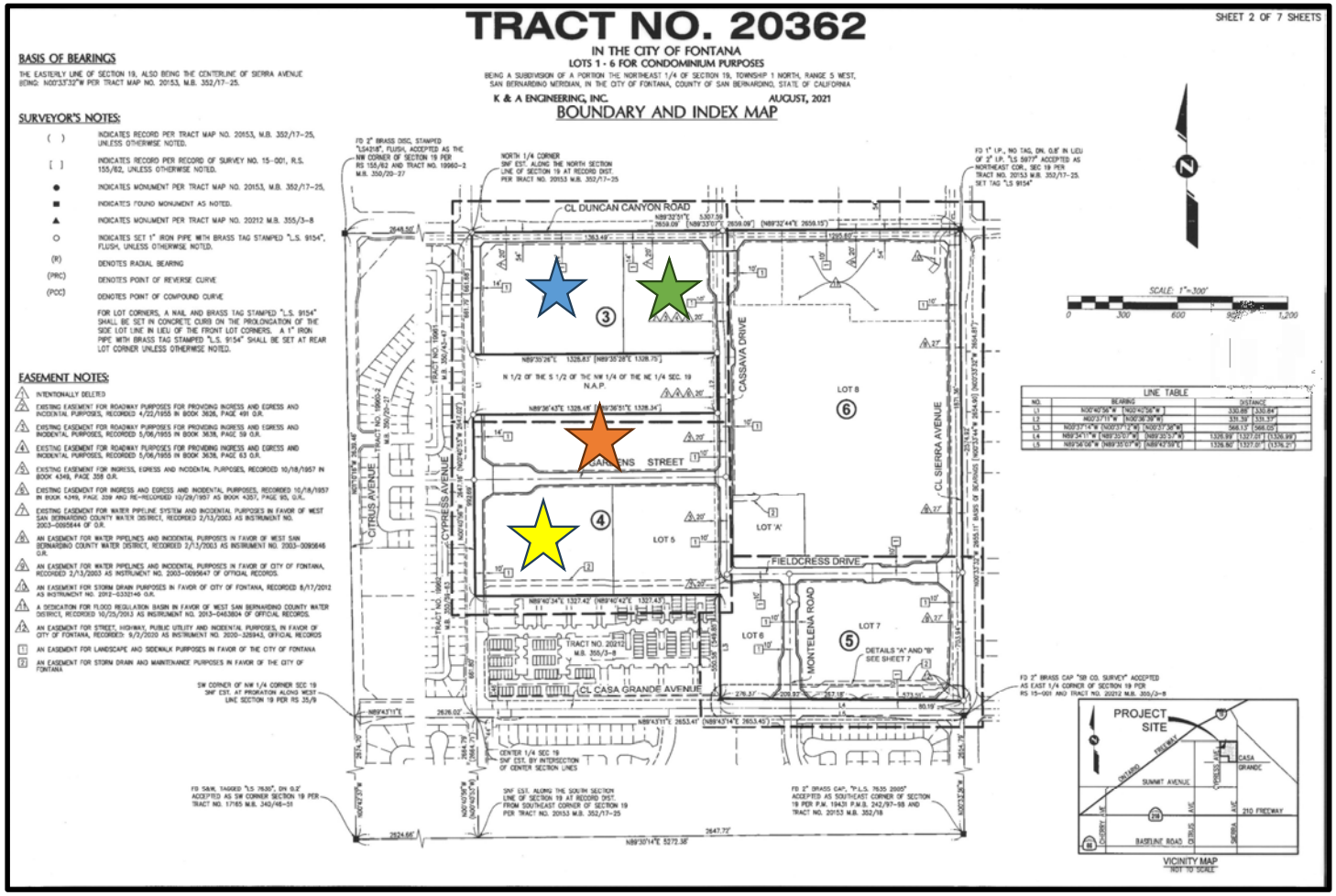
BY: [signature]
DEPUTY RECORDER

PROPOSED BOUNDARIES OF CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113
(THE GARDENS PHASE TWO)

PREPARED BY: rtm engineering consultants
357 N. Sheridan St, #117
Corona, CA 92878
T (951) 279-1800
www.rtmengineering.com

SHEET 1 OF 1

TRACT MAP No. 20362
AND PHASE MAPS



Blue Star-Marigold (Lot 1), Green Star-Trellis (Lot 2) by Risewell Homes
Orange Star-Iris (Lot 3), Yellow Star-Flora (Lot 4) by Richmond American

TRELLIS - DRE PHASING



TRELLIS - G2

DRE PHASE	RESIDENTIAL LOT NO.	NO. OF UNITS	ACREAGE (AC)	LEGEND
1	19-24	6	0.35	
2	1-7	7	0.55	
3	25-30	6	0.33	
4	8-15	8	0.55	
5	16-18 31-33	6	0.58	
6	34-36 49-51	6	0.31	
7	37-39 52-54	6	0.31	
8	40-42 55-57	6	0.31	
9	43-48 58-60	9	0.83	
10	85-90	6	0.57	
11	79-84	6	0.32	
12	73-78	6	0.33	
13	61-72	12	1.45	
TOTAL		90	6.89	

LEGEND

1 = PHASE NUMBER

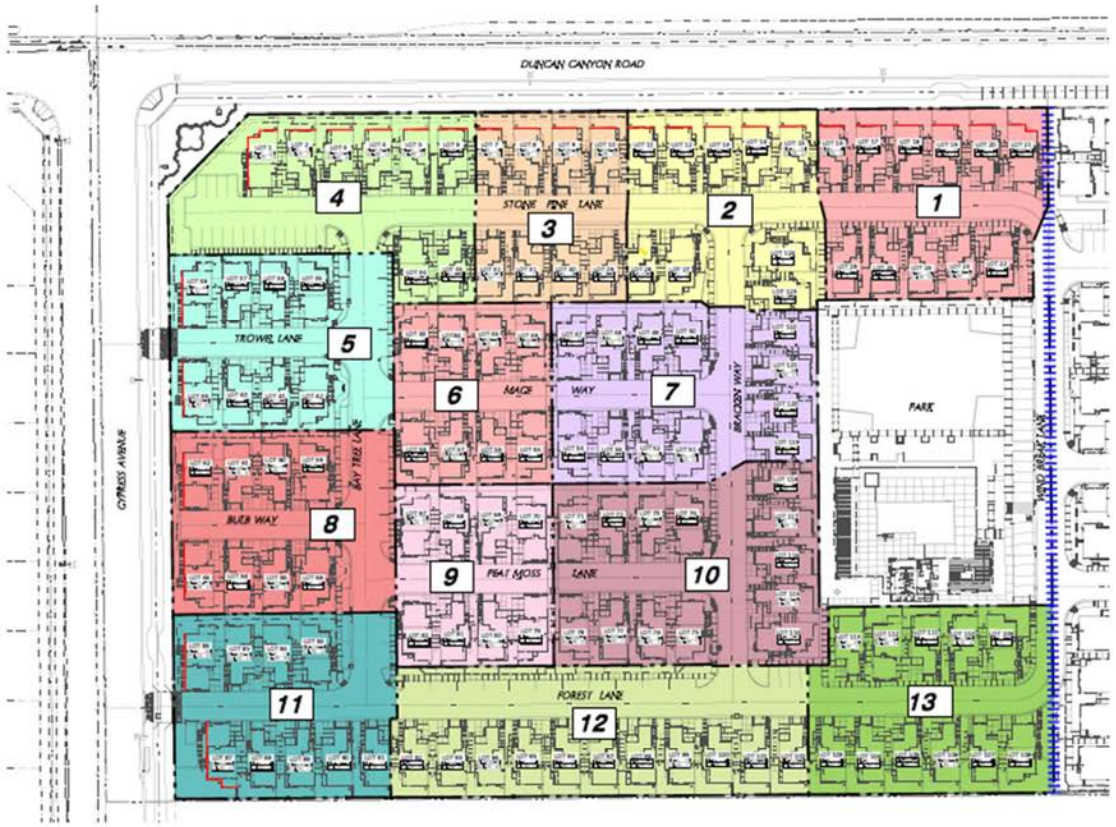
OWNER:
NEW HOME CO.
15231 LAGUNA CANYON ROAD, STE 250
IRVINE, CA 92618

ENGINEER
rtm engineering consultants

TRELLIS - DRE PHASING
LOT 2 OF TRACT 20362
GARDENS AT THE ARBORETUM
CITY OF FONTANA, CALIFORNIA

SHEET 1 OF 1

MARIGOLD - DRE PHASING



MARIGOLD - G1

DRE PHASE	RESIDENTIAL LOT NO.	NO. OF UNITS	ACREAGE (AC)	LEGEND
1	16-21 22-26	11	0.72	
2	123, 124, 27, 28, 11-15	9	0.65	
3	7-10 29-32	8	0.50	
4	1-6 33, 34	8	0.76	
5	35-42	8	0.68	
6	43-46 55-58	8	0.50	
7	47-54 119-122	12	0.79	
8	59-66	8	0.70	
9	67-70 79-82	8	0.49	
10	71-78 114-118	13	0.88	
11	83-91	9	0.70	
12	92-102	11	0.94	
13	103-113	11	0.78	
TOTAL		124	9.09	

LEGEND

1 = PHASE NUMBER

LOT LINE

TRACT BOUNDARY

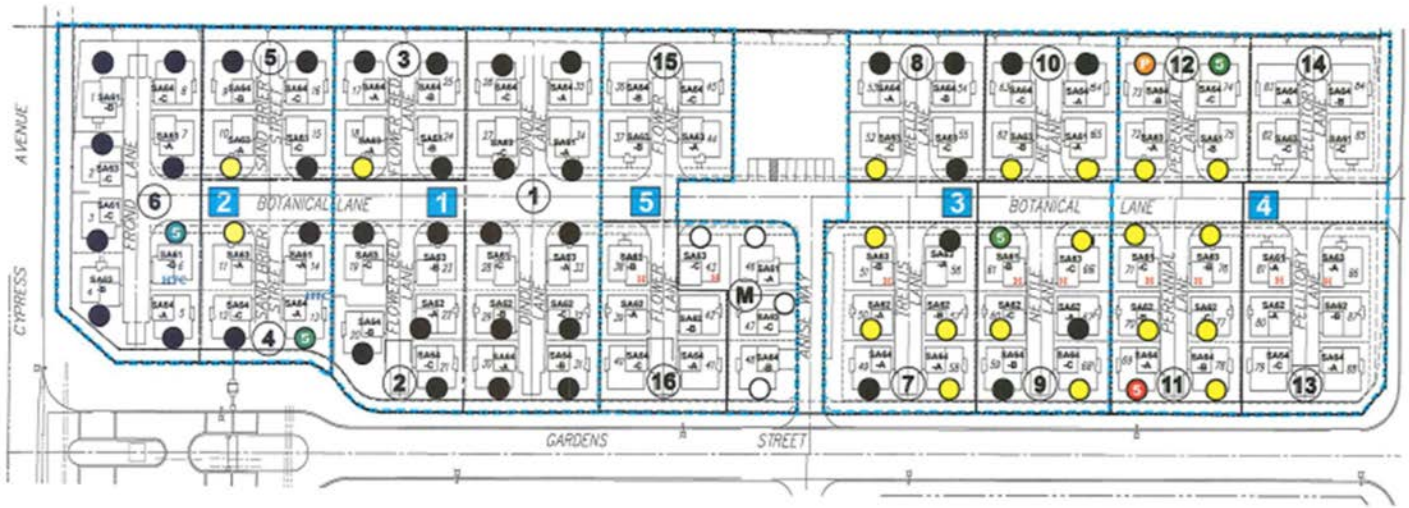
PROJECT BOUNDARY

SERVICE ROAD



OWNER:	ENGINEER	MARIGOLD - DRE PHASING
NEW HOME CO. 15231 LAGUNA CANYON ROAD, STE 250 IRVINE, CA 92618	rtm engineering consultants	LOT 1 OF TRACT 20362 GARDENS AT THE ARBORETUM CITY OF FONTANA, CALIFORNIA
	PREPARED BY: JN / CHECKED BY: LL	DATE: February 21 / SHEET 1 OF

5/18/2026



Plan Type Legend			
Plan Name	Plan #	Plan S.F.	Mix
Nagano	SA62	1833	14
Nabor	SA61	1750	18
Naples	SA63	1846	21
Netherton	SA64	1952	35

Style	Label
Santa Barbara	A
Prarie	B
Farmhouse	C

Total Backlog: 5
 # Pending Sales: 1
# of Specs: 21
 # HTS Cont: 0
 # Cont Allowed: 0

DRE Summary	
1	19
2	16
3	20
4	20
5	13
Total	88

Phasing Summary	
M	4
1	10
2	5
3	4
4	4
5	4
6	8
7	6
8	4
9	6
10	4
11	6
12	4
13	6
14	4
15	4
16	5
Total	88

Iris at The Arboretum (G3)

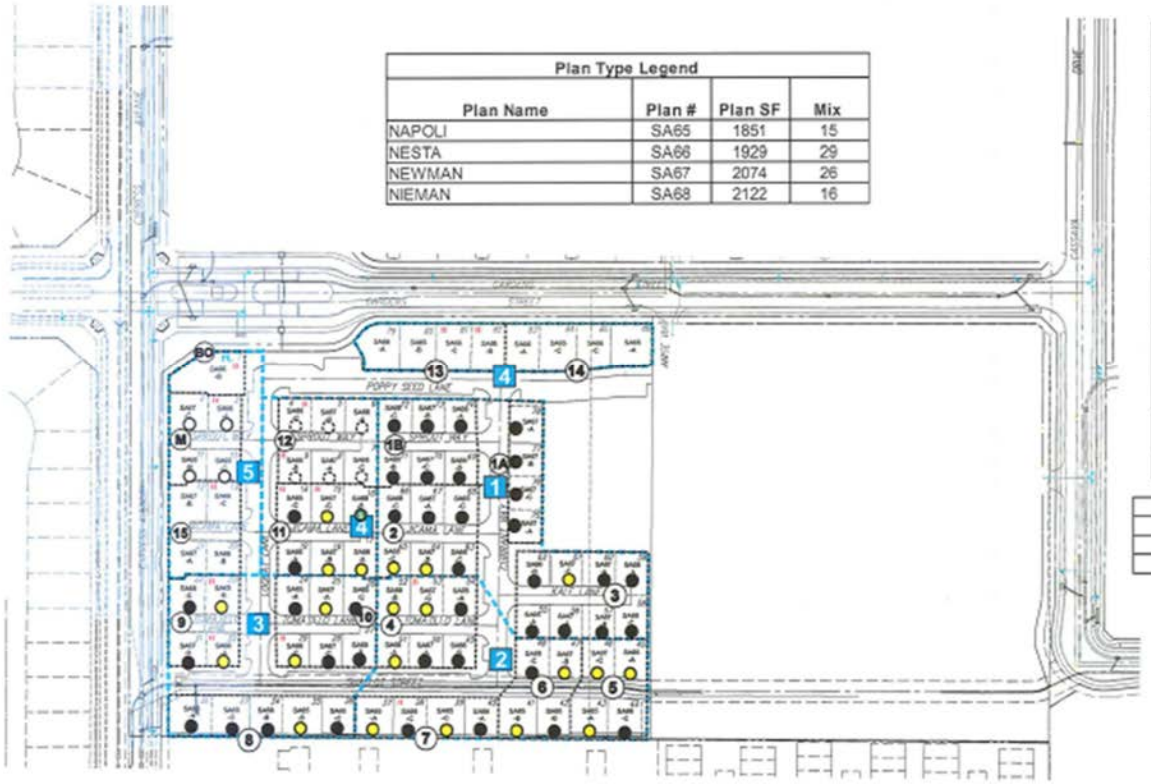
Tract No. 20362
Community #: 3424

RICHMOND AMERICAN HOMES

- NOT STARTED
- STARTED
- CLOSED
- SOLD & LOAN APPROVED / CASH
- SOLD & NOT LOAN APPROVED
- ESTIMATED MONTH OF CLOSING
- PENDING SALE
- PENDING CANCELLATION
- RELEASED FOR SALE

- CONSTRUCTION PHASE #
- CONSTRUCTION PHASE BOUNDARY
- BRE PHASE #
- BRE PHASE BOUNDARY

5/18/2026



Plan Type Legend			
Plan Name	Plan #	Plan SF	Mix
NAPOLI	SA65	1851	15
NESTA	SA66	1929	29
NEWMAN	SA67	2074	26
NIEMAN	SA68	2122	16

Phasing Summary		
DRE Ph.	Const. Phase	# Lots
5	Models	4
1	1	10
	2	6
	3	8
2	4	6
	5	4
	6	4
	7	4
3	8	5
	9	4
	10	6
4	11	6
	12	6
	13	4
	14	4
5	15	4
	BO	1
	Total	86

Style	Label
Santa Barbara	A
Prairie	B
Farmhouse	C

Flora at The Arboretum (G4)

Tract No. 20362

Community #: 3423

RICHMOND AMERICAN HOMES

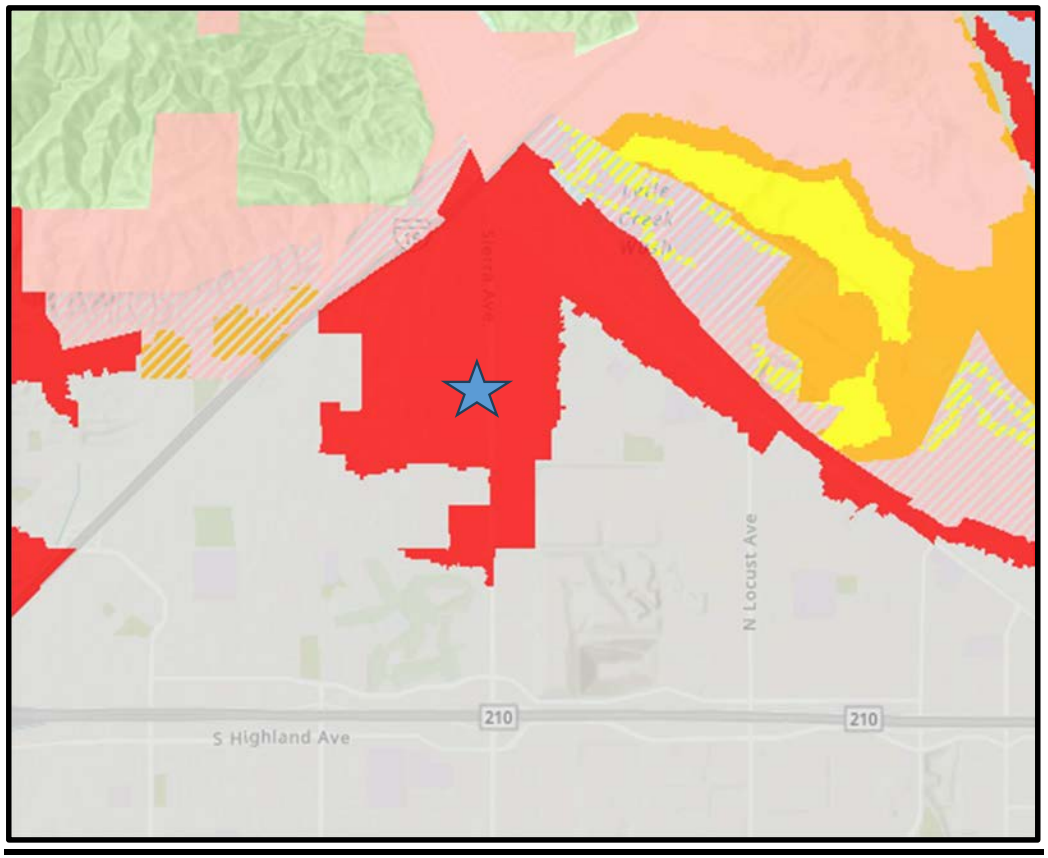
Total Backlog: 1
 # Pending Sales: 0
#Pendng Canx: 0
# of Specs: 20
 # HTS Cont: 0
 # Cont Allowed: 0

- (#) CONSTRUCTION PHASE #
- CONSTRUCTION PHASE BOUNDARY
- # BRE PHASE #
- BRE PHASE BOUNDARY

- NOT STARTED
- STARTED
- CLOSED
- (#) SOLD & LOAN APPROVED / CASH
- (#) SOLD & NOT LOAN APPROVED
- (#) ESTIMATED MONTH OF CLOSING
- (P) PENDING SALE
- (X) PENDING CANCELLATION
- RELEASED FOR SALE

California Fire Hazard Map

California Fire Hazard Map – Approximate Location of The Gardens Phase Two is Blue Star



DISCOUNTED CASH FLOW ANALYSES

Fontana CFD 113 - Trellis Discounted Cash Flow Analysis Risewell Owned Units

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	**TOTAL**
	10											
INCOME:												
Retail Sales	5,326,840	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$5,326,840
TOTAL INCOME		$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$532,684	$5,326,840
EXPENSES:												
Remaining Costs		($14,615)	($14,616)	($14,615)	($14,616)	($14,615)	($14,616)	($14,615)	($14,615)	($14,615)	($14,616)	($146,154)
Marketing & Carrying E	10%	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($532,684)
Profit	10%	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($53,268)	($532,684)
TOTAL EXPENSES		($121,152)	($121,153)	($121,152)	($121,153)	($121,152)	($121,153)	($121,152)	($106,537)	($106,537)	($106,537)	($1,167,676)
NET CASH FLOW		$411,532	$411,531	$411,532	$411,531	$411,532	$411,531	$411,532	$426,147	$426,147	$426,147	$4,159,164
Discount Factor	12%	0.9901	0.9803	0.9706	0.9610	0.9515	0.9420	0.9327	0.9235	0.9143	0.9053	
DISCOUNTED CASH FLOW		$407,458	$403,422	$399,429	$395,473	$391,559	$387,681	$383,844	$393,540	$389,643	$385,786	$3,937,834
CUMULATIVE DISCOUNTED CASH FLOW		**$407,458**	**$810,880**	**$1,210,309**	**$1,605,783**	**$1,997,341**	**$2,385,022**	**$2,768,866**	**$3,162,406**	**$3,552,049**	**$3,937,834**	**$3,937,834**

F-113 - Marigold Discounted Cash Flow Analysis Risewell Owned Units

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	TOTAL
	8									
INCOME:										
Retail Sales	3,589,508	$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$3,589,508
TOTAL INCOME		$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$448,689	$3,589,508
EXPENSES:										
Remaining Costs		($10,891)	($10,892)	($10,891)	($10,891)	($10,891)	($10,892)	($10,891)	($10,891)	($87,130)
Marketing & Carrying Expe	10%	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($358,951)
Profit	10%	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($44,869)	($358,951)
TOTAL EXPENSES		($100,629)	($100,630)	($100,629)	($100,629)	($100,629)	($100,630)	($100,629)	($89,738)	($794,141)
NET CASH FLOW		$348,060	$348,059	$348,060	$348,060	$348,060	$348,059	$348,060	$358,951	$2,795,367
Discount Factor	12%	0.9901	0.9803	0.9706	0.9610	0.9515	0.9420	0.9327	0.9235	
DISCOUNTED CASH FLOW		$344,614	$341,201	$337,823	$334,479	$331,167	$327,887	$324,642	$331,485	$2,673,297
CUMULATIVE DISCOUNTED CASH FLOW		**$344,614**	**$685,814**	**$1,023,638**	**$1,358,116**	**$1,689,283**	**$2,017,170**	**$2,341,812**	**$2,673,297**	**$2,673,297**

Fontana CFD 113 - Iris Discounted Cash Flow Analysis Richmond American Owned Units

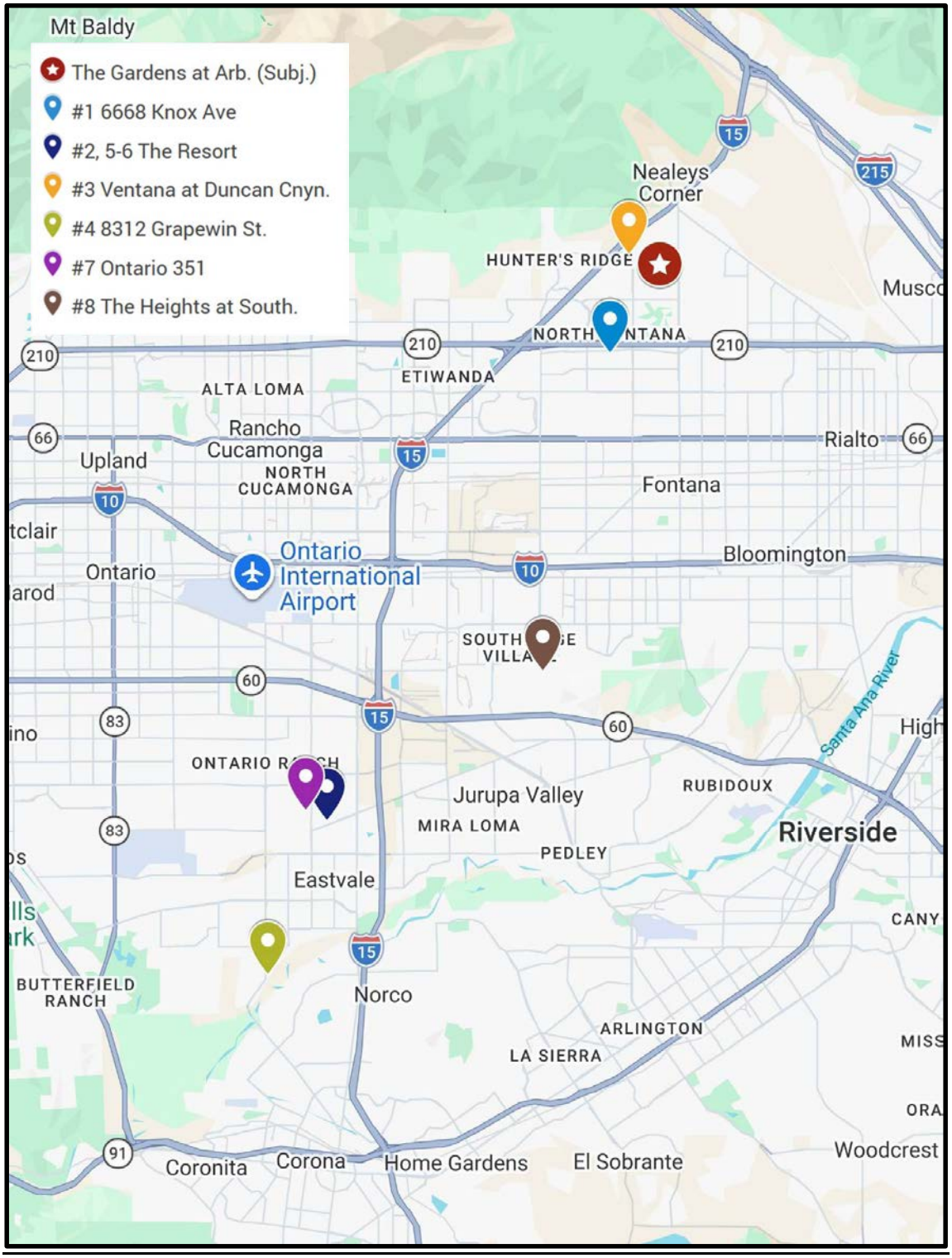
MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	**TOTAL**
	8									
INCOME:										
Retail Sales	11,248,600	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$11,248,600
TOTAL INCOME		$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$1,406,075	$11,248,600
EXPENSES:										
Remaining Costs		($14,519)	($14,520)	($14,519)	($14,520)	($14,519)	($14,520)	($14,519)	($14,520)	($116,156)
Marketing & Carrying Exper	10%	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($1,124,860)
Profit	10%	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($140,608)	($1,124,860)
TOTAL EXPENSES		($295,734)	($295,735)	($295,734)	($295,735)	($295,734)	($295,735)	($295,734)	($281,215)	($2,351,356)
NET CASH FLOW		$1,110,341	$1,110,340	$1,110,341	$1,110,340	$1,110,341	$1,110,340	$1,110,341	$1,124,860	$8,897,244
Discount Factor	10%	0.9917	0.9835	0.9754	0.9673	0.9594	0.9514	0.9436	0.9358	
DISCOUNTED CASH FLOW		$1,101,165	$1,092,063	$1,083,039	$1,074,087	$1,065,211	$1,056,407	$1,047,677	$1,052,605	$8,572,254
CUMULATIVE DISCOUNTED CASH FLOW		**$1,101,165**	**$2,193,228**	**$3,276,267**	**$4,350,354**	**$5,415,565**	**$6,471,972**	**$7,519,649**	**$8,572,254**	**$8,572,254**

Fontana CFD 113 - Flora Discounted Cash Flow Analysis Richmond American Owned Units

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	**TOTAL**
	8									
INCOME:										
Retail Sales	11,406,170	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$11,406,170
TOTAL INCOME		$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$1,425,771	$11,406,170
EXPENSES:										
Remaining Costs		($21,852)	($21,852)	($21,852)	($21,852)	($21,852)	($21,852)	($21,852)	($21,851)	($174,815)
Marketing & Carrying Exper	10%	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($1,140,617)
Profit	10%	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($142,577)	($1,140,617)
TOTAL EXPENSES		($307,006)	($307,006)	($307,006)	($307,006)	($307,006)	($307,006)	($307,006)	($285,154)	($2,434,198)
NET CASH FLOW		$1,118,765	$1,118,765	$1,118,765	$1,118,765	$1,118,765	$1,118,765	$1,118,765	$1,140,617	$8,971,972
Discount Factor	10%	0.9917	0.9835	0.9754	0.9673	0.9594	0.9514	0.9436	0.9358	
DISCOUNTED CASH FLOW		$1,109,519	$1,100,349	$1,091,256	$1,082,237	$1,073,293	$1,064,423	$1,055,626	$1,067,350	$8,644,052
CUMULATIVE DISCOUNTED CASH FLOW		**$1,109,519**	**$2,209,868**	**$3,301,124**	**$4,383,361**	**$5,456,654**	**$6,521,077**	**$7,576,702**	**$8,644,052**	**$8,644,052**

FINISHED LOT LAND SALES MAP
& SUMMARY CHART

FINISHED LOT LAND SALES MAP



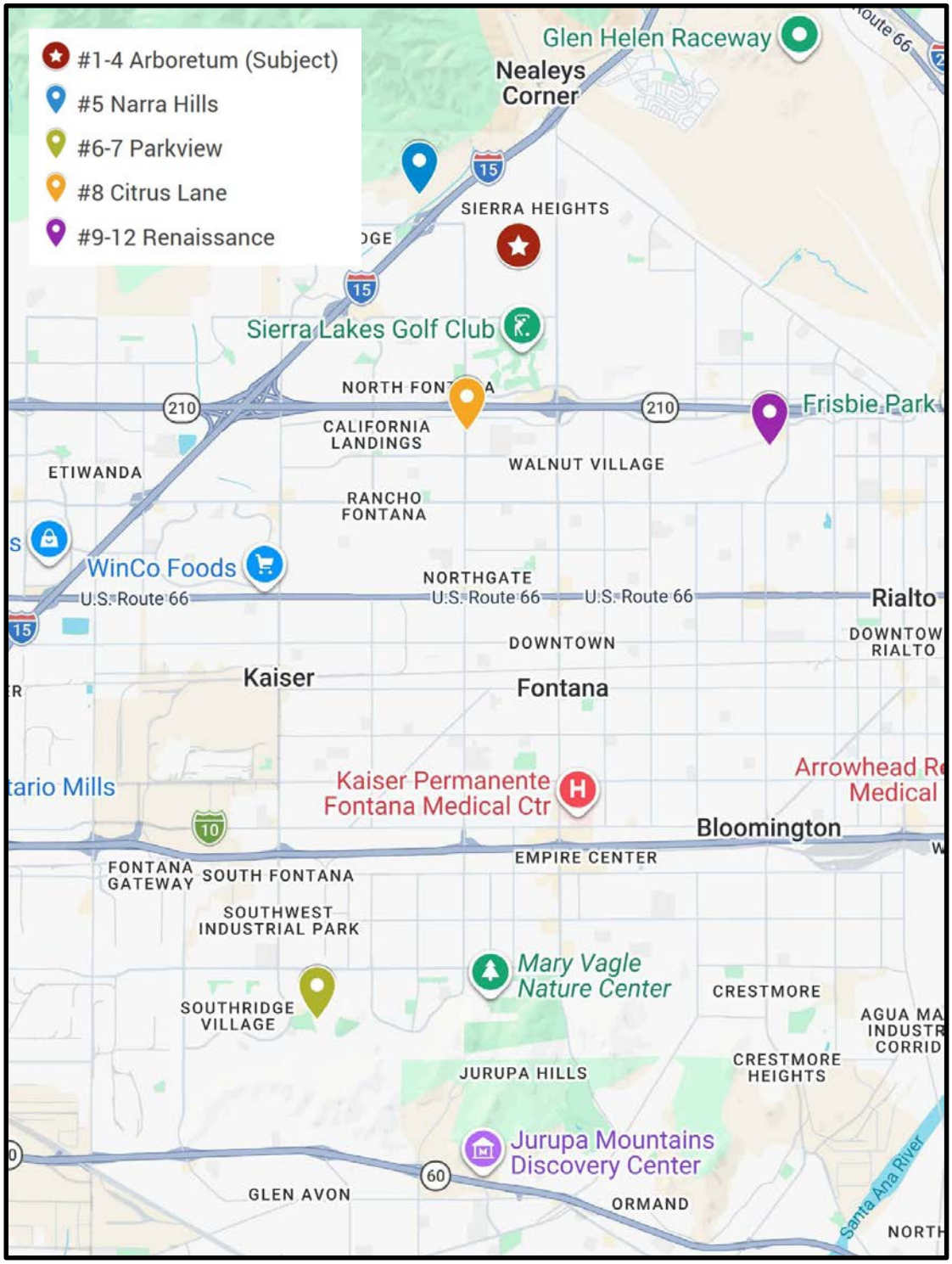
FINISHED LOT LAND SALES SUMMARY CHART

Data No.	Location / APN / Buyer / Seller	Sales Date	# Lots	Lot Size	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
Subject	Marigold and Trellis (Gardens) at Arboretum / SEC Duncan Canyon Road and Cypress Avenue, Fontana / 1118-401-15 / Risewell Homes / Lewis Group of Companies	October 2024	214	13 du/acre blended	$35,814,500 / $167,357	N/A	Closed with an approved TTM with a Final Map in Process in a sheet graded condition.
Subject	Flora and Iris (Gardens) at Arboretum / NEC and SEC of Gardens Street and Cypress Avenue, Fontana / 1118-421-22 / Richmond American Homes / Lewis Group of Companies	January 2024	174	9 du / acre blended	$28,789,500 / $165,457	N/A	Closed with an approved TTM with a Final Map in Process in a sheet graded condition.
1	6668 Knox Avenue / NW of Walnut Avenue and Almeria Street, Fontana / 0228-061-25 various / Lennar / Diversified Pacific	June 2026	393	13 du/acre blended	$43,161,500 / $109,826	$231,000	Closed with an approved TTM with a Final Map in Process in an unimproved condition. Three Product lines – Townhomes and two cluster products.
2	The Resort PA 5 and 7 / NE of Merrill Avenue and Bellegrave Avenue, Ontario / Partial 1073-171-04, -08, -09 / Richmond American Homes / Lewis Group of Companies	January 2026	100	17 du/ac (2/3 Story Motocourt)	$25,501,000 / $255,010	$350,000	Closed with a Final Map Approved in a Finished Lot condition.
3	Ventana at Duncan Canyon / SWC of Duncan Canyon Road and Citrus Avenue, Fontana / 1107-262-64 / KB Home / Frontier Communities	January 2026	217	17 du/acre blended Attached	$23,250,000 / $107,143	$209,000	Closed with an approved TTM with a Final Map in Process in an unimproved condition. Two Product Line – 2 Story Towns and 3 Story Towns

4	8312 Grapewin Street / SEC of Wind River Road and Archibald Street, Eastvale / 130-070-021 / Richmond American Homes / Warmington Residential	November 2025	76	9 du/ac (Small-lot Detached)	$5,900,000 / $77,632	$380,000	Closed with an approved Final Map in process in an unimproved condition.
5	The Resort PA 4 / NE of Merrill Avenue and Bellegrave Avenue, Ontario / Partial 1073-171-04, -08, -09 / Tri Pointe Homes / Lewis Group of Companies	October 2025	58	22 du/ac (3-Story Towns) Attached	$8,541,500 / $147,267	$205,000	First of two takedowns. Total lot count is 116 lots. Closed with a Final Map Approved in a Finished Lot condition.
6	The Resort PA 6 / NE of Merrill Avenue and Bellegrave Avenue, Ontario / Partial 1073-171-04, -08, -09 / Richmond American Homes / Lewis Group of Companies	October 2025	115	16 du/ac (3-Story Detached Condos)	$23,388,000 / $203,374	$315,000	Closed with a Final Map Approved in a Finished Lot condition.
7	Ontario 351, SWC Eucalyptus Ave and Haven Ave, Ontario / 1073-171-02 / KB Home / Richland Communities	June 2024	351	8 du/acre	$85,000,000 / $242,165	$380,000	Closed in unimproved condition with approved TTM. Blended FLV - KB Home paid approximately $560,000 FLV for 4,500 sf lots, $410,000 FLV for cluster product, and $280,000 FLV for townhomes.
8	The Heights at Southridge, SE Live Oak Ave and Cherry Ave, Fontana / 0237-411-13 / KB Home / New Bridge Homes	April 2024	255	8 du/acre	$31,100,000 / $121,961	$252,000	Closed in unimproved condition with approved TTM. Blended FLV - consists of two product types, including a detached 8-pack cluster and detached alley-load.

IMPROVED RESIDENTIAL
SALES MAP & SUMMARY CHART

IMPROVED RESIDENTIAL SALES MAP



IMPROVED RESIDENTIAL SALES SUMMARY CHART

Data No.	Project Name Location/Developer	Plan	Room Count	Floors/ Parking	Size (SF)	Lot Size / Absorption	Base Sales Price	Price/SF
1	Trellis at Arboretum, Gardens Street and Cypress Avenue, Fontana / Risewell Homes	1	3 / 2	1 / 2	1,530	Det. Cluster Plus	$506,000	$330.72
		2	4 / 3	2 / 2	1,567	Att. Carriage (1,530sf)	$541,000	$345.25
		3	4 / 3	2 / 2	1,667	1.4 sales/mo	$565,000	$338.93
2	Marigold at Arboretum, Gardens Street and Cypress Avenue, Fontana / Risewell Homes	1	3 / 2.5	2 / 2	1,656		$567,000	$342.39
		2	3 / 2.5	2 / 2	1,760	SFD Small Lots	$590,000	$335.23
		3	4 / 2.5	2 / 2	1,870	0.8 sales/mo	$635,000	$339.57
		4	4 / 3	2 / 2	1,979		$665,000	$336.03
3	Iris at Arboretum, Gardens Street and Cypress Avenue, Fontana / Richmond American	1	3 / 2.5	2 / 2	1,750		$584,000	$333.71
		2	3 / 2.5	2 / 2	1,830	Det. Cluster	$601,000	$328.42
		3	4 / 3.5	2 / 2	1,840	2.7 sales/mo	$605,990	$329.34
		4	4 / 2.5	2 / 2	1,950		$617,990	$316.92
4	Flora at Arboretum, Gardens Street and Cypress Avenue, Fontana / Richmond American	1	3 / 3	2 / 2	1,850		$628,000	$339.46
		2	4 / 3.5	2 / 2	1,920	Det. Cluster	$665,000	$346.35
		3	4 / 3.5	2 / 2	2,070	2.9 sales/mo	$649,000	$313.53
		4	4 / 3.5	2 / 2	2,120		$669,990	$316.03
5	Strata at Narra Hills, Lytle Creek Road and Duncan Canyon Road, Fontana / Landsea	1	3 / 2.5	2 / 2	2,099	2,700 sf lots	$730,990	$348.26
		2	4 / 3	2 / 2	2,136	(Det. Cluster)	$733,990	$343.63
		3	4 / 3	2 / 2	2,311	2.7 sales/mo	$773,990	$334.92
		4	4 / 3	2 / 2	2,552		$789,990	$309.56
6	Arbor at Parkview / Live Oak Avenue, South of Village Drive, Fontana / KB Home	1	3 / 2.5	2 / 2	1,669	Small Lot SFD	$559,990	$335.52
		2	3 / 2.5	2 / 2	1,877	8.7 sales/mo	$580,990	$309.53
		3	4 / 2.5	2 / 2	2,000		$594,990	$297.50
7	Canopy at Parkview / Live Oak Ave., South of Village Dr., Fontana / KB Home	1	3 / 2.5	2 / 2	1,791	Det. Cluster	$562,990	$314.34
		2	3 / 2.5	2 / 2	2,056	3.7 sales/mo	$593,990	$288.91
		3	5 / 3	2 / 2	2,320		$639,990	$275.86

8	Citrus Lane / Citrus Ave and Highland Ave, Fontana / D.R. Horton	1 2	3 / 2.5 4 / 2.5	2 / 2 2 / 2	1,500 1,602	Row Townhomes 3.3 sales/mo	$514,118 $563,786	$342.75 $351.93
9	Aviator at Renaissance / N Ayala Drive, south of Renaissance Parkway, Rialto / Lennar	1 2 3	3 / 2.5 4 / 3 4 / 3	2 / 2 2 / 2 2 / 2	1,908 2,152 2,388	Det. Cluster 4.0 sales/mo	$604,990 $627,155 $630,990	$317.08 $291.43 $264.23
10	Outbound at Renaissance / N Ayala Drive, south of Renaissance Parkway, Rialto / Lennar	1 2 3 4	3 / 2.5 3 / 2.5 4 / 2.5 4 / 3	2 / 2 2 / 2 2 / 2 2 / 2	1,665 1,796 1,849 1,960	2,500 sf lots 4.7 sales/mo	$539,590 $554,890 $595,290 $580,590	$324.08 $308.96 $321.95 $296.22
11	Runway at Renaissance / N Ayala Drive, south of Renaissance Parkway, Rialto / Lennar	1 2 3 4	3 / 2.5 4 / 3 4 / 3 4 / 3	2 / 2 2 / 2 2 / 2 2 / 2	1,711 1,816 1,924 1,937	Det. Cluster 5.2 sales/mo	$542,628 $561,990 $578,490 $579,889	$317.14 $309.47 $300.67 $299.37
12	Tailwind at Renaissance / N Ayala Drive, south of Renaissance Parkway, Rialto / Lennar	1 2 3	3 / 2.5 3 / 2.5 4 / 3	2 / 2 2 / 2 2 / 2	1,478 1,639 1,790	Det. Cluster 4.6 sales/mo	$513,990 $540,476 $561,511	$347.76 $329.76 $313.69

APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF KITTY S. SIINO, MAI

Education

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

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

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

Employment

1988 - Present:

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

1986-1988:

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

1981 - 1986

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

1980 - 1981

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

Licenses

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

Organizations

MAI #11145 - The Appraisal Institute

Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2022, 2023, 2024, 2025 and 2026

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011

APPENDIX C

UPDATED PRICE POINT STUDY

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COMMUNITY FACILITIES DISTRICT NO. 113

(THE GARDENS PHASE TWO)

2026 SPECIAL TAX BONDS

CITY OF FONTANA,
SAN BERNARDINO COUNTY, CALIFORNIA

PRICE POINT *REVIEW* STUDY

(COMPARISON OF CURRENT PRICE POINTS TO
PREVIOUSLY RECOMMENDED/ORIGINAL PRICE POINTS)

BY EMPIRE ECONOMICS, INC.
JOSEPH T. JANCZYK, PH.D.

AUGUST 19, 2026

INTRODUCTION

Since a Bond Sale is expected to occur for CFD No. 113 (The Gardens Phase Two) in the near term, the City of Fontana requires a Price Point *Review* Study per the requirements of the Rate & Method of Apportionment (RMA).

Accordingly, to perform this Study, the City of Fontana has engaged Empire Economics (Empire), a firm specializing in performing research for land secured financings on behalf of public entities only.

The purpose of the Price Point *Review* Study for CFD No. 113 is to compare **the current net base sales prices after discounting for builder incentives (net base prices)** to the recommended price points set-forth in its original Price Point Study dated January 11, 2024 that were used to set the special taxes.

Accordingly, to arrive at the recommended price points for the projects/plans in CFD No. 113, Empire Economics performs a systematic analysis of the following factors:

1. Recap of the Previously Recommended Price Points for the Projects/Plans in CFD No. 113
   - The CFD No. 113 projects are in the Planned Community of The Gardens, Phase Two Builders: Richmond American and Risewll

2. Identification of Comparable Projects and their Characteristics
   - Base Prices
   - Builder Incentives/avg. for Recent Escrow Closings
   - Net Base Prices = Current Bases Prices – Builder Incentives/avg.

3. Methodology Underlying the Competitive Market Pricing Analysis

4. Statistical Analysis of the Original Recommended Price Points for the Projects/Plans CFD No. 113.

5. Conclusions of the Original Price Points for the Projects/Plans in CFD No. 113.

   Appendix A: Empire Economics Methodology Utilized for Estimating Price Points

The net base price points are compared to the prior November 28, 2022 price points, and the potential results are as follows:

- **Higher:** If the Net Base Price for a project/plan is higher/same than the original price point, then the original price point remains the same.

- **Lower:** If the Net Base Price for a project/plan is below the original price point, then the original price point is reduced.

The Special Tax Analyst will then utilize the price points, along with other factors, to determine whether the levels of Special Taxes are in compliance with the City of Fontana's tax burdens for homeowners.

1. RECAP OF THE PREVIOUSLY RECOMMENDED PRICE POINTS FOR THE PROJECTS/PLANS IN CFD NO. 113

ORIGINAL PRICE POINT STUDY: JANUARY 11, 2024

(Supplemental Plans for Special Tax Classes are Shaded – Estimated by Empire Economics

Planning Area	Units by Plans	Number of Stories	Living Areas	Developer's	Special Taxes	Comparison: Empire vs. Developer	
Product Type	(Estimated)		(Estimated)	Base Prices	Rates	Percentage	Recommended
Detached - Condo				(Estimated)	(Base = 1.20%)	Difference	Base Prices
					Target = 1.95%		. January 2024.
			Shaded: Additional Category				
Lower Bound	0	Two-Story	1,401	$505,000	0.75%	-13.3%	$437,900
G1: Detached Condo - Moreton	46	Two-Story	1,643	$566,990	0.75%	-12.3%	$497,000
124	42	Two-Story	1,753	$578,990	0.75%	-9.5%	$523,800
	22	Two-Story	1,868	$588,990	0.75%	-6.3%	$551,900
	14	Two-Story	1,963	$600,990	0.75%	-4.3%	$575,000
G2: Detached: Condo Bungalows	29	Two-Story	1,585	$479,990	0.75%	0.0%	$479,990
90	32	Two-Story	1,567	$505,900	0.75%	-5.4%	$478,400
	29	Two-Story	1,665	$513,900	0.75%	-2.3%	$502,300
G3: Detached Condo - Richmond American	14	Two-Story	1,829	$579,000	0.75%	-6.3%	$542,300
88	18	Two-Story	1,750	$571,000	0.75%	-8.4%	$523,100
	21	Two-Story	1,841	$596,000	0.75%	-8.5%	$545,300
	35	Two-Story	1,945	$606,000	0.75%	-5.8%	$570,700
G4: Detached Condo - Richmond American	15	Two-Story	1,843	$604,000	0.75%	-9.6%	$545,800
86	29	Two-Story	1,941	$617,000	0.75%	-7.7%	$569,700
	26	Two-Story	2,059	$629,000	0.75%	-4.8%	$598,500
	16	Two-Story	2,121	$634,000	0.75%	-3.2%	$613,600
Upper Bound	0	Two-Story	2,200	$655,000	0.75%	-3.4%	$632,900
Overall Totals/Averages:	**388**		**1,797**	**$573,050**	**0.75%**	**-6.73%**	**$534,457**

2. IDENTIFICATION OF COMPARABLE PROJECTS AND DISCUSSION OF THEIR CHARACTERISTICS

Since the projects in CFD No. 113 (The Gardens Phase Two) entered the marketplace they have experienced sales as well as escrow closings, these projects represent the best market comparables.

Accordingly, the analysis herein uses the four currently active projects in CFD No. 113 (The Gardens Phase Two):

Flora by Richmond American
Iris by Richmond American

Marigold by Risewell
Trellis by Risewell

Empire estimated the current market value utilizing the base sales price and the builder incentives, for both closing costs and options/upgrades as well as lower mortgage rate financing.

Net Base Prices = Base Prices - Incentives/Concessions

Selection of recent escrow closings for the comparable projects:

- For each other projects, and for each of their plans, Empire selected the escrows that closed during December 2025 – July 2026.

- The number of homes that recently closed escrows for each of the projects/plans ranged between two to ten in order to achieve a balanced sampling among the various projects/plans for purposes of establishing the trendline.

- The number of escrow closings amounted to 50. Their prices were $616,136/avg. with concessions of $38,485/avg. for a net base price of $577,652/avg. Their living areas amounted to 1,883 sq.ft./avg.

Please refer to the table on the following page for additional information on the current net base prices that reflect the base sales prices after reductions for builder incentives.

CHARACTERISTICS OF THE COMPARABLE PROJECTS/HOMES IN CFD NO. 113 (THE GARDENS PHASE TWO)

RECENT ESCROW CLOSINGS, DECEMBER 2025 - JULY 2026

Planned Community	Builder	Living Area	Base Prices	Builder	Net Base
Project Name	2-Story Homes			Incentive	Prices
				Estimated 5.0%	After Incentives
Richmond America	Detached-Condo	1,750	$601,990	$38,048	$563,942
Richmond America	Detached-Condo	1,750	$584,990	$49,988	$535,002
Richmond America	Detached-Condo	1,750	$579,990	$19,167	$560,823
Richmond America	Detached-Condo	1,846	$617,990	$50,538	$567,452
Richmond America	Detached-Condo	1,846	$605,990	$52,158	$553,832
Richmond America	Detached-Condo	1,851	$633,000	$50,186	$582,814
Richmond America	Detached-Condo	1,851	$633,000	$44,262	$588,738
Richmond America	Detached-Condo	1,851	$628,000	$74,652	$553,348
Richmond America	Detached-Condo	1,929	$644,990	$50,948	$594,042
Richmond America	Detached-Condo	1,929	$650,990	$20,000	$630,990
Richmond America	Detached-Condo	1,929	$654,000	$51,412	$602,588
Richmond America	Detached-Condo	1,952	$634,990	$62,218	$572,772
Richmond America	Detached-Condo	1,952	$626,990	$32,303	$594,687
Richmond America	Detached-Condo	1,952	$626,990	$35,093	$591,897
Richmond America	Detached-Condo	1,952	$626,990	$20,000	$606,990
Richmond America	Detached-Condo	1,952	$614,990	$27,106	$587,884
Richmond America	Detached-Condo	1,952	$614,990	$45,067	$569,923
Richmond America	Detached-Condo	1,952	$617,990	$56,672	$561,318
Richmond America	Detached-Condo	1,952	$617,990	$19,934	$598,056
Richmond America	Detached-Condo	1,952	$617,990	$21,500	$596,490
Richmond America	Detached-Condo	1,952	$625,990	$52,471	$573,519
Richmond America	Detached-Condo	2,074	$664,000	$36,364	$627,636
Richmond America	Detached-Condo	2,074	$664,000	$38,956	$625,044
Richmond America	Detached-Condo	2,074	$649,000	$49,500	$599,500
Richmond America	Detached-Condo	2,074	$649,000	$87,076	$561,924
Richmond America	Detached-Condo	2,122	$689,000	$20,000	$669,000
Richmond America	Detached-Condo	2,122	$656,990	$20,000	$636,990
Richmond America	Detached-Condo	2,122	$667,000	$32,548	$634,452
Richmond America	Detached-Condo	2,122	$667,000	$20,000	$647,000
Richmond America	Detached-Condo	2,122	$667,000	$52,052	$614,948
Risewell	Detached-Condo	1,530	$507,000	$10,000	$497,000
Risewell	Detached-Condo	1,530	$526,000	$33,500	$492,500
Risewell	Detached-Condo	1,530	$511,000	$17,500	$493,500
Risewell	Detached-Condo	1,530	$526,000	$37,110	$488,890
Risewell	Detached-Condo	1,567	$556,000	$27,159	$528,841
Risewell	Detached-Condo	1,567	$571,000	$36,935	$534,065
Risewell	Detached-Condo	1,567	$571,000	$28,750	$542,250
Risewell	Detached-Condo	1,567	$571,000	$47,000	$524,000
Risewell	Detached-Condo	1,656	$630,000	$43,241	$586,759
Risewell	Detached-Condo	1,656	$630,000	$49,535	$580,465
Risewell	Detached-Condo	1,656	$630,000	$35,297	$594,703
Risewell	Detached-Condo	1,656	$622,000	$41,626	$580,374
Risewell	Detached-Condo	1,667	$580,000	$42,600	$537,400
Risewell	Detached-Condo	1,667	$580,000	$29,565	$550,435
Risewell	Detached-Condo	1,667	$580,000	$30,565	$549,435
Risewell	Detached-Condo	1,667	$580,000	$33,065	$546,935
Risewell	Detached-Condo	1,760	$643,000	$55,035	$587,965
Risewell	Detached-Condo	1,760	$643,000	$15,000	$628,000
Risewell	Detached-Condo	1,870	$658,000	$41,985	$616,015
Risewell	Detached-Condo	1,870	$658,000	$38,553	$619,447
Totals/Averages		1,833	$616,136	$38,485	$577,652
Minimum		1,530	$507,000	$10,000	$488,890
Maximum		2,122	$689,000	$87,076	$669,000

3. METHODOLOGY UNDERLYING THE COMPETITIVE MARKET PRICING ANALYSIS

The methodology utilized herein has been purposefully formulated to be as transparent and straightforward as possible, so that the study and its results can be readily understood by interested parties, including the future homeowners that will be paying the Special Taxes.

Accordingly, the methodology focuses upon using the net adjusted housing prices and tax burdens of the market comparables for homes with various sizes of living area, and then utilizes these to estimate the prices for the projects/plans in CFD No. 113.

The prices of homes in a generally similar location are influenced by a multiplicity of factors, with the most significant being as follows:

- Size of Living Area
  The size of living area typically has the most significant impact on the price of housing.

- Lot Size
  With regards to lot size, there is generally a strong correlation between the lot size and size of the living area for the homes, since builders will typically optimize the size of a home based upon the size of a lot.

- Tax Burden (ad Valorem and Special Taxes/Assessments)

NEW TOTAL HOUSING PRICE

NET BASE PRICE OF THE HOME (AFTER ADJUSTMENTS FOR INCENTIVES)

PLUS

THE PRESENT VALUE OF THE SPECIAL TAXES

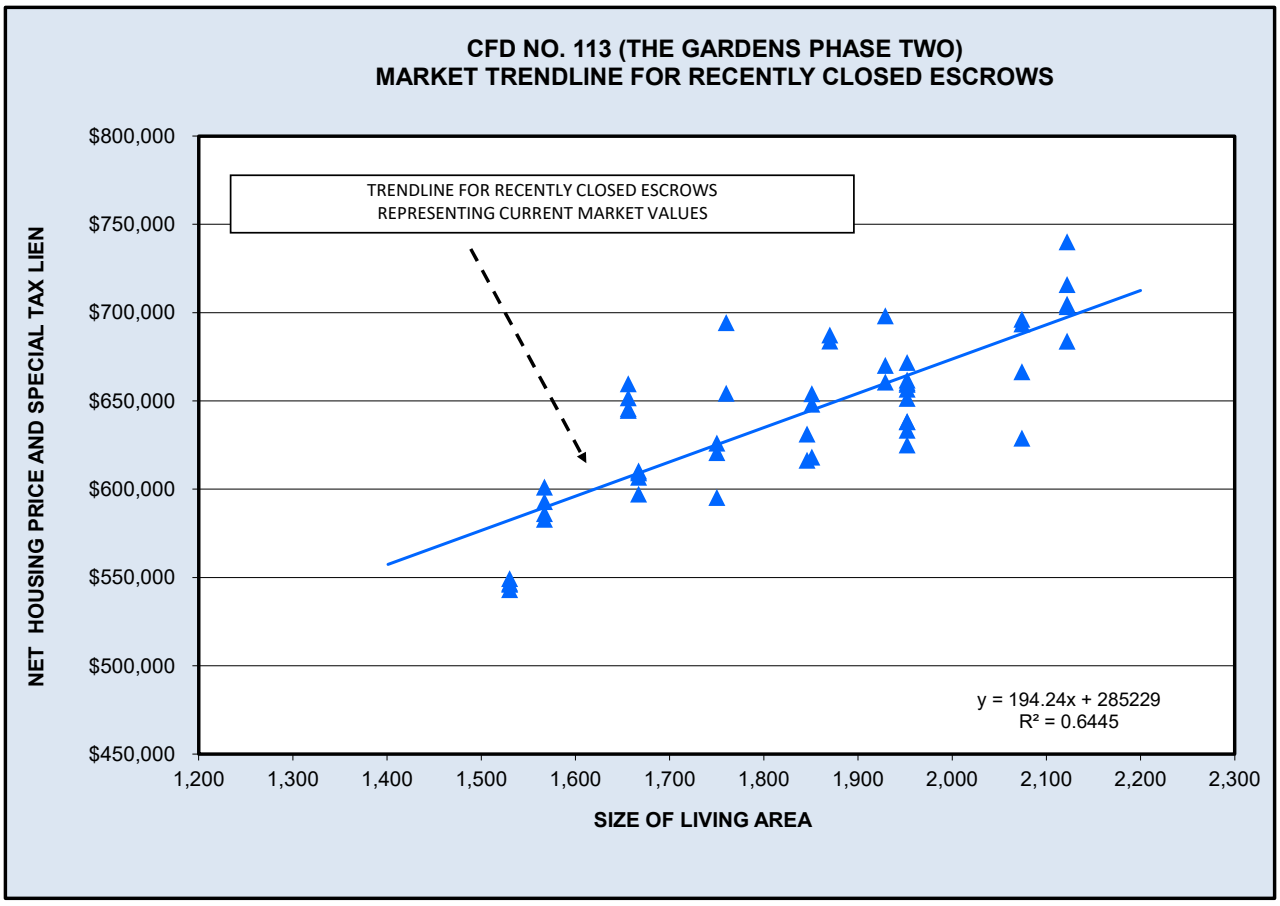
(This is calculated by taking the present value of the Annual Special Taxes over a time period of 30 years using a discount factor of 6.00%.)

4. COMPREHENSIVE STATISTICAL ANALYSIS OF THE ORIGINAL PRICE POINTS FOR THE PROJECTS/PLANS IN CFD NO. 113

The Competitive Market Analysis of Empire's original recommended price points (January 2024) for projects/plans in CFD No. 113 are now evaluated using the following algorithm:

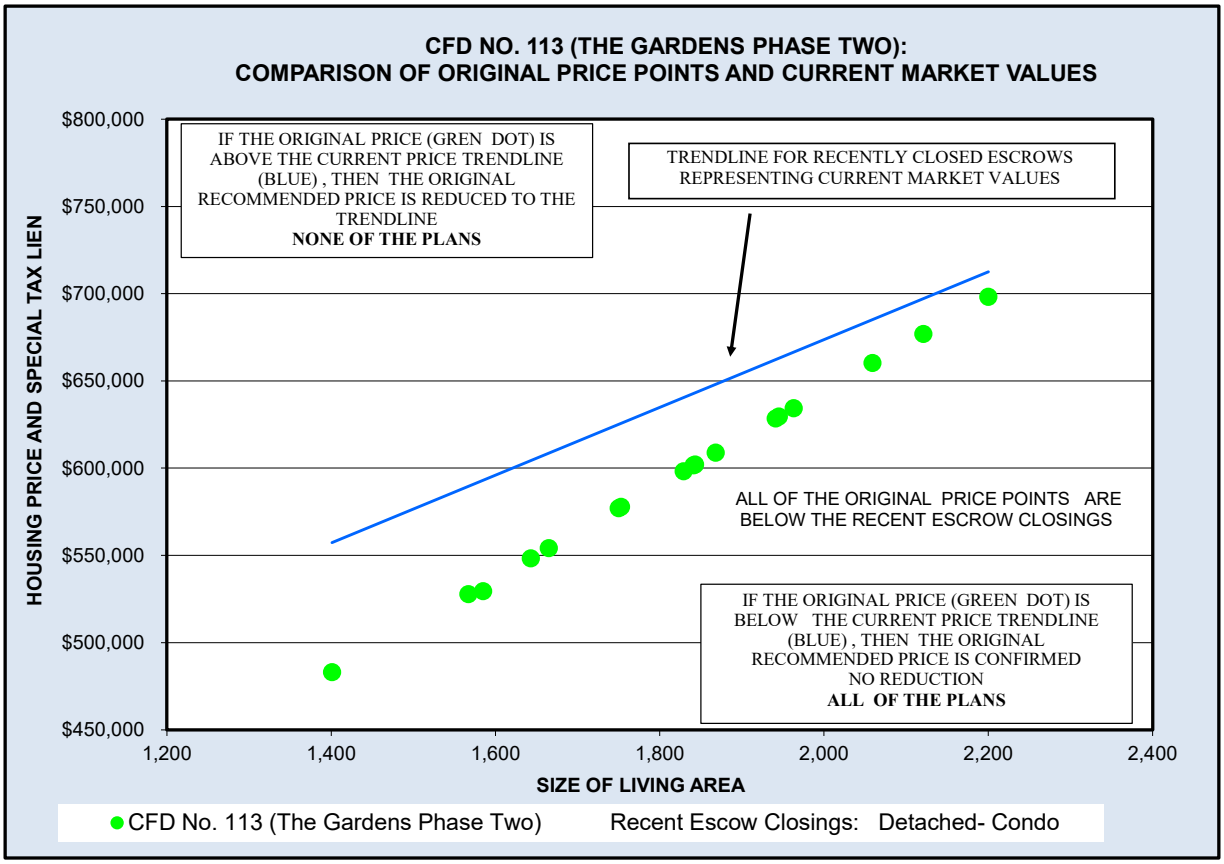
Current Net Base Price for Recent Escrow Closings = Base Sales Price - Incentives

The graph establishes a trendline for the recently closed escrows for projects/plans in CFD No. 113 (blue triangles) which represents the best fit statistically between the total net housing prices and the sizes of living area.



This trendline (blue) is used as a benchmark for evaluating the previously recommended price points by Empire in the original Price Point Study dated January 11, 2024 based upon the recently closed escrows (blue triangles).

The following graph compares the trendline for the recently closed escrows for projects/plans in CFD No. 113 (blue line) to the original price points in the January 11, 2024 Study (green circles).



A comparison of the current market values as of August 2026 based upon escrow closings to the original price points dated January 11, 2024 reveals that ALL ORIGINAL PRICE POINTS are below the trendline of the current market comparable recently closed escrows.

5. CONCLUSIONS OF THE ORIGINAL PRICE POINTS FOR THE PROJECTS/PLANS IN CFD NO. 113

Based upon a comprehensive analysis of Empire's recommended price points (January 2024) and the current net base prices (August 2026), Empire's conclusions on the "net base prices" for the Rate and Method of Apportionment are now discussed.

The above analysis has shown that ALL of Empire's recommended price points for the projects/plans in CFD No. 113 are "ABOVE" the net base housing price trendline of the recently closed escrows (December 2025-July 2026), and so there are NO REDUCTIONS.

- The current market values for all of the projects/plans in CFD No. 113 are HIGHER than the ORIGINAL price points by +$40,564/avg. or some +7.59% avg..
- The amount by which prices are higher ranges from +15% for the lowest size of living area to +2% for the lowest size of living area.

Please refer to the following table for additional information on the Empire's recommended current net prices for evaluating the Special Taxes in CFD No. 113 (The Gardens Phase Two).

COMPARISON OF EMPIRE'S JANUARY 2024 AND CURRENT AUGUST 2026 PRICE POINTS

*** NO PRICE REDUCTION ***

Planning Area	Units by Plans	Number of Stories	Living Areas	Empire's	Special Taxes	Comparison: Current vs. Original	
Product Type	(Estimated)		(Estimated)	Recommended	Rates	Percentage	Recommended
Detached - Condo				Base Prices	(Base = 1.20%)	Difference	Base Prices
				. January 2024.	Target = 1.95%		.August 2026.
			Shaded: Additional Category				
Lower Bound	0	Two-Story	1,401	$437,900	0.75%	15.4%	$505,200
G1: Detached Condo	46	Two-Story	1,643	$497,000	0.75%	10.2%	$547,800
124	42	Two-Story	1,753	$523,800	0.75%	8.3%	$567,200
	22	Two-Story	1,868	$551,900	0.75%	6.4%	$587,400
	14	Two-Story	1,963	$575,000	0.75%	5.1%	$604,200
G2: Detached: Condo	29	Two-Story	1,585	$479,990	0.75%	12.0%	$537,600
90	32	Two-Story	1,567	$478,400	0.75%	11.7%	$534,400
	29	Two-Story	1,665	$502,300	0.75%	9.8%	$551,700
G3: Detached Condo	14	Two-Story	1,829	$542,300	0.75%	7.1%	$580,600
88	18	Two-Story	1,750	$523,100	0.75%	8.3%	$566,700
	21	Two-Story	1,841	$545,300	0.75%	6.9%	$582,700
	35	Two-Story	1,945	$570,700	0.75%	5.3%	$601,000
G4: Detached Condo	15	Two-Story	1,843	$545,800	0.75%	6.8%	$583,000
86	29	Two-Story	1,941	$569,700	0.75%	5.4%	$600,300
	26	Two-Story	2,059	$598,500	0.75%	3.8%	$621,100
	16	Two-Story	2,121	$613,600	0.75%	3.0%	$632,000
Upper Bound	0	Two-Story	2,200	$632,900	0.75%	2.1%	$645,900
Overall Totals/Averages:	**388**		**1,797**	**$534,457**	**0.75%**	**7.59%**	**$575,021**

APPENDIX A

PRICE POINT REVIEW STUDY – EMPIRE ECONOMICS
METHODOLOGY UTILIZED FOR ESTIMATING PRICE POINTS

Builders have excellent knowledge of housing market conditions, a very strong marketing staff and can offer various types of mortgage assistance – their goal is to maximize their profits, the highest net sale price possible.
From the perspective of the home purchaser, the Builder incentives motivated purchasers to agree to a net sales price they can accept.
So the home's net sales price, after adjustment for any types of incentives, provides an accurate representation of the market value of a home.
To challenge the net sale price valuation, there would need to be empirical proof of a near term resale of that same home at a higher price - without the use of any incentives or mortgage assistance.

1. Empire is open to making revisions to the studies that it performs based upon the following:
   Data that was not considered that is relevant to the process.
   Other comments that are within the scope of the methodology being utilized.
   Changes in the conclusions can be brought only be new empirical evidence.

2. Example - assumed characteristics of a recent escrow closing transaction:
   Home with 2,000 sq.ft.
   Base sales price of $640,000
   Incentives including mortgage buy down of $40,000
   Net base price after incentives, $600,000
   Empire utilizes the net base price of $600,000 since this represents a market transaction, meaning that the buyer and seller negotiated this price and the sale was consummated.
   Furthermore, the net base price represents any discounts for mortgage incentives, since such incentives from the Builder were required for the purchaser to consummate the transaction.

3. From the perspective of a Builder, the acceptance of the $600,000 negotiated price is based upon the following:
   Significant expertise with regards to specific housing market conditions.
   A professional sales staff that is well versed in negotiating with prospective buyers.
   A mortgage buy down program that can customize the mortgage characteristics to suit the buyer.

4. Now let's assume that in a short time period thereafter the buyer decides to sell the house.
   The key question is could the buyer sell it for more than the net base of $600,000?
   Does the buyer/now seller have more expertise than the Builder - not likely.
   Does the buyer/now seller have a stronger marketing program than the Builder -not likely.
   Can the buyer/now seller provide mortgage assistance - possibly, but that would reduce the profit.

   So, the most highly probable price that the buyer could get for the house would be around $600,000,
   Hypothetically, if buyer/now seller were to sell for $640,000, then it would have to have the same incentives as those provided by the Builder.

Therefore, the Empire methodology provides empirically verified market sales transactions for purposes of estimating the current Price Points.
These can then be utilized by the Special Tax Consultant, along with other related factors, to calculate the current Tax Burden.
Then, as appropriate, adjustments are made to the levels of Special Taxes so the homeowner's tax burden conforms to the public entity's policies.

Resume: Joseph T. Janczyk, Ph.D.
President of Empire Economics

Education: University of California, Riverside, Ph.D. in Economics, Completed in 1976
Specializations in Urban Economics, Mathematical Modeling and Econometric Analysis

State University of New York at Buffalo, Bachelors, Completed in 1970
Dual Majors: Economics and Psychology

Prior Employment: California State University, Tenured Economics Professor: 1976-1985
Courses Taught: Microeconomics, Macroeconomics, Urban Economics, Regional Economics, Computer Modeling, Econometrics, among others

Empire Economics: Chairman and President: 1986-Present

- Perform Independent Real Estate Consulting Services Primarily for Land Secured Financings
- Work for Public Entities including Counties, Cities, School Districts and Water Districts
- Long-term Relationships with Many Clients, 25+ years
- Well Established Relationships with Numerous Professionals in the Municipal Finance Industry
- Performed 500+ Studies on behalf of Public Entities for $15B+ in municipal financing
  - Land Secured Financings for Planned Communities, Business Parks and Retail Centers for 500+ CFDs/ADs for $10B bonds
    - Price Point Studies – Establish Special Taxes that conform to public entities' policies
    - Market Absorption Studies - Provide timelines for phasing infrastructure
    - Homeowner Equity Studies and Forecasts of Assessed Values
    - Economic Forecasting Studies: Forecast Employment and Housing Demand
- Socioeconomic Studies Orange County Transportation Corridors: 2 studies $2.75B bonds
  - Designated as Municipal Bond Issue of the Year for 1999
  - Rating Agency and Bond Insurer Presentations – Trips to New York City
- Mortgage Revenue Bond Issues: Lower Mortgage Rates 50+ studies for $1.7B bonds
- Other Municipal Bond Issues: 35+ studies $2B+ bonds; Certificates of Participation, others
- Forthcoming Bond Issues: 30+ studies for $500M+ future bond sales

Industry Contributions – Regular Speaker/Panelist at Following Events:

- State Treasurer, Mr. John Chiang: Council of Economic Advisors: January 2015 –December 2018
  - Bi-annual meetings and published articles in the Treasurer's Newsletter, Intersections
- UCLA Municipal Bond Financing Seminars (10+ times, as Featured Speaker)
- Bond Buyer Conference
- League of Cities
- Municipal Bond Industry Association
- Best Practices for Continuing Disclosure
- Appraisal Standards for Land Secured Financing by CDIAC
- Meetings with Municipal Bond Funds

Dedicated to Public Sector: Certifications Provided in each Study:

- Empire has not performed any consulting services for the CFD/AD property owners nor the developers/builders, during the past thirty-five+ years.
- Empire will not perform any consulting services for the CFD/AD property owners nor the developers/builders, during the next five years.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

[Date of Delivery]

City of Fontana Community Facilities
District No. 113 (The Gardens Phase Two)
Fontana, California

City of Fontana
Community Facilities District No. 113 (The Gardens Phase Two)
Special Tax Bonds, Series 2026
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) (the "Community Facilities District") in connection with the issuance by the Community Facilities District of its City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026 (the "Series 2026 Bonds"), in the aggregate principal amount of $_____, pursuant to an indenture, dated as of November 1, 2026 (the "Indenture"), by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, opinions of counsel to the Community Facilities District and the Trustee, certificates of the Community Facilities District, 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 the original delivery of the Series 2026 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 the original delivery of the Series 2026 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. Our engagement with respect to the Series 2026 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the Community Facilities District. 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 the interest on the Series 2026 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 Series 2026 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 Community Facilities District 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. Furthermore, we express no opinion with respect to the plans, specifications, maps, reports 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 Series 2026 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 Series 2026 Bonds constitute valid and binding special, limited obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Community Facilities District.

3. Interest on the Series 2026 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 Series 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series 2026 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 Series 2026 Bonds.

Faithfully yours,

APPENDIX E

GENERAL INFORMATION CONCERNING THE CITY OF FONTANA

This appendix sets forth general information about the City of Fontana ("Fontana") including information with respect to its finances. The following information concerning Fontana, the County of San Bernardino (the "County") and the State of California (the "State") are included only for general background purposes. The Bonds are not obligations of the City, County or State or any political subdivision thereof and neither the faith and credit nor the taxing power of the City, County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds or any Additional Bonds.

General

The City of Fontana encompasses approximately 43.1 square miles of land and has an estimated population in 2026 of approximately 219,774. The City is located 50 miles east of Los Angeles, and approximately 10 miles west of the cities of Riverside and San Bernardino. Founded in 1913, Fontana is the second largest city in San Bernardino County, and the 20th largest in the State. The Riverside-San Bernardino area is often referred to as Southern California's "Inland Empire." As one of the cities in the Inland Empire, Fontana is part of a region whose population base exceeds 4.6 million people.

The earliest recorded landowner in the Fontana area was Don Antonio Maria Lugo, who received a land grant in 1813. A second grant, in 1842, secured the land known as Rancho de San Bernardino for his sons. The Lugo sons sold a portion of their land, which included part of what is now Fontana, to a group of Mormon settlers in 1851. The Mormon settlers eventually returned to Salt Lake City, and the Semi-Tropical Land & Water Company gained control of the Rancho. Active development of the area, however, did not begin until the early 1900's when the Fontana Development Company acquired the acreage and began a community called Rosena - a name that was changed to Fontana in 1913.

Fontana quickly became a diversified agricultural area, with citrus, grain, grapes, poultry, and swine being the leading agricultural commodities. The community faced a transition beginning in 1942 when the Fontana area was selected as the site for a steel mill. Fontana incorporated in 1952 and the area became Southern California's leading producer of steel and steel related products.

The steel industry dominated the City's economy from the time the mill was built until the mid-1980's. In the late 1970's, however, Kaiser Steel began to cut down on production and manpower, and the steel mill closed in 1984. The mill site, located outside of City limits, is in the process of being developed into an integrated community of transportation-related industrial, commercial and business park uses to take advantage of the site's excellent highway and rail access. The plate steel and rolling mill plant was acquired by California Steel Industries, which continues to produce steel products. In addition, railroad and trucking operations and a number of industrial facilities and warehousing/distribution centers are located in Fontana because of its convenient geographical location and excellent transportation network.

City Government

The City was incorporated as a general law city in 1952 and is governed by a Mayor and four council members elected by geographical district to serve four-year terms. The City operates under the Council - Manager form of government. Effective July 1, 2008, the Fontana City Council established the Fontana Fire Protection District, which is governed by the same members who comprise the City Council, and which provides fire and related services to the City and certain adjacent unincorporated areas by means of contract with the San Bernardino County Fire Department. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City.

The City of Fontana provides police protection, street sweeping, park maintenance, building inspection, library, sewer, storm drain and sanitation services. Numerous hospitals and health care facilities are located near Fontana.

Population

Fontana has been one of the most rapidly growing cities in Southern California. The adopted 1990 General Plan calls for a careful balance of residential, commercial and industrial development to ensure a quality urban environment with a broad range of employment and housing opportunities.

The population in Fontana increased approximately 6.9% from 2017 to 2026. The population growth in the City, County and State is shown on the following chart.

POPULATION ESTIMATES
City of Fontana, County of San Bernardino and State of California
2017-2026

Year[(1)]	*City of Fontana*	*County of San Bernardino*	*State of California*
2017	205,398	2,142,339	39,273,915
2018	206,203	2,153,258	39,429,439
2019	207,794	2,169,538	39,503,656
2020[(2)]	208,482	2,181,654	39,538,223
2021	210,387	2,184,048	39,380,058
2022	212,400	2,182,080	39,159,480
2023	213,218	2,177,507	39,167,274
2024	215,887	2,201,878	39,446,835
2025	218,460	2,215,490	39,646,907
2026	219,774	2,216,685	39,592,978

(1) January 1 estimate.
(2) April 1 estimate.
Source: State of California, Department of Finance. E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark and 2021-2026, with 2020 Benchmark.

Transportation

The City of Fontana is strategically located in the hub of surface, rail and air transportation facilities. Union Pacific and Burlington Northern/Santa Fe rail lines provide rail service to Fontana. Switch yards and multi-modal terminals are located nearby.

Major interstate freeways and state highways provide direct access to the City, making shipping and transportation to and from seaports, North American Free Trade Agreement ports of entry, and the rest of the nation highly dependable. Interstate 10 traverses the southern section of the City, Interstate 15 borders the western portion of the City, and Interstate 210, which is the extension of Route 30, opened in November 2002, links the San Bernardino Valley with the San Fernando Valley and traverses the northern portion of the City. State freeways 57, 60 and 91 are minutes from Fontana.

The LA/Ontario International Airport is a medium-hub, full-service airport, which offers more than 70 daily flights to cities in the U.S., Mexico and Taiwan and is served by nine commercial carriers. The airport is owned and operated by Ontario International Airport Authority, a joint powers agency, and is served by AeroMexico, Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines/United Express, US Airways and Volaris. Various airlines provide freight services at Ontario International Airport.

With approximately 570,000 square feet and 26 passenger gates within two terminals, Ontario International Airport is the Western States Regional Terminal for United Parcel Service. In 2025 approximately 7.1 million passengers used the airport. The passenger count included approximately 6.5 million domestic travelers and 566,923 international passengers, decrease of -1.4% and increase of 29.2% over 2024, respectively.

Transit services are provided by Metrolink commuter rail service to Los Angeles with connections to the numerous surrounding cities provided by Omnitrans bus service, Dial-a-Ride, Yellow Cab Company and Bell Cab Company.

Education

Five school districts serve students in the City of Fontana. There are thirty public elementary schools, seven middle schools, five high schools, three alternative high schools, seven private elementary/middle schools, one School of Language Development and one adult school. Local colleges and universities include Universal Technical Institute of California Inc., Chaffey College, San Bernardino Valley College, California State University-San Bernardino, Riverside Community College, Westech College and the University of California-Riverside.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2021 through 2025 for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
City of Fontana, San Bernardino County, State of California and United States
2021 through 2025[1]

Year and Area	*Labor Force*	*Employment[2]*	*Unemployment[3]*	*Unemployment Rate (%)*
2021				
City of Fontana	102,700	95,400	7,300	7.1%
San Bernardino County	991,300	917,200	74,100	7.5
State of California	19,013,800	17,619,300	1,394,500	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Fontana	104,500	100,500	4,000	3.8%
San Bernardino County	1,001,600	959,600	42,000	4.2
State of California	19,267,400	18,441,400	826,100	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Fontana	106,500	101,900	4,600	4.3%
San Bernardino County	1,015,000	968,100	46,900	4.6
State of California	19,514,600	18,593,600	921,000	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
City of Fontana	108,200	103,100	5,100	4.7%
San Bernardino County	1,027,000	974,300	52,700	5.1
State of California	19,692,800	18,650,700	1,042,200	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2025				
City of Fontana	110,054	104,518	5,536	5.0%
San Bernardino County	1,044,300	988,100	56,300	5.4
State of California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025 Benchmark.

Listed below are the major employers in the City.

CITY OF FONTANA - MAJOR EMPLOYERS – 2025

Employer	*Number of Employees*
Kaiser Permanente	7,587
Fontana Unified School District	4,080
Amazon.com Services LLC	3,059
So California Permanente Medical Group	2,113
St Bernardine Medical Center	1,775
City of Fontana (includes part-time employees)	1,345
Walmart D C #6060 DC Drop Yard	1,149
Walmart #6060	1,149
Vpet USA, LLC	610
Reyes Coca-Cola Bottling, LLC	450

Source: City of Fontana Fiscal Year Ending June 30, 2025 Annual Comprehensive Financial Report.

Listed below are the major employers in the County.

PRINCIPAL EMPLOYERS
San Bernardino County
Fiscal Year 2024-25

Rank	*Name of Business*	*Approximate No. of San Bernardino County Employees*[(1)]
1	Loma Linda University Medical Center	10,000+
2	San Bernardino County	10,000+
3	Amazon	10,000+
4	Dignity Health Community Hospital San Bernardino	10,000+
5	Ontario International Airport	5,000-9,999
6	Bear Mountain	1,000-4,999
7	Burlington Distribution Corp.	1,000-4,999
8	California State University San Bernardino	1,000-4,999
9	Environmental Systems Research Institute	1,000-4,999
10	FedEx Ground	1,000-4,999

(1) Data represents estimated number of employees.
(1) Due to confidentiality of reporting number of employees, ranges have been provided.
Source: San Bernardino County Annual Comprehensive Report for the year ending June 30, 2025.

Industries

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Labor Market Area. This labor market area, as defined for reporting purposes by the California Employment Development Department, has boundaries coterminous with those of Riverside and San Bernardino Counties. The following table sets forth certain employment data for the Riverside - San Bernardino-Ontario Metropolitan Statistical Area and the County for the period from 2021 through 2025.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

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

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

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

Tax Levy and Tax Collection

Below is a chart which indicates the tax levy and collection records for the City for fiscal years 2016 through 2025.

Fiscal Year	*Percent of Levy Collected to Date*	*Total Tax Collections to Tax Levy to Date*
2016	101.77%	$116,422,050
2017	104.24	125,264,871
2018	106.48	135,747,922
2019	107.57	154,079,402
2020	103.19	160,025,650
2021	103.78	172,050,509
2022	106.23	188,891,255
2023	107.07	215,154,745
2024	109.12	245,790,595
2025	104.59	259,580,889

Note: The amounts presented include City property taxes and the Former Redevelopment Agency of the City of Fontana (the "Redevelopment Agency") tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: City of Fontana Fiscal Year Ending June 30, 2025 Annual Comprehensive Financial Report.

Largest Taxpayers

The principal property taxpayers in the City for 2025 are as follows:

Taxpayer	*2025 Assessed Valuation*	*% of Total Assessed Valuation*
Duke Realty LP	$ 817,934,606	2.47%
Rexford Industrial Realty LP	686,590,067	2.08
GLC Fontana LLC	241,731,565	0.73
LBA Realty	219,166,577	0.66
San Gabriel Valley Water Company	213,121,619	0.64
Lit Industrial LP	177,654,815	0.54
Fontana Foothills Commerce Center LP	167,292,848	0.51
Target Corporation	157,499,973	0.48
1-15 Logistics LLC	148,598,730	0.45
Vintage Park East LLC	143,828,027	0.43
TOTAL:	$2,973,418,827	

Source: City of Fontana Fiscal Year Ending June 30, 2025 Annual Comprehensive Financial Report.

Taxable Sales

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

TAXABLE SALES
City of Fontana
2021 through 2025
(Dollars in Thousands)

Year	*Retail and Food Permits*	*Retail and Food Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2021	16,762	$3,393,088	24,779	$4,374,359
2022	16,711	3,569,600	24,879	4,804,618
2023	16,554	3,459,027	24,558	4,683,090
2024	17,539	3,300,078	26,013	4,488,950
2025	17,843	3,128,175	26,773	4,366,748

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

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

TAXABLE SALES
San Bernardino County
2021 through 2025
(Dollars in Thousands)

Year	*Retail and Food Permits*	*Retail and Food Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2021	169,364	$38,345,912	274,606	$55,378,097
2022	166,399	40,048,059	273,234	59,922,846
2023	161,872	38,293,705	267,533	57,933,855
2024	164,823	38,757,465	272,843	58,819,797
2025	165,137	41,367,318	276,589	62,042,651

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

Personal Income

The following tables show the personal income and per capita personal income for the City, County, State of California and United States from 2020 through 2024.

PERSONAL INCOME[(1)]
City of Fontana, County of San Bernardino, State of California, and United States
2020-2024

Year	*City of Fontana*	*County of San Bernardino*	*California*	*United States*
2020	$ 5,061,439	$ 99,003,275	$2,770,488,779	$19,613,059,000
2021	5,432,476	109,157,423	3,019,215,724	21,484,168,000
2022	5,708,525	108,075,879	3,021,645,501	22,144,814,000
2023	6,351,724	111,575,931	3,182,779,295	23,577,208,000
2024	6,757,749	119,551,968	3,400,237,317	24,897,613,000

Note: Dollars in Thousands.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Fontana Annual Comprehensive Financial Report for the year ending June 30, 2025.

PER CAPITA PERSONAL INCOME[(1)(2)]
City of Fontana, County of San Bernardino, State of California, and United States
2020-2024

Year	*City of Fontana*	*County of San Bernardino*	*California*	*United States*
2020	$23,763	$45,341	$70,100	$59,151
2021	25,392	49,824	77,134	64,692
2022	26,693	49,214	77,196	66,298
2023	29,650	50,698	81,196	70,002
2024	30,833	53,991	86,232	73,204

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: City of Fontana Comprehensive Annual Financial Report for the year ending June 30, 2025, Bureau of Economic Analysis for County, State and U.S.

Construction Trends

Below is a table indicating residential and non-residential building permits valuations for the City.

CITY OF FONTANA
BUILDING PERMIT VALUATION
(in thousands of dollars)

Type	*2020*	*2021*	*2022*	*2023*	*2024*
Valuation ($000's)					
Residential:	$311,547	$216,978	$211,710	$349,916	$310,571
Non-Residential:	149,761	126,814	363,353	111,182	64,364
Total Valuation:	$461,308	$343,792	$575,063	$461,098	$374,935
New Housing Units:					
Single Family	848	670	509	948	447
Multi Family	234	382	562	798	500
Total Units:	1,082	1,052	1,071	1,746	947

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

Recreation

The City of Fontana maintains over 40 parks, tot lots, sports facilities and other facilities in the community. The City of Fontana operates eight centers throughout the community. The Center Stage Theatre was originally built in 1937 as a single screen movie theatre and was remodeled in 2008 and re-opened as the premiere performing arts venue in the City of Fontana.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary discussion of selected provisions of the Indenture is made subject to all of the provisions of the Indenture. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026 are referred to the complete text of the Indenture, a copy of which is available upon request sent to the Trustee.

Definitions

"Accounts" means the accounts from time to time established pursuant to the Indenture in any of the Funds established and maintained by the Trustee pursuant to the Indenture.

"Act" means the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 et seq. of the California Government Code.

"Acquisition Account" means the Account by that name within the Improvement Fund established and maintained by the Trustee pursuant to the Indenture.

"Acquisition Agreement" means the Acquisition and Funding Agreement, dated as of May 1, 2024, as amended by the First Amendment to Acquisition and Funding Agreement, dated as of October 1, 2026, each by and among the Community Facilities District, the City and the Developer, as it may be amended from time to time in accordance with the terms thereof.

"Acquisition Facilities" means those public facilities designated as eligible for acquisition as defined in and identified by exhibit to the Acquisition Agreement.

"Additional Bonds" means Bonds other than Series 2026 Bonds issued under the Indenture in accordance with the provisions thereof.

"Administrative Expense Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Administrative Expenses" means costs directly related to the administration of the Community Facilities District, including: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules and the costs of collecting the Special Tax, the costs of remitting the Special Tax to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the Community Facilities District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the Community Facilities District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the Community Facilities District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the Community Facilities District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of any delinquent Special Tax.

"Affiliate" of another Person means (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as trustee, guardian, or other fiduciary, 50% or more of any class of equity securities of such other Person, and (b) each Person that controls, is controlled by or is under common control with or by such Person or any Affiliate of such Person. For the purpose of this definition, "control" of a Person shall mean the

possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

"Authorized Denominations" means (a) with respect to the Series 2026 Bonds, $5,000 and any integral multiple thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

"Authorized Representative" means (a) with respect to the Community Facilities District, the City Manager of the City and the Chief Financial Officer, Finance Department, of the City, and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District submitted to the Trustee, and (b) with respect to the Water District, the General Manager of the Water District, and any other Person designated as an Authorized Representative of the Water District in a Written Certificate of the Water District submitted to the Trustee.

"Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Beneficial Owners" means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Counsel" means a firm of nationally recognized bond counsel selected by the Community Facilities District.

"Bond Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Bond Year" means the twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2027.

"Bonds" means the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds issued under the Indenture, and includes the Series 2026 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means a day that is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Capitalized Interest Account" means the Account by that name within the Bond Fund established and maintained by the Trustee pursuant to the Indenture.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

"City" means the City of Fontana, a general law city organized and existing under the laws of the State, and its successors.

"City Council" means the City Council of the City.

"Closing Date" means the date upon which the Series 2026 Bonds are delivered to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986.

"Community Benefit Account" means the Account by that name within the Improvement Fund established and maintained by the Trustee pursuant to the Indenture.

"Community Benefit Facilities" means Construction Facilities, the costs of which are paid from the Community Benefit Account.

"Community Facilities District" means City of Fontana Community Facilities District No. 113 (The Gardens Phase Two), a community facilities district organized and existing under the laws of the State, and its successors.

"Construction Account" means the Account by that name within the Improvement Fund established and maintained by the Trustee pursuant to the Indenture.

"Construction Facilities" means the Facilities other than the Acquisition Facilities.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of November 1, 2026, by and between the Community Facilities District and U.S. Bank Trust Company, National Association, in its capacity as Trustee and in its capacity as dissemination agent thereunder, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Corresponding Bond Year" means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of the Bonds, including printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee, fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, any premium for a bond insurance policy securing payment of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"County" means the County of San Bernardino, a county and political subdivision of the State organized and existing under the laws of the State, and any successor thereto.

"County Assessor" means the Assessor of the County.

"County Auditor" means the Auditor-Controller of the County.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Depository" means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

"Developer" means North Fontana Investment Company, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and any successor thereto.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

"Event of Default" means any event specified in the Indenture.

"Facilities" means the public facilities authorized to be financed by the Community Facilities District, as described in the Resolution of Formation.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Community Facilities District.

"Funds" means the separate funds from time to time established and maintained by the Trustee pursuant to the Indenture.

"Improvement Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Indenture" means the Indenture, dated as of November 1, 2026, by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as Trustee, as originally executed and as it may be amended, supplemented or otherwise modified from time to time by any Supplemental Indenture.

"Independent Consultant" means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Community Facilities District, the City, the Developer or any Affiliate thereof, (c) does not have any substantial interest, direct or indirect (i) with or in the Community Facilities District, the City, the Developer or any Affiliate thereof, (ii) with or in any owner of real property in the Community Facilities District, or (iii) in any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District, the City, the Developer or any Affiliate thereof as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the City.

"Interest Account" means the Account by that name within the Bond Fund established and maintained by the Trustee pursuant to the Indenture.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing March 1, 2027.

"Letter of Representations" means the Letter of Representations from the Community Facilities District to the Depository, in which the Community Facilities District makes certain representations with respect to issues of its securities for deposit by the Depository.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

"Net Special Tax Revenues" means Special Tax Revenues, less amounts required to pay Administrative Expenses.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Community Facilities District by the Trustee in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Community Facilities District by the Trustee in writing.

"Ordinance" means any ordinance adopted by the City Council levying the Special Tax.

"Original Purchaser" means the original purchaser of the Series 2026 Bonds from the Community Facilities District.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture relating to disqualified Bonds, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with the Indenture, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to the provisions of the Indenture relating to mutilated, lost, destroyed or stolen Bonds.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity that is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed to such term in the Continuing Disclosure Agreement.

"Payment Request" means the document to be provided by the Developer to substantiate the Purchase Price of one or more Segments designated as eligible for acquisition, which shall be as defined in, and substantially in the form included as an exhibit to, the Acquisition Agreement

"Permitted Investments" means at the time of investment the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

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

(8) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term

debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "Aa3" by Moody's and "AA-" by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the Community Facilities District receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody's and S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the Community Facilities District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Community Facilities District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the Account by that name within the Bond Fund established and maintained by the Trustee pursuant to the Indenture.

"Rate and Method" means the rate and method of apportionment of the Special Tax approved by the qualified electors of the Community Facilities District.

"Rebate Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Rebate Requirement" has the meaning ascribed to such term in the Tax Certificate.

"Record Date" means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Redemption Price" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Reserve Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"Reserve Requirement" means, as of the date of any calculation, the least of (a) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code, with respect to the Bonds (excluding from such calculation Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

"Resolution of Formation" means Resolution No. 2024-022, adopted by the City Council on May 14, 2024, as originally adopted and as it may be amended, supplemented or otherwise modified from time to time.

"S&P" means S&P Global Ratings, a business unit of Standard and Poor's Financial Services, LLC, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

"Securities Intermediary" means U.S. Bank National Association, as securities intermediary under the Indenture, or any successor thereto as Securities Intermediary under the Indenture substituted in its place as provided in the Indenture.

"Series" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and designated pursuant to the Indenture as the Series 2026 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2026 Bonds" means the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026, issued under the Indenture.

"Special Tax" means the special tax described and defined in the Rate and Method as the "Facilities Special Tax" approved by the qualified electors to be levied within the Community Facilities District pursuant to the Act and the Rate and Method.

"Special Tax Fund" means the Fund by that name established and maintained by the Trustee pursuant to the Indenture.

"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 foreclosure of the lien of the Special Tax, which shall be limited to the amount of said lien and interest and penalties thereon.

"State" means the State of California.

"Supplemental Indenture" means any supplemental indenture modifying or amending the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2026 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture, substituted in its place as provided in the Indenture.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to the Indenture, a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of the Indenture summarized under the subcaption "Defeasance – Bonds Deemed To Have Been Paid."

"Water District" means the West Valley Water District, a municipal water district organized and existing under the laws of the State of California.

"Water District Account" means the Account by that name within the Improvement Fund established and maintained by the Trustee pursuant to the Indenture.

"Water District Facilities" means water distribution, treatment and storage facilities, together with appurtenances and appurtenant work, that are to be owned and operated by the Water District.

"**Water District Joint Community Facilities Agreement"** means the Joint Community Facilities Agreement, dated as of May 1, 2024, by and among the City, the Community Facilities District and the Water District, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Written Certificate" and **"Written Request"** (a) of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Authorized Representative of the Community Facilities District, and (b) of the Water District mean, respectively, a written certificate or written request signed in the name of the Water District by an Authorized Representative of the Water District. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Certain Provisions of the Bonds

Transfer and Exchange of Bonds. (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination.

The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Book-Entry System. (a) Prior to the issuance of a Series of Bonds, the Community Facilities District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2026 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address that is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Community Facilities District and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Community Facilities District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Community Facilities District and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Community Facilities District and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Community Facilities District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Community Facilities District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Community Facilities District or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Community Facilities District, the Community Facilities District and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Community Facilities District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Community Facilities District shall discontinue the Book-Entry system with the Depository. If the Community Facilities District determines to replace the Depository with another qualified securities depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate, fully registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Community Facilities District fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture summarized under the subcaptions "– Transfer and Exchange of Bonds," "– Bonds Mutilated, Lost, Destroyed or Stolen," and "– Temporary Bonds." Whenever the Depository requests the Community Facilities District to do so, the Community Facilities District shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of the Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to the Indenture by the Community Facilities District or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other

action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Community Facilities District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Community Facilities District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity reasonably satisfactory to the Trustee shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Community Facilities District may require payment by the Owner of a sum not exceeding the actual cost of preparing the replacement Bond delivered thereto under the provisions of the Indenture summarized in this paragraph and the expenses incurred by the Community Facilities District and the Trustee in connection therewith. Any Bond of a Series issued under such provisions of the Indenture in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Community Facilities District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Community Facilities District, shall be in fully registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver, in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered under the Indenture.

Additional Bonds

Conditions for the Issuance of Additional Bonds. The Community Facilities District may at any time issue one or more Series of Additional Bonds payable from Net Special Tax Revenues as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are conditions precedent to the issuance of such Additional Bonds:

(a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing under the Indenture;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Indenture and the Act and shall have been provided for by a Supplemental Indenture, which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to refund any Bonds previously issued

under the Indenture, (B) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (C) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (viii) below;

(ii) the designation of such Series of Additional Bonds, the aggregate principal amount of the Additional Bonds of such Series, and the principal amount of, and the interest rate to be borne by, each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the Authorized Denominations of such Additional Bonds;

(vi) the redemption premiums and terms, if any, for such Additional Bonds;

(vii) the form of such Additional Bonds;

(viii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement; and

(ix) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(c) The Community Facilities District shall have received a certificate from an Independent Consultant certifying that Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

Nothing contained in the Indenture shall limit the issuance of any special tax bonds payable from the Special Tax if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Community Facilities District for issuance under the Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) a certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) a Written Request of the Community Facilities District as to the delivery of such Additional Bonds;

(c) a Written Certificate of the Community Facilities District stating that the conditions precedent to the issuance of such Additional Bonds specified in the Indenture have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) the Indenture, as modified and amended by all Supplemental Indentures theretofore, or thereupon being, entered into has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Community Facilities District, (ii) such Additional Bonds constitute valid and binding special, limited obligations of the Community Facilities District, and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Additional Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any Additional Bonds or obligations payable from Net Special Tax Revenues on a parity with the Bonds, except pursuant to the provisions of the Indenture relating to Additional Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Special Tax Revenues on a basis senior to the Bonds.

Security for Bonds; Flow of Funds; Investments

Pledge. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Special Tax Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Special Tax Fund." As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, but in any event no later than the date ten Business Days after such receipt, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any such Special Tax Revenues that represent a Special Tax prepayment (i) said Special Tax prepayment shall be identified as such in a Written Certificate of the Community Facilities District submitted to the Trustee at the time such Special Tax prepayment is transferred to the Trustee, (ii) the portion of such Special Tax prepayment that is to be applied to the Redemption Price of the Bonds shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Redemption Fund and shall be applied to make Mandatory Redemption from Special Tax Prepayments pursuant to the provisions of the Indenture as described in the forepart of this Official Statement and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, and (iii) the portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Interest Account and shall be applied to the payment of such interest.

(b) Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

(c) No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall withdraw from the Special Tax Fund Net Special Tax Revenues in an amount sufficient to enable the Trustee to make the following transfers in the following order of priority:

(i) *Interest Account.* To the Interest Account, the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date;

(ii) *Principal Account.* To the Principal Account, the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to the principal, if any, due on the Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds; and

(iii) *Reserve Fund.* To the Reserve Fund, the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

Upon the receipt of such amounts from the Community Facilities District, the Trustee shall make such transfers in said order of priority.

Bond Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Bond Fund." Within the Bond Fund, the Trustee shall establish and maintain in trust in the name of the Trustee a separate Account designated the "Capitalized Interest Account," a separate Account designated the "Principal Account" and a separate Account designated the "Interest Account." There shall be deposited in the Capitalized Interest Account the amount required to be deposited therein pursuant to the Indenture. The Trustee shall deposit in the Interest Account and the Principal Account from time to time the amounts required to be deposited therein pursuant to the Indenture. The Trustee shall establish such subaccounts of the Interest Account, and Capitalized Interest Account as specified in a Supplemental Indenture with respect to a Series of Additional Bonds and shall deposit in the Bond Fund and the Capitalized Interest Account the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) In the event that, on the Business Day prior to an Interest Payment Date, after the deposit in the Interest Account of the amounts required to be deposited therein pursuant to the Indenture, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable. Notwithstanding the foregoing, on each Interest Payment Date through and including September 1, 2027, the amount set forth in the Indenture shall be transferred from the Capitalized Interest Account to the Interest Account. Any amount remaining in the Capitalized Interest Account on September 2, 2027, shall, unless otherwise provided in a Supplemental Indenture, be transferred to the Interest Account, whereupon the Capitalized Interest Account shall be closed pending direction in a Supplemental Indenture to provide for interest payments on a Series of Additional Bonds. There shall additionally be transferred from the Capitalized Interest Account to the Interest Account the amounts required to be so transferred under any Supplemental Indenture.

(d) In the event that, on the Business Day prior to a September 1 on which principal of the Bonds is due and payable, after the deposit in the Principal Account of the amounts required to be deposited therein pursuant to the Indenture, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, amounts in the Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Reserve Fund required to be withdrawn therefrom on such date pursuant to paragraph (b) above, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Principal Account.

(e) On each September 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable.

Reserve Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Reserve Fund." On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount required to be deposited therein pursuant to the Indenture. The Trustee shall deposit in the Reserve Fund from time to time the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in the provisions of the Indenture summarized under this subcaption ("– Reserve Fund"), amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with the provisions of the Indenture summarized in paragraph (b) under the subcaption "– Bond Fund" in the event of any deficiency in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with the provisions of the Indenture summarized in paragraph (d) under the subcaption "– Bond Fund" in the event of any deficiency in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with the provisions of the Indenture summarized under this subcaption ("– Reserve Fund").

(c) Whenever Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to the provisions of the Indenture summarized under the subcaption "Defeasance – Bonds Deemed To Have Been Paid," be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay all Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

Redemption Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund (i) amounts received from the Community Facilities District in connection with the Community Facilities District's exercise of its rights to optionally redeem Bonds, (ii) the portion of Special Tax prepayments required to be deposited therein pursuant to the Indenture, (iii) amounts required to be transferred to the Redemption Fund from the Improvement Fund (or Accounts therein) pursuant to the Indenture, (iv) amounts required to be transferred to the Redemption Fund from the Reserve Fund pursuant to the Indenture, and (v) amounts required to be deposited therein pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2026 Bonds redeemed by Optional Redemption or Mandatory Redemption from Special Tax Prepayments pursuant to the provisions of the Indenture as described in the forepart of this Official Statement and for the payment of the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued (other than mandatory sinking fund redemptions thereof).

Rebate Fund. (a) The Trustee shall establish and maintain in the name of the Trustee a separate Fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to the defeasance provisions of the Indenture or anything to the contrary contained in the Indenture, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the provisions summarized under this subcaption ("– Rebate Fund") and by the Tax Certificate, which is incorporated in the Indenture as if fully set forth therein. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described under this subcaption ("– Rebate Fund"), shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

Administrative Expense Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Administrative Expense Fund." The Trustee shall deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred and that such purpose constitutes an Administrative Expense, (iv) that such payment is a proper charge against the Administrative Expense Fund, and (v) that payment of such amount has not been the subject of a prior disbursement from the Administrative Expense Fund, in each case together with a statement or invoice for each amount requested thereunder.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture. There shall

additionally be deposited in the Costs of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that payment of such amount has not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Construction Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions of the Indenture, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Improvement Fund. (a) The Trustee shall establish and maintain in trust in the name of the Trustee a separate Fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee shall establish and maintain in trust in the name of the Trustee (i) a separate Account designated the "Acquisition Account," (ii) a separate Account designated the "Community Benefit Account," (iii) a separate Account designated the "Construction Account," and (iv) a separate Account designated the "Water District Account." On the Closing Date, the Trustee shall deposit in the Acquisition Account, the Community Benefit Account, the Construction Account and the Water District Account the respective amounts required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Acquisition Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred, (iv) that such payment is for costs of the Acquisition Facilities and is a proper charge against the Acquisition Account, (v) that payment of such costs has not been the subject of a prior disbursement from the Acquisition Account, the Construction Account or the Community Benefit Account, and (vi) whether or not such costs of the Acquisition Facilities are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the Acquisition Facilities are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, a duplicate original of the signed and approved Payment Request relating to such costs of the Acquisition Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the Acquisition Facilities to be financed from the Acquisition Account has been completed and that all costs of such Acquisition Facilities have been paid, or (ii) that such portion of the Acquisition Facilities has been substantially completed and that all remaining costs of such portion of the Acquisition Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall transfer all of the amount remaining in the Acquisition Account (less any such retention) to the Construction Account or the Community Benefit Account, as directed in a Written Certificate of the Community Facilities District submitted to the Trustee.

(c) The moneys in the Community Benefit Account shall be used and withdrawn by the Trustee from time to time to pay the costs of Construction Facilities that constitute Community Benefit Facilities upon

submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred, (iv) that the Construction Facilities, the costs of which are to be paid, constitute Community Benefit Facilities and such payment is for costs of the Community Benefit Facilities and is a proper charge against the Community Benefit Account, and (v) that payment of such costs has not been the subject of a prior disbursement from the Community Benefit Account, the Construction Account or the Acquisition Account, in each case together with a statement or invoice for each amount requested thereunder. Additionally, upon submission of a Written Request of the Community Facilities District stating (i) that a portion of the amount on deposit in the Community Benefit Account is to be transferred to the Construction Account, and (ii) the amount to be so transferred, the Trustee shall transfer such amount from the Community Benefit Account to the Construction Account.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the Community Benefit Facilities to be financed from the Community Benefit Account has been completed and that all costs of such Community Benefit Facilities have been paid, or (ii) that such portion of the Community Benefit Facilities has been substantially completed and that all remaining costs of such portion of the Community Benefit Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall transfer all of the amount remaining in the Community Benefit Account (less any such retention) to the Construction Account.

(d) The moneys in the Construction Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Construction Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred, (iv) that such payment is for costs of the Construction Facilities and is a proper charge against the Construction Account, and (v) that payment of such costs has not been the subject of a prior disbursement from the Construction Account, the Community Benefit Account or the Acquisition Account, in each case together with a statement or invoice for each amount requested thereunder.

Upon the submission of a Written Certificate of the Community Facilities District stating (i) that the portion of the Construction Facilities to be financed from the Construction Account has been completed and that all costs of such Construction Facilities have been paid, or (ii) that such portion of the Construction Facilities has been substantially completed and that all remaining costs of such portion of the Construction Facilities have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Construction Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Construction Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds.

(e) The moneys in the Water District Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Water District Facilities upon submission of a Written Request of the Water District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid and instructions for such payment, (iii) the purpose for which such costs were incurred, (iv) that such payment is for costs of the Water District Facilities and is a proper charge against the Water District Account, (v) that payment of such costs has not been the subject of a prior disbursement from the Water District Account, (vi) that each portion of the Water District Facilities for which payment of such costs is requested was constructed under the direction and supervision, or under the authority of, the Water District or was constructed as if it had been constructed under the direction and supervision, or under the authority of, the Water District, and (vii) that each portion of the Water District Facilities for which payment of such costs is requested (A) has been constructed, acquired or installed by the Water District, or (B) is being acquired and purchased in accordance with the provisions of the Act by written agreement with the Water District.

Upon the submission of a Written Certificate of the Water District stating that the portion of the Water District Facilities to be financed from the Water District Account has been completed and that all costs of such Water District Facilities have been paid, the Trustee shall transfer all of the amount remaining in the Water District Account to the Construction Account or, if the Construction Account has been closed, to the Bond Fund, to be applied to the payment of interest on the Bonds.

Investment of Moneys. (a) Except as otherwise provided in the Indenture, all moneys in any of the Funds or Accounts shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Community Facilities District received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such Funds and Accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent a timely Written Request of the Community Facilities District with respect to the investment of moneys in any of the Funds or Accounts, the Trustee shall invest such moneys in Permitted Investments described in paragraph (6) of the definition thereof.

(b) Subject to the provisions of the Indenture relating to the Rebate Fund, all interest, profits and other income received from the investment of moneys in any Fund or Account (other than the Reserve Fund and the Capitalized Interest Account) shall be retained therein. Subject to the provisions of the Indenture relating to the Rebate Fund, all interest, profits or other income received from the investment of moneys in the Reserve Fund or the Capitalized Interest Account shall (i) prior to the date on which a Written Certificate of the Community Facilities District is submitted to the Trustee pursuant to the provisions of the Indenture relating to the Acquisition Account of the Improvement Fund, be transferred to the Construction Account, and (ii) unless a Written Certificate of the Community Facilities District has been previously submitted to the Trustee pursuant to the provisions of the Indenture relating to the Community Benefit Account of the Improvement Fund, on and after the date such Written Certificate of the Community Facilities District is submitted to the Trustee pursuant to the provisions of the Indenture relating to the Acquisition Account of the Improvement Fund and prior to the date on which the Written Certificate of the Community Facilities District is submitted to the Trustee pursuant to the provisions of the Indenture relating to the Community Benefit Account of the Improvement Fund, be transferred to the Community Benefit Account and, thereafter, shall be transferred to the Interest Account; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any Fund or Account shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account, all Permitted Investments credited to such Fund or Account shall be valued by the Trustee at the market value thereof (without regard to costs incurred in the acquisition or disposition thereof, including breakage, unwind or other similar fees), such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15. To the extent of any valuations to be made by the Trustee under the Indenture, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. Any Permitted Investment that is a registrable security shall be registered in the name of the Trustee.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund or Account to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made

or sold pursuant to provisions of the Indenture summarized under this subcaption ("– Investment of Moneys"). For purposes of investment, the Trustee may commingle moneys in any of the Funds and Accounts. The Trustee, in making or disposing of any investment permitted by the Indenture summarized under this subcaption ("– Investment of Moneys"), may deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account.

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

Certain Covenants Under the Indenture

Collection of Special Tax Revenues. (a) The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including the enforcement of delinquent Special Tax payments.

(b) Prior to August 1 of each year, the Community Facilities District shall ascertain from the County Assessor the relevant parcels on which the Special Tax is to be levied, taking into account any parcel splits during the preceding and then current year. The Community Facilities District shall effect the levy of the Special Tax each Fiscal Year in accordance with the Ordinance by each August 10, or otherwise such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Community Facilities District shall prepare or cause to be prepared, and shall transmit to the County Auditor, such data as the County Auditor requires in order to include the levy of the Special Tax on the next real property tax roll.

(c) The Community Facilities District shall fix and levy the Special Tax within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied on each parcel, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the Funds and Accounts.

(d) The Special Tax shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners), and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Foreclosure. Pursuant to Section 53356.1 of the Act, the Community Facilities District covenants with and for the benefit of the Owners that it will determine or cause to be determined, no later than September 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of the Special Tax levied thereon and, if such delinquencies exist, the Community Facilities District will order and cause to be commenced no later than November 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the Special Tax or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is

less than 5% of the total amount of the Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single parcel in the Community Facilities District is delinquent in excess of $5,000 in the payment of the Special Tax levied on such parcel, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such parcel.

Compliance with Act. The Community Facilities District shall comply with all applicable provisions of the Act.

Punctual Payment. The Community Facilities District shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Special Tax Revenues and other assets pledged for such payment as provided in the Indenture and received by the Community Facilities District or the Trustee.

Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon that shall not have been so extended. Nothing in the Indenture summarized under this paragraph shall be deemed to limit the right of the Community Facilities District to issue Bonds for the purpose of refunding any Outstanding Bonds in accordance with the provisions of the Indenture, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances; Defense of Pledge. The Community Facilities District shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture, except as permitted by the Indenture. The Community Facilities District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created by the Indenture, against all claims and demands of all Persons whomsoever.

Tax Covenants. (a) The Community Facilities District shall 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 interest on the Series 2026 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive payment in full or defeasance of the Series 2026 Bonds.

(b) In the event that at any time the Community Facilities District is of the opinion that for purposes of the tax covenant provisions of the Indenture it is necessary or helpful to restrict or limit the yield on the investment of any moneys in any of the Funds or Accounts, the Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any tax covenant provisions of the Indenture, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under the tax covenant provisions of the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2026 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the tax covenant provisions of the Indenture and of the Tax Certificate, and the covenants under the Indenture shall be deemed to be modified to that extent.

Non-Cash Payments of Special Tax. The Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the Community Facilities District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Reduction in Special Tax. The Community Facilities District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Continuing Disclosure. Each of the Community Facilities District and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of the Indenture, failure of the Community Facilities District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2026 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2026 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Accounting Records. The Community Facilities District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Special Tax, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

State Reporting. If at any time principal or interest due on any scheduled payment date for the Bonds is not paid, or if funds are withdrawn from the Reserve Fund to pay principal of or interest on the Bonds, the Trustee shall notify the Community Facilities District in writing of such failure or withdrawal, and the Community Facilities District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within ten days of the failure to make such payment or the date of such withdrawal.

Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2027 and continuing until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

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

Events of Default and Remedies

Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable;

(c) failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, or to the Community Facilities District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 30 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(d) the commencement by the Community Facilities District or the City of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Foreclosure. If an Event of Default shall occur under the provisions of the Indenture summarized in paragraphs (a) or (b) under the subcaption "– Events of Default" above, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District delinquent in the payment of the Special Tax, as provided in Section 53356.1 of the Act.

Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Community Facilities District and its officers, agents or employees to perform each and every term, provision and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Community Facilities District and the fulfillment of all duties imposed upon it by the Indenture and the Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things that are unlawful, or the violation of any of the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Community Facilities District and its officers and employees to account as if it and they were the trustees of an express trust.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses incurred by the Trustee necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee

(including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) to the payment of the principal and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest on the Bonds then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: to the payment to the Persons entitled thereto of all installments of principal of the Bonds then due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference;

(c) any remaining funds shall be transferred by the Trustee to the Special Tax Fund.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture; provided, however, that such direction shall not be otherwise than in accordance with the provisions of the Indenture, the Act and other applicable law and, provided, further, that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared in the Indenture, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with

respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners, subject to the provisions of the Indenture.

Absolute Obligation. Nothing in the Indenture or the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners as the same become due, as provided in the Indenture, but only out of the Net Special Tax Revenues and other assets pledged therefor under the Indenture, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners, then in every such case the Community Facilities District, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Community Facilities District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

Trustee; Securities Intermediary

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default that has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party to the Indenture and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least $250,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this paragraph the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Community Facilities District may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with paragraph (a) above, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control

or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Community Facilities District, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of paragraph (a) above, the Trustee shall resign immediately in the manner and with the effect specified in the provisions of the Indenture described under this subcaption ("– Qualifications; Removal and Resignation; Successors").

(d) Upon removal or resignation of the Trustee, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in the Indenture as described in paragraph (a) above. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions in the Indenture set forth. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under paragraph (a) above, shall 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.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its

capacity as Trustee, or the application of any moneys paid to the Community Facilities District or others in accordance with the Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

(d) No provision of the Indenture or any other document related to the Indenture shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties under the Indenture through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

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

(h) Before taking action under the provisions of the Indenture summarized under the captions "Events of Default and Remedies" or "Trustee; Securities Intermediary" or upon the direction of the Owners, the Trustee may require indemnity reasonably satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it under the Indenture if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions of the Indenture.

Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Written Certificate, 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.

(c) The Trustee may consult with counsel, who may be counsel to the Community Facilities District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Special Tax Revenues received by it and all Funds and Accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Community Facilities District during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the Funds and Accounts; provided, however, that the Trustee shall not be obligated to deliver an accounting for any Fund or Account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Community Facilities District, the Owners and their agents and representatives duly authorized in writing.

Compensation and Indemnification. The Community Facilities District shall pay to the Trustee from time to time from Special Tax Revenues all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture, in each case pursuant to a pre-approved fee letter. The Community Facilities District shall, to the extent permitted by law, from Special Tax Revenues, indemnify and save the Trustee harmless against any costs, claims, expenses (including fees and expenses of its counsel) and liabilities that it may incur in the exercise and performance of its powers and duties under the Indenture, including the enforcement of any remedies and the defense of any suit, and that are not due to its negligence or its willful misconduct. The duty of the Community Facilities District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the discharge and satisfaction of the Indenture.

Securities IntermediaryAt all times during which the Trustee does not maintain under the Indenture securities accounts to which financial assets may be credited, there shall be a Securities Intermediary acting as such pursuant to the Indenture.

(b) U.S. Bank National Association is appointed as the initial Securities Intermediary and U.S. Bank National Association accepts such appointment.

(c) The initial Securities Intermediary and any successor thereto (i) shall at all times be a trust company, national banking association or bank in good standing in or incorporated under the laws of the United States or any state thereof having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least $250,000,000, and subject to supervision or examination by a federal or state agency, (ii) shall not be an affiliate of the Community Facilities District or the City, and (iii) shall, in the ordinary course of its business, maintain securities accounts for others and be so maintaining accounts under the Indenture.

(d) Each Fund and Account shall be a securities account maintained with the Securities Intermediary to which financial assets may be credited and the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise such financial assets.

(e) The Securities Intermediary shall not change the name or the account number of any Fund or Account without the prior written consent of the Trustee.

(f) Each item of property credited to each Fund or Account shall be treated as a financial asset.

(g) The Securities Intermediary shall comply with entitlement orders originated by the Trustee, without the need for consent by the Community Facilities District or any other Person.

(h) The Securities Intermediary shall not agree with any Person, other than the Trustee, that it will comply with entitlement orders originated by any Person other than the Trustee.

(i) The Securities Intermediary shall not take any action inconsistent with this subcaption ("– Securities Intermediary") or any other provision of the Indenture applicable to it. The Securities Intermediary shall not be a party to any agreement that is inconsistent with this subcaption ("– Securities Intermediary") or any other provision of the Indenture or that limits or conditions any of its obligations under this subcaption ("– Securities Intermediary") or any other provision of the Indenture.

(j) Each item of property credited to each Fund or Account shall not be subject to, and the Securities Intermediary waives, any security interest, lien, claim, encumbrance or right of setoff in favor of the Securities Intermediary or any Person claiming through the Securities Intermediary, other than the Trustee.

(k) For purposes of Article 8 of the Uniform Commercial Code, the securities intermediary's jurisdiction of the Securities Intermediary with respect to the Funds and Accounts shall be the State.

(l) It is the intent of the Community Facilities District, the Trustee and the Securities Intermediary that each Fund and Account shall be a securities account of the Trustee and not an account of the Community Facilities District.

(m) The Securities Intermediary shall be entitled to all of the immunities, protections, limitations of liability and indemnities afforded to the Trustee pursuant to the provisions of the Indenture summarized under the caption "Trustee; Securities Intermediary."

(n) The Securities Intermediary may at any time resign by providing no less than 30 days' written notice of such resignation to the Trustee and the Community Facilities District. The Trustee may remove the Securities Intermediary by providing no less than 20 days' written notice of such removal to the Securities Intermediary. In case at any time the Securities Intermediary shall cease to be eligible in accordance with the provisions of subsection (b) of this subcaption ("– Securities Intermediary"), the Securities Intermediary shall resign immediately. The Trustee shall promptly remove the Securities Intermediary if at any time the Securities Intermediary shall cease to be eligible in accordance with the provisions of subsection (b) of this subcaption ("– Securities Intermediary"). The Trustee shall appoint a successor Securities Intermediary that satisfies the provisions of subsection (b) of this subcaption ("– Securities Intermediary"). The Trustee shall cause (i) each

Fund and Account to be established and maintained with such successor Securities Intermediary in accordance with the terms of the Indenture, and (ii) the successor Securities Intermediary to execute and deliver a written agreement between the Trustee and such successor Securities Intermediary, pursuant to which such successor Securities Intermediary agrees to be the Securities Intermediary under the Indenture and to be bound by the provisions of the Indenture applicable to the Securities Intermediary. The duties and obligations of the resigning or removed Securities Intermediary under the Indenture shall remain in effect until the successor Securities Intermediary has accepted its appointment and each Fund and Account and all property credited thereto have been transferred to the successor Securities Intermediary.

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners under the Indenture may be amended, supplemented or otherwise modified from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are submitted to the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture relating to disqualified Bonds. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the prior written consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Indenture, except as expressly provided in the Indenture, without the prior written consents of the Owners of the Bonds then Outstanding, or (iii) modify or amend the provisions of the Indenture summarized under this subcaption ("– Supplemental Indentures") without the prior written consents of the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners under the Indenture may also be amended, supplemented or otherwise modified from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in the Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Community Facilities District in the Indenture;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(iv) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture.

(c) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first-class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture summarized under the caption "Supplemental Indentures," the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Community Facilities District, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture summarized under the caption "Supplemental Indentures" may and, if the Community Facilities District so determines, shall bear a notation by endorsement or otherwise in form approved by the Community Facilities District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Community Facilities District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Community Facilities District and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Amendment of Particular Bonds. The provisions of the Indenture as described under the caption "Supplemental Indentures" shall not prevent any Owner from accepting any amendment, supplement or other modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

Discharge of Indenture. (a) If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated therein, then the Owners shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets pledged therefor under the Indenture, and all agreements, covenants and other obligations of the Community Facilities District under the Indenture shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant to the Indenture that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of paragraph (a) above, if the Community Facilities District shall pay or cause to be paid to the Owner of an Outstanding Bond the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture and therein, such Owner shall cease to be

entitled to the pledge of the Net Special Tax Revenues and the other assets pledged therefor under the Indenture, and all agreements, covenants and other obligations of the Community Facilities District under the Indenture shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owner of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the provisions of the Indenture summarized under the subcaption "– Discharge of Indenture." Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Indenture summarized under the subcaption "– Discharge of Indenture" if (i) in case such Bond is to be redeemed on any date prior to its maturity date, the Community Facilities District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the Indenture, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the Indenture, (ii) there shall have been deposited with the Trustee either (A) money in an amount that shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys that shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture summarized under this subcaption ("– Bonds Deemed To Have Been Paid") and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of paragraph (a) above unless the Community Facilities District shall have caused to be delivered to the Community Facilities District and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Community Facilities District and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, all agreements, covenants and other obligations of the Community Facilities District under the Indenture have ceased, terminated and become void and the Indenture has been discharged and satisfied as to such Bonds.

Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the Community Facilities District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Community Facilities District for the payment of such principal, premium or interest. The Trustee shall hold any such moneys uninvested.

Miscellaneous

Limitation of Rights. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District and the Owners any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District and the Owners.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Community Facilities District of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Evidence of Rights of Owners. (a) Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Community Facilities District if made in the manner provided in the provisions of the Indenture summarized under this subcaption ("– Evidence of Rights of Owners").

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to such notary public or such officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(c) The ownership of Bonds shall be proved by the Registration Books.

(d) Any request, consent or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Community Facilities District in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds that are known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that if 100% of the Bonds are so owned or held, such Bonds shall be deemed to be Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture summarized in this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the

Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Community Facilities District shall specify in a Written Certificate of the Community Facilities District submitted to the Trustee those Bonds disqualified pursuant to the provisions of the Indenture summarized in this paragraph and the Trustee may conclusively rely on such Written Certificate.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owner entitled thereto, subject, however, to the provisions of the Indenture relating to unclaimed moneys, but without any liability for interest thereon.

Funds and Accounts. Any Fund or Account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account, but all such records with respect to all such Funds and Accounts shall at all times be maintained in accordance with prudent corporate trust industry standards, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional Funds or Accounts as it deems necessary to perform its obligations under the Indenture.

Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing in the Indenture contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by the Indenture.

Conflict with Act. In the event of any conflict between any provision of the Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of the Indenture.

Conclusive Evidence of Regularity. Bonds issued pursuant to the Indenture shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and to the levy of the Special Tax.

Governing Laws. The Indenture shall be governed by and construed in accordance with the laws of the State.

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APPENDIX G

FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

by and among

CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113
(THE GARDENS PHASE TWO)

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
AS TRUSTEE

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT

Dated as of November 1, 2026

City of Fontana
Community Facilities District No. 113
(The Gardens Phase Two)
Special Tax Bonds, Series 2026

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of November 1, 2026, is by and among CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO), a community facilities district organized and existing under the laws of the State of California (the "Community Facilities District"), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, in its capacity as Trustee (the "Trustee"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, in its capacity as Dissemination Agent (the "Dissemination Agent").

W I T N E S S E T H :

WHEREAS, the Community Facilities District has issued its City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026 (the "Series 2026 Bonds"), in the aggregate principal amount of $_____, pursuant to the Indenture, dated as of November 1, 2026 (the "Indenture"), by and between the Community Facilities District and the Trustee; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District, the Trustee and the Dissemination Agent for the benefit of the owners and beneficial owners of the Series 2026 Bonds and in order to assist the underwriter of the Series 2026 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

"Annual Report" means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the first day of the month following the eighth month after the end of the Community Facilities District's fiscal year, which date, as of the date of this Disclosure Agreement, is March 1.

"Community Facilities District" means City of Fontana Community Facilities District No. 113 (The Gardens Phase Two), a community facilities district organized and existing under the laws of the State, and its successors.

"Disclosure Representative" means the Chief Financial Officer, Finance Department, of the City, or his or her designee, or such other person as the Community Facilities District shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" means U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and that has filed with the Trustee and the then existing Dissemination Agent a written acceptance of such designation.

"Financial Obligation" means (a) a debt obligation of the Community Facilities District, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Community Facilities District, or (c) a guarantee of (i) a debt obligation of the Community Facilities District, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term "Financial Obligation" shall not include "municipal securities" (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a "final official statement" (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Indenture" means the Indenture, dated as of November 1, 2026, by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as Trustee, as originally executed and as it may be modified or amended from time to time in accordance with its terms.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means 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.

"Participating Underwriter" means the original underwriter of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 Bonds.

"Rule" means 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.

"Trustee" means U.S. Bank Trust Company, National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2025-26 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Community Facilities District shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Community Facilities District to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report from the Community Facilities District by the date specified in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Community Facilities District and the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2026 Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(ii) The principal amount of Additional Bonds, if any, Outstanding as of the December 31 next preceding the Annual Report Date;

(iii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the December 31 next preceding the Annual Report Date;

(iv) The balance in (A) the Acquisition Account, (B) the Construction Account, (C) the Community Benefit Account, and (D) the Water District Account as of the December 31 next preceding the Annual Report Date;

(v) The total assessed value of all parcels within the Community Facilities District on which the Special Tax is levied, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, and a statement of assessed value-to-bonded debt ratios therefor, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4.99:1," etc.);

(vi) Value-to-bonded debt information, based on the assessed values in the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, for (A) each property owner that owns four or more taxable parcels within the Community Facilities District, and (B) all other property owners, grouped together, owning taxable parcels within the Community Facilities District;

(vii) The Special Tax delinquency rate for all parcels within the Community Facilities District, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, the number

of parcels within the Community Facilities District delinquent in payment of the Special Tax as of the December 31 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of $5,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category;

(viii) The status of foreclosure proceedings and a summary of the results of any foreclosure sales as of the December 31 next preceding the Annual Report Date;

(ix) The identity of any property owner representing more than 5% of the Special Tax levy delinquent in payment of the Special Tax as of the December 31 next preceding the Annual Report Date;

(x) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax, as shown on the assessment roll of the San Bernardino County Assessor last equalized prior to the December 31 next preceding the Annual Report Date;

(xi) A description of any changes to the Rate and Method approved by, or submitted for approval to, the qualified electors of the Community Facilities District during the period from the date of filing the prior year's Annual Report to the date of filing such Annual Report; and

(xii) A description of the number of building permits issued for initial construction of units on property within the Community Facilities District during the one-year period ending on the December 31 next preceding the Annual Report Date.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities that have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2026 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(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 Community Facilities District.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix) of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Community Facilities District 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 Community Facilities District, 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 Community Facilities District.

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2026 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2026 Bonds or other material events affecting the tax status of the Series 2026 Bonds.

(ii) Modifications to rights of holders of the Series 2026 Bonds.

(iii) Series 2026 Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Series 2026 Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving the Community Facilities District or the sale of all or substantially all of the assets of the Community Facilities District 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.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2026 Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2026 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds. If such termination occurs prior to the final maturity of the Series 2026 Bonds, the Community Facilities District shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District and the Trustee. The Community Facilities District may appoint itself as Dissemination Agent, and the Community Facilities District covenants that if ever it serves as Dissemination Agent, it shall take all actions required of the Dissemination Agent under this Disclosure Agreement.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Community Facilities District, so long as such amendment does not adversely affect the rights or materially increase the obligations of the Trustee or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 Series 2026 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Series 2026 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2026 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Community Facilities District shall describe such amendment or waiver 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 Community Facilities District. 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 in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2026 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2026 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or

notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law and as afforded to the Trustee under Section 8.07 of the Indenture, the Community Facilities District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that any such Person may incur in the exercise or performance of the Dissemination Agent's powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and that are not due to such Person's negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

The Dissemination Agent has no power to enforce performance on the part of the Community Facilities District. The Dissemination Agent shall not be responsible for the content of any notice or report prepared by the Community Facilities District pursuant to this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT
NO. 113 (THE GARDENS PHASE TWO)

By: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Signatory

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS DISSEMINATION AGENT

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Fontana Community Facilities District No. 113 (The Gardens Phase Two)
Name of Issue:	City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) Special Tax Bonds, Series 2026
Date of Issuance:	November __, 2026

NOTICE IS HEREBY GIVEN that City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2026, by and among the Community Facilities District, U.S. Bank Trust Company, National Association, in its capacity as Trustee, and U.S. Bank Trust Company, National Association, in its capacity as Dissemination Agent. [The Community Facilities District anticipates that such Annual Report will be filed by _____.]

Dated: _____

U.S. Bank Trust Company, National Association, as Dissemination Agent, on behalf of City of Fontana Community Facilities District No. 113 (The Gardens Phase Two)

cc: City of Fontana
Community Facilities District
No. 113 (The Gardens Phase Two)

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APPENDIX H

FORM OF RISEWELL HOMES
CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$_____
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
SPECIAL TAX BONDS, SERIES 2026

THIS CONTINUING DISCLOSURE CERTIFICATE (the "**Disclosure Certificate**") dated as of _____, 2026, is executed and delivered by The New Home Company Southern California LLC, a Delaware limited liability company, doing business as "Risewell Homes" (the "**Developer**") in connection with the issuance of the bonds captioned above (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture, dated as of November 1, 2026 (the "**Indenture**"), by and between the District and U.S. Bank Trust Company, 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 of the Bonds.

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

"Affiliate" means with respect to the Developer, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the District and investment decision regarding the Bonds (i.e., information regarding such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency). For purposes hereof, the term "control" (including the terms "controlling," "controlled by" or "under common control with") means the present possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The Land Bank is not an Affiliate of the Developer.

"Assumption Agreement" means an undertaking of a Major Owner, or an Affiliate thereof, 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 District), whereby such Major Owner or Affiliate agrees to provide Periodic 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 District owned by such Major Owner and its Affiliates and, at the option of the Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof. As set forth in Section 6(b), the sale of property to a Major Owner shall not require the execution of an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the property conveyed to such Major Owner will become subject to future Periodic Reports. In addition, the conveyance of property from the Land Bank to the Developer under the Option Agreement is subject to this Disclosure Certificate and shall not require the Developer to enter into an Assumption Agreement.

"Dissemination Agent" means the Developer, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Developer, the City, and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

"District" means the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two).

"EMMA" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

"Land Bank" means TPG AG EHC III (NWHM) CA 2, L.P., a Delaware limited partnership, the land bank for the Developer pursuant to the Option Agreement.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"Major Owner" means, as of any date of determination, a Person that, together with the Person's Affiliates, owns or is under option to acquire from the Land Bank, more than 87 taxable parcels in the District. During the term of the Option Agreement, the Land Bank shall not be considered a Major Owner.

"Official Statement" means the final official statement executed by the District in connection with the issuance of the Bonds.

"Option Agreement" means the Option Agreement, as it may be amended from time to time, by and between the Developer and the Land Bank that provides an option to the Developer to acquire certain parcels of the property in the District from the Land Bank pursuant to a takedown schedule.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds.

"Periodic Report" means any Periodic Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Property" means, as of the date of determination, (i) the real property in the District subject to the Special Tax that is owned by the Developer or any Affiliate, (ii) during the term of the Option Agreement, the real property in the District subject to the Special Tax that is owned by the Land Bank, and (iii) the property in the District subject to the Special Tax that the Developer sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) that is owned by such Major Owner. For avoidance of doubt, any parcel that is exempt from the Special Taxes shall not be considered Property for purposes of this Disclosure Certificate.

"Report Date" means April 1 and October 1 of each year, commencing April 1, 2027. If, in any year, the Report Date falls on a Saturday, Sunday, or a holiday, such Report Date shall be extended to the next following day that is not a Saturday, Sunday, or holiday.

"Special Taxes" means the special taxes levied on taxable property in the District.

Section 3. Provision of Periodic Reports.

(a) So long as the Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Developer shall, or, upon written direction of the Developer the

Dissemination Agent shall, not later than the Report Date, commencing April 1, 2027, file or cause to be filed with EMMA a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent (if other than the Developer), may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to EMMA by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to EMMA in the format prescribed by the MSRB, with a copy to City and the Participating Underwriter.

(c) With respect to each Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with EMMA and file a report with the Developer (if the Dissemination Agent is other than the Developer), certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was filed with EMMA.

Section 4. Content of Periodic Reports. Each Periodic Report shall contain or incorporate by reference the information set forth in Exhibit A relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from EMMA. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as the Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes on the Property or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which is reasonably likely to have a material and adverse impact on the Developer's ability to pay Special Taxes on the Property prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property;

(v) the termination of the Option Agreement prior to the takedown of all Property subject to the Option Agreement;

(vi) any payment default or other material default by the Developer that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property; and

(vii) any denial, termination or loss of a credit facility or other sources of funds that could have a material adverse effect on the Developer's financing plan for the Property described in the Official Statement.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with EMMA, with a copy to the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds; or

(ii) at such time as the Developer is no longer a Major Owner, and is no longer obligated hereunder as to any other Major Owner, including the Land Bank (in the event the Option Agreement is terminated and the Land Bank is then a Major Owner) pursuant to subsection (b) below; or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) The Developer's obligations hereunder shall terminate with respect to any portion of the Property on the date such portion of the Property is sold to a Person that is not a Major Owner. If any portion of the Property is sold to a Major Owner or if the Option Agreement is terminated and the Land Bank would be a Major Owner, the Developer shall remain obligated hereunder with respect to such Property unless the obligations have been assumed by the Major Owner or the Land Bank (if the Land Bank is then a Major Owner), as applicable, pursuant to an Assumption Agreement. The Developer's obligations under this Disclosure Certificate with respect to a Major Owner or the Land Bank (in the event the Option Agreement is terminated and the Land Bank is then a Major Owner) that has not executed an Assumption Agreement shall terminate upon the earlier to occur of (i) the date on which the Developer's obligations with respect to such Major Owner or the Land Bank are assumed under an Assumption Agreement entered into pursuant to this Section 6(b), or (ii) the date on which the Major Owner or the Land Bank is no longer considered a Major Owner. The Developer shall provide a copy of the executed Assumption Agreement to the City and the Participating Underwriter. However,

a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the property conveyed to such Major Owner will become subject to future Periodic Reports. In addition, the conveyance of property from the Land Bank to the Developer under the Option Agreement is subject to this Disclosure Certificate and shall not require the Developer to enter into an Assumption Agreement.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Developer. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Participating Underwriter and the Developer.

Section 8. No Amendment. The Developer may not amend this Disclosure Certificate.

Section 9. 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 Periodic 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 Periodic 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 Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Participating Underwriter and any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the 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, and the sole and exclusive 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 any holder or beneficial owner 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "**Indemnified Party**"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding losses, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent (if other than the Developer) shall be paid compensation for its services provided hereunder from Special Taxes levied for administration of the District in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Developer, the Trustee, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by regular, overnight or electronic mail as follows:

To the Developer	Risewell Homes 18300 Von Karman Avenue, Suite 1000 Irvine, CA 92612 Attn: Crystal Burckle Email: cburckle@risewellhomes.com Phone: (949) 433-1788
	With a copy to:
	O'Neil LLP 19800 MacArthur Blvd., Suite 650 Irvine, California 92612 Attn: Sandra Galle Email: sgalle@oneil-llp.com
To the City:	City of Fontana Attn: Chief Financial Officer 8353 Sierra Avenue Fontana, CA 92335 Email: jbrown@fontanaca.gov
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated 515 S. Figueroa Street, Suite 1800 Los Angeles, CA 90071 Email: sbrown@stifel.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

[Remainder of Page Intentionally Blank; Signature Page Follows]

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

THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC,
a Delaware limited liability company

By:_____

EXHIBIT A

PERIODIC REPORT

$_____
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO)
SPECIAL TAX BONDS, SERIES 2026

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (Developer) (the "**Disclosure Certificate**") dated _____, 2026 executed by The New Home Company Southern California LLC, a Delaware limited liability company (the "**Developer**") in connection with the issuance of the above-captioned bonds by the City of Fontana Community Facilities District No. 113 (The Gardens Phase Two) (the "**District**").

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. **Property Ownership and Development**

The information in this section is provided as of _____ (this date must be not more than 60 days before the date of this Periodic Report).

A. Description of the Property in the District (the "**Property**"), in substance and form similar to such information in the Official Statement under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes — *Development Plan*":

_____
_____

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes — *Development Plan*" or the Periodic Report last filed in accordance with the Disclosure Certificate, including the number of parcels acquired by the Developer from the Land Bank pursuant to the Option Agreement, the number of homes completed, under construction, in escrow and closed to individual homeowners, the status of the remaining takedowns under the Option Agreement, and whether the Special Taxes due on the Property owned by the Land Bank have been paid:

_____
_____

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes — *Development Plan*" or the Periodic Report last filed in accordance with the Disclosure Certificate:

_____
_____

D. Status of any land purchase contracts with regard to the Property, including sales of land in the District to other property owners (other than individual homeowners):

_____
_____

II. **Legal and Financial Status of Developer**

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

_____
_____

III. **Change in Development or Financing Plans**

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

_____
_____

IV. **Official Statement Updates**

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Risewell Homes" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

_____
_____.

V. **Other Material Information**

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

_____
_____

Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED

WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: _____

THE NEW HOME COMPANY SOUTHERN CALIFORNIA LLC,
a Delaware limited liability company

[FORM – DO NOT SIGN]
By:_____
Name:_____
Title:_____

APPENDIX I

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 113 (THE GARDENS PHASE TWO) • SPECIAL TAX BONDS, SERIES 2026

FONTANA
CALIFORNIA

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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