

SUPPLEMENT TO PRELIMINARY OFFICIAL STATEMENT

relating to

\$16,450,000*

**TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 23-02**

(PRADO)

2025 SPECIAL TAX BONDS

Dated: September 26, 2025

In connection with the sale of the above-captioned bonds (the “Bonds”), this Supplement to the Preliminary Official Statement (this “Supplement”), updates certain information in the Preliminary Official Statement of the Temecula Public Financing Authority (the “Authority”), dated September 24, 2025 (the “Preliminary Official Statement”), relating to the Bonds. All persons in possession of the Preliminary Official Statement are requested to permanently insert this Supplement inside the front cover of, or otherwise attach this Supplement to, the Preliminary Official Statement. All terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Preliminary Official Statement. *Except as expressly supplemented hereby, the Preliminary Official Statement has not been amended or supplemented.*

This Supplement updates certain information regarding the land valuation and the value-to-lien ratio referenced in the Appraisal Report. The Appraisal Report, included as Appendix H to the Preliminary Official Statement, contains the accurate land valuation. Table 2, Table 3, Table 4, and Table 5 in the Preliminary Official Statement also reflect the correct figures. This Supplement amends and restates certain text in the Preliminary Official Statement regarding the land valuation and the value-to-lien ratio in the District and updates the date of the Appraisal Report.

The updates being made to the information in the Preliminary Official Statement are indicated in the paragraphs set forth below.

The first paragraph under the caption “INTRODUCTION—Land Valuation” is amended and restated in its entirety as set forth below.

Integra Realty Resources, Sacramento, California (the “Appraiser”) has prepared an Appraisal Report dated August 29, 2025 (the “Appraisal Report”), estimating the market value of the 237 lots within the District that are subject to the Special Tax A securing the 2025 Bonds (the “Appraised Property”). The Appraiser concluded in the Appraisal Report that the aggregate market value of the parcels of property constituting the Appraised Property as of August 4, 2025 was \$83,935,000, including \$38,350,000 allocable to the 59 homes in the District sold to homeowners, and \$45,585,000 to the 178 lots owned by the Developer, subject to various assumptions described in the Appraisal Report. The conclusion regarding the appraised value of the Appraised Property in the Appraisal Report is subject to the hypothetical condition that certain impact fees to be financed by the 2025 Bonds have been paid. See “THE DISTRICT—Property Values.” The appraised value of \$83,935,000 is approximately 5.1* times the \$16,450,000* initial principal amount of the 2025 Bonds.

The second paragraph under the caption “THE DISTRICT—Property Values” is amended and restated in its entirety as set forth below.

Integra Realty Resources, Sacramento, California (the “Appraiser”) has prepared the Appraisal Report dated August 29, 2025 estimating the market value of the 237 lots within

* Preliminary, subject to change.

the District that are subject to the Special Tax A securing the 2025 Bonds (the “Appraised Property”). The Appraiser concluded in the Appraisal Report that the aggregate market value of the parcels of property constituting the Appraised Property as of August 4, 2025 was \$83,935,000, including \$38,350,000 allocable to the 59 homes in the District sold to homeowners, and \$45,585,000 to the 178 lots owned by the Developer, subject to various assumptions described in the Appraisal Report. See “THE DISTRICT—Property Values.” The appraised value of \$83,935,000 is approximately 5.1* times the \$16,450,000* initial principal amount of the 2025 Bonds.

The second paragraph under the caption “SPECIAL RISK FACTORS—Property Values” is amended and restated in its entirety as set forth below.

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Appraisal Report, that as of the Date of Value, the market value of the land and improvements within the District was approximately \$83,935,000. See “THE DISTRICT—Property Values.” The Appraisal Report indicates the Appraiser’s opinion as to the market value of the properties referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

NEW ISSUE – BOOK ENTRY ONLY

NOT RATED

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2025 Bonds is exempt from State of California personal income taxes. See the caption “TAX MATTERS” herein with respect to tax consequences relating to the 2025 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$16,450,000*

**TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 23-02
(PRADO)
2025 SPECIAL TAX BONDS**

Dated: Date of Issuance

Due: September 1, as shown on inside cover

The Temecula Public Financing Authority (the “Authority”), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “District”), is issuing the above-captioned 2025 Special Tax Bonds (the “2025 Bonds”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 et seq. of the California Government Code) (the “Act”), and a Fiscal Agent Agreement, dated as of October 1, 2025 (the “Fiscal Agent Agreement”), by and between the Authority, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”).

The 2025 Bonds are payable from the proceeds of an annual Special Tax A (as defined in the Fiscal Agent Agreement) being levied on property located within the District and from certain funds pledged under the Fiscal Agent Agreement. The Special Tax A is being levied according to a rate and method of apportionment of Special Taxes. See “SECURITY FOR THE 2025 BONDS—Special Taxes” and Appendix B – “Rate and Method.”

Interest on the 2025 Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2026. The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in book-entry form only. See “THE 2025 BONDS—General Provisions” and Appendix G – “DTC and the Book-Entry Only System.”

The 2025 Bonds are subject to redemption prior to maturity. See “THE 2025 BONDS—Redemption.”

The Authority may issue additional bonds for the District that would be secured by a lien on the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and by funds pledged under the Fiscal Agent Agreement for the payment of the 2025 Bonds on a parity with the 2025 Bonds, but any such parity bonds must be Refunding Bonds, as defined in the Fiscal Agent Agreement. See “SECURITY FOR THE 2025 BONDS—Issuance of Additional Bonds.”

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE AUTHORITY OR THE STATE OF CALIFORNIA OR OF ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2025 BONDS. EXCEPT FOR THE SPECIAL TAX A, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2025 BONDS. THE 2025 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE AUTHORITY, NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY FOR THE DISTRICT, PAYABLE SOLELY FROM PROCEEDS OF SPECIAL TAX A AND CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the 2025 Bonds. 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 discussed herein, in considering the investment quality of the 2025 Bonds.

MATURITY SCHEDULE

(see inside cover)

The 2025 Bonds are offered when, as and if issued by the Authority for the District, subject to approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2025 Bonds will be passed upon for the Authority by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, in its capacity as general counsel to the Authority, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, acting as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California. It is anticipated that the 2025 Bonds in definitive form will be available for delivery to DTC on or about October __, 2025.

STIFEL

The date of this Official Statement is _____, 2025.

**Preliminary, subject to change.*

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.

\$16,450,000*
TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 23-02
(PRADO)
2025 SPECIAL TAX BONDS

MATURITY SCHEDULE*

\$ _____ Serial Bonds; CUSIP Prefix: 87972Y†

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP Suffix†</i>
2027	\$	%	%		
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					

\$ _____	% Term Bonds due September 1, 20__	Price _____	to Yield _____	% CUSIP ⁽¹⁾ : 87972Y _____
\$ _____	% Term Bonds due September 1, 20__	Price _____	to Yield _____	% CUSIP ⁽¹⁾ : 87972Y _____
\$ _____	% Term Bonds due September 1, 20__	Price _____	to Yield _____	% CUSIP ⁽¹⁾ : 87972Y _____
\$ _____	% Term Bonds due September 1, 20__	Price _____	to Yield _____	% CUSIP ⁽¹⁾ : 87972Y _____

* Preliminary, subject to change.

† Priced to the optional redemption date of September 1, 20__ at par.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 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 Authority, the District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the Appendices, and nothing contained in this Official Statement should be relied upon as a promise or representation by the Underwriter.

Neither the Authority nor the Underwriter has authorized any dealer, broker, salesperson or other person to give any information or make any representations with respect to the offer or sale of the 2025 Bonds other than as contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of any party described in this Official Statement, or in the status of any property described in this Official Statement, subsequent to the date as of which such information is presented.

This Official Statement and the information contained in this Official Statement are subject to amendment without notice. The 2025 Bonds may not be sold, and no offer to buy the 2025 Bonds may be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers or owners of the 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

When used in this Official Statement, in any continuing disclosure by the Authority, in any press release, or in any oral statement made with the approval of an authorized officer of the Authority or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All summaries of the documents referred to in this Official Statement are qualified by the provisions of the respective documents summarized and do not purport to be complete statements of any or all of such provisions.

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 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 the completeness of such information.”

The Underwriter may offer and sell the 2025 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

The 2025 Bonds have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption from the registration requirements contained in the Securities Act. The 2025 Bonds have not been registered or qualified under the securities laws of any state.

The City of Temecula maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

TEMECULA PUBLIC FINANCING AUTHORITY

Board of Directors

Brenden Kalfus, *Chair*
Jessica Alexander, *Vice Chair*
Matt Rahn, *Member*
Zak Schwank, *Member*
James Stewart, *Member*

Authority/City of Temecula Officials

Aaron Adams, *Executive Director and City Manager*
Luke Watson, *Deputy City Manager*
Jennifer Hennessy, *Authority Treasurer and City Director of Finance*
Ron Moreno, *Director of Public Works and City Engineer*
Randi Johl, *Authority Secretary and City Clerk*

PROFESSIONAL SERVICES

Authority General Counsel and City Attorney

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP,
Newport Beach, California

Special Tax Consultant and Dissemination Agent

Webb Municipal Finance, LLC
Riverside, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

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

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CITY OF TEMECULA
(Riverside County, California)

Regional Location Map



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OFFICIAL STATEMENT

\$16,450,000*

**TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 23-02
(PRADO)
2025 SPECIAL TAX BONDS**

INTRODUCTION

This introduction is not a summary of this Official Statement and is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement by those interested in purchasing the 2025 Bonds. The sale and delivery of 2025 Bonds to potential investors is made only by means of the entire Official Statement. Certain capitalized terms used in this Official Statement and not defined herein have the meanings set forth in Appendix C – “Summary of the Fiscal Agent Agreement—Definitions” or in Appendix B – “Rate and Method.”

General

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (the “**Official Statement**”), is to provide certain information concerning the issuance of the above-captioned 2025 Special Tax Bonds (the “**2025 Bonds**”). The 2025 Bonds are being issued by the Temecula Public Financing Authority (the “**Authority**”), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “**District**”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”) and a Fiscal Agent Agreement, dated as of October 1, 2025 (the “**Fiscal Agent Agreement**”), by and between the Authority, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”). The net proceeds of the 2025 Bonds will be used to finance certain public improvements authorized to be funded by the District. See “PLAN OF FINANCING.”

Authority for Issuance

General. The District was formed on February 27, 2024 under the authority of the Act, which 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. The Act authorizes local governmental entities to establish community facilities districts as legally constituted governmental entities within defined boundaries, with the legislative body of the local applicable governmental entity acting on behalf of the district. Subject to approval by at least a two-thirds vote of the votes cast by the qualified electors within a district and compliance with the provisions of the Act, the legislative body may authorize the issuance of bonds for the community facilities district established by it and may authorize the levy and collection of a special tax within the district to repay the bonds.

Bond Authority. The 2025 Bonds are authorized to be issued pursuant to the Act, a resolution adopted on September 23, 2025 by the Board of Directors of the Authority (the “**Board of Directors**”) acting as the legislative body of the District, and the Fiscal Agent Agreement. For more detailed information about the formation of the District and the authority for issuance of the 2025 Bonds, see “THE DISTRICT—History of the District.”

* Preliminary, subject to change.

The 2025 Bonds

The 2025 Bonds will be issued only as fully registered bonds, in integral multiples of \$5,000, and will bear interest at the rates per annum and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The 2025 Bonds will be dated the date of their issuance and interest on the 2025 Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2026 (each an “**Interest Payment Date**”). The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will act as securities depository for the 2025 Bonds. See “THE 2025 BONDS—General Provisions.”

The 2025 Bonds are subject to optional redemption, mandatory sinking payment redemption and mandatory redemption from Special Tax prepayments prior to their respective maturities. See “THE 2025 BONDS—Redemption” and “SPECIAL RISK FACTORS—Potential Early Redemption of 2025 Bonds From Special Tax Prepayments.”

Application of 2025 Bond Proceeds

Proceeds of the 2025 Bonds will be used (a) to make deposits to four accounts within the Improvement Fund, (b) to make a deposit to the Reserve Fund in the amount of the Reserve Requirement as of the date of issuance of the 2025 Bonds, (c) make a deposit to the Capitalized Interest Account of the Bond Fund, and (d) to pay the costs of issuance of the 2025 Bonds. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.” The proceeds of the 2025 Bonds deposited to the accounts within the Improvement Fund will be used to pay the costs of certain public improvements (the “**Improvements**”) authorized to be funded by the District. See “THE DISTRICT—The Improvements.”

Parity Bonds

The Authority may in the future issue bonded indebtedness (future “**Parity Bonds**”) that is secured by a lien on the Special Tax Revenues and on the funds pledged under the Fiscal Agent Agreement on a parity with the 2025 Bonds, but any such parity bonds must be Refunding Bonds, as defined in the Fiscal Agent Agreement. See “SECURITY FOR THE 2025 BONDS—Issuance of Additional Bonds.” When used in this Official Statement, the term “**Bonds**” means, collectively, the 2025 Bonds and any future Parity Bonds that may be issued for the District.

Security for the 2025 Bonds

Pledge Under the Fiscal Agent Agreement. Pursuant to the Fiscal Agent Agreement, the Bonds are secured by a first pledge of all of the Special Tax Revenues (other than, in each Fiscal Year, the first Special Tax Revenues up to the Priority Administrative Expenses Amount that may be deposited into the Administrative Expense Fund) and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, in the Special Tax Fund. See “SECURITY FOR THE 2025 BONDS—General.” “**Special Tax Revenues**,” as defined in the Fiscal Agent Agreement, means the proceeds of the Special Taxes (as described under the subheading “Special Taxes; Rate and Method” below) received by the Authority, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but does not include penalties, if any, collected in connection with delinquent Special Taxes. The Special Tax Revenues and all moneys deposited into the Bond Fund, the Reserve Fund and the Special Tax Fund are dedicated to the payment of the principal of, and interest and any premium on, the Bonds in accordance with the Fiscal Agent Agreement until all of the Bonds have been paid or defeased. See “SECURITY FOR THE 2025 BONDS—Special Taxes” and Appendix B – “Rate and Method.”

Special Taxes; Rate and Method. The Special Taxes to be used to pay debt service on the Bonds will be levied on Taxable Property in the District in accordance with the Rate and Method of Apportionment of Special Tax, as described under the heading “SECURITY FOR THE 2025 BONDS—Summary of Rate and Method” (the “**Rate and Method**”). The term “**Special Taxes**,” when used in this Official Statement, means the **Special Tax A** levied on the Taxable Property within the District pursuant to the Rate and Method and the Fiscal Agent Agreement to fund the “**Special Tax A Requirement**,” which includes amounts needed to pay the debt service on the 2025 Bonds. The Rate and Method also allows for the levy of a **Special Tax B** to pay for certain municipal services authorized to be funded by the District until a Transition Event has occurred, and a **Special Tax C** to pay for the authorized municipal services following the occurrence of the Transition Event. The Special Tax B and the Special Tax C are not in any way pledged, and will not be used, to pay debt service on the Bonds. See “SECURITY FOR THE 2025 BONDS—Special Taxes,” and “—Summary of Rate and Method.”

With respect to the annual Special Tax A levy on property in the District, the Special Tax A levy on any parcel may not exceed the Maximum Special Tax rate applicable to such parcel. See “SECURITY FOR THE 2025 BONDS—Summary of Rate and Method – Maximum Special Taxes.” Also, under no circumstances may the Special Tax A on a parcel in private residential use be increased in any Fiscal Year as a consequence of the delinquency or default in payment of the Special Tax A levied on another parcel or parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. See “SECURITY FOR THE 2025 BONDS—Summary of Rate and Method – Method of Apportionment.”

Limitations. Amounts in the Administrative Expense Fund, the accounts within the Improvement Fund and the Costs of Issuance Fund, each of which is established under the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. A portion of the Special Taxes collected annually and to be deposited on a priority basis to the Administrative Expense Fund (see clause (i) of the second paragraph under “SECURITY FOR THE 2025 BONDS—Special Tax Fund”) is not pledged to the repayment of the Bonds. The Improvements are not pledged as collateral for the Bonds. The Special Tax B, the Special Tax C and the proceeds of condemnation or destruction of any of the Improvements are not pledged to pay the debt service on the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Reserve Fund, and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund, as well as certain proceeds, if any, from foreclosure sales of parcels with delinquent Special Taxes. See “SECURITY FOR THE 2025 BONDS—General.”

Reserve Fund

The Fiscal Agent Agreement establishes a Reserve Fund to be held by the Fiscal Agent as a reserve for the payment of principal of and interest on the Bonds. The Reserve Fund is required to be funded in an amount equal to the least of (i) Maximum Annual Debt Service of the Outstanding Bonds, (ii) 125% of average Annual Debt Service on the Outstanding Bonds, or (iii) 10% of the principal amount of the then Outstanding Bonds (the “**Reserve Requirement**”). The amounts in the Reserve Fund will be available to pay debt service on the Bonds in the event that there is a shortfall in the amount in the Bond Fund to pay such debt service. The Reserve Requirement as of the date of issuance of the 2025 Bonds, to be funded with proceeds of the 2025 Bonds, will be \$_____. See “SECURITY FOR THE 2025 BONDS—Reserve Fund” and Appendix C – “Summary of Certain Provisions of the Fiscal Agent Agreement – Funds and Accounts – Reserve Fund.”

The Authority

The Authority was formed on April 24, 2001, pursuant to a Joint Exercise of Powers Agreement (the “**JPA Agreement**”) between the City and the former Redevelopment Agency of the City of Temecula (the “**Agency**”), in accordance with Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The JPA Agreement was amended in May of 2016 to provide for the withdrawal of the Successor Agency to the Agency as a member of the Authority, and to add

the Temecula Community Services District and the Temecula Housing Authority as members of the Authority. See “THE AUTHORITY.”

The District

General. The District was formed by the Board of Directors of the Authority pursuant to proceedings conducted under the Act on February 27, 2024 and an election held on that date wherein Meritage Homes of California, Inc., a California corporation (referred to in this Official Statement as the “**Developer**”), as the then sole owner of the property in the District, voted in favor of the formation of the District, the levy of the Special Tax A, the Special Tax B and the Special Tax C on the property in the District and the issuance of up to \$20,000,000 principal amount of special tax bonds payable from the proceeds of the Special Tax A. See “THE DISTRICT—History of the District.” The proceeds of the Special Tax B and the Special Tax C, which will not be available to pay the debt service on the 2025 Bonds, are being and will be, as applicable, used to pay costs of services eligible to be funded by the District, which include various municipal services ranging from public safety services, to maintenance of parks and landscaping in public areas, maintenance of public signage, sidewalks and roadways, storm drains, and street lighting and traffic signals, as well as graffiti removal from public improvements, all related to the area in the District.

The District is located in the northern portion of the City, and includes approximately 28 acres of residential land currently identified as “Prado.” Prado, is expected to include at buildout 237 detached single family homes, subdivided pursuant to a condominium plan, as well as a clubhouse, community pool, park, playground, bocce ball court, and fire pit. For an aerial view of the District, see “THE DISTRICT—Location and General Description of the District.”

The property in the District is being developed and the homes in the District are being constructed by the Developer. For additional information regarding the Developer, see “THE DISTRICT—The Developer.”

Summary of Status of Development. A summary of the status of development of the proposed 237 homes being constructed by the Developer in the District as of the August 4, 2025 date of value of the Appraisal Report (see “INTRODUCTION—Land Valuation” below and “THE DISTRICT—Property Values”) is provided below, along with an update on the status of the development as of September 15, 2025.

Summary of Status of Development in the District

	<i>As of August 4, 2025</i>	<i>As of September 15, 2025</i>
homes sold and conveyed to homebuyers	59	69
completed homes	0	28
model homes	3	3
homes under construction	45	15
proposed units with construction not yet started	<u>130</u>	<u>122</u>
Total Lots	237	237

For additional information on the status of development of the property in the District, see “THE DISTRICT—Prado.” See also “SPECIAL RISK FACTORS—Concentration of Ownership.”

Land Valuation

Integra Realty Resources, Sacramento, California (the “**Appraiser**”) has prepared an Appraisal Report dated August 19, 2025 (the “**Appraisal Report**”), estimating the market value of the 237 lots within the District that are subject to the Special Tax A securing the 2025 Bonds (the “**Appraised Property**”). The Appraiser concluded in the Appraisal Report that the aggregate market value of the parcels of property constituting the Appraised Property as of August 4, 2025 was \$81,495,000, including \$38,350,000 allocable to the 59 homes in

the District sold to homeowners, and \$43,145,000 to the 178 lots owned by the Developer, subject to various assumptions described in the Appraisal Report. The conclusion regarding the appraised value of the Appraised Property in the Appraisal Report is subject to the hypothetical condition that certain impact fees to be financed by the 2025 Bonds have been paid. See “THE DISTRICT—Property Values.” The appraised value of \$81,495,000 is approximately 4.9* times the \$16,450,000* initial principal amount of the 2025 Bonds.

The Appraisal Report, a complete copy of which is set forth in Appendix H to this Official Statement, is subject to various assumptions and limiting conditions, and the Appraisal Report should be read in its entirety by prospective purchasers of the 2025 Bonds.

The value of individual parcels of the Taxable Property varies significantly, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel’s delinquent Special Taxes. See “THE DISTRICT—Value-to-District Lien Ratios,” “SPECIAL RISK FACTORS—Property Values” and “SPECIAL RISK FACTORS—Insufficiency of Special Tax Revenues.”

Limited Obligation

Although the unpaid Special Taxes constitute liens on parcels within the District on which they are levied, they do not constitute a personal indebtedness of the property owners. There is no assurance that the current or subsequent owners of Taxable Property in the District will be financially able to pay the Special Tax A levied on their property in the District, or that they will pay the Special Tax A even though financially able to do so.

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE AUTHORITY OR THE STATE OF CALIFORNIA OR OF ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2025 BONDS. EXCEPT FOR THE SPECIAL TAX A, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2025 BONDS. THE 2025 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE AUTHORITY, NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY FOR THE DISTRICT PAYABLE SOLELY FROM PROCEEDS OF THE SPECIAL TAX A AND CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Bondowners’ Risks

Certain events could affect the ability of the Authority to pay the principal of and interest on the 2025 Bonds when due. Except for the Special Tax A, no other taxes are pledged to the payment of the 2025 Bonds. See “SPECIAL RISK FACTORS” for a discussion of certain factors that should be considered in evaluating an investment in the 2025 Bonds. The purchase of the 2025 Bonds involves significant risks, and the 2025 Bonds are not appropriate investments for all types of investors. See “SPECIAL RISK FACTORS.”

Continuing Disclosure

For purposes of complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended, the Authority has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual financial and other information, and notice of certain enumerated events. The Developer has agreed to provide semi-annual reports with certain limited information and notice of certain enumerated events. The Developer’s annual, semi-annual and enumerated event reporting obligations will terminate if and when 190 of the homes in the District have been conveyed to individual homeowners. See “CONTINUING DISCLOSURE,” and Appendices E and F for a description of the specific nature of the reports

* Preliminary, subject to change.

and notices of significant events, as well as the terms of the Continuing Disclosure Agreement of the Authority and the Continuing Disclosure Certificate of the Developer, respectively, pursuant to which such reports and notices are to be made.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority on behalf of the District.

Copies of the Fiscal Agent Agreement and certain other documents referenced in this Official Statement are available for inspection at the office of, and (upon written request and payment to the Authority of a charge for copying, mailing and handling) are available for delivery from, the Director of Finance, City of Temecula, 41000 Main Street, Temecula, California 92590.

PLAN OF FINANCING

Overview

General. The primary purpose of the 2025 Bonds is to provide funds to pay costs of certain of the Improvements authorized to be funded by the District. Proceeds of the 2025 Bonds will also be used to make deposits to a Reserve Fund and a Capitalized Interest Account, as well as to pay costs of issuance of the 2025 Bonds.

Funding for Improvements. The Authority, for and on behalf of the District, entered into an Acquisition Agreement with the Developer, dated as of January 23, 2024 (amended as of October 1, 2025, the “**Acquisition Agreement**”), pursuant to which the Authority has agreed to use proceeds of the 2025 Bonds to pay the costs of specified public infrastructure improvements. At the time of formation of the District in 2024, the Authority also entered into separate joint community facilities agreements (“JCFAs”) with the City, the Temecula Valley Unified School District (the “**School District**”) and the Eastern Municipal Water District (the “**Water District**”), whereby proceeds of the 2025 Bonds are to be used to finance certain City, School District and Water District designated public improvements and those entities are to provide the Developer with credit against certain capital improvement fees payable with respect to the homes being constructed in the District (which credits have been taken into account in the Appraisal Report in determining the appraised value of the Taxable Property in the District, see Appendix H – “Appraisal Report”).

The JCFAs designated public improvements, and the improvements to be constructed by the Developer pursuant to the Acquisition Agreement are collectively referred to in this Official Statement as the “**Improvements**.” The Fiscal Agent Agreement establishes accounts within the Improvement Fund held by the Fiscal Agent, one with respect to the City JCFA, one with respect to the School District JCFA, one with respect to the Water District JCFA and one with respect to the Acquisition Agreement, each of which will be funded with a portion of the proceeds of the 2025 Bonds. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds” and “THE DISTRICT—The Improvements.”

Proceeds of the 2025 Bonds to be deposited to the Acquisition Account of the Improvement Fund are not expected to be sufficient to pay costs of all of the Improvements eligible to be funded under the provisions of the Acquisition Agreement. Under the Acquisition Agreement, costs of the portion of the Improvements specified therein in excess of the proceeds of the 2025 Bonds in the Acquisition Account of the Improvement Fund are the responsibility of the Developer. The amounts in the accounts within the Improvement Fund are not available to make payments on the 2025 Bonds.

Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the 2025 Bonds are expected to be as follows:

Principal amount of 2025 Bonds	\$
<i>[Plus/less]: Original Issue [Premium/Discount]</i>	
<i>Plus: Special Taxes on Hand</i>	
<i>Less: Underwriter's Discount</i>	
Total Sources	\$
Deposit to Accounts within the Improvement Fund ⁽¹⁾	
City Account	\$
School District Account	
Water District Account	
Acquisition Account	
Deposit to Reserve Fund ⁽²⁾	
Deposit to Capitalized Interest Payment Account ⁽³⁾	
Deposit to Costs of Issuance Fund ⁽⁴⁾	
Total Uses	\$

⁽¹⁾ See "PLAN OF FINANCING—Overview – Funding for Improvements" and "THE DISTRICT—The Improvements."

⁽²⁾ An amount equal to the Reserve Requirement as of the date of issuance of the 2025 Bonds. See "SECURITY FOR THE 2025 BONDS—Reserve Fund."

⁽³⁾ To be used to pay the interest due on the 2025 Bonds through September 1, 2026 and a portion of the interest due on the 2025 Bonds through September 1, 2027, as necessary. See "THE DISTRICT—Assignment of Assessor Parcel Numbers and Assessor Parcel Segregation Process."

⁽⁴⁾ Costs of issuance include, without limitation, Fiscal Agent fees and expenses, Municipal Advisor fees and expenses, the fees and expenses of Bond Counsel, Disclosure Counsel and Counsel to the Authority, printing costs and other costs related to the issuance of the 2025 Bonds.

THE 2025 BONDS

Authority for Issuance

The 2025 Bonds are authorized to be issued pursuant to the Act, a resolution adopted on September 23, 2025, by the Board of Directors, acting as the legislative body of the District, and the Fiscal Agent Agreement. The Special Taxes to be used to pay debt service on the 2025 Bonds are being levied in accordance with the Rate and Method.

General Provisions

The 2025 Bonds will be issued only as fully registered bonds, in denominations of \$5,000 and integral multiples thereof, and will bear interest at the rates per annum and will mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2025 Bonds will be dated the date of their issuance and interest will be payable on each Interest Payment Date, commencing March 1, 2026.

Each 2025 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (b) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (c) it is authenticated on or before February 15, 2026, in which event it will bear interest from the date of issuance of the 2025 Bonds; provided, however, that if, as of the date of authentication of any 2025 Bond interest thereon is in default, such 2025 Bond will bear interest from the Interest

Payment Date to which interest has previously been paid or made available for payment thereon. “**Record Date**” is defined in the Fiscal Agent Agreement as the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

The 2025 Bonds will be payable both as to principal and interest, and as to any premium upon the redemption thereof, in lawful money of the United States of America. The principal of the 2025 Bonds and any premium due upon the redemption thereof will be payable upon presentation and surrender at the principal corporate trust office of the Fiscal Agent. Interest on each 2025 Bond will be computed using a year of 360 days comprised of twelve 30-day months. The Fiscal Agent Agreement provides that, in any case where the date of the payment of debt service on the 2025 Bonds or the date fixed for redemption of any 2025 Bonds is other than a Business Day, the payment of debt service or the redemption need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue on the 2025 Bonds for the period from and after such date.

The 2025 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2025 Bonds. Individual purchases of the 2025 Bonds will be made in Authorized Denominations in book-entry form only. Purchasers of the 2025 Bonds will not receive physical certificates representing their ownership interests in the 2025 Bonds purchased. Principal and interest payments represented by the 2025 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2025 Bonds. See Appendix G – “DTC and the Book-Entry Only System.” **So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the owners of the 2025 Bonds shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the 2025 Bonds.**

Redemption*

Optional Redemption. The 2025 Bonds maturing on or after September 1, 20__ are subject to optional redemption prior to their stated maturities on any Interest Payment Date occurring on or after September 1, 20__, as a whole or in part in an amount equal to \$5,000 or any integral multiple thereof, among maturities so as to maintain substantially level debt service on the Bonds, and by lot within a maturity, upon payment from any source of funds available for that purpose, at a redemption price (expressed as a percentage of the principal amount of the 2025 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 20__ and March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

* Preliminary, subject to change.

Mandatory Sinking Payment Redemption. The 2025 Bonds maturing on September 1, 20__, are subject to mandatory sinking payment redemption in part on September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date(September 1)

Sinking Payments

\$

(maturity)

The Series 2025 Bonds maturing on September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

***Redemption Date
(September 1)***

Sinking Payments

\$

(maturity)

The Series 2025 Bonds maturing on September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

***Redemption Date
(September 1)***

Sinking Payments

\$

(maturity)

The Series 2025 Bonds maturing on September 1, 20__ are subject to mandatory sinking payment redemption in part on September 1, 20__, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

***Redemption Date
(September 1)***

Sinking Payments

\$

(maturity)

The amounts in the foregoing tables will be reduced as a result of any prior partial redemption of the 2025 Bonds pursuant to the optional redemption or redemption from Special Tax A prepayments provisions of the Fiscal Agent Agreement, as specified in writing by the Authority's Treasurer to the Fiscal Agent.

Mandatory Redemption From Special Tax Prepayments. The 2025 Bonds are subject to mandatory redemption prior to their stated maturity on any Interest Payment Date, from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund (as described below under "SECURITY FOR THE 2025 BONDS—Reserve Fund"), as a whole or in part in an amount equal to \$5,000 or any integral multiple thereof, at a redemption price (expressed as a percentage of the principal amount of the 2025 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any Interest Payment Date from September 1, 20__ to and including March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

To date, no prepayments of Special Taxes have been made by the owners of the Taxable Parcels in the District, and the Developer has advised that it has no current plans to make any partial or full prepayments of Special Taxes. No assurance can be given, however, that prepayments in whole or in part of Special Taxes levied on the Taxable Property will not occur in the future, which would result in a redemption to 2025 Bonds prior to their maturity. See "SECURITY FOR THE 2025 BONDS—Summary of Rate and Method – Prepayment in Full," and "—Prepayment in Part" and "SPECIAL RISK FACTORS—Potential Early Redemption of 2025 Bonds from Special Tax Prepayments."

Purchase of 2025 Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2025 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase prior to the selection of 2025 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2025 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2025 Bonds were redeemed in accordance with the Fiscal Agent Agreement.

Selection of 2025 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2025 Bonds (other than pursuant to the mandatory sinking payment redemption provisions of the Fiscal Agent Agreement), the Fiscal Agent will select the 2025 Bonds to be redeemed from among the maturities of the 2025 Bonds or such given portion thereof not previously redeemed as directed by the Treasurer (who shall specify 2025 Bonds to be redeemed so as to maintain substantially level debt service on the Bonds) and within a maturity by lot in any manner which the Fiscal Agent deems appropriate.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, or by such other means as is acceptable to the recipient thereof, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2025 Bonds designated for redemption, at their addresses appearing on the Bond registration books maintained by the Fiscal Agent; but such mailing is not a condition precedent to redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2025 Bonds.

The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2025 Bonds are to be called for redemption, will designate the CUSIP numbers and, if

applicable, Bond numbers of the 2025 Bonds to be redeemed by giving the individual CUSIP number and, if applicable, Bond number of each Bond to be redeemed or if Bond numbers have been assigned by the Fiscal Agent to the 2025 Bonds will state that all 2025 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2025 Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such 2025 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2025 Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any redemption of the 2025 Bonds pursuant to the redemption provisions described above under “– Optional Redemption” the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2025 Bonds on the anticipated redemption date, and that the redemption will not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2025 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2025 Bonds to be redeemed, the Fiscal Agent will send written notice to the owners of the 2025 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2025 Bonds for which notice of redemption was given will remain Outstanding for all purposes of the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2025 Bonds so called for redemption have been deposited in the Bond Fund, such 2025 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the specified redemption date.

Tender of 2025 Bonds in Payment of Special Taxes. The Authority has covenanted in the Fiscal Agent Agreement not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the Authority having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

Transfer or Exchange of 2025 Bonds

So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2025 Bonds shall be made in accordance with DTC procedures. See Appendix G – “DTC and the Book-Entry Only System.” If the book-entry only system for the 2025 Bonds is ever discontinued, 2025 Bonds may, in accordance with its terms, be transferred or exchanged in Authorized Denominations by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2025 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Whenever any 2025 Bond or 2025 Bonds are surrendered for transfer or exchange, the Authority will execute and the Fiscal Agent will authenticate and deliver a new 2025 Bond or 2025 Bonds, for a like principal amount of 2025 Bonds of Authorized Denominations and of the same maturity. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2025 Bonds will be required to be made (i) within the 15 days prior to the date designated by the Fiscal Agent as the date for selecting 2025 Bonds for redemption, (ii) with respect to any 2025 Bond after such 2025 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Discontinuance of DTC Services

DTC may determine to discontinue providing its services with respect to the 2025 Bonds by giving written notice to the Fiscal Agent during any time that the 2025 Bonds are Outstanding, and discharging its responsibilities with respect to the 2025 Bonds under applicable law. The Authority may terminate the services of DTC with respect to the 2025 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2025 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners. The Authority will mail any such notice of termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the Authority determines that it is in the best interest of the Beneficial Owners of the 2025 Bonds that they obtain certificated Bonds, the 2025 Bonds will no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners designate at that time, in accordance with the Fiscal Agent Agreement.

To the extent that the Beneficial Owners are designated as the transferees by the Owners, the 2025 Bonds will be delivered to such Beneficial Owners as soon as practicable in accordance with the Fiscal Agent Agreement.

Scheduled Debt Service

The following table shows the annual scheduled debt service on the 2025 Bonds, assuming no optional redemption of the 2025 Bonds and no redemption of the 2025 Bonds from Special Tax Prepayments:

<i>Bond Year ending September 1</i>	<i>Principal⁽¹⁾</i>	<i>Interest</i>	<i>Total</i>
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
Totals	\$	\$	\$

⁽¹⁾ Includes sinking fund redemptions.

SECURITY FOR THE 2025 BONDS

General

Pursuant to the Fiscal Agent Agreement, the 2025 Bonds are secured by a first pledge of all of the Special Tax Revenues (other than, each Fiscal Year, a maximum of \$30,000 of Special Tax Revenues that may be deposited to the Administrative Expense Fund on a priority basis), and all moneys deposited in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, the Special Tax Fund. Special Tax Revenues including only the Special Tax A collected and received by the Authority and do not include penalties, if any, collected in respect of delinquent Special Taxes. The Special Tax Revenues and all moneys deposited into said

funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2025 Bonds in accordance with the Fiscal Agent Agreement until all of the 2025 Bonds have been paid or defeased.

Amounts in the Administrative Expense Fund, the accounts within the Improvement Fund and the Costs of Issuance Fund, and up to \$30,000 of the first Special Tax Revenues collected in any Fiscal Year that may be deposited to the Administrative Expense Fund on a priority basis, are not pledged to the repayment of the 2025 Bonds. The Improvements are not pledged as collateral for the 2025 Bonds. The proceeds of condemnation or destruction of any of the Improvements are not pledged to pay the Debt Service on the 2025 Bonds.

Limited Obligation

The 2025 Bonds are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the revenues from the Special Tax A and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund, and the Special Tax Fund created pursuant to the Fiscal Agent Agreement. In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2025 Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Reserve Fund, and the Special Tax Fund, and the proceeds, if any, from foreclosure sales of parcels with delinquent Special Tax levies.

Special Taxes

In accordance with the provisions of the Act, the Rate and Method was approved in 2024 by the Developer, as the then owner of all of the property in the District. The Rate and Method is set forth in its entirety in Appendix B. The Rate and Method provides for the levy of a “**Special Tax A**” in order to fund the annual “**Special Tax A Requirement**,” which includes amounts needed to pay the debt service on the Bonds, to pay costs of administering the Bonds and the District, to replenish any draws on the Reserve Fund and to pay directly for costs of the Improvements. The Rate and Method also provides for the levy of a “**Special Tax B**” in order to fund the annual “**Special Tax B Requirement**,” which includes amounts needed to pay costs of services authorized to be funded by the District and to pay related administrative expenses, and the levy of a “**Special Tax C**” in order to fund the annual “**Special Tax C Requirement**,” and which effectively replaces Special Tax B following the payment or defeasance of the Bonds, and which includes amounts needed to pay costs of services authorized to be funded by the District and to pay related administrative expenses. See “INTRODUCTION—The District” and “SECURITY FOR THE 2025 BONDS – Summary of Rate and Method.”

Proceeds of the Special Tax B and the Special Tax C levied on Taxable Property in the District to satisfy the annual Special Tax B Requirement and the Special Tax C Requirement, respectively, are not pledged, and will not be used, to pay debt service on the 2025 Bonds; and the term “**Special Taxes**” when used in this Official Statement includes only the Special Tax A levied to satisfy the annual Special Tax A Requirement.

Under the Fiscal Agent Agreement, the Authority is obligated to fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on the outstanding Bonds becoming due and payable, including any necessary replenishment of the Reserve Fund and an amount estimated to be sufficient to pay a portion of the Administrative Expenses, taking into account any prepayments of Special Taxes previously received by the Authority. The Special Taxes levied on any parcel of Taxable Property may not in any event exceed the maximum amount as provided in the Rate and Method and the Act.

The Special Taxes are payable and are to be collected in the same manner, at the same time and in the same installment as County ad valorem taxes on property levied on the secured tax roll are payable, and pursuant to the Act have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the taxes levied on the County secured tax roll. Notwithstanding the foregoing, the Special Taxes may be collected by means of direct billing

of the property owners within the District, in which event the Special Taxes will become delinquent if not paid pursuant to such billing.

Although the Special Tax A, when levied, will constitute a lien on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of the property within the District. Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax on a parcel of Taxable Property, the Authority may order the institution of a superior court action to foreclose the lien on the parcel of Taxable Property within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale. The Act provides that the Special Taxes are secured by a continuing lien that is subject to the same lien priority in the case of delinquency as *ad valorem* property taxes. See “SECURITY FOR THE 2025 BONDS—Summary of Rate and Method,” and “—Covenant for Superior Court Foreclosure” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

The property located within the District is subject to other liens for taxes and assessments, and other such liens could come into existence in the future. See “THE DISTRICT—Direct and Overlapping Government Obligations” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.” There is no assurance that any owner of a parcel subject to the Special Tax levy will be financially able to pay the annual Special Taxes or that it will pay such taxes even if financially able to do so. See “SPECIAL RISK FACTORS—Payment of Special Taxes is not a Personal Obligation.”

Special Tax Fund

Deposit of Special Tax Revenues. The Fiscal Agent Agreement establishes a Special Tax Fund to be held by the Fiscal Agent. Under the Fiscal Agent Agreement, the Authority is obligated to transfer or cause to be transferred to the Fiscal Agent, for deposit by the Fiscal Agent in the Special Tax Fund, as soon as practicable following receipt, all Special Tax Revenues (which include only proceeds of Special Tax A collected and received by the Authority), which amounts are to be deposited by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

- (i) the first Special Tax Revenues collected by the Authority in any Fiscal Year, in an amount equal to the portion of such Fiscal Year’s Special Tax levy for Administrative Expenses (but not to exceed, in any Fiscal Year, the Priority Administrative Expenses Amount, which is \$30,000 for Fiscal Year 2026-27, escalating by 2% each Fiscal Year) will be deposited by the Treasurer in the Administrative Expense Fund;
- (ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the Treasurer and will be disposed of by the Fiscal Agent first, by transfer to the Bond Fund to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to be held in the Special Tax Fund and used for its purposes;
- (iii) any proceeds of Special Tax Prepayments will be remitted by the Treasurer to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account and used to redeem Bonds; and
- (iv) any Special Tax Revenues constituting the portion, if any, of the Special Tax A Requirement that is to pay directly for the acquisition or construction of any portion of the Improvements shall be separately identified by the Authority and shall be deposited by the Fiscal Agent in the Acquisition Account of the Improvement Fund established under the Fiscal Agent Agreement so long as the Acquisition Account of the Improvement Fund has not theretofore been closed, and if the Acquisition Account of the Improvement Fund has been closed, then such amount shall be retained by the Authority to be used to pay Improvement costs; and

(v) from time to time amounts may be transferred from the Special Tax Fund to the Rebate Account to satisfy the Authority's obligations under the Fiscal Agent Agreement.

Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the Authority and the Owners of the Bonds, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds and the Authority.

Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers under the Fiscal Agent Agreement from the accounts within the Improvement Fund, the Reserve Fund, the Capitalized Interest Account and the Special Tax Prepayments Account to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date; and

(ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Treasurer may transfer any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund (i) to the Administrative Expense Fund, from time to time, if monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund; (ii) to such other fund or account established to pay debt service on or administrative expenses with respect to any bonds or other debt secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement; or (iii) to such other fund or account established by the Authority to be used for any lawful purpose under the Act and otherwise in accordance with the provisions of the Rate and Method.

Summary of Rate and Method

Special Tax Formula - Calculation of Annual Special Taxes. The Rate and Method is used to determine and allocate the amount of the Special Tax A, the Special Tax B and the Special Tax C that is needed to be collected each fiscal year among the Taxable Properties within the District, based upon the development status of the Taxable Property and its size, subject to a maximum tax rate that may be levied against each class of Taxable Property. The Rate and Method is set forth in full in Appendix B, and the following is a summary of the Rate and Method. Capitalized terms used, but not otherwise defined, in this section have the meanings given to them in the Rate and Method.

The Rate and Method provides that the Annual Special Tax A may be levied only so long as any Bonds are outstanding, provided that levies may continue if there are any delinquent Special Taxes in order to collect those delinquent amounts but not in any event later than Fiscal Year 2064-65. The annual Special Tax A will first be levied on property in the District in Fiscal Year 2026-27. The Annual Special Tax B may only be levied on Developed Property, as described below, and may be levied so long as Authorized Services are being provided and shall not be levied during or after the Transition Year. The Special Tax C, for the Transition Year and each Fiscal Year thereafter, shall be levied in perpetuity so long as the Authorized Services are being provided.

Special Tax Requirements. Annually, at the time of levying the Special Tax, the Authority, with the assistance of a special tax administrator (currently Webb Municipal Finance, LLC), determines the amount of money to be collected from Taxable Property in the District (the "**Special Tax A Requirement**"), which will be the amount required in any Fiscal Year to pay the following: (i) the debt service or the periodic costs on all

outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B), (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (iv) the collection or accumulation of funds for the acquisition or construction of Improvements or payment of fees authorized by the District by the levy on Developed Property of the Assigned Annual Special Tax A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three described under the subheading “Method of Apportionment” below, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to the Fiscal Agent Agreement. The Authority, with the assistance of the special tax administrator, will also determine the amount of money to be collected from Taxable Property in the District (the “**Special Tax B Requirement**” and the “**Special Tax C Requirement**”), which will be the amount required in any Fiscal Year before and after the Transition Event, respectively, to pay for the municipal services the District is authorized to fund, as well as a share of the costs of administration of the District.

Classification of Property. The Rate and Method provides that for each Fiscal Year, all Assessor’s Parcels within the District be classified as either Taxable Property or Exempt Property. Taxable Property is further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Exempt Property. In addition, each Assessor’s Parcel of Developed Property is further classified as Residential Property, Multifamily Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property are further categorized based on the Building Square Footage of each such Assessor’s Parcel.

Under the Rate and Method, “**Developed Property**” includes all Assessor’s Parcels of Taxable Property for which a Final Map was recorded as of the January 1 preceding the Fiscal Year in which Special Tax A, Special Tax B or Special Tax C are being levied and for which a building permit was issued on or before April 1st preceding the Fiscal Year in which any or all of the Special Taxes are levied. “**Undeveloped Property**” includes all Taxable Property not classified as Developed Property, Approved Property or Provisional Exempt Property. “**Approved Property**” includes all Assessor’s Parcels of Taxable Property other than Provisional Exempt Property: (i) that are included in a Final Map that was recorded prior to the January 1st immediately preceding the Fiscal Year for which the Special Tax A is being levied, and (ii) that have not been issued a building permit on or before the April 1st immediately preceding the Fiscal Year for which the Special Tax A is being levied. “**Provisional Exempt Property**” includes all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of the Rate and Method, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in the Exempt Property section (Section P) of the Rate and Method.

Final Maps were recorded for all Taxable Property in the District on January 15, 2025. Because the Final Maps were recorded after January 1, 2025, all Taxable Property in the District is classified as Undeveloped Property for Fiscal Year 2025-26. Accordingly, no Special Tax A was levied on property in the District for Fiscal Year 2025-26. See “THE DISTRICT—Prado” for the status of issuance of building permits within the District as of August 4, 2025. Parcels in the District for which building permits are issued on or before April 1, 2026 will be classified as Developed Property for Fiscal Year 2026-27. Parcels in the District for which building permits have not been issued on or before April 1, 2026 will be classified as Approved Property for Fiscal Year 2026-27. See Table 3 under the heading “THE DISTRICT—Value-to-District Lien Ratios – Value-to-District Lien Ratio Distribution.”

Backup Special Tax. At the time a Final Map is recorded, the CFD Administrator will determine the Backup Annual Special Tax A for all Assessor’s Parcels classified or reasonably expected to be classified as Residential Property within such Final Map by multiplying the Maximum Special Tax A rate for Undeveloped Property by the total Acreage of Taxable Property, excluding the Provisional Exempt Property Acreage, Non-Residential Property Acreage, Multifamily Residential Property Acreage and any Acreage reasonably expected to be classified as Exempt Property, and dividing such amount by the total number of such Assessor’s Parcels which are classified or reasonably expected to be classified as Residential Property.

The Backup Annual Special Tax A rate for Multifamily Residential Property or Non-Residential Property is the Assigned Annual Special Tax A rate.

On each July 1, commencing July 1, 2024, the Backup Annual Special Tax A will be increased by an amount equal to two percent (2.0%) of the amount in effect for the previous Fiscal Year.

Notwithstanding the foregoing, if Assessor's Parcels which are classified or to be classified as Residential Property, Non-Residential Property or Multifamily Property are subsequently changed by recordation of a lot line adjustment, Final Map amendment, new Final Map or similar instrument, then the Backup Annual Special Tax A will be recalculated within the area that has been changed to equal the amount of Backup Annual Special Tax A that would have been generated if such change did not take place.

Maximum Special Taxes. The Maximum Special Tax A for each Assessor's Parcel that is Residential Property, Multifamily Residential Property or Non-Residential Property in any Fiscal Year is the greater of (i) the Assigned Annual Special Tax A, or (ii) the Backup Annual Special Tax A. The Maximum Special Tax A for each Assessor's Parcel of Approved Property, Undeveloped Property or Provisional Exempt Property is the Assigned Annual Special Tax A. The Assigned Annual Special Tax A rates for the various categories of Taxable Property are set forth in Section D of the Rate and Method in Appendix B. For Fiscal Year 2026-27 the Assigned Special Tax A rates range from approximately \$3,891 annually per dwelling unit to approximately \$4,390 annually per dwelling unit depending upon the size of the home, and are \$4,288 annually per acre for Approved Property. The Maximum Special Tax B for Fiscal Year 2026-27 for each Assessor's Parcel of Residential Property is \$468.36 per Unit, and the Maximum Special Tax C for Fiscal Year 2026-27 for each Assessor's Parcel of Residential Property is \$875.38 per Unit; however, the Special Tax C will not be levied until the Fiscal Year following the final maturity of the 2025 Bonds.

The Special Tax A is subject to annual increases each July 1 commencing July 1, 2025, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year. The Maximum Special Tax B and the Maximum Special Tax C are subject to annual increases each July 1, commencing July 1, 2025, by an amount equal to five and six-tenth percent (5.6%) of the amount in effect for the previous Fiscal Year.

Method of Apportionment. The Rate and Method provides that for each Fiscal Year, the Board of Directors of the Authority will levy the Annual Special Tax A on all Taxable Property to fund the Special Tax A Requirement as follows:

First: The Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property, up to 100% of the applicable Assigned Annual Special Tax A rates in Table 1 of Section D of the Rate and Method to satisfy the Special Tax A Requirement;

Second: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the applicable Maximum Annual Special Tax A to satisfy the Special Tax A Requirement;

Third: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Annual Special Tax A for Undeveloped Property applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, the Annual Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Annual Special Tax A (the Backup Annual Special Tax A is computed pursuant to Section E of the Rate and Method) shall be increased

Proportionately from the Assigned Annual Special Tax A up to 100% of the Backup Annual Special Tax A as needed to satisfy the Special Tax A Requirement; and

Fifth: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Exempt Property up to 100% of the Maximum Annual Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

As previously stated, Final Maps were recorded for all Taxable Property in the District on January 15, 2025. Because the Final Maps were recorded after January 1, 2025, all Taxable Property in the District is classified as Undeveloped Property for Fiscal Year 2025-26. Accordingly, no Special Tax A was levied on property in the District for Fiscal Year 2025-26. See "THE DISTRICT—Prado" for the status of issuance of building permits within the District as of August 4, 2025. Parcels in the District for which building permits are issued on or before April 1, 2026 will be classified as Developed Property for Fiscal Year 2026-27. Parcels in the District for which building permits have not been issued on or before April 1, 2026 will be classified as Approved Property for Fiscal Year 2026-27. See Table 3 under the heading "THE DISTRICT—Value-to-District Lien Ratios – Value-to-District Lien Ratio Distribution."

The Rate and Method provides that for each Fiscal Year, commencing with Fiscal Year 2026-27, the Authority shall levy the Maximum Special Tax B on each Assessor's Parcel of Residential Property, Multifamily Residential Property, or Non-Residential Property until the amount of Special Tax B equals the Special Tax B Requirement. No Special Tax B shall be levied on Approved Property, Undeveloped Property, and Provisional Exempt Property. For the Transition Year and each Fiscal Year thereafter, each Assessor's Parcel of Residential Property, Multifamily Residential Property, or Non-Residential Property shall be subject to a Maximum Special Tax C.

Notwithstanding the above, the Act effectively provides that under no circumstances will the Special Tax A, the Special Tax B or the Special Tax C levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Assessor's Parcels within the District by more than ten percent (10%) per Fiscal Year.

Prepayment in Full. The Special A Tax obligation applicable to an Assessor's Parcel of (a) Developed Property, (b) Approved Property or Undeveloped Property for which a Building Permit has been issued, (c) Approved Property or Undeveloped Property for which a Building Permit has not been issued, and (d) Provisional Exempt Property that is not Exempt Property, may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax A permanently satisfied as described in Section G of the Rate and Method, provided that a prepayment may be made only if there is no delinquent Special Tax A with respect to the Assessor's Parcel. The Prepayment Amount for Special Tax A for an applicable Assessor's Parcel is calculated based on Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, and other costs, all as specified in Section G of the Rate and Method. Any such prepayment will result in a redemption of Bonds prior to maturity. See "THE 2025 BONDS—Redemption – Mandatory Redemption From Special Tax Prepayments" and "SPECIAL RISK FACTORS—Potential Early Redemption of 2025 Bonds from Special Tax Prepayments." In addition, the Act authorizes a public agency which acquires property subject to the Special Tax A to prepay the Special Tax A so long as the Authority determines the prepayment arrangement will fully protect the interests of the owners of the Bonds. The Special Tax B and the Special Tax C are not subject to prepayment.

Prepayment in Part. The Special A Tax on an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. The amount of any such partial prepayment will be calculated pursuant to Section H of the Rate and Method. Any such prepayment will result in a redemption of 2025 Bonds prior to maturity. See "THE 2025 BONDS—Redemption—Mandatory Redemption From Special Tax Prepayments" and "SPECIAL RISK FACTORS—Potential Early Redemption of 2025 Bonds from Special Tax Prepayments." The Maximum Special Tax B and the Special Tax C are not subject to partial prepayment.

Projected Fiscal Year 2026-27 Assigned Special Tax A Levy. Table 1 below sets forth the Assigned Special Tax A and projected Special Tax A levy for Fiscal Year 2026-27 for the various classes of Taxable Property within the District. Table 1 also shows the projected Fiscal Year 2026-27 Special Tax A levy as a percentage of the total projected Special Tax levy.

Table 1
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Fiscal Year 2026-27 Assigned Special Tax A

<i>Land Use⁽¹⁾</i>	<i>Residential Floor Area</i>	<i>No. of Units</i>	<i>Fiscal Year 2026-27 Assigned Special Tax Per Unit⁽²⁾</i>	<i>Projected Fiscal Year 2026-27 Special Tax Per Unit[*]</i>	<i>Total Projected Fiscal Year 2026-27 Special Tax Levy⁽³⁾</i>	<i>Percent of Total Projected Fiscal Year 2026-27 Special Tax Levy[*]</i>
Residential Property	Less than 1,500 sq. ft.	39	\$3,891	\$3,891	\$ 151,753	17.21%
Residential Property	1,500 sq. ft. to 1,599 sq. ft.	33	4,016	4,016	132,526	15.03
Residential Property	1,600 sq. ft. to 1,699 sq. ft.	25	4,141	4,141	103,520	11.74
Residential Property	1,700 sq. ft. to 1,799 sq. ft.	10	4,266	4,266	42,656	4.84
Residential Property	Greater than 1,799 sq. ft.	24	4,390	4,390	105,372	11.95
Approved Property	N/A	<u>106</u>	<u>4,288</u>	<u>3,263</u>	<u>345,923</u>	<u>39.23</u>
Totals		237			\$ 881,750	100.00%

* Preliminary, subject to change.

(1) Based on development status as of August 4, 2025.

(2) For units of Approved Property, figure represents the average Maximum Special Tax Per Unit.

(3) Based upon the debt service requirement of the 2025 Bonds and includes \$30,000 in estimated Fiscal Year 2026-27 priority administration.
Source: Webb Municipal Finance, LLC.

Reserve Fund

The Fiscal Agent Agreement establishes a debt service reserve fund (the “**Reserve Fund**”) as a separate fund to be held by the Fiscal Agent for the benefit of the Owners of the Bonds, as a reserve for the payment of principal of, and interest and any premium on, the Bonds. Moneys in the Reserve Fund are subject to a lien in favor of the Owners of the Bonds. The Reserve Fund is required by the Fiscal Agent Agreement to be maintained in an amount equal to the **Reserve Requirement**, which is defined in the Fiscal Agent Agreement, as of any date of calculation, as an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) 125% of the then average Annual Debt Service, or (iii) 10% of the principal amount of the then Outstanding Bonds under the Fiscal Agent Agreement. The Reserve Requirement as of the date of issuance of the 2025 Bonds will be \$_____, and will be funded with a portion of the proceeds of the 2025 Bonds. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.”

Except as otherwise provided in the Fiscal Agent Agreement (with respect to the use of moneys in the Reserve Fund in connection with prepayments of Special Taxes, for the payment of any rebate liability due to the federal government, and the use of moneys in excess of the Reserve Requirement to pay debt service on the Bonds), all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds. See Appendix C – “Summary of Fiscal Agent Agreement – Reserve Fund.”

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay all of the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be used for the payment and redemption of all of the Outstanding Bonds. In the event that the amount transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the

balance in the Reserve Fund will be retained by the Authority, free of any encumbrance by the Fiscal Agent Agreement, to be used for any lawful purpose under the Act. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund until after (i) amounts in the Reserve Fund are withdrawn for purposes of making a rebate payment to the federal government in accordance with the Fiscal Agent Agreement, and (ii) payment of any fees and expenses due to the Fiscal Agent. See Appendix C – “Summary of Fiscal Agent Agreement – Reserve Fund.”

Covenant for Superior Court Foreclosure

Foreclosure Under the Act. Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax on the taxed parcel, the Authority may order the institution of a superior court action to foreclose the lien on the taxed parcel within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale.

Authority Foreclosure Covenant. The Authority has covenanted for the benefit of the Bondowners that on or about June 15 of each Fiscal Year, the Treasurer shall compare the amount of Special Tax A theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the Authority, and following such determination: (a) if, as of any June 15, the Treasurer determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$7,500 or more, the Treasurer will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured foreclosure proceedings will be commenced by the Authority against the delinquent parcel within 90 days of the sending of such notice; and (b) if the Treasurer determines that, as of any June 15, the total amount of delinquent Special Tax for the then current Fiscal Year for the entire District (including the total of delinquencies under subsection (a) above), exceeds 5% of the total Special Tax A due and payable for the then current Fiscal Year, the Treasurer shall promptly notify or cause to be notified property owners who are then delinquent in the payment of Special Tax A (and demand immediate payment of the delinquency), and the Authority shall commence foreclosure proceedings within 90 days after the notices of delinquency have been sent.

Notwithstanding the foregoing, the Treasurer may defer any mailing of notices of delinquency or foreclosure action if (i) the amount in the Reserve Fund is at least equal to the Reserve Requirement, and (ii) the amounts then on deposit in the Special Tax Fund and the Bond Fund are sufficient to pay the scheduled debt service due on the Bonds on the succeeding September 1 and March 1 without the need for any draw on the Reserve Fund. See Appendix C – “Summary of the Fiscal Agent Agreement.”

No assurance can be given as to the time necessary to complete any foreclosure sale or that any foreclosure sale will be successful. The Authority is not required to be a bidder at any foreclosure sale and does not intend to be such a bidder.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. Subject to the maximum rates, the Rate and Method is designed to generate from all non-exempt property within the District the current year’s debt service, administrative expenses, and replenishment of the Reserve Fund to the Reserve Requirement, including an amount reflecting the prior year’s delinquencies. However, if foreclosure proceedings are necessary, and the Reserve Fund has been depleted, there could be a delay in payments to owners of the 2025 Bonds pending prosecution of the foreclosure proceedings and receipt by the Authority of the proceeds of the foreclosure sale. See “SPECIAL RISK FACTORS—Bankruptcy Delays.” No assurance can be given that a foreclosure action in respect of delinquent Special Taxes will result in the collection of the Special Taxes.

The ability of the Authority to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in

receivership of a Federal agency. See “SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties.”

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the Authority for the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the Authority, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the Authority could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the Authority becomes the purchaser under a credit bid, the Authority must pay the amount of its credit bid into the redemption fund established for the 2025 Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale. Neither the Act nor the Fiscal Agent Agreement requires the Authority to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale, and the Authority has no intent to be such a purchaser.

No Teeter Plan

Collection of the Special Taxes is not subject to the “Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds,” as provided for in Section 4701 et seq. of the California Revenue and Taxation Code (known as the “Teeter Plan”). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any.

Investment of Moneys

Except as otherwise provided in the Fiscal Agent Agreement, all moneys in any of the funds or accounts established pursuant to the Fiscal Agent Agreement will be invested by the Fiscal Agent solely in Permitted Investments, as directed by the Authority. See Appendix C – “Summary of the Fiscal Agent Agreement” for a definition of “**Permitted Investments**” and for additional provisions regarding the investment of funds held under the Fiscal Agent Agreement.

Issuance of Additional Bonds

General. The Fiscal Agent Agreement authorizes the Authority to issue one or more series of “**Parity Bonds**” secured and payable on a parity under the Fiscal Agent Agreement with the 2025 Bonds. Subject to meeting the conditions summarized below (including that the Parity Bonds be Refunding Bonds), the Parity Bonds will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement (the Fiscal Agent Agreement defines “**Bonds**” as the 2025 Bonds and any future Parity Bonds).

The Authority may issue the Parity Bonds subject to the following specific conditions precedent, as set forth in the Fiscal Agent Agreement:

(A) *Current Compliance.* The Authority must be in compliance in all material respects on the date of issuance of the Parity Bonds with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and the principal amount of the Parity Bonds must not cause the Authority to exceed the maximum authorized indebtedness of the District under the provisions of the Act.

(B) *Payment Dates.* The interest on the Parity Bonds must be payable on March 1 and September 1, and principal of the Parity Bonds must be payable on September 1 in any year in which principal is payable (provided that there is no requirement that any Parity Bonds pay interest on a current basis).

(C) *Funds and Accounts; Reserve Fund Deposit.* The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is at least equal to the Reserve Requirement.

(D) *Refunding Bonds.* The Parity Bonds must be Refunding Bonds.

(E) *Officer's Certificate.* The Authority shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in paragraphs (A), (B), (C) and (D) above have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

The term "**Refunding Bonds**" is defined in the Fiscal Agent Agreement as bonds issued by the Authority for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

Subordinate Bonds. Nothing in the provisions described above will prohibit the Authority from issuing bonds or otherwise incurring debt secured by a pledge of Special Tax Revenues subordinate to the pledge of the Special Tax Revenues under the Fiscal Agent Agreement.

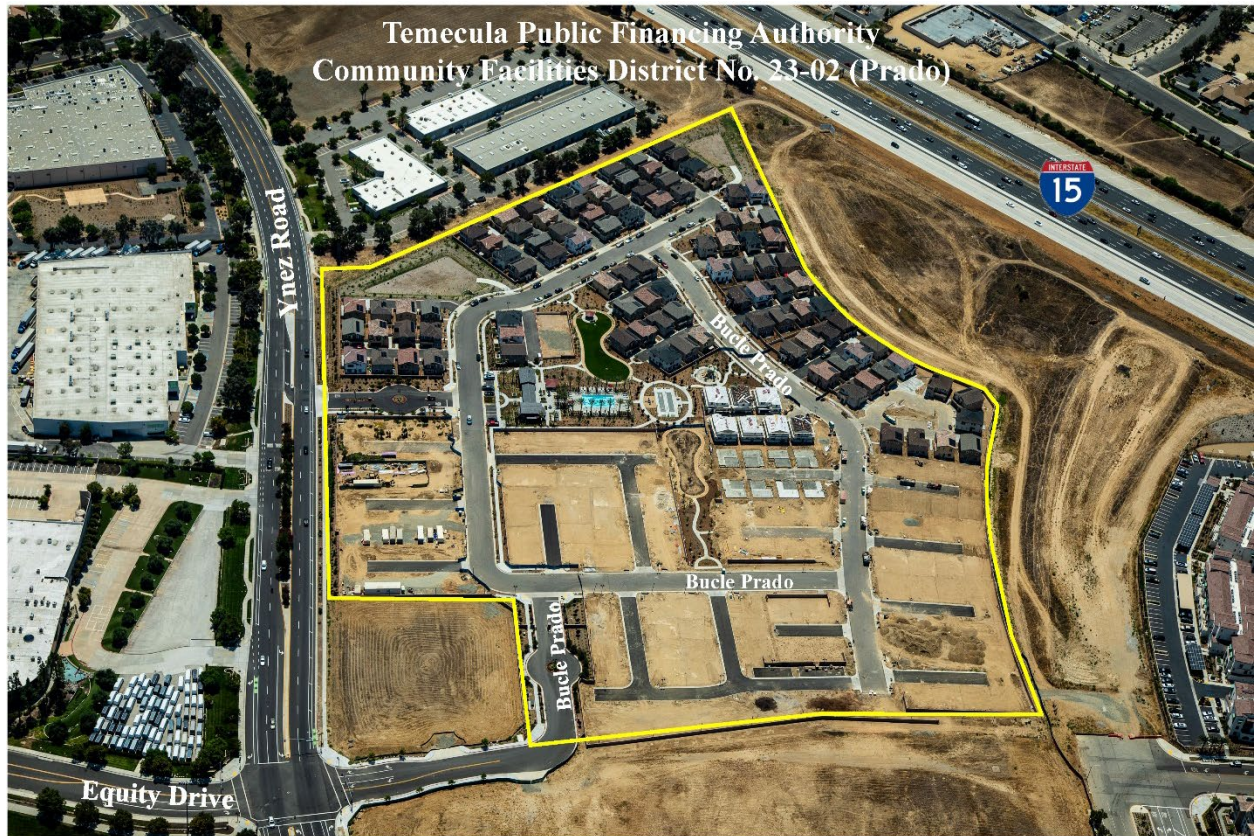
THE DISTRICT

Location and General Description of the District

The District includes approximately 28.7 gross acres of residential land in the City currently identified as "Prado." The District is located in the northern portion of the City. The District is located east of Interstate 15, west of Ynez Road, and north of Highway 79. Prado is expected to include at buildout 237 detached single family condominium homes, as well as a clubhouse, community pool, park, playground, bocce ball court, and fire pit. See "THE DISTRICT—Prado."

The property in the District is being developed and the homes in the District are being constructed by the Developer (see "THE DISTRICT—The Developer"). For the current status of the development of the property in the District, see "THE DISTRICT—Prado."

The following page contains an aerial photo of the District.



Flight Date: August 3, 2025

History of the District

In order to raise funds to finance the Improvements that will result in an offset of capital improvement fees levied on the homes being constructed in the District, or otherwise needed for the development of the property in the District, the Developer petitioned the Authority in December of 2023 to form the District. On January 23, 2024, the Board of Directors of the Authority adopted Resolution Nos. TPFA 2024-01 and TPFA 2024-02 of intention to form the District and to incur up to \$20,000,000 of bonded indebtedness of the Authority for the District.

On January 23, 2024, the Authority entered into a Joint Community Facilities Agreement with the City related to certain of the Improvements and the Services authorized to be funded by the District but to be owned and provided, respectively, by the City for the District. On January 23, 2024 the Authority, the Developer and the School District entered into a Joint Community Facilities Agreement relating to certain public school facilities constituting a portion of the Improvements to be financed by the District but to be owned by the School District. On January 23, 2024 the Authority, the Developer and the Water District entered into a Joint Community Facilities Agreement with respect to certain of the Improvements to be financed by the District but to be owned upon completion by the Water District. The three Joint Community Facilities Agreements (collectively, the “JCFAs”) effectively provide that the Developer will receive credit against capital improvement impact fees imposed by the City, the School District and the Water District, respectively, on homes being constructed by the Developer in the amount of any Bond proceeds allocated to the respective public agency for capital improvements to be designated and constructed by the respective public agency.

Following the adoption by the Board of Directors of the Authority of resolutions of intention for the District, and the execution of the three JCFAs, on February 27, 2024, the Authority held a public hearing regarding the formation of, and the issuance of bonds for, the District. Following the public hearing, also on February 27, 2024, the Board of Directors of the Authority adopted Resolution No. TPFA 2024-06 forming the District, Resolution No. TPFA 2024-07 determining the necessity to issue up to \$20,000,000 of special tax bonds for the District, and Resolution No. TPFA 2024-08 calling a special election regarding the formation of the District and the issuance of the special tax bonds for the District.

The election was held on February 27, 2024 at which the Developer, as the then sole owner of the property in the District, voted in favor of the formation of the District, the levy of Special Tax A, Special Tax B and Special Tax C on property in the District, and the issuance by the Authority of special tax bonds for the District. On February 29, 2024, a Notice of Special Tax Lien was recorded in the Riverside County Recorder’s Office against the property in the District, and on March 12, 2024, the Board of Directors of the Authority adopted Ordinance No. TPFA 2024-01 levying Special Tax A, Special Tax B and Special Tax C on the property in the District.

On September 23, 2025, the City Council held a public hearing regarding the issuance by the Authority of the 2025 Bonds. Following the public hearing, the City Council adopted a resolution pursuant to which it found that significant public benefits will arise from the use of the proceeds of the 2025 Bonds to finance costs of the Improvements and it approved the issuance of the 2025 Bonds by the Authority. Also on September 23, 2025, the Board of Directors of the Authority adopted a resolution authorizing the issuance of the 2025 Bonds, and approved the execution and delivery of the Fiscal Agent Agreement. The Fiscal Agent Agreement provides the terms of the 2025 Bonds.

The Improvements

As previously mentioned under the heading “PLAN OF FINANCING – Overview – Funding for Improvements,” the Authority entered into the Acquisition Agreement with the Developer pursuant to which the Authority agreed to use a portion of the proceeds of the 2025 Bonds to finance costs of Improvements some of which are to be constructed by the Developer, and the Authority entered into the JCFAs to provide for the

financing from 2025 Bond proceeds for Improvements that are to be constructed and owned by the City, the School District and the Water District.

The District is authorized to finance all or a portion of the costs of the following facilities:

- The acquisition and construction of: streets (including paving, aggregate base, striping and traffic marking, sidewalks, curbs, gutters and driveways), including Temecula Center Drive, Ynez Road and Date Street within and in the vicinity of the District; stormwater drainage systems (including storm drain lines, inlets, outlets, channels, structures, junctions, manholes, catch basins and related dewatering); street light improvements (including light fixtures, substructures, conduits and service points of connection); and street signage (including traffic, stop and street name signs).

The foregoing are to include the acquisition of any related right-of-way and other land needed for the installation of any such improvements, demolition of existing structures and site leveling needed for the installation of any such improvements, erosion control, and other appurtenances.

- The acquisition and installation of traffic signal improvements, including traffic signal interconnection and video surveillance systems, at the intersection of Ynez Road and Temecula Center Drive.
- Landscaping improvements in the public right of way along or in the vicinity of Temecula Center Drive, Date Street and Ynez Road, including related appurtenances.
- Capital improvements included in the City of Temecula's adopted Capital Improvement Program for Fiscal Years 2024-2028.
- School improvements to be designated by the Temecula Valley Unified School District, which may include construction of buildings, equipping of school facilities, and acquisition of support and other appurtenances with a useful life of five years or more.
- Sewer system improvements to be designated by the Eastern Municipal Water District.

The Improvements include, as applicable, the acquisition of right-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, the cost of any required environmental mitigation and any required noise mitigation measures, landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

It is expected that, shortly after the issuance of the 2025 Bonds, amounts in the City Account, the School District Account and the Water District Account of the Improvement Fund will be transferred to the City, the School District and the Water District, respectively, to finance capital improvements to be identified by each of them, and credits against development impact fees imposed by each of them will be provided to the Developer in respect of the homes being constructed by it in the District, or rebates to the Developer will be made in respect of any such fees previously paid by the Developer.

Otherwise, the Developer estimates that the total projected costs of the Improvements eligible to be funded by the District under the Acquisition Agreement are approximately \$14 million, and only approximately \$13 million* of the proceeds of the 2025 Bonds will be available to pay costs of the Improvements. See "PLAN OF FINANCING—Estimated Sources and Uses of Funds." Under the Acquisition Agreement, costs of Improvements specified therein in excess of available amounts in the Acquisition Account of the Improvement

**Preliminary, subject to change.*

Fund from the proceeds of the 2025 Bonds to be deposited therein (see “PLAN OF FINANCING—Overview – Funding for Improvements” are the responsibility of the Developer.

No assurance can be given that construction of the Improvements required to be constructed under the Acquisition Agreement or otherwise needed for the buildout of the District will be completed as currently expected, or that the costs of the Improvements will be as currently estimated.

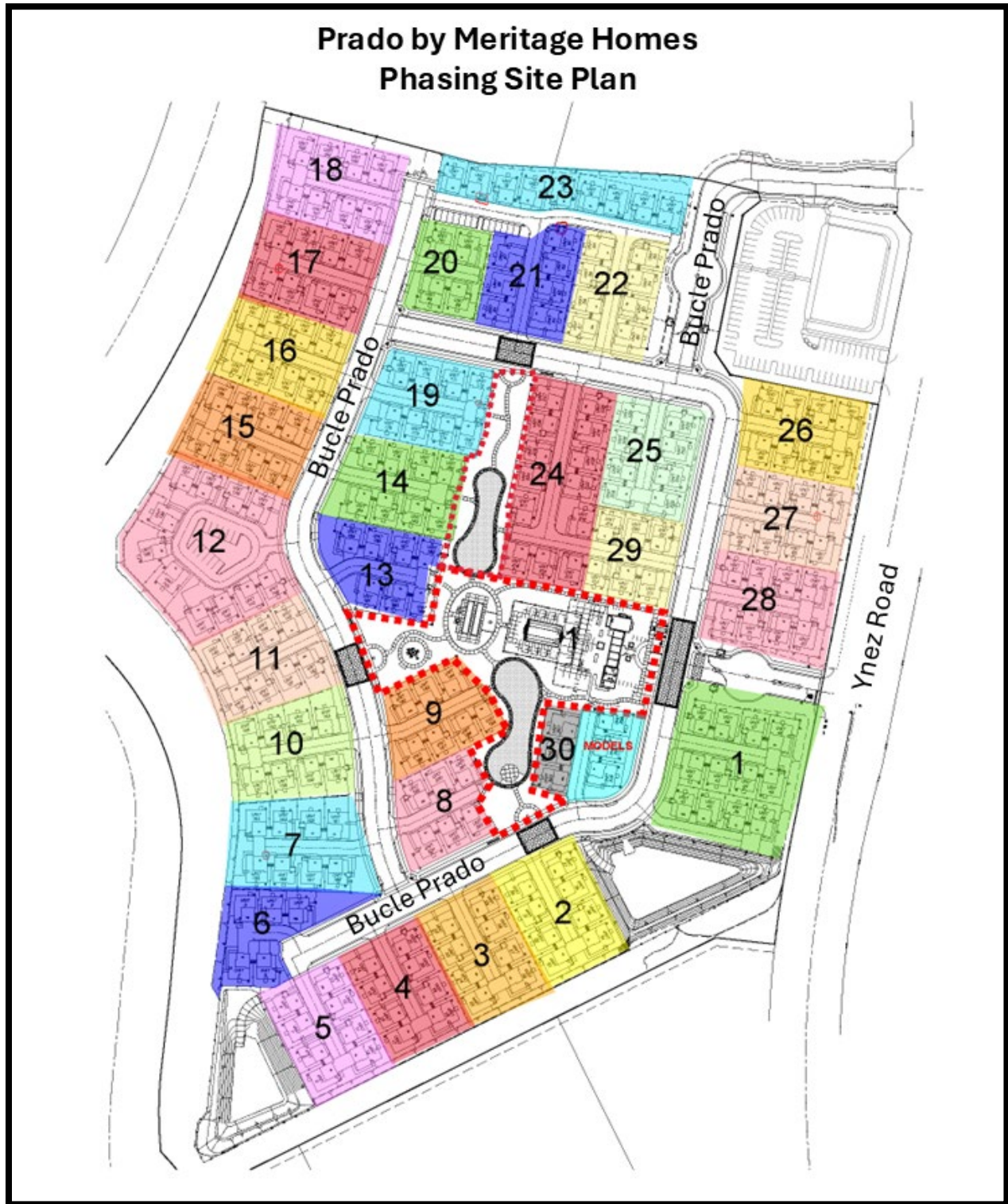
Prado

The property in the District includes a development known as Prado. Prado, with approximately 28.7 gross acres, is expected to include at buildout 237 single family detached homes, a clubhouse, community pool, park, playground, bocce ball court, and fire pit. As of August 4, 2025, the community pool and clubhouse were complete and had been conveyed to the homeowners’ association.

The Developer acquired the property in the development for \$37,000,000 on August 29, 2023, and recorded 30 separate condominium maps creating the 237 parcels in the development in January of 2025.

The next page contains the site plan for the development.

SITE PLAN FOR THE DEVELOPMENT



Site development activities were commenced by the Developer in November 2023 and home construction began in October 2024. As of August 4, 2025, the date of value in the Appraisal Report, the Developer advised that all lots were in finished or near finished condition, and that it had obtained building permits for 131 of the 237 homes to be constructed in the development.

The development has a homeowners' association. According to the Developer, the dues imposed by the homeowners' association to be paid by the homeowners are expected to be approximately \$267 per unit per month.

Homeowners in the District will receive fee title to the building and yard areas associated with the unit while the homeowners' association will own the walkways and other common areas in the community.

Summary of Status of Development. A summary of the status of development of the proposed 237 homes being constructed by the Developer in the District as of the August 4, 2025 date of value of the Appraisal Report (see "THE DISTRICT—Property Values") is provided below, along with an update on the status of the development as of September 15, 2025.

Summary of Status of Development in the District

	<i>As of August 4, 2025</i>	<i>As of September 15, 2025</i>
homes sold and conveyed to homebuyers	59	69
completed homes owned by the Developer	0	28
model homes	3	3
homes under construction	45	15
units for which construction not yet started ⁽¹⁾	<u>130</u>	<u>122</u>
Total Lots	237	237

⁽¹⁾ As of September 15, 2025, the Developer has pulled permits for 16 of the 122 units for which construction has not yet started and therefore these units will be taxed as Developed Property in Fiscal Year 2026-27.

Status of Home Construction and Sales. The homes currently being constructed by the Developer in the District range from approximately 1,410 square feet to approximately 1,857 square feet. The first conveyance of a home in the District occurred in March 2025. As of August 4, 2025, base sales prices for homes in the District ranged from \$605,000 to \$686,000. The Developer currently expects to close out sales of homes in the District in the 2nd quarter of 2027.

As of August 4, 2025, the Developer had expended approximately \$76,857,828 on land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs related to its development within the District. As of August 4, 2025, the Developer anticipated expending approximately \$31,080,975 in additional site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete its development within the District, with \$22,720,471 of such additional cost allocated to home construction costs.

Between August 4, 2025 and September 15, 2025, the Developer completed and conveyed 10 additional homes, for a total of 69 homes conveyed to individual homeowners. As of September 15, 2025, a total of 131 building permits had been issued for homes in the District.

No assurance can be given that home construction and sales will be completed as currently anticipated, or that the home construction and sale plans or base prices will not change from those in effect as of August 4, 2025. The Developer may change their development plans at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

The Developer

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2025 Bonds and the District. No assurance can be given, however, that the Developer will or will not retain ownership of the property within the District not yet sold to homebuyers. There may be material adverse changes in this information after the date of the Official Statement. Neither the 2025 Bonds nor any of the Special Tax are personal obligations of any property owner within the District and, in the event that any property owner defaults in the payment of its Special Tax, the Authority may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. The 2025 Bonds are secured solely by the Special Tax Revenues and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See “SPECIAL RISK FACTORS” for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the 2025 Bonds. The following information has been provided by the Developer. No representation is made by the Authority or the Underwriter as to the accuracy or adequacy of such information so provided.

The Developer. Meritage Homes of California, Inc., a California corporation (previously defined as the “Developer”) is a subsidiary of Meritage Homes Corporation (“Meritage Homes Corporation”), a Maryland corporation. Meritage Homes Corporation is a homebuilder focused primarily on high-growth regions of the western and southern United States. Meritage Homes Corporation operates as a holding company, has no independent assets or operations, and is traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “MTH.” Homebuilding, construction, development and sales activities are conducted through subsidiaries. As of December 31, 2024, Meritage Homes Corporation was actively selling homes in three geographic regions, which are comprised of twelve states: West (Arizona, California, Colorado and Utah), Central (Texas) and East (Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee).

Certain active or recently completed projects developed by the Developer are described in the following table:

<i>Project Name</i>	<i>Location</i>	<i>Number of Lots</i>	<i>Completion Date/ Estimated Completion Date</i>
Heirloom Farms	City of Temecula	321	Q3 2025
Tierra del Sol	County of Riverside (French Valley)	139	Q4 2024
Fairway Canyon	City of Beaumont	775	Q3 2029
Sumac Ridge	City of Menifee	175	Q4 2024
Nichols Ranch	City of Lake Elsinore	168	Q4 2025
Jasper	City of Menifee	428	Q4 2022
Kyra	County of San Diego (Valley Center)	120	Q4 2023
Legacy Park	City of Moreno Valley	221	Q3 2023
Cielo	City of San Marcos	120	Q1 2027

Meritage Homes Corporation is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements and other information with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Meritage Homes Corporation and its subsidiaries (e.g., see Meritage Homes Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as filed with the SEC on February 20, 2025, as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Meritage Homes Corporation. The address of such Internet website is www.sec.gov. All documents subsequently filed by Meritage Homes Corporation pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of Meritage Homes Corporation's annual report, quarterly reports and current reports, including any amendments, may be available from Meritage Homes Corporation's website at www.meritagehomes.com.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites are not a part of this Official Statement and are 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 these Internet sites. Neither of the Developer nor Meritage Homes Corporation is obligated to advance funds to pay for development or construction costs 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 internet sites in evaluating whether to buy, hold or sell the 2025 Bonds.

Financing Plan. To date, the Developer has financed its land acquisition, site development and home construction costs related to its property in the District through internally generated funds, including cash generated from its homebuilding operations. The Developer expects to use internally generated funds, including cash generated from its homebuilding operations, along with proceeds of the 2025 Bonds, to complete development of its property in the District.

Although the Developer expects to have sufficient funds available to complete the proposed development in the District, there can be no assurance that amounts necessary to fund the remaining planned development of the property within the District will be available to the Developer when needed. Neither the Developer, nor any of its related entities, is under any legal obligation of any kind to expend funds for the development of the property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by the Developer or any other entity or person to fund the costs of such development are entirely voluntary.

Impact of Economic Conditions on the Development in the District. Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which the Developer is able to complete and sell homes and demand by and the ability of individuals to purchase homes within the District. Such events and factors could include a renewed increase in inflation and interest rates, impacts of tariffs and other factors creating supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the wars in Ukraine and in Israel. Any adverse impact of the foregoing and other economic factors on the projects in the District and the real estate market in general cannot be predicted.

Mortgage Interest Rates. Most of the purchasers of the Developer's homes finance their acquisitions with mortgage financing. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs could have a negative impact on the estimated absorption rates of the Developer's planned for-sale homes in the District. Further, a combination of higher mortgage rates, delays in construction stemming from delays in the supply chain, homebuyers' inability to sell their existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in the Developer's rate of home order cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of the Developer's planned for-sale homes in the District.

Property Values

The value of the property in the District is an important factor in determining the investment quality of the 2025 Bonds. If a property owner defaults in the payment of the Special Tax A, the Authority's primary remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax A. The Special Tax A is not a personal obligation of the owners of the property. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect property values. See "SPECIAL RISK FACTORS – Property Value."

Integra Realty Resources, Sacramento, California (the "Appraiser") has prepared the Appraisal Report dated August 19, 2025 estimating the market value of the 237 lots within the District that are subject to the

Special Tax A securing the 2025 Bonds (the “**Appraised Property**”). The Appraiser concluded in the Appraisal Report that the aggregate market value of the parcels of property constituting the Appraised Property as of August 4, 2025 was \$81,495,000, including \$38,350,000 allocable to the 59 homes in the District sold to homeowners, and \$43,145,000 to the 178 lots owned by the Developer, subject to various assumptions described in the Appraisal Report. See “THE DISTRICT—Property Values.” The appraised value of \$81,495,000 is approximately 4.9* times the \$16,450,000* initial principal amount of the 2025 Bonds.

The Appraisal Report, a complete copy of which is set forth in Appendix H to this Official Statement, is subject to various assumptions and limiting conditions, and the Appraisal Report should be read in its entirety by prospective purchasers of the 2025 Bonds.

The Appraisal Report does not take into account possible future liens or indebtedness which may be imposed by the City or by other public entities. The Authority has not covenanted, and in many instances does not have the legal ability, to restrict other entities from imposing indebtedness, which may be secured by a lien on the Taxable Property in the District which is on a parity with the Special Tax. See “THE DISTRICT—Direct and Overlapping Governmental Obligations” and “SPECIAL RISK FACTORS – Parity Taxes and Special Assessments.” A number of economic, political, and natural occurrences may adversely affect the value of the property as expressed in the Appraisal Report. See “SPECIAL RISK FACTORS.”

The value of individual parcels of the Taxable Property varies significantly, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel’s delinquent Special Taxes. See “THE DISTRICT—Value-to-District Lien Ratios,” “SPECIAL RISK FACTORS—Property Values” and “SPECIAL RISK FACTORS—Insufficiency of Special Tax Revenues.”

Land Use Distribution

The following Table 2 shows the distribution of land use classes of the Taxable Property within the District based on the Rate and Method, the appraised value of the Taxable Property in the District as of August 4, 2025, the estimated Special Tax levy for fiscal year 2026-27 for each land use class, the percentage of the overall Special Tax levy by land use class, and the aggregate value-to-lien ratio for the respective land use classes.

* Preliminary, subject to change.

Table 2
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Projected Fiscal Year 2026-27
Special Tax Levy for Taxable Property by Land Use

<i>Land Use⁽¹⁾</i>	<i>Residential Floor Area</i>	<i>No. of Units</i>	<i>Total Appraised Value</i>	<i>Total Projected Fiscal Year 2026-27 Special Tax Levy⁽²⁾</i>	<i>Percent of Total Projected Fiscal Year 2026-27 Special Tax Levy*</i>	<i>2025 Bonds*</i>	<i>Aggregate Value-to-Lien*</i>
Residential Property	Less than 1,500 sq. ft.	39	\$17,887,000	\$ 151,753	17.21%	\$ 2,831,112	6.32:1
Residential Property	1,500 sq. ft. to 1,599 sq. ft.	33	14,472,000	132,526	15.03	2,472,419	5.85:1
Residential Property	1,600 sq. ft. to 1,699 sq. ft.	25	9,770,000	103,520	11.74	1,931,274	5.06:1
Residential Property	1,700 sq. ft. to 1,799 sq. ft.	10	6,850,000	42,656	4.84	795,801	8.61:1
Residential Property	Greater than 1,799 sq. ft.	24	9,728,000	105,372	11.95	1,965,823	4.95:1
Approved Property	N/A	106	25,228,000	345,923	39.23	6,453,571	3.91:1
Totals		237	\$83,935,000	\$ 881,750	100.00%	\$16,450,000	5.10:1

* Preliminary, subject to change.

(1) Based on development status as of August 4, 2025.

(2) Based upon the debt service requirement of the 2025 Bonds and includes estimated Fiscal Year 2026-27 Priority Administrative Expense Requirement of \$30,000.

Source: Webb Municipal Finance, LLC.

Value-to-Lien Ratios

General Information Regarding Value-to-Lien Ratios. The value-to-lien ratio on bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the bonds.

In comparing the appraised value of the real property within the District and the principal amount of the 2025 Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the 2025 Bonds is not allocated among the parcels within the District based on their appraised or assessed values; rather, the total Special Tax A will be allocated among the parcels within the District according to the Rate and Method.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District. See "SPECIAL RISK FACTORS—Property Values" and "Bankruptcy Delays."

Assessed Valuation. The valuation of real property in the District for ad valorem tax purposes is established by the County Assessor. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines "full cash value" as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of "full cash value" upon change of ownership or new construction. Because the construction of homes in the District is ongoing, any assessed valuations presented in this Official Statement may not necessarily be representative of the actual market value of the property in the District as of any particular date.

Value-to-Lien Ratio Distribution. Table 3 below shows the projected fiscal year 2026-27 Special Tax levy, an allocation of the aggregate appraised value of the property by property owner, the allocation of the

principal amount of the 2025 Bonds, and the estimated debt to allocated appraised value ratios for the parcels in the District, all based on the status of the parcels in the District as of August 4, 2025. See “THE DISTRICT—Prado,” and “—The Developer” for more information regarding the status of ownership and development of parcels in the District as of August 4, 2025 and September 15, 2025.

Table 3
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Appraised Value-To-Lien Ratios by Property Owner

<i>Property Owner⁽¹⁾</i>	<i>Units</i>	<i>Maximum Special Tax</i>	<i>Percent of Maximum Special Tax</i>	<i>Projected Fiscal Year 2026-27 Special Tax Levy⁽²⁾</i>	<i>Percent of Projected Fiscal Year 2026-27 Special Tax Levy*</i>	<i>Total Appraised Value</i>	<i>2025 Bonds⁽³⁾</i>	<i>Aggregate Value-to- Lien*</i>
Approved Meritage Homes	106	\$ 455,059	43.16%	\$345,923	39.23%	\$25,228,000	\$ 6,453,571	3.91:1
Subtotal Approved	106	\$ 455,059	43.16%	\$345,923	39.23%	\$25,228,000	\$ 6,453,571	3.91:1
Developed Individual	59	\$ 269,899	25.60%	\$240,686	27.30%	\$38,350,000	\$ 4,490,260	8.54:1
Developed Meritage Homes	72	329,368	31.24	295,141	33.47	20,357,000	5,506,168	3.70:1
Subtotal Developed	131	\$ 599,268	56.84%	\$535,827	60.77%	\$58,707,000	\$ 9,996,429	5.87:1
Totals	237	\$1,054,327	100.00%	\$881,750	100.00%	\$83,935,000	\$16,450,000	5.10:1

* Preliminary, subject to change.

(1) Based upon ownership information and development status as of August 4, 2025. As of September 15, 2025, an additional 10 homes were conveyed to homeowners.

(2) Based upon the debt service requirement of the 2025 Bonds and includes estimated Fiscal Year 2026-27 Priority Administrative Expense Requirement of \$30,000.

(3) Allocated based on the projected Fiscal Year 2026-27 Special Tax Levy.

Source: Webb Municipal Finance, LLC.

See “THE DISTRICT—Prado – Summary of Development” and “—Status of Home Construction and Sales” for more information regarding the developments in the District.

The following Table 4 sets forth the distribution of appraised value-to-lien ratios among the 237 parcels of Taxable Property based on the parcels that existed, and their appraised values, as of August 4, 2025, the projected fiscal year 2026-27 Special Tax levy and the principal amount of the 2025 Bonds.

Table 4
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Value-To-Lien Stratification

<i>Appraised Value to Lien⁽¹⁾</i>	<i>No. of Units</i>	<i>Percent of Total Units</i>	<i>Total Appraised Value</i>	<i>Percent of Total Appraised Value</i>	<i>Projected Fiscal Year 2026-27 Levy⁽²⁾</i>	<i>Percent of Total Projected Fiscal Year 2026-27 Levy*</i>	<i>2025 Bonds*</i>	<i>Aggregate Value-to-Lien*</i>
Less than 3.00:1 ⁽³⁾	9 ⁽⁴⁾	3.80%	\$ 2,142,000	2.55%	\$ 39,607	4.49%	\$ 738,905	2.90:1
Between 3.00:1 to 3.99:1	108	45.57	27,684,000	32.98	414,964	47.06	7,741,610	3.58:1
Between 4.00:1 to 4.99:1	57	24.05	13,566,000	16.16	171,795	19.48	3,205,024	4.23:1
Between 5.00:1 to 5.99:1	1	0.42	238,000	0.28	2,525	0.29	47,105	5.05:1
Between 6.00:1 to 6.99:1	0	0.00	0	0.00	0	0.00	0	N/A
Greater than 6.99:1 ⁽⁵⁾	62	26.16	40,305,000	48.02	252,859	28.68	4,717,355	8.54:1
Total	237	100.00%	\$ 83,935,000	100.00%	\$ 881,750	100.00%	\$16,450,000	5.10:1

* Preliminary, subject to change.

(1) Value-to-lien ratios based upon principal amount of 2025 Bonds and appraised value.

(2) Based upon the debt service requirement of the 2025 Bonds and includes estimated Fiscal Year 2026-27 Priority Administrative Expense Requirement of \$30,000.

(3) Minimum estimated Value-to-Lien is 2.82:1.

(4) Each of the nine units with less than a 3:00:1 value-to-lien ratio has an appraised value of \$238,000, and the Appraisal Report classifies these units as improved single family residential lots. Of these nine lots, six have received permits and three have not received permits, as of August 4, 2025.

(5) Maximum estimated Value-to-Lien is 9.02:1.

Source: Webb Municipal Finance, LLC.

Assignment of Assessor Parcel Numbers and Assessor Parcel Segregation Process

All of the units in the District are planned for condominiums. With respect to condominium projects, the final tract map for each project area creates one assessor parcel for such project area (referred to herein as a “Parent Parcel”). In order for the County to create individual assessor parcels for the condominium units (referred to herein as the “Children Parcels”), the builder is first required to record a condominium plan for each phase of development within a project (the process for segregating the Parent Parcel into separate Children Parcels is referred to herein as the “Parcel Segregation process”). If a condominium plan is recorded for a particular phase and there is a home closing within such phase prior to January 1 of a given year, the County undertakes the Parcel Segregation process such that assessor parcel numbers for the individual units within such phase, in other words the Children Parcels, will be assigned by the time the secured property tax bills are sent to property owners the following October. During such October, property owners of record of the individual units as of the prior January 1 within such phase (including any unsold unit(s) owned by a builder) can be expected to receive regular secured property tax bills including their share of the Special Tax levy for such Fiscal Year. Such property tax bills will become due and be subject to delinquencies in the same manner as provided for ad valorem property taxes under State law.

If a condominium plan for a phase has been recorded prior to January 1 in a given year but the first home within such phase does not close until after January 1, the County is not expected to undertake the Parcel Segregation process and such units within such phase will not be assigned assessor parcel numbers and receive property tax bills based on the timing described above. Rather, the Special Tax will be aggregated for such units and included on the property tax bill for the Parent Parcel. The Developer recorded condominium plans for all 30 phases in the District on January 15, 2025. For each phase in which at least one home closes on or before January 1, 2026, the County will assign assessor parcel numbers to the parcels created by the condominium plan for that phase. Special Taxes will be levied for Fiscal Year 2026-27 with respect to any lots for which building permits have been issued on or before April 1, 2026, and the Special Taxes will appear on the regular secured property tax bills with respect to the Children Parcels in such phase, as described above.

For phases in which no home has closed on or before January 1, 2026, the County is not expected to assign assessor parcel numbers to the lots in that phase prior to the tax bills being sent for Fiscal Year 2026-27. Special Taxes will be levied for Fiscal Year 2026-27 with respect to any such lots for which building permits have been issued on or before April 1, 2026; however such Special Taxes will appear on the property tax bill for the Parent Parcel, and will be delivered to the Developer or the then-owner of the Parent Parcel.

The Developer, as owner of the Parent Parcels, is expected to receive the County's Fiscal Year 2026-27 property tax bills for any phases for which no home has closed on or before January 1, 2026 (the "Affected Parcels"), and the Developer expects to pay or cause to be paid when due all Special Taxes levied on the Affected Parcels pursuant to such property tax bills, notwithstanding the fact that portions of such Affected Parcels may have completed homes thereon which have been conveyed to individual homeowners by the time the Fiscal Year 2026-27 property taxes come due. Upon receipt of any property tax bill from the County for Affected Parcels, the Developer expects to collect from each future buyer of a home within the Affected Parcels, as part of the close of escrow of such home, the homebuyer's share of the Special Taxes to be levied in Fiscal Year 2026-27 and future Fiscal Years until the County has assigned assessor parcel numbers to the units within the Affected Parcels. In addition, it is the Developer's practice to advise its homebuyers to expect to receive property tax bills for the next year and, if they do not receive them, to refer to the Riverside County Treasurer-Tax Collector's website for their bill. The Developer's practice is also to forward property tax bills it receives for segregated, conveyed units to the homebuyer. Notwithstanding the foregoing, if the Developer receives a property tax bill for a parcel the Developer no longer owns, and the Developer does not pay the taxes reflected on such bill, and the owner of the subject property does not receive the bill or remember to look for and pay the tax bill, there could be delays in the payment of the Special Taxes levied against such homes.

The Developer has informed the Authority that it currently expects at least one home closing to occur on or before December 31, 2025 in each of the first 14 Phases (which include 109 units in aggregate) out of the total 30 Phases at Prado. Based on this projection, the County would be expected to assign individual assessor parcel numbers to the 109 units in Phases 1 through 14 at Prado. Additionally, a portion of the proceeds of the 2025 Bonds will be deposited to the Capitalized Interest Account and applied to pay interest on the 2025 Bonds coming due through the March 1, 2027 and a portion of the interest coming due on September 1, 2027. The amount of capitalized interest being financed for the September 1, 2027 payment has been calculated based on the Developer's stated expectation that sales of at least one home in each of the first 14 Phases at Prado will have closed on or before January 1, 2026 and the assumption that the County will follow the Parcel Segregation process described above.

The delay of the County's assignment of assessor parcel numbers to parcels with individually owned homes and the resulting potential delay in payment of the Special Tax levy described above are not expected to be ongoing beyond the development period within the District. However, the Authority has no control over the County's process with respect to the assignment of such assessor parcel numbers.

Direct and Overlapping Governmental Obligations

Taxes, Charges and Assessments. The base ad valorem secured property tax rate on property in the District is 1.00% (including ad valorem tax overrides). Property in the District is also subject, or will be subject, to certain annual charges and assessments (which are billed to property owners on a semi-annual basis). See "THE DISTRICT—Sample Tax Bill" below for a list of public agencies that currently levy annual charges and assessments on property in the District.

Overlapping Public Debt. The District is located within the boundaries of certain local agencies, other than the Authority, that provide public services and assess property taxes, assessments, special taxes and other charges on the property in the District. Some of these local agencies have outstanding debt.

The current and estimated direct and overlapping obligations affecting the property in the District are shown in the following Table 5. The table was prepared by the Special Tax Consultant and is included for

general information purposes only. Neither the Authority nor the Underwriter has reviewed this report for completeness or accuracy and they make no representation in connection therewith.

Table 5
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Direct and Overlapping Debt

APPRAISED VALUE							
Appraised Valuation ⁽¹⁾							\$ 83,935,000
LAND SECURED BOND INDEBTEDNESS							
<i>Outstanding Direct and Overlapping Bonded Debt</i>							
	<i>Type</i>	<i>Units in CFD 23-02</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Amount Applicable</i>	
TPFA CFD No. 23-02	CFD	237	\$ 16,450,000	\$ 16,450,000 ^{*(2)}	100.000%	<u>\$ 16,450,000</u>	
TOTAL LAND SECURED BONDED DEBT⁽³⁾							\$ 16,450,000
<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>							
	<i>Type</i>	<i>Units in CFD 23-02</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Amount Applicable</i>	
TPFA CFD No. 23-02	CFD	237	\$ 20,000,000	\$ 0 ⁽⁴⁾	100.000%	<u>\$ 0</u>	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽³⁾							\$ 0
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 16,450,000
GENERAL OBLIGATION BOND INDEBTEDNESS							
<i>Outstanding Direct and Overlapping Bonded Debt</i>							
	<i>Type</i>	<i>Units in CFD 23-02</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable⁽⁵⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water East (0.00700%)	GO	237	\$850,000,000	\$ 18,210,000	0.00091%	\$ 166	
Temecula Unified School District (0.01924%)	GO	237	164,997,035	161,326,073	0.11233	181,213	
EMWD Improvement District U8 (0.00150%)	GO	237	16,000,000	2,050,000	0.15565	3,191	
Mount San Jacinto Community College (0.00268%)	GO	237	295,000,000	242,210,000	0.02647	64,120	
RCWD Rancho Division (0.30000%)	GO	237	410,140,000	205,130,000	0.11495	<u>235,801</u>	
TOTAL GENERAL OBLIGATION BONDED DEBT⁽³⁾							\$ 484,491
<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>							
	<i>Type</i>	<i>Units in CFD 23-02</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable⁽⁵⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water East (0.00700%)	GO	237	\$850,000,000	\$ 0	0.00091%	\$ 0	
Temecula Unified School District (0.01924%)	GO	237	230,000,000	65,002,965	0.11233	73,016	
EMWD Improvement District U8 (0.00150%)	GO	237	16,000,000	0	0.15565	0	
Mount San Jacinto Community College (0.00268%)	GO	237	295,000,000	0	0.02647	0	
RCWD Rancho Division (0.30000%)	GO	237	410,140,000	0	0.11495	<u>0</u>	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽³⁾							\$ 73,016
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 557,507
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 16,934,491
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS							\$ 17,007,507

Ratios to Appraised Valuation

Outstanding Land Secured Bonded Debt	5.10:1
Outstanding Direct and Overlapping Bonded Debt	4.96:1

* Preliminary, subject to change.

(1) Appraised valuation is as of August 4, 2025, as reported in the Appraisal Report.

(2) Amount outstanding is equal to the initial principal amount of the 2025 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2024-25.

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

(5) Percentage applicable determined by Fiscal Year 2024-25 Equalized Roll Assessed Value information.

(6) RCWD Rancho Division's tax rate applicable to assessed land value only.

Source: Webb Municipal Finance, LLC.

Sample Tax Bill

Table 6 below provides, for an average parcel of Taxable Property under the Rate and Method, the expected property tax bill that would be received by an owner of the property for fiscal year 2026-27, based on the projected Special Tax levy for that fiscal year.

Table 6
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Average Fiscal Year 2026-27 Tax Obligation⁽¹⁾
For Individually Owned Units of Developed Property

Average Projected Home Value ⁽²⁾	\$ 650,000
Ad Valorem Property Taxes:	
Basic Levy (1.0000%)	\$ 6,500.00
Temecula Unified School District (0.01924%)	125.06
EMWD Improvement District U8 (0.00150%)	9.75
Mount San Jacinto Community College (0.00268%)	17.42
RCWD Rancho Division (0.30000%) ⁽³⁾	650.00
Total General Property Taxes	\$ 7,302.23
Assessment, Special Taxes & Parcel Charges:	
MWD Standby East	\$ 6.94
Flood Control Stormwater/Cleanwater	3.74
EMWD Infrastructure Availability Charge	11.60
Temecula Parks/Lighting Services	74.44
Temecula Residential Street Lights	25.68
Temecula Perimeter Landscaping (Zone 24)	100.00
TPFA CFD No. 01-02 (Harveston) Services	94.46
TPFA CFD No. 23-02 (Prado) Services ⁽⁴⁾	468.36
TPFA CFD No. 23-02 (Prado) Facilities ⁽⁵⁾	4,079.43
Total Assessment Charges	\$ 4,864.64
Average Total Property Tax	\$ 12,166.87
Average Effective Tax Rate	1.87%*

* Preliminary, subject to change.

(1) Average Fiscal Year 2026-27 tax rates based upon Fiscal Year 2024-25 Overlapping Taxes and Assessments.

(2) Average Projected Home Value is based upon average Appraised Value for Developed Property indicated as being conveyed to individual homeowners.

(3) RCWD Rancho Division's tax rate applicable to assessed land value only.

(4) Reflects the District's average projected Fiscal Year 2026-27 Special Tax B Services for Developed Property indicated as being conveyed to individual homeowners.

(5) Reflects the District's average projected Fiscal Year 2026-27 Special Tax A Facilities for Developed Property indicated as being conveyed to individual homeowners.

Source: Webb Municipal Finance, LLC.

Historical Assessed Values. The following table summarizes the assessed values within the District for the Fiscal Years shown.

Table 7
Temecula Public Financing Authority
Community Facilities District No. 23-02 (Prado)
Historical Assessed Value
Fiscal Years 2022-23 Through 2024-25

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation⁽¹⁾</i>	<i>Percent Change</i>
2022-23	4	0	\$21,338,075	\$ 0	\$21,338,075	N/A
2023-24	4	0	21,764,836	0	21,764,836	2.00%
2024-25	4	0	37,000,000	0	37,000,000	70.00%

⁽¹⁾ As of January 1 of each year as shown on the County Assessor's Rolls. Total Assessed Value is calculated as the sum of Land Assessed Value and Improvement Assessed Value.

Source: Webb Municipal Finance, LLC.

Delinquency History

None of the four parcels in the District are delinquent in the payment of *ad valorem* property taxes. Fiscal Year 2026-27 will be the first year the Special Tax is levied in the District.

THE AUTHORITY

The Temecula Public Financing Authority was established pursuant to a Joint Exercise of Powers Agreement, dated April 24, 2001 (the “**JPA Agreement**”), by and between the City and the Agency. The JPA was entered into pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Authority was formed for the primary purpose of assisting in the financing and refinancing of public capital improvements in the City. As of May 1, 2016, the JPA Agreement was amended to provide for the withdrawal of the Successor Agency to the Agency as a member of the Authority, and to add the Temecula Community Services District and the Temecula Housing Authority as members of the Authority.

The Authority is administered by a five-member Board of Directors, which currently consists of the members of the City Council of the City. The Authority has no independent staff. The Executive Director of the Authority is the City Manager of the City, and the Treasurer of the Authority is the City’s Chief Financial Officer. The Executive Director administers the day-to-day affairs of the Authority, and the Treasurer has custody of all money of the Authority from whatever source.

SPECIAL RISK FACTORS

The following is a description of certain risk factors affecting the District, the property owners in the District, the parcels subject to the levy of Special Taxes and the payment of and security for the 2025 Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the 2025 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the investment quality of the 2025 Bonds. There can be no assurance that other risk factors will not become material in the future.

No General Obligation of the Authority or the District

The Authority's obligations under the 2025 Bonds and under the Fiscal Agent Agreement are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund. The 2025 Bonds are neither general or special obligations of the Authority nor general obligations of the District, but are limited obligations of the Authority for the District payable solely from the revenues and funds pledged therefor and under the Fiscal Agent Agreement. None of the faith and credit of the District, the Authority or the State of California or of any of their respective political subdivisions is pledged to the payment of the 2025 Bonds.

Insufficiency of Special Tax Revenues

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the 2025 Bonds either due to nonpayment of the amounts levied or because acreage within the District becomes exempt from taxation due to the transfer of title to a public agency.

In order to pay debt service on the 2025 Bonds, it is generally necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District has established a Reserve Fund under the Fiscal Agent Agreement to be maintained in an amount equal to the Reserve Requirement to pay debt service on the 2025 Bonds to the extent other funds are not available. See "SECURITY FOR THE 2025 BONDS — Reserve Fund" and Appendix C – "Summary of the Fiscal Agent Agreement—Reserve Fund." The District will covenant in the Fiscal Agent Agreement to maintain in the Reserve Fund an amount equal to the Reserve Requirement, subject, however, to the availability of Special Tax revenues in amounts sufficient to do so and to the limitation that the District may not levy the Special Tax in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method. See Appendix B and Appendix C hereto. As a result, if a significant number of Special Tax delinquencies occur within the District, the District could be unable to replenish the Reserve Fund to the Reserve Requirement due to the limitations on the amount of the Special Tax that may be levied. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the 2025 Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts, but it is doubtful that they would be upheld as to, for example, property owned by the federal government. If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2025 Bonds when due and a default will occur with respect to the payment of such principal and interest.

The District will covenant in the Fiscal Agent Agreement that, under certain circumstances, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the 2025 Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Facilities Special Tax to protect its security interest. See "SECURITY FOR THE 2025 BONDS—Special Taxes" and "— Covenant for

Superior Court Foreclosure” for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the 2025 Bonds (if the Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the Authority on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to limitations described above under the caption “SECURITY FOR THE 2025 BONDS — Summary of Rate and Method,” to provide an amount required to pay interest on and principal of the 2025 Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement, and to pay all current expenses. There is, however, no assurance that the total amount of the Facilities Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement, even if the Special Tax is levied at the Maximum Special Tax rates. See “—Enforcement Delays—Bankruptcy.”

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the Authority or the City to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Fiscal Agent Agreement do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding 2025 Bonds is obtained.

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

Impact of Economic Conditions on Development in the District

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

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the 2025 Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See “THE DISTRICT—Property Values” and Appendix H — “APPRAISAL REPORT.”

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Appraisal Report, that as of the Date of Value, the market value of the land and improvements within the District was approximately \$81,495,000. See “THE DISTRICT—Property Values.” The Appraisal Report indicates the Appraiser’s opinion as to the market value of the properties referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

Prospective purchasers of the 2025 Bonds should not assume that the taxable land within the District could be sold for the appraised amount or for the assessed values at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the property in the District, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See Appendix H for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser’s assumptions to be untrue could result in a reduction of the value of the taxable land and improvements within the District from the market value estimated by the Appraiser.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See “SECURITY FOR THE 2025 BONDS—Special Taxes” and “—Covenant for Superior Court Foreclosure.”

Risks of Real Estate Secured Investments Generally

Owners of the 2025 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

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

Concentration of Ownership

As of September 15, 2025, the Developer owned 168 of the 237 parcels in the District not yet with completed sales to homebuyers. See “THE DISTRICT—The Developer.” The lack of diversity in the obligation to pay the Special Tax represents a significant risk to the owners of the 2025 Bonds. Failure of the Developer to pay the annual Special Tax A when due could result in a default in payments of the principal of, and interest on, the 2025 Bonds. See “SPECIAL RISK FACTORS—Insufficiency of Special Tax Revenues” below.

Government Approvals

Development within the District is contingent upon the completion, and acceptance by various public agencies, of infrastructure improvements, as well as the issuance by the City of building and other ministerial permits for homes to be constructed in the District. The failure to commence and complete the required

infrastructure improvements and to obtain any such permits in a timely manner could adversely affect land development within the District.

Payment of the Special Tax is not a Personal Obligation

The owners of the parcels in the District are not personally obligated to pay the Special Tax A. Rather, the Special Tax is an obligation that is secured only by a lien against the parcels on which it is levied. If the value of the taxable parcels is not sufficient to secure fully the payment of the Special Tax A, the Authority has no recourse against the property owners.

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 Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the "FDIC"), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

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

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

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution "this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding." In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a

federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see “—Insufficiency of Special Tax Revenues.”

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

Exempt Properties

Certain properties are exempt from the Special Tax A 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 A; provided, however, that property within the District acquired by a public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax A, will continue to be subject to the Special Tax A. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax A. In addition, the Act provides that if property subject to the Special Tax A is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax A with respect to that property, for outstanding Bonds only, 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 A by a federal entity acquiring property within the District, it may be unconstitutional (see “SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties”). If for any reason property within 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 Special Tax A, the Special Tax A will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax A and could have an adverse impact upon the timely payment of the Special Tax A. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax A because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2025 Bonds when due and a default would occur with respect to the payment of such principal and interest.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute liens against the taxable parcels in the District until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the taxable parcel. The Special Tax B, not pledged to the payment of the 2025 Bonds, is collected with, and secured by the same lien that secures the payment of, the Special Tax A. The Special Taxes have priority over all existing and future private liens imposed on the property. The Authority, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the taxable parcels within the District subject to the levy of Special Tax A. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes

or assessments may have a lien on such property on a parity with the Special Tax A. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Special Tax A when due. See “THE DISTRICT—Direct and Overlapping Governmental Obligations.”

Tax Delinquencies

Under provisions of the Act, the Special Tax A, from which funds necessary for the payment of principal of, and interest on, the 2025 Bonds are derived, are being billed to the taxable parcels within the District on the regular property tax bills sent to owners of the parcels. Such Special Tax A installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax A installment payments cannot be made separately from Special Tax B and property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax A installment payments in the future. See “SECURITY FOR THE 2025 BONDS—Reserve Fund” and “—Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax A installments.

Also, as noted under “SECURITY FOR THE 2025 BONDS—Summary of Rate and Method,” the Act provides that under no circumstances will the Special Tax A levied against any Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the District by more than ten percent (10%) per Fiscal Year.

Bankruptcy Delays

In the event of a delinquency in the payment of the Special Taxes, the District is required to commence enforcement proceedings under the circumstances described under the caption “SECURITY FOR THE 2025 BONDS — Special Taxes” and “—Covenant for Superior Court Foreclosure.” However, prosecution of such proceedings could be delayed due to crowded local court calendars or by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a person or entity with an interest in the applicable property could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the 2025 Bonds. The various legal opinions to be delivered in connection with the issuance of the 2025 Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the 2025 Bonds and the Fiscal Agent Agreement by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public entities such as the District.

Natural Disasters

The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire, earthquakes and floods. One or more of such natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

Wildfires

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 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage.

In early September 2022, an almost 24,000 acre fire, the Fairview fire, came within 10 miles of the boundary of the District. Heavy rain and thunderstorms that occurred four days after the start of the fire benefitted firefighters in extinguishing the fire. While some areas were evacuated for a short period, there were no evacuations of City residents. In addition, there were two other recent wildfires in the vicinity of the City: the Chaparral fire in 2021 and the Tenaja fire in 2019; neither of these fires damaged property in the City. Both fires were over ten miles from the City boundary, and the District is located on the other side of the City. There have also been recent wildfires in the County of San Diego, but none have crossed into Riverside County or had any impact on property in the City.

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.

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. The City Council adopted the Fire Hazard Severity Zone maps recommended by Cal Fire by Ordinance No. 2025-08 on June 10, 2025. For more information on Cal Fire’s Fire Hazard Severity Zone maps, see the Cal Fire website. The District is not located within a Moderate or High Fire Hazard Severity Zone as recommended by Cal Fire.

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

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel 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 taxed parcels 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.

The Authority has not independently verified, but is not aware of, the presence of any hazardous substances within the District.

Disclosure to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax A, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax A authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax A on the parcel should the Special Tax A be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The Authority has caused a notice of the Special Taxes to be recorded in the Office of the Riverside County Recorder against the parcels in the District. Although title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation when purchasing a property within the District or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax A, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax A when due.

Potential Early Redemption of 2025 Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Tax A in full or in part at any time. Any such prepayments will result in a mandatory redemption of 2025 Bonds on any date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the Special Tax A prepayment. Any resulting redemption of 2025 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2025 Bonds. The Authority cannot predict whether and if so when Special Tax A prepayments will occur in the future. See “THE 2025 BONDS—Redemption—Mandatory Redemption from Special Tax Prepayments.”

Cybersecurity

The City, the employees of which conduct the operations of the Authority including those related to the District, 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. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the Authority, or the administration of the District and the 2025 Bonds. The Authority is also reliant on other entities and service providers in connection with the administration of the 2025 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Fiscal Agent. No assurance can be given that the City, the Authority and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Public Health Emergencies

The COVID-19 Pandemic commenced in approximately March 2020 and resulted in a global public health crisis that was fluid and unpredictable with unknown financial and economic impacts. The health emergency and related declarations have ceased, although investors continue to be cautioned that the Authority cannot predict the full impacts that the COVID-19 Pandemic may have had either directly or indirectly on the development and sales of homes in the District. Further, there could be future outbreaks of other COVID-19 variants or other public health emergencies that could have material adverse effects on the development and sales of homes in the District.

No prediction can be made with respect to possible future COVID-19 outbreaks and related public health and governmental authorities' orders and actions. Such effects, if and as they arise, could have a material adverse effect on the ability to sell lots and develop the homes in the District as planned, and no assurance can be provided that will be able to (a) complete in whole or in any part, or within any particular time, the construction of homes within the District; (b) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) sell homes, and close home sales, due to in each case to public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise.

No Acceleration Provision

The 2025 Bonds and the Fiscal Agent Agreement do not contain a provision allowing for the acceleration of the 2025 Bonds in the event of a payment default or other default under the terms of the 2025 Bonds or the Fiscal Agent Agreement or in the event interest on the 2025 Bonds becomes included in gross income for federal income tax purposes.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the 2025 Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the 2025 Bonds were issued, as a result of future acts or omissions of the Authority, the District, or the City. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the 2025 Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the 2025 Bonds.

No Ratings – Limited Secondary Market

The Authority has not applied to have the 2025 Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that such 2025 Bonds can be sold for any particular price. Although the Authority has committed to provide certain financial and operating information, there can be no assurance that such information will be available to 2025 Bond Owners on a timely basis. The failure to provide the required annual financial

information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the 2025 Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

Remedies available to the Owners of the 2025 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2025 Bonds or to preserve the tax-exempt status of interest on the 2025 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2025 Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of Remedies

The remedies available to the Fiscal Agent and the registered owners of the 2025 Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the 2025 Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the 2025 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

Litigation with Respect to Community Facilities Districts

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

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

Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

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

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

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

The superior court’s final ruling is not binding upon other courts within the State and does not directly apply to the District, the Special Taxes, or the 2025 Bonds. The City of Sacramento did not appeal the superior court’s ruling.

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District approved the Special Tax to be levied in accordance with the Rate and Method on June 8, 2022.

Proposition 218

An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the 2025 Bonds as described below.

Among other things, Section 3 of Article XIIC states, "...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, the Governor of the State signed a bill into law enacting Government Code Section 5854, which states that:

Section 3 of Article XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that Article XIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2025 Bonds.

It may be possible, however, for voters or the District or the Board of Directors of the Authority acting as the legislative body of the District to reduce the Special Tax A in a manner that does not interfere with the timely repayment of the 2025 Bonds, but which does reduce the maximum amount of Special Tax A that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Tax A in amounts greater than the amount necessary for the timely retirement of the 2025 Bonds. Therefore, no assurance can be given with respect to the levy of Special Tax A for Administrative Expenses (as defined in the Fiscal Agent Agreement). Nevertheless, the Authority has covenanted that it will not consent to, or conduct proceedings with respect to, a reduction in the maximum Special Tax A that may be levied in the District on Developed Property below an amount, for any Bond Year, equal to 110% of the aggregate of the debt service due on the 2025 Bonds in such Bond Year, plus a reasonable estimate of Administrative Expenses for each such Bond Year. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of Article XIIC and Article XIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "—Enforceability of Remedies."

Ballot Initiatives

Articles XIIC and XIID of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995 in the case of Rossi v. Brown, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the Authority, or local districts to increase revenues or to increase appropriations.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2025 Bonds might be affected as a result of such an audit of the 2025 Bonds (or by an audit of similar bonds). See “TAX MATTERS.”

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2025 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the 2025 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2025 Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a 2025 Bond over the issue price of a 2025 Bond (the first price at which a substantial amount of the 2025 Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner will increase the Beneficial Owner’s basis in the applicable 2025 Bond.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2025 Bonds is based upon certain representations of fact and certifications made by the Authority, the District and others and is subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the 2025 Bonds to assure that interest (and original issue discount) on the 2025 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. The Authority and the District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable 2025 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable 2025 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a 2025 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2025 Bond to the Beneficial Owner. Purchasers of the 2025 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Fiscal Agent Agreement and the Tax Certificate relating

to the 2025 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on any 2025 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel will render an opinion that interest on the 2025 Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the District continue to comply with certain requirements of the Code, the ownership of the 2025 Bonds and the accrual or receipt of interest with respect to the 2025 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2025 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2025 Bonds.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2025 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2025 Bonds might be affected as a result of such an audit of the 2025 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2025 Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2025 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2025 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2025 BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2025 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2025 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2025 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2025 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2025 BONDS.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the 2025 Bonds is set forth in Appendix D.

LEGAL MATTERS

Concurrent with the issuance of the 2025 Bonds, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, will render its opinion substantially in the form set forth in Appendix D to this Official Statement. Certain legal matters with respect to the 2025 Bonds will be passed upon for the Authority and the District by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, in their capacity as attorneys for the Authority, and for the Authority by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California. Payment of the fees and expenses of Underwriter’s Counsel is contingent on the issuance of the 2025 Bonds. At times Stradling Yocca Carlson & Rauth LLP represents Stifel, Nicolaus & Company, Inc., the Underwriter for the 2025 Bonds, in matters unrelated to the 2025 Bonds.

NO RATING

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

NO LITIGATION

The Authority is not aware of any pending or threatened litigation challenging the validity of the 2025 Bonds, the Special Taxes securing the 2025 Bonds, or any action taken by the Authority in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2025 Bonds.

The Bond Purchase Agreement between the Authority and the Underwriter requires that the Developer deliver a certificate on the date of issuance of the 2025 Bonds to the effect that no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, regulatory agency, public board or body, is pending, or to its actual knowledge is overtly threatened, in any way seeking to restrain such entity's development of the property it owns in the District or in any way seeking to invalidate or set aside any approval or permit relating to the development of such property.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. has acted as Municipal Advisor (the "**Municipal Advisor**") to the Authority in conjunction with the issuance of the 2025 Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the 2025 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2025 Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

UNDERWRITING

The 2025 Bonds are being purchased through negotiation by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter agreed to purchase the 2025 Bonds at a price of \$ _____ (which is equal to the par amount of the 2025 Bonds, [plus/less] an original issue [premium/discount] of \$ _____, and less an underwriter's discount of \$ _____). The initial public offering prices set forth on the inside cover page may be changed by the Underwriter. The Underwriter may offer and sell the 2025 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

CONTINUING DISCLOSURE

The Authority

The Authority will covenant in a Continuing Disclosure Agreement for the benefit of the Owners of the 2025 Bonds to provide Annual Reports that include certain annual financial information and operating data, and to provide notices of the occurrence of certain enumerated events. The Authority has retained Webb Municipal Finance, LLC to act as the Dissemination Agent under the Continuing Disclosure Agreement. The Authority or the Dissemination Agent, on behalf of the Authority, will file the Annual Reports and notices as required by the Continuing Disclosure Agreement with the Municipal Securities Rulemaking Board. See Appendix E – "Form of Continuing Disclosure Agreement of the Authority" for the complete text of the Authority's Continuing Disclosure Agreement. The covenants of the Authority in the Continuing Disclosure Agreement have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "**Rule**") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

During the last five Fiscal Years, the Authority has complied in all material respects with its obligations under continuing disclosure agreements entered into in connection with various community facilities district special tax bonds that it has issued, except that the Authority's audits and annual reports required to be filed for Fiscal Years 2020, 2023 and 2024 in connection with the Temecula Public Financing Authority Community Facilities District No. 03-1 (Crowne Hill) Special Tax Refunding Bonds, Series 2012 (the "**Crowne Hill Bonds**") were filed on the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board but were not linked to the correct CUSIPs for the Crowne Hill Bonds. The audits and annual reports for Fiscal Years 2020, 2023 and 2024 have now been linked to the correct CUSIPs for the Crowne Hill Bonds.

The Developer

Although the Developer is not an obligated person under Rule 15c2-12, the Developer has agreed, for the benefit of the owners of the 2025 Bonds to enter into a Continuing Disclosure Certificate covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur.

In connection with a continuing disclosure obligation entered into with respect to the \$14,735,000 Improvement Area No. 1 of the City of Dixon Community Facilities District No. 2019-1 (Homestead) Special Tax Bonds, Series 2020, the Developer was late in filing its first periodic report due June 15, 2021. The oversight was discovered in August 2021, and the Developer promptly filed a curative report on August 23, 2021 or approximately two months after the due date. Additionally, in connection with the phased acquisition of lots from the master developer of property within the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 ("Roseville CFD No. 1, IA No. 1"), the Developer executed a Continuing Disclosure Certificate (Assumption by Builder), dated August 13, 2021 (the "CDC Assumption"), with respect to the acquisition of Villages C-11 (34 projected units), C-12 (95 projected units), C-14 (20 projected units), and C-15 (20 projected units). The CDC Assumption relates to the issuance of \$10,905,000 City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2020, and requires the filing of periodic reports by May 1 and November 1 of each year with respect to the property referenced, commencing November 1, 2021. The Developer was late in filing its first periodic report due November 1, 2021. The oversight was discovered in late April 2022, and the Developer promptly filed a curative report on April 28, 2022 or approximately six months after the due date. Identification of the above-described events does not constitute a representation by the Developer that such events were material.

The Developer has represented that, other than described above, it has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment districts in California within the past five years.

The obligations of the Developer under its Continuing Disclosure Certificate will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all of the 2025 Bonds; and (ii) the date on which the Developer has conveyed 190 homes within the District to individual homeowners. See Appendix F — "Form of Continuing Disclosure Certificate of the Developer" for a complete copy of the Continuing Disclosure Certificate.

Remedies for Failures to Comply

A failure by the Authority or the Developer to comply with the provisions of its respective Continuing Disclosure Agreement or Continuing Disclosure Certificate is not an event of default under the Fiscal Agent Agreement (although the holders and beneficial owners of the 2025 Bonds do have remedies at law and in equity). However, a failure by the Authority to comply with the provisions of its Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2025 Bonds. Therefore, a failure

by the Authority to comply with the provisions of its Continuing Disclosure Agreement may adversely affect the marketability of the 2025 Bonds on the secondary market.

MISCELLANEOUS

Included herein are brief summaries of certain documents, which summaries do not purport to be complete or definitive, and reference is made to such documents for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the District and the purchasers or Owners of any of the 2025 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority, acting as the legislative body of the District.

TEMECULA PUBLIC FINANCING AUTHORITY, for
and on behalf of the TEMECULA PUBLIC FINANCING
AUTHORITY COMMUNITY FACILITIES DISTRICT
NO. 23-02 (PRADO)

By: _____
Executive Director

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The information in this Appendix A is presented as general background data. The 2025 Bonds are payable solely from the proceeds of the Special Tax A received by the Authority and amounts held in certain funds under the Fiscal Agent Agreement, as described in the Official Statement.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City. The City of Temecula (the “City”) is located in southwestern Riverside County, California. The City was incorporated on December 1, 1989. Temecula is bordered by the City of Murrieta to the north and the Pechanga Indian Reservation and San Diego County to the south. The City of Temecula forms the southwestern anchor of the Inland Empire region.

Temecula is an affluent community. The City is supported by high median and mean income levels as well as the city’s favorable tourism and resort industries. The city is a prominent tourist destination, with the Temecula Valley Wine Country, Old Town Temecula, the Temecula Valley Polo Club, the Temecula Valley Balloon & Wine Festival, championship golf courses, and resort accommodations attracting a significant number of tourists.

The City is a general law city, which operates under a council-manager form of government. The City Council consists of five members elected by district, as defined in California Government Code Section 34871, to staggered four-year terms. Each year, the City Council elects a Mayor and a Mayor Pro Tem amongst themselves to serve for one calendar year. The Mayor, who has equal legislative power with fellow members of the City Council, serves as the ceremonial leader of the city and as the presiding officer of the bi-weekly City Council meetings.

The County. Riverside County, California (the “County”) is the 4th-most populous county in California and the 11th-most populous in the United States. The County name was taken from the City of Riverside, which is the county seat.

Roughly rectangle-shaped, Riverside County covers 7,208 square miles (18,670 km²) in Southern California, spanning from the Greater Los Angeles area to the Arizona border. Geographically, the county is mostly desert in the central and eastern portions of the county and is a Mediterranean climate in the western portion of the county. Most of Joshua Tree National Park is located in the county.

The resort cities of Palm Springs, Palm Desert, Indian Wells, La Quinta, Rancho Mirage, and Desert Hot Springs are all located in the Coachella Valley region of Riverside County. Large numbers of Los Angeles area workers have moved to the county to take advantage of its relatively affordable housing. Alongside neighboring San Bernardino County, it was one of the fastest growing regions in the state prior to the recent changes in the regional economy. In addition, smaller, but significant, numbers of people have been moving into Southwest Riverside County from the San Diego-Tijuana metropolitan area.

Population

The table below summarizes population of the City, the County, and the State for the last five years.

CITY OF TEMECULA, RIVERSIDE COUNTY, and CALIFORNIA Population

Year	City of Temecula	Riverside County	State of California
2021	109,815	2,423,069	39,369,530
2022	109,458	2,435,510	39,179,680
2023	109,962	2,467,690	39,228,444
2024	110,898	2,491,037	39,420,663
2025	112,220	2,495,640	39,529,101

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

Employment

The following table summarizes historical employment and unemployment for the County, the State, and the United States:

RIVERSIDE COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2020	Riverside County	1,107,700	997,700	110,000	9.9%
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Riverside County	1,129,600	1,046,700	82,800	7.3%
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	160,014,000	149,817,000	10,196,000	6.4
2022	Riverside County	1,152,100	1,104,100	48,000	4.2%
	California	19,252,000	18,440,900	811,100	4.2
	United States	163,615,000	157,066,000	6,549,000	4.0
2023	Riverside County	1,165,500	1,110,100	55,400	4.8%
	California	19,471,000	18,551,800	919,200	4.7
	United States	165,871,000	161,152,000	5,719,000	3.4
2024 ⁽²⁾	Riverside County	1,181,300	1,118,600	62,700	5.3%
	California	19,644,100	18,600,900	1,043,100	5.3
	United States				

⁽¹⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

⁽²⁾ Latest available full-year data.

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2020-2024, and US Department of Labor.

Major Employers in the City and Industries in the County

The following table lists the top 10 employers within the City for 2024.

CITY OF TEMECULA Top 10 Employers For the 2024 Fiscal Year⁽¹⁾

Employer	Employees	% of Total
Temecula Valley Unified School District	3,238	4.86%
Abbott Laboratories	1,700	2.55
Temecula Valley Hospital	1,270	1.91
Milgrad Manufacturing Inc.	530	.80
Walmart	500	.75
Costco Wholesale	500	.75
Southwest Traders, Inc.	484	.73
Millipore Sigma	370	.56
FFF Enterprises	366	.55
The Scotts Company	335	.50
Total Top 10	9,293	13.96%

⁽¹⁾ Latest available full-year data.

Source: City of Temecula 2023-24 Annual Comprehensive Financial Report.

The following table lists the top 10 employers within the County for 2024.

RIVERSIDE COUNTY Top 10 Employers For the 2024 Fiscal Year⁽¹⁾

Employer	Employees	% of Total
Riverside County	23,772	2.18%
Amazon	14,317	1.31
University of California Riverside	8,593	.79
State of California	8,398	.77
Wal-Mart	6,465	.59
Moreno Valley Unified School District	6,020	.55
Kaiser Permanente Riverside Medical Center	5,817	.53
Riverside Unified School District	5,431	.50
Stater Brothers Market	4,990	.46
Mt. San Jacinto Community College District	4,638	.43
Total Top 10	88,441	8.11%

⁽¹⁾ Latest available full-year data.

Source: Riverside County 2023-24 Annual Comprehensive Financial Report.

Construction Activity

The following tables reflect the five-year history of building permit valuation for the City and the County:

CITY OF TEMECULA Building Permits and Valuation (Dollars in Thousands)

	2020	2021	2022	2023	2024 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$47,734	\$84,334	\$70,231	\$103,921	\$51,289
New Multi-family	2,512	2,163	24,802	63,174	2,195
Res. Alterations/Additions	7,462	6,263	7,044	2,498	1,464
Total Residential	57,708	92,760	102,079	169,593	54,948
Total Nonresidential	23,605	26,804	18,700	20,444	7,863
Total All Building	81,314	119,565	120,780	190,037	62,811
<u>New Dwelling Units:</u>					
Single Family	261	441	426	562	222
Multiple Family	39	36	277	733	30
Total	300	477	703	1,295	252

RIVERSIDE COUNTY Building Permits and Valuation (Dollars in Thousands)

	2020	2021	2022	2023	2024 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$2,315,365	\$2,013,158	\$2,429,329	\$1,935,040	\$2,124,198
New Multi-family	93,149	149,081	339,474	877,140	382,484
Res. Alterations/Additions	110,788	100,401	152,309	173,539	143,991
Total Residential	2,519,303	2,262,641	2,921,112	2,985,719	2,650,673
Total Nonresidential	1,153,777	1,543,997	1,701,617	1,283,941	1,058,818
Total All Building	3,673,080	3,806,639	4,622,730	4,269,660	3,709,491
<u>New Dwelling Units:</u>					
Single Family	8,443	7,360	8,863	6,936	6,882
Multiple Family	723	1,126	2,861	7,211	2,275
Total	9,166	8,486	11,724	14,147	9,157

Note: Columns may not sum to totals due to independent rounding.

⁽¹⁾ Latest available full year data.

Source: Construction Industry Research Board: "Building Permit Summary."

Per Capita Personal Income

The following table summarizes per capita personal income for Riverside County, California and the United States for 2014 through 2023. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2014-2023

<i>Year</i>	<i>County of Riverside</i>	<i>California</i>	<i>United States</i>
2014	\$34,822	\$50,617	\$46,289
2015	36,631	53,816	48,062
2016	38,092	55,862	48,974
2017	39,100	58,214	51,006
2018	40,619	60,984	53,311
2019	43,122	64,219	55,567
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

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

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APPENDIX B

RATE AND METHOD

TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 23-02 (PRADO)

The following sets forth the Rate and Method of Apportionment of Special Tax for the levy and collection of an Annual Special Tax A, an Annual Special Tax B, and an Annual Special Tax C in the Temecula Public Financing Authority (“Authority”) Community Facilities District No. 23-02 (Prado) (“CFD No. 23-02”). An Annual Special Tax A, an Annual Special Tax B, and an Annual Special Tax C shall be levied on property in CFD No. 23-02 and collected in CFD No. 23-02 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment of Special Tax described below. All of the real property within CFD No. 23-02, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on the Assessor’s Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area as calculated by or on behalf of the CFD Administrator.

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

“Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of CFD No. 23-02, including but not limited to the following: (i) the costs of computing Special Tax A, Special Tax B, and/or Special Tax C (collectively, the “Special Taxes”) and of preparing the annual Special Tax A, Special Tax B, and Special Tax C collection schedules (whether by the CFD Administrator or designee thereof, or both); (ii) the costs of collecting the Special Taxes (whether by the Authority, County, City, or otherwise); (iii) the costs of remitting the Special Taxes to the fiscal agent or trustee for any Bonds; (iv) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes; (v) the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture; (vi) the costs of the Authority, City, or designee of either in complying with arbitrage rebate, mandated reporting and disclosure requirements of applicable federal and State of California laws, and responding to property owner or Bond owner inquiries regarding the Special Taxes or Bonds; (vii) the costs associated with the release of funds from any escrow account established under an Indenture; (viii) the costs of the Authority, City, or designee of either related to any appeal of a Special Tax; (ix) an allocable share of the salaries of the City staff and City overhead expense directly relating to the foregoing and (x) any other expense eligible under the Act to be charged for the administration of CFD 23-02 or any Bonds. Administrative Expenses shall also include amounts advanced by the City or the Authority for any administrative purposes of CFD No. 23-02.

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

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

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

“Approved Property” means all Assessor’s Parcels of Taxable Property other than Provisional Exempt Property: (i) that are included in a Final Map that was recorded prior to the January 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied, and (ii) that have not been issued a Building Permit on or before the April 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied.

“Assessor” means the Assessor of the County.

“Assessor’s Parcel” or “Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 23-02.

“Assessor’s Parcel Map” means an official map of the Assessor designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means that number assigned to a lot or parcel of land by the Assessor for purposes of identification.

“Assigned Annual Special Tax A” means the Special Tax A as described in Section D below.

“Authority” means the Temecula Public Financing Authority.

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by CFD No. 23-02, as identified in the list of authorized facilities approved by the Resolution of Formation of the CFD adopted by the Board of Directors when the CFD No. 23-02 was formed or as it may be modified by proceedings under the Act.

“Authorized Services” means the services authorized to be funded, in whole or in part, by the CFD No. 23-02, as identified in the list of authorized services approved by the Resolution of Formation of the CFD adopted by the Board of Directors when the CFD No. 23-02 was formed or as it may be modified by proceedings under the Act.

“Backup Annual Special Tax A” means the Special Tax A as described in Section E below.

“Board of Directors” means the Board of Directors of the Authority, acting as the legislative body of CFD No. 23-02, or its designee.

“Bonds” means any bonds or other indebtedness (as defined in the Act), whether in one or more series, the repayment of which is secured by a pledge of the proceeds of the levy of Special Tax A on Assessor’s Parcels within CFD No. 23-02.

“Boundary Map” means a recorded map which indicates the boundaries of CFD No. 23-02.

“Building Permit” means the first legal document issued by the City giving official permission for new construction of improvements on an Assessor’s Parcel in CFD No. 23-02. For purposes of this definition, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

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

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

“CFD No. 23-02” or “CFD” means the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) formed by the Authority under the Act.

“CFD Administrator” or “Administrator” means the Finance Director of the City, or designee thereof, responsible for, among other things, determining the Special Tax A Requirement, the Special Tax B Requirement, and the Special Tax C Requirement and providing for the levy and collection of said Special Tax A, Special Tax B, and Special Tax C.

“City” means the City of Temecula, California.

“County” means the County of Riverside, California.

“Developed Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which Special Tax A, Special Tax B or Special Tax C are being levied, and (ii) for which a building permit was issued on or before April 1st preceding the Fiscal Year in which any or all of the Special Taxes are being levied.

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

“Exempt Welfare Exemption Property” means, for each Fiscal Year, an Assessor’s Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s Assessor’s roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds, any Assessor’s Parcels that receive welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Exemption Property and will be subject to the Special Tax.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots that do not need, and are not expected, to be further subdivided prior to the issuance of a Building Permit.

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

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

“Land Use Type” means Residential Property, Multifamily Residential Property, or Non-Residential Property.

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

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

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

“Multifamily Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing a building or buildings comprised of attached Units available for rental by the general public, not for sale to an end user, and which attached units are under common ownership, as determined by the CFD Administrator.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of use other than Residential Property and or Multifamily Residential Property.

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

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

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

“Provisional Exempt Property” means all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of Section P, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section P.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, and which are not Multifamily Residential Property.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Special Tax(es)” means any of the special taxes authorized to be levied on Taxable Property within and for CFD No. 23-02 pursuant to the Act to fund the Special Tax A Requirement, Special Tax B Requirement, and/or the Special Tax C Requirement.

“Special Tax A” means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-02 pursuant to the Act to fund the Special Tax A Requirement.

“Special Tax B” means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-02 pursuant to the Act to fund the Special Tax B Requirement.

“Special Tax C” means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-02 pursuant to the Act to fund the Special Tax C Requirement.

“Special Tax A Requirement” means, subject to the Maximum Special Tax A, the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses for such Fiscal Year (apportioned between Special Tax A and Special Tax B), (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (iv) the collection or accumulation of funds for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in

the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three of Section F, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable Indenture.

“Special Tax B Requirement” means, subject to the Maximum Special Tax B, that amount to be collected in any Fiscal Year to pay for Authorized Services as required to meet the needs of CFD No. 23-02. The costs of services to be covered shall be the direct costs for (i) Authorized Services, and (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B); less (iii) a credit for funds available to reduce the Annual Special Tax B levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include amounts needed to repay Bonds.

“Special Tax C Requirement” means, subject to the Maximum Special Tax C, that amount to be collected in any Fiscal Year to pay for Authorized Services as required to meet the needs of CFD No. 23-02. The costs of services to be covered shall be the direct costs for (i) Authorized Services, and (ii) Administrative Expenses; less (iii) a credit for funds available to reduce the Annual Special Tax C levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax C Requirement include amounts needed to repay Bonds.

“Special Tax Category” means any of the individual categories of BSF set forth in Table 1 in Section D below.

“Taxable Property” means (i) with respect to Special Tax A, all Assessor’s Parcels within CFD No. 23-02, which are not Exempt Property or for which the Special Tax A obligation has not been prepaid in full, and (ii) with respect to Special Tax B and Special Tax C, all Assessor’s Parcels within CFD No. 23-02, which are not Exempt Property.

“Temecula Public Financing Authority” or “PFA” or “Authority” means the Temecula Public Financing Authority, or its designee.

“Transition Event” shall be deemed to have occurred when the CFD Administrator determines that the following events have occurred: (i) all Bonds secured by the levy and collection of Special Tax A in the CFD have been fully repaid, or legally defeased, pursuant to the Indenture; (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed; and (iii) there are no other Authorized Facilities that the Authority or the CFD intends to fund with proceeds of Bonds or of Special Tax A as confirmed in writing by the CFD Administrator.

“Transition Year” means the earlier of: (i) the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year, or (ii) Fiscal Year 2065-66.

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

“Unit” means any residential dwelling unit excluding dwelling units within Multifamily Residential Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2024-25, each Assessor’s Parcel within CFD No. 23-02 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Exempt Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property, Multifamily Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property shall be further categorized based on the Building Square Footage of each such Assessor’s Parcel.

SECTION C
MAXIMUM SPECIAL TAX A

1. Developed Property

For each Fiscal year, the Maximum Special Tax A for each Assessor's Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property shall be the greater of (i) the Assigned Annual Special Tax A or (ii) the Backup Annual Special Tax A.

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

For each Fiscal year, the Maximum Special Tax A for each Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Exempt Property shall be the Assigned Annual Special Tax A.

3. Increase in the Maximum Special Tax A

On each July 1, commencing July 1, 2025, the Maximum Special Tax A shall be increased by an amount equal to two percent (2.0%) of the amount in effect for the previous Fiscal Year.

4. Maximum Special Tax A at Transition Year

For the Transition Year and each Fiscal Year thereafter, the Maximum Special Tax A for any Assessor's Parcel of Taxable Property shall be \$0.00. Notwithstanding the forgoing, if there are delinquent Special Tax A taxes on a Parcel, such delinquent Special Tax A taxes will continue to constitute a lien against the Parcel until they are collected.

SECTION D
ASSIGNED ANNUAL SPECIAL TAX A

1. Developed Property

Each Fiscal Year prior to the Transition Year, each Assessor's Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property shall be subject to an Assigned Annual Special Tax A.

The Assigned Annual Special Tax A applicable to an Assessor's Parcel of Developed Property shall be determined using the table below.

TABLE 1
ASSIGNED ANNUAL SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY
FISCAL YEAR 2024-25

Land Use Type	Building Square Footage	Assigned Special Tax A
Residential Property	Less than 1,500	\$3,740 per Unit
Residential Property	1,500 – 1,599	\$3,860 per Unit
Residential Property	1,600 – 1,699	\$3,980 per Unit
Residential Property	1,700 – 1,799	\$4,100 per Unit
Residential Property	Greater than 1,799	\$4,220 per Unit
Multifamily Residential Property	N/A	\$83,890 per Acre
Non-Residential Property	N/A	\$83,890 per Acre

2. Approved Property, Undeveloped Property and Provisional Exempt Property

Each Fiscal Year, prior to the Transition Year, each Assessor's Parcel of Approved Property, Undeveloped Property, and Provisional Exempt Property shall be subject to an Assigned Annual Special Tax A. The Assigned Annual Special Tax A rate for an Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Exempt Property shall be determined pursuant to Table 2 below.

**TABLE 2
ASSIGNED ANNUAL SPECIAL TAX RATES
FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,
AND PROVISIONAL EXEMPT PROPERTY
FISCAL YEAR 2024-25**

Assigned Special Tax A
\$83,890 per Acre

3. Increase in the Assigned Annual Special Tax A

On each July 1, commencing July 1, 2025, the Assigned Annual Special Tax A for any Assessor's Parcel of Taxable Property shall be increased by an amount equal to two percent (2.0%) of the amount in effect for the previous Fiscal Year.

4. Assigned Annual Special Tax A at Transition Year

For the Transition Year and each Fiscal Year thereafter, the Assigned Annual Special Tax A for all Taxable Property shall be \$0.00. Notwithstanding the foregoing, if there are delinquent Special Tax A taxes on a Parcel, such delinquent Special Tax A taxes will continue to constitute a lien against the Parcel until they are collected.

**SECTION E
BACKUP ANNUAL SPECIAL TAX A**

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

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

On each July 1, commencing July 1, 2024, the Backup Annual Special Tax A shall be increased by an amount equal to two percent (2.0%) of the amount in effect for the previous Fiscal Year.

Notwithstanding the foregoing, if Assessor's Parcels which are classified or to be classified as Residential Property, Non-Residential Property or Multifamily Property are subsequently changed by recordation of a lot line adjustment, Final Map amendment, new Final Map or similar instrument, then the Backup Annual Special Tax A shall be recalculated within the area that has been changed to equal the amount of Backup Annual Special Tax A that would have been generated if such change did not take place.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A

Commencing Fiscal Year 2024-25 and for each subsequent Fiscal Year, the Board of Directors shall levy the Annual Special Tax A in accordance with the following steps:

- Step One: The Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the applicable Maximum Annual Special Tax A to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Annual Special Tax A for Undeveloped Property applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, the Annual Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Annual Special Tax A shall be increased Proportionately from the Assigned Annual Special Tax A up to 100% of the Backup Annual Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Exempt Property up to 100% of the Maximum Annual Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the foregoing, pursuant to Section 53321(d) of the Act, the Special Tax A levied against an Assessor's Parcel used for private residential purposes shall under no circumstances increase more than ten (10%) as a consequence of delinquency of default by the owner of any other Assessor's Parcel or Assessor's Parcels and shall, in no event, exceed the Maximum Special Tax A in effect for the Fiscal Year in which the Special Tax A is being levied.

SECTION G
PREPAYMENT OF SPECIAL TAX A

The following definitions apply to this Section G:

"Business Day" means days Temecula City Hall is open for business.

"CFD Public Facilities Amount" means \$13,486,000 expressed in 2024 dollars, which shall increase by the Construction Inflation Index on July 1, 2024, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the Authorized Facilities under the authorized bonding program, or (ii) shall be determined by the Board of Directors concurrently with a covenant that the CFD will not issue any more Bonds.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the 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 Amount minus (i) Bond proceeds deposited in an Improvement Fund and (ii) other amounts (proceeds of the levy of Special A, interest earnings, etc.) held in an Improvement Fund that were available to fund such CFD Public Facilities Amount prior to the date of prepayment.

“Improvement Fund” means any fund or account established under an Indenture to hold funds which were or continue to be available for expenditure to pay costs of Authorized Facilities and any fund or account established prior to the issuance of Bonds for such purpose.

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

Prepayment in Full

The Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor’s Parcels of Provisional Exempt Property that are not Exempt Property pursuant to Section P. The Special Tax A obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there is no delinquent Special Tax A with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax A obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined by the CFD Administrator to cover the cost to be incurred for the CFD in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Outstanding Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax A delinquencies apply to such Assessor’s Parcel.
2. For Developed Property, compute the Maximum Special Tax A for the Assessor’s

Parcel. For Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For Approved Property or Undeveloped Property for which a Building Permit has not been issued or Provisional Exempt Property, compute the Maximum Special Tax A for the Assessor's Parcel.

3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Tax A that could be levied on all Taxable Property based on the applicable Maximum Special Tax A, including for Approved Property or Undeveloped Property for which a Building Permit has been issued, the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property. The calculation of the total amount of Maximum Special Tax A shall exclude Assessor's Parcels for which the Special Tax A obligation has been previously prepaid in full or the portion thereof that has been previously prepaid in part.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Tax A levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount not funded from the deposit, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Improvement Fund. The Administrative Fees and Expenses shall be retained by the CFD to be used for payment thereof.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

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

Notwithstanding the foregoing, no Special Tax A prepayment (whether in full pursuant to this Section G or in part pursuant to Section H below) shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor’s Parcels of Taxable Property, excluding all Provisional Exempt Property and all Assessor’s Parcels with delinquent Special Taxes, after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses, all as determined by the CFD Administrator.

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

SECTION H

PARTIAL PREPAYMENT OF SPECIAL TAX A

The Special Tax A obligation for an Assessor’s Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

P_E = the Prepayment Amount calculated according to Section G

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

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

The owner of an Assessor's Parcel who desires to partially prepay the Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, and (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay. Within 5 Business Days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 Business Days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for any Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 15 of Section G and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue to be levied on the Assessor's Parcel pursuant to Section F.

SECTION I MAXIMUM SPECIAL TAX B

1. Developed Property

Maximum Special Tax B

Each Fiscal Year, each Assessor's Parcel of Residential Property, Multifamily Residential Property, or Non-Residential Property shall be subject to a Maximum Annual Special Tax B.

The Maximum Annual Special Tax B applicable to an Assessor's Parcel of Developed Property shall be determined using the table below.

**TABLE 3
MAXIMUM SPECIAL TAX B RATES
FOR DEVELOPED PROPERTY
FISCAL YEAR 2024-25**

Land Use Type	Maximum Special Tax B
Residential Property	\$420 per Unit
Multifamily Residential Property	\$8,904 per Acre
Non-Residential Property	\$8,904 per Acre

2. Approved Property, Undeveloped Property and Provisional Exempt Property

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

3. Increase in the Maximum Special Tax B

On each July 1, commencing July 1, 2025, the Maximum Special Tax B shall be increased by an amount equal to five and six-tenths percent (5.6%) of the amount in effect for the previous Fiscal Year.

4. Maximum Special Tax B at Transition Year

For the Transition Year and each Fiscal Year thereafter, the Maximum Special Tax B for any Assessor's Parcel of Developed Property shall be \$0.00.

**SECTION J
METHOD OF APPORTIONMENT OF THE SPECIAL TAX B**

Commencing with Fiscal Year 2024-25 and for each following Fiscal Year, the Authority shall levy the Special Tax B at up to 100% of the applicable Maximum Special Tax B, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax B equals the Special Tax B Requirement.

Notwithstanding the foregoing, pursuant to Section 53321(d) of the Act, the Special Tax B levied against an Assessor's Parcel used for private residential purposes shall under no circumstances increase more than ten (10%) as a consequence of delinquency of default by the owner of any other Assessor's Parcel or Assessor's Parcels and shall, in no event, exceed the Maximum Special Tax B in effect for the Fiscal Year in which the Special Tax B is being levied.

**SECTION K
PREPAYMENT OF SPECIAL TAX B**

No prepayments of Special Tax B are permitted.

**SECTION L
MAXIMUM SPECIAL TAX C**

1. Developed Property

Maximum Special Tax C

For the Transition Year and each Fiscal Year thereafter, each Assessor's Parcel of Residential Property, Multifamily Residential Property, or Non-Residential Property shall be subject to a Maximum Special Tax C.

The Maximum Special Tax C applicable to an Assessor's Parcel of Developed Property shall be determined using the table below.

**TABLE 4
MAXIMUM SPECIAL TAX C RATES
FOR DEVELOPED PROPERTY
FISCAL YEAR 2024-25**

Land Use Type	Maximum Special Tax C
Residential Property	\$785 per Unit
Multifamily Residential Property	\$16,641 per Acre
Non-Residential Property	\$16,641 per Acre

2. Approved Property, Undeveloped Property and Provisional Exempt Property

No Special Tax C shall be levied on Approved Property, Undeveloped Property, and Provisional Exempt Property.

3. Increase in the Maximum Special Tax C

On each July 1, commencing July 1, 2025, the Maximum Special Tax C shall be increased by an amount equal to five and six-tenths percent (5.6%) of the amount in effect for the previous Fiscal Year.

**SECTION M
METHOD OF APPORTIONMENT OF THE SPECIAL TAX C**

For the Transition Year and each Fiscal Year thereafter, the Authority shall levy the Special Tax C at up to 100% of the applicable Maximum Special Tax C, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax C equals the Special Tax C Requirement.

Notwithstanding the foregoing, pursuant to Section 53321(d) of the Act, the Special Tax C levied against an Assessor's Parcel used for private residential purposes shall under no circumstances increase more than ten (10%) as a consequence of delinquency of default by the owner of any other Assessor's Parcel or Assessor's Parcels and shall, in no event, exceed the Maximum Special Tax C in effect for the Fiscal Year in which the Special Tax C is being levied.

**SECTION N
PREPAYMENT OF SPECIAL TAX C**

No prepayments of Special Tax C are permitted.

**SECTION O
TERM OF THE SPECIAL TAX A, SPECIAL TAX B, AND SPECIAL TAX C**

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A. If any delinquent Annual Special Tax A amounts remain uncollected prior to or after the Transition Year, the Special Tax A may be levied to the extent necessary to reimburse CFD 23-02 for uncollected Annual Special Tax A amounts associated with the levy of such Special Tax A amounts, but not later than the 2064-65 Fiscal Year.

Prior to the Transition Year, Special Tax B shall be levied as long as the Authorized Services are being provided. Special Tax B shall not be levied during or after the Transition Year.

For the Transition Year and each Fiscal Year thereafter, Special Tax C shall be levied in perpetuity as long as the Authorized Services are being provided.

**SECTION P
EXEMPT PROPERTY**

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or which make use as a dwelling unit, or otherwise, infeasible by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement,

(v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or
(vi) other types of public uses determined by the CFD Administrator. The CFD Administrator shall classify such Assessor's Parcels as Exempt Property in the chronological order in which property becomes Exempt.

Notwithstanding the foregoing, the CFD Administrator for purposes of levying the Special Tax shall not, except for any Assessor's Parcel on which the Special Tax cannot be levied pursuant to the Mello -Roos Act, classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Acreage amounts listed in Table 5 below. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acreage amounts listed in Table 5 will be classified as Provisional Exempt Property, and will be subject to the levy of Special Tax pursuant to Step Five in Section F.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

TABLE 5
MINIMUM TAXABLE ACRES

Acres
11.18

SECTION Q
APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C in dispute and rule on the appeal. If the CFD Administrator's decision requires that the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy in the case of the Annual Special Tax A), but an adjustment shall be made to the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C on that Assessor's Parcel in the subsequent Fiscal Year(s).

The Board of Directors may interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguity or to correct or supplement any defective or inconsistent provision hereof.

SECTION R
MANNER OF COLLECTION

The Annual Special Tax A, Annual Special Tax B, and Annual Special Tax C shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD 23-02 may collect the Annual Special Tax A, Annual Special Tax B, and Annual Special Tax C at a different time or in a different manner if necessary to meet its financial obligations.

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APPENDIX C

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. This summary does not purport to be comprehensive or definitive and is subject to the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.

Definitions

“Acquisition Account” means the account by that name established by the Fiscal Agent Agreement within the Improvement Fund.

“Acquisition Agreement” means the Acquisition Agreement, dated as of January 23, 2024, between the Authority and the Developer, as amended by the First Amendment to Acquisition Agreement, dated as of October 1, 2025, between the Authority and the Developer, and as it may be further amended from time to time in accordance with its terms.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code.

“Administrative Expenses” means costs directly related to the administration of the District consisting of the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Treasurer or designee thereof or both) and the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; fees and costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs of the Authority, the City or any designee of either the Authority or the City of complying with the disclosure provisions of the Act, the Continuing Disclosure Agreement and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the costs of the Authority, the City or any designee of either the Authority or the City related to an appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the Authority to comply with the rebate requirements of the Fiscal Agent Agreement; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses will also include amounts advanced by the Authority or the City for any administrative purpose of the District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure compliance with the rebate requirements of the Fiscal Agent Agreement, administrative costs related to the administration of any joint community facilities agreement regarding the District, and the costs of commencing and pursuing foreclosure of delinquent Special Taxes. Administrative Expenses will include any such expenses incurred in prior years but not yet paid.

“Administrative Expense Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

“Auditor” means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

“Authority” means the Temecula Public Financing Authority and any successor thereto.

“Authority Attorney” means any attorney or firm of attorneys employed by the Authority or the City in the capacity of general counsel to the Authority.

“Authorized Denominations” means \$5,000 and integral multiples thereof.

“Authorized Officer” means the Chair, Executive Director, Treasurer or Secretary of the Authority, or any other officer or employee of the Authority or the City authorized by the Board of Directors of the Authority or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.

“Beneficial Owner” has the meaning given to such term in the Fiscal Agent Agreement.

“Bond Counsel” means any other attorney or firm of attorneys acceptable to the Authority and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Bond Register” means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Fiscal Agent Agreement.

“Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1st in the following year, except that the first Bond Year will begin on the Closing Date and end on September 1, 2026.

“Bonds” means the 2025 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

“Business Day” means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

“Capitalized Interest Account” means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

“City” means the City of Temecula, California.

“City Account” means the account by that name established by the Fiscal Agent Agreement within the Improvement Fund.

“Closing Date” means the date upon which there is a physical delivery of the 2025 Bonds in exchange for the amount representing the purchase price of the 2025 Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2025 Bonds or (except as otherwise referenced in the Fiscal Agent Agreement) as it may be amended to apply to obligations issued on the date of issuance of the 2025 Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement pertaining to the 2025 Bonds, dated as of October 1, 2025, between the Authority and Webb Municipal Finance, LLC as

dissemination agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Authority or the City and related to the authorization, sale and issuance of the 2025 Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent’s counsel, expenses incurred by the City or the Authority in connection with the issuance of the 2025 Bonds, special tax consultant fees and expenses, Bond (underwriter’s) discount, legal fees and charges, including bond counsel and disclosure counsel, municipal advisor’s fees, appraisal fees, charges for execution, transportation and safekeeping of the 2025 Bonds, and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established by the Fiscal Agent Agreement.

“County” means the County of Riverside, California.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Debt Service” means the scheduled amount of interest and amortization of principal (including sinking fund payments) on the Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Depository” means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

“Developer” means Meritage Homes of California, Inc.

“District” means the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado), formed by the Authority under the Act and the Resolution of Formation.

“EMWD” means the Eastern Municipal Water District.

“EMWD Account” means the account by that name established by the Fiscal Agent Agreement within the Improvement Fund.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness, including United States Treasury Obligations, State and Local Government Series

("SLGS") or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or other federal agencies or United States Government-sponsored enterprises.

"Fiscal Agent" means the Fiscal Agent appointed by the Authority and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Improvement Fund" means the fund by that name created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

"Independent Financial Consultant" means any consultant or firm of such consultants appointed by the Authority, the City or the Treasurer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the Authority; (iii) does not have any substantial interest, direct or indirect, with or in the Authority, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City or the Authority as an officer or employee of the City or the Authority, but who may be regularly retained to make reports to the City or the Authority.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Authority may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing March 1, 2026.

"Joint Community Facilities Agreement – EMWD" means the Joint Community Facilities Agreement – EMWD, dated as of January 23, 2024, among the Authority, EMWD and the Developer, as it may be amended from time to time.

"Joint Community Facilities Agreement – School District" means the Joint Community Facilities Agreement – School District, dated as of January 23, 2024, among the Authority, the School District and the Developer, as it may be amended from time to time.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Moody's" means Moody's Investors Service, and any successor thereto.

"Officer's Certificate" means a written certificate of the Authority signed by an Authorized Officer of the Authority.

"Ordinance" means any ordinance of the Authority levying the Special Taxes.

"Original Purchaser" means Stifel, Nicolaus & Company, Incorporated, the first purchaser of the 2025 Bonds from the Authority.

“Outstanding,” when used as of any particular time with reference to Bonds, means (except with respect to certain disqualified Bonds as described in the Fiscal Agent Agreement) all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds will have been authorized, executed, issued and delivered by the Authority pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who is the registered owner of any particular Outstanding Bond.

“Parity Bonds” means bonds issued by the Authority for the District and secured on a parity with any then Outstanding Bonds pursuant to the Fiscal Agent Agreement.

“Participating Underwriter” will have the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means any of the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State of California (the “State”), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody’s or S&P, and which have a maximum term to maturity not to exceed three years.

(c) Unsecured certificates of deposit, time deposits and bankers’ acceptance of any bank the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P and “P-1” by Moody’s and or certificates of deposit (including those of the Fiscal Agent, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 (or its equivalent) or better by S&P or Moody’s.

(d) Commercial paper which at the time of purchase is of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody’s or S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A” or higher rating for the issuer’s debentures, other than commercial paper, by either Moody’s or S&P, provided that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to this definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value,

as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and “AA” or better, respectively, by Moody’s and S&P at the time of initial investment. The investment agreement will be subject to a downgrade provision with at least the following requirements: (1) the agreement will provide that within five business days after the financial institution’s long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody’s or S&P from the practice of rating that debt, or reduced below “AA-” by S&P or below “Aa3” by Moody’s (these events are called “rating downgrades”) the financial institution will give notice to the Authority and, within the five-day period, and for as long as the rating downgrade is in effect, will deliver in the name of the Authority or the Fiscal Agent to the Authority or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and will deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which will be at least weekly, and (2) the agreement will provide that, if the financial institution’s long-term unsecured credit rating is reduced below “A3” by Moody’s or below “A-” by S&P, the Fiscal Agent or the Authority may, upon not more than five business days’ written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State of California.

(h) Investments in a money market fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody’s or S&P.

(i) Any other lawful investment for City funds.

“Principal Office” means the corporate trust office of the Fiscal Agent set forth in the Fiscal Agent Agreement, except for the purpose of maintenance of the Bond Register and presentation of Bonds for payment, transfer or exchange, such term will mean the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

“Priority Administrative Expenses Amount” means (i) for Fiscal Year 2026-27, the amount of \$30,000 and (ii) for each succeeding Fiscal Year, the sum of (A) the Priority Administrative Expenses Amount for the preceding Fiscal Year plus (B) 2% of the Priority Administrative Expenses Amount for the preceding Fiscal Year. Notwithstanding the foregoing, the “Priority Administrative Expenses Amount” is subject to increase each time that any Parity Bonds are issued, at the discretion of the City and as set forth in the Supplemental Agreement pursuant to which the Parity Bonds are issued, so long as the Priority Administrative Expenses Amount, following such increase, is not greater in any Fiscal Year than 10% of the debt service due on the Bonds in each such respective Fiscal Year.

“Project” means the facilities eligible to be funded by the District, as more particularly described in the Resolution of Formation.

“Rate and Method of Apportionment of Special Taxes” means the rate and method of apportionment of special taxes for the District, as approved pursuant to the Resolution of Formation, and as it may be modified from time to time in accordance with the Act.

“Rebate Fund” means the fund by that name established pursuant to the Fiscal Agent Agreement in which there are established the accounts described in the Fiscal Agent Agreement.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

“Refunding Bonds” means bonds issued by the Authority for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“Reserve Fund” means the fund by that name established pursuant to the Fiscal Agent Agreement.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the then principal amount of the Outstanding Bonds.

“Resolution” means the Resolution, adopted by the Board of Directors of the Authority on September 23, 2025 authorizing the issuance of the 2025 Bonds.

“Resolution of Formation” means Resolution No. TPFA 2024-06, adopted by the Board of Directors of the Authority on February 27, 2024.

“S&P” means S&P Global Ratings, and any successor thereto.

“School District” means the Temecula Valley Unified School District.

“School District Account” means the account by that name established by the Fiscal Agent Agreement within the Improvement Fund.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax A” has the meaning given such term in the Rate and Method of Apportionment of Special Taxes.

“Special Tax B” has the meaning given such term in the Rate and Method of Apportionment of Special Taxes.

“Special Tax C” has the meaning given such term in the Rate and Method of Apportionment of Special Taxes.

“Special Tax Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Special Tax Prepayments” means the proceeds of any prepayments of Special Tax A received by the Authority, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the Authority, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Special Tax Revenues” does not include any penalties collected in connection with delinquent Special Taxes, which amounts may be deposited to the Administrative Expense Fund or otherwise disposed of as determined by the Treasurer consistent with any applicable provisions of the Act.

“Special Taxes” means the Special Tax A levied within the District pursuant to the Act, the Ordinance, the Rate and Method of Apportionment of Special Taxes and the Fiscal Agent Agreement. Special Tax B and Special Tax C are not included in “Special Taxes” for purposes of the Fiscal Agent Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Authority under the Act and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

“Tax Consultant” means any independent financial or tax consultant retained by the Authority or the City for the purpose of computing the Special Taxes.

“Treasurer” means the Treasurer of the Authority or such other officer or employee of the Authority performing the functions of the chief financial officer of the Authority.

“2025 Bonds” means the Bonds so designated and authorized to be issued under the Fiscal Agent Agreement.

The Bonds

Form of Bonds. The 2025 Bonds, the form of Fiscal Agent’s certificate of authentication and the form of assignment, to appear thereon, will be substantially in the forms, respectively, set forth in the Fiscal Agent Agreement and by the reference incorporated in the Fiscal Agent Agreement, with necessary or appropriate variations, omissions and insertions, as permitted or required by the Fiscal Agent Agreement, the Resolution and the Act.

Execution of Bonds. The Bonds will be executed on behalf of the Authority by the manual or facsimile signatures of its Chair and Secretary. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature will nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond will be the proper officers of the Authority although at the nominal date of such Bond any such person will not have been such officer of the Authority.

Only such Bonds as will bear thereon a certificate of authentication in substantially the form set forth in the Fiscal Agent Agreement, executed and dated by the Fiscal Agent, will be valid or obligatory for any purpose or entitled to the benefits of the Fiscal Agent Agreement, and such certificate of authentication of the Fiscal Agent will be conclusive evidence that the Bonds registered under the Fiscal Agent Agreement have been duly authenticated, registered and delivered under the Fiscal Agent Agreement and are entitled to the benefits of the Fiscal Agent Agreement.

Bond Register. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, which books will show the series number, date, amount, rate of

interest and last known Owner of each Bond and will at all times be open to inspection by the Authority during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as provided in the Fiscal Agent Agreement.

The Authority and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of such Bond for any and all purposes, and the Authority and the Fiscal Agent will not be affected by any notice to the contrary. The Authority and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes.

Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such Authorized Denominations as may be determined by the Authority, and may contain such reference to any of the provisions of the Fiscal Agent Agreement as may be appropriate. Every temporary Bond will be executed by the Authority upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds will be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent will designate, and the Fiscal Agent will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Fiscal Agent Agreement as definitive Bonds authenticated and delivered under the Fiscal Agent Agreement.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond will become mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Fiscal Agent will authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent will be canceled by it and destroyed by the Fiscal Agent who will deliver a certificate of destruction thereof to the Authority.

If any Bond will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to the Fiscal Agent and indemnity for the Authority and the Fiscal Agent satisfactory to the Fiscal Agent will be given, the Authority, at the expense of the Owner, will execute, and the Fiscal Agent will authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Authority may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section and of the expenses which may be incurred by the Authority and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Fiscal Agent Agreement with all other Bonds issued pursuant to the Fiscal Agent Agreement.

Limited Obligation. All obligations of the Authority under the Fiscal Agent Agreement and the Bonds will be special obligations of the Authority, payable solely from the Special Tax Revenues and the funds pledged therefore under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the Authority (except with respect to the levy of Special Taxes in the District, to the limited extent set forth in the Fiscal Agent Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds. The City has no obligations whatsoever under the Fiscal Agent Agreement or otherwise with respect to the Bonds.

No Acceleration. The principal of the Bonds will not be subject to acceleration under the Fiscal Agent Agreement. Nothing in the Fiscal Agent Agreement will in any way prohibit the redemption of Bonds under the Fiscal Agent Agreement, or the defeasance of the Bonds and discharge of the Fiscal Agent Agreement.

Issuance of Parity Bonds. The Authority may issue one or more series of Parity Bonds, in addition to the 2025 Bonds authorized under the Fiscal Agent Agreement, by means of a Supplemental Agreement and without the consent of any Bondowners, upon compliance with the provisions of the Fiscal Agent Agreement. Only bonds that comply with the requirements of the Fiscal Agent Agreement will be Parity Bonds, and such Parity Bonds will constitute Bonds under the Fiscal Agent Agreement and will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement.

The Authority may issue Parity Bonds subject to the following specific conditions precedent:

(A) Current Compliance. The Authority will be in compliance in all material respects on the date of issuance of the Parity Bonds with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and the principal amount of the Parity Bonds will not cause the Authority to exceed the maximum authorized indebtedness of the District under the provisions of the Act.

(B) Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds will provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable (provided that there will be no requirement that any Parity Bonds pay interest on a current basis).

(C) Funds and Accounts; Reserve Fund Deposit. The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and will provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is at least equal to the Reserve Requirement.

(D) Refunding Bonds. The Parity Bonds must be Refunding Bonds.

(E) Coverage. For each Fiscal Year after issuance of the Parity Bonds, the maximum amount of the Special Taxes that may be levied for such Fiscal Year under the Ordinance, the Fiscal Agent Agreement and any Supplemental Agreement less the Priority Administrative Expense Amount for each respective Fiscal Year, will be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year, and the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds will be not less than the principal amount of the Outstanding Bonds and the proposed Parity Bonds.

(F) Officer's Certificate. The Authority will deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in the Fiscal Agent Agreement have been satisfied. In delivering such Officer's Certificate, the Authorized Officer that executes the same may conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

Notwithstanding the foregoing, the Authority may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clause (E) above, and, in connection therewith, the Officer's Certificate in clause (F) above need not make reference to said clause (E).

Nothing in the Fiscal Agent Agreement will prohibit the Authority from issuing bonds or otherwise incurring debt secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

Pledge of Special Tax Revenues

The Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the Special Tax Revenues to be deposited to the Administrative Expense Fund pursuant to the Special Tax Fund provisions and the Rebate Fund provisions of the Fiscal Agent Agreement) and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose.

Amounts in the Administrative Expense Fund, the accounts within the Improvement Fund, the Costs of Issuance Fund, the Rebate Fund, and the Special Tax Revenues to be deposited to the Administrative Expense Fund under the Special Tax Fund provisions of the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. Special Tax B and Special Tax C are not pledged to the repayment of the Bonds. The Project is not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any portion of the Project are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Funds and Accounts

Improvement Fund

Establishment of Improvement Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) 2025 Improvement Fund (the “Improvement Fund”), and within the Improvement Fund a City Account, an EMWD Account, a School District Account and an Acquisition Account. Deposits will be made to the accounts within the Improvement Fund as required by the Fiscal Agent Agreement. Moneys in the accounts within the Improvement Fund will be held by the Fiscal Agent for the benefit of the Authority, will be disbursed for the payment or reimbursement of costs of the Project.

Procedure for Disbursement. Disbursements from the Acquisition Account of the Improvement Fund will be made by the Fiscal Agent upon receipt of an Officer’s Certificate, which will: (a) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which will be for amounts owed by the Authority under the Acquisition Agreement in respect of Project costs, or otherwise to pay Project costs incurred by any other entity that constructs portions of the Project), that the disbursement is a proper expenditure from the Improvement Fund, and the person to which the disbursement is to be paid; and (b) certify that no portion of the amount then being requested to be disbursed was set forth in any Officer’s Certificate previously filed requesting a disbursement. In making disbursements from the Acquisition Account of the Improvement Fund, the Fiscal Agent will use proceeds of the 2025 Bonds deposited thereto pursuant to the Fiscal Agent Agreement and any proceeds of any Parity Bonds deposited thereto, and any investment earnings on such amounts, before using any amounts deposited to the Acquisition Account of the Improvement Fund from the proceeds of Special Taxes and any investment earnings thereon.

Disbursements from the City Account of the Improvement Fund will be made by the Fiscal Agent upon receipt of an Officer’s Certificate which will: (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which will be for payment of a Project cost or to reimburse expenditures of the Authority, the City or any other party for Project costs previously paid), that the disbursement is a proper expenditure from the City Account of the Improvement Fund, and the person to which the disbursement is to be paid; and (ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officer’s Certificate previously filed requesting a disbursement.

Disbursements from the EMWD Account of the Improvement Fund will be made by the Fiscal Agent upon receipt of a certificate executed by the Developer and EMWD in the form of Exhibit C to the Joint Community Facilities Agreement – EMWD which will set forth the amount required to be disbursed.

Disbursements from the School District Account of the Improvement Fund will be made by the Fiscal Agent upon receipt of a certificate executed by the Developer and the School District in the form of Exhibit C to the Joint Community Facilities Agreement – the School District which will set forth the amount required to be disbursed.

Each such Officer's Certificate or other certificate submitted to the Fiscal Agent will be sufficient evidence to the Fiscal Agent of the facts stated therein, and the Fiscal Agent will have no duty to confirm the accuracy of such facts.

Investment. Moneys in the accounts within the Improvement Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits from the investment and deposit of amounts in the City Account and the Acquisition Account of the Improvement Fund will be retained in those accounts of the Improvement Fund, respectively, to be used for the purposes of the respective account. Interest earnings and profits from the investment and deposit of amounts in the EMWD Account and the School District Account of the Improvement Fund will be transferred on each Interest Payment Date or on any other date upon receipt by the Fiscal Agent of an Officer's Certificate requesting such transfers to the City Account of the Improvement Fund to be used for the purposes of the City Account of the Improvement Fund.

Transfers Between and Closing of Accounts in the Improvement Fund. Upon the filing of an Officer's Certificate (a) stating that the Developer has requested amounts in an account of the Improvement Fund to be transferred to a different account within the Improvement Fund, and (b) directing the Fiscal Agent to make such transfers, the Fiscal Agent will transfer amounts in accordance with such Officer's Certificate.

On the earlier of (i) the date of receipt by the Fiscal Agent of an Officer's Certificate to the effect that the Developer has notified the Authority in writing that no further disbursements will be made from the EMWD Account, or (ii) October 1, 2028, the Fiscal Agent will transfer all amounts then on deposit in the EMWD Account to the Acquisition Account to be used for the purposes of such account, or, if the Acquisition Account has theretofore been closed, to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and following such transfer the EMWD Account will be closed.

On the earlier of (i) the date of receipt by the Fiscal Agent of an Officer's Certificate to the effect that the Developer has notified the Authority in writing that no further disbursements will be made from the School District Account, or (ii) October 1, 2028, the Fiscal Agent will transfer all amounts then on deposit in the School District Account to the Acquisition Account to be used for the purposes of such account, or, if the Acquisition Account has theretofore been closed, to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and following such transfer the School District Account will be closed.

Upon receipt by the Fiscal Agent of an Officer's Certificate to the effect that all improvements to be funded from the City Account have been completed or that no further withdrawals will be made from the City Account, any amounts remaining on deposit in the City Account will be transferred by the Fiscal Agent to the Acquisition Account, or, if the Acquisition Account has theretofore been closed, to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and when no amounts remain on deposit in the Acquisition Account the Acquisition Account will be closed.

Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid, or that any such costs are not required to be paid from the Acquisition Account, the Fiscal Agent will transfer the amount, if any, remaining in the Acquisition Account to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and when no amounts remain on deposit in the Acquisition Account the Acquisition Account will be closed.

Costs of Issuance Fund.

Establishment of Costs of Issuance Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) 2025 Costs of Issuance Fund (the “Costs of Issuance Fund”), to the credit of which deposits will be made as required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund will be held by the Fiscal Agent, will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of Costs of Issuance.

Disbursement. Amounts in the Costs of Issuance Fund will be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Treasurer and delivered to the Fiscal Agent on the Closing Date, or otherwise in an Officer’s Certificate delivered to the Fiscal Agent after the Closing Date. The Fiscal Agent will pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer’s Certificate requesting payment of Costs of Issuance. The Fiscal Agent will maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the 2025 Bonds and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Acquisition Account of the Improvement Fund.

Investment. Moneys in the Costs of Issuance Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Reserve Fund.

Establishment of Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) Reserve Fund (the “Reserve Fund”), to the credit of which a deposit will be made as required by the Fiscal Agent Agreement, which will be equal to the Reserve Requirement as of the Closing Date for the 2025 Bonds, and deposits will be made as provided in the Fiscal Agent Agreement. Moneys in the Reserve Fund will be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and will be subject to a lien in favor of the Owners of the Bonds.

Use of Reserve Fund. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund, or transfers to the Rebate Fund as required by the Fiscal Agent Agreement.

Transfer Due to Deficiency in Bond Fund. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the Treasurer, specifying the amount withdrawn.

Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any September 1 occurring on or after September 1, 2026, or on any other date at the request of the Treasurer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent will provide written notice to the Treasurer of the amount of the excess and will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement, unless amounts are required to be paid to the federal government pursuant to the Fiscal Agent Agreement, in which case such excess amounts in the Reserve Fund are transferred to the Rebate Fund to the extent required by the Fiscal Agent Agreement.

Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent will upon the written direction of the Treasurer transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Fiscal Agent Agreement, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the Authority to be used for any lawful purpose under the Act.

Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund pursuant to the Fiscal Agent Agreement until after (i) the calculation of any amounts due to the federal government pursuant to the Rebate Regulations and the rebate provisions of the Fiscal Agent Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for deposit to the Rebate Account of the Rebate Fund, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, funds in the Reserve Fund in the amount of any applicable "Reserve Fund Credit," as such term is defined in and otherwise determined in accordance with Section G (or H, for partial prepayments) of the Rate and Method of Apportionment of Special Taxes, will be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement. The Treasurer will deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Transfer to Pay Rebate. Amounts in the Reserve Fund will be withdrawn, at the written request of an Authorized Officer, for purposes of paying any rebate liability under the rebate requirement provisions of the Fiscal Agent Agreement.

Investment. Moneys in the Reserve Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Fiscal Agent in the Reserve Fund to be used for the purposes of such fund, including any of the purposes described above.

Bond Fund.

Establishment of Bond Fund, Capitalized Interest Account and Special Tax Prepayments Account. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) Bond Fund (the "Bond Fund"), to the credit of which deposits will be made as required by the Fiscal Agent Agreement or the Act. There is also created in the Bond Fund a separate account held by the Fiscal Agent, the Special Tax Prepayments Account, to the credit of which deposits will be made as provided in the Fiscal Agent Agreement. There is also hereby created in the Bond Fund a separate account held by the Fiscal Agent, the Capitalized Interest Account, to the credit of which a deposit will be made as provided in the Fiscal Agent Agreement.

Moneys in the Bond Fund and the accounts therein will be held by the Fiscal Agent for the benefit of the Owners of the Bonds, will be disbursed for the payment of the principal of and interest, and any premium on, the Bonds as described below, and, pending such disbursement, will be subject to a lien in favor of the Owners of the Bonds. Notwithstanding the foregoing, amounts in the Bond Fund may be used for the purposes as set forth in the Fiscal Agent Agreement.

Disbursements.

Bond Fund Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable

on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement, or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, (a) amounts in the Bond Fund as a result of a transfer from the Improvement Fund will be used to pay the principal of and interest on the Bonds prior to the use of any other amounts in the Bond Fund for such purpose; and (b) amounts in the Bond Fund as a result of a transfer of certain funds collected in respect to delinquent Special Taxes from the Special Tax Fund will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent will withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund will be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the first paragraph the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment will be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled will be added to the sinking payment to be made on the next sinking payment date.

Special Tax Prepayments Account Disbursements. Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement, and will be used (together with any amounts transferred from the Reserve Fund) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

Capitalized Interest Account Disbursements. Moneys in the Capitalized Interest Account are transferred to the Bond Fund on the Business Day prior to the Interest Payment Dates and in the amounts set forth in the Fiscal Agent Agreement. Following the last of such transfers, any remaining amounts on deposit in the Capitalized Interest Account will be transferred to the Bond Fund and the Capitalized Interest Account will be closed.

Investment. Moneys in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account will be retained in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for purposes of such fund and accounts.

Special Tax Fund.

Establishment of Special Tax Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) Special Tax Fund (the "Special Tax Fund"). The Authority will transfer or cause to be transferred to the Fiscal Agent, as soon as practicable following receipt, all Special Tax Revenues received by the Authority, which amounts will be deposited by the Fiscal Agent to the Special Tax Fund. In addition, the Fiscal Agent will deposit in the Special Tax Fund amounts to be transferred thereto pursuant to the Administrative Expense Fund provisions of the Fiscal Agent Agreement.

Notwithstanding the foregoing,

(i) the first Special Tax Revenues collected by the Authority in any Fiscal Year, in an amount equal to the portion of such Fiscal Year's Special Tax levy for Administrative Expenses (but not to exceed, the Priority Administrative Expenses Amount for such Fiscal Year), will be separately identified by the Treasurer and, will be deposited by the Treasurer in the Administrative Expense Fund;

(ii) Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes are separately identified by the Treasurer and will be deposited by the Fiscal Agent first, in the Bond Fund to the extent needed to pay any past due debt service on the Bonds; second, to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement, and third, to the Special Tax Fund for use as described in the Fiscal Agent Agreement;

(iii) any proceeds of Special Tax Prepayments will be transferred by the Treasurer to the Fiscal Agent for deposit by the Fiscal Agent (as specified in writing by the Treasurer to the Fiscal Agent) directly in the Special Tax Prepayments Account; and

(iv) any Special Tax Revenues constituting the portion, if any, of the Special Tax A Requirement (as defined in the Rate and Method of Apportionment), that is to pay directly for the acquisition or construction of any portion of the Project will be separately identified by the Authority and will be deposited by the Fiscal Agent in the Acquisition Account of the Improvement Fund so long as the Acquisition Account of the Improvement Fund has not theretofore been closed pursuant to the Fiscal Agent Agreement, and if the Acquisition Account of the Improvement Fund has been closed, then such amount will be retained by the Authority to be used to pay Project costs.

(v) from time to time amounts may be transferred from the Special Tax Fund to the Rebate Account to satisfy the Authority's obligations under the Fiscal Agent Agreement.

Disbursements. Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the Authority and the Owners of the Bonds, will be disbursed as provided below and, pending disbursement, will be subject to a lien in favor of the Owners of the Bonds and the Authority.

On each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Capitalized Interest Account, the accounts within the Improvement Fund, the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund pursuant to the Fiscal Agent Agreement such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Treasurer may transfer any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund (i) to the Administrative Expense Fund, from time to time, if monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund; (ii) to such other fund or account established to pay debt service on or administrative expenses with respect to any bonds or other debt secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement; or (iii) to such other fund or account established by the Authority to be used for any lawful purpose under the Act and otherwise in accordance with the provisions of the Rate and Method of Apportionment of Special Taxes.

Investment. Moneys in the Special Tax Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit will be retained in the Special Tax Fund to be used for the purposes thereof.

Administrative Expense Fund.

Establishment of Administrative Expense Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Treasurer, the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) Administrative Expense Fund (the “Administrative Expense Fund”), to the credit of which deposits will be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund will be held by the Treasurer for the benefit of the Authority, will be disbursed as described below and are not pledged as security for the repayment of the Bonds.

Disbursement. Amounts in the Administrative Expense Fund will be withdrawn by the Treasurer and paid to the Authority or its order upon receipt by the Treasurer of an Officer’s Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or Costs of Issuance, and the nature of such Administrative Expense or Costs of Issuance. Amounts transferred from the Costs of Issuance Fund to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement will be separately identified at all times, and will be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to the Fiscal Agent Agreement.

Annually, on the last day of each Fiscal Year, the Treasurer will withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$30,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Fund.

Investment. Moneys in the Administrative Expense Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Treasurer in the Administrative Expense Fund to be used for the purposes thereof.

Rebate Fund.

Establishment of Rebate Fund and Rebate Account. There is established in the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) Rebate Fund (the “Rebate Fund”) and an account referred to as the “Rebate Account” to be maintained therein. All money at any time deposited in the Rebate Account of the Rebate Fund will be held by the Fiscal Agent in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds are governed by the Fiscal Agent Agreement and the Tax Certificate, unless the District delivers to the Fiscal Agent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied. The Fiscal Agent will not be responsible for calculating rebatable arbitrage or for the adequacy or correctness or any rebate report or rebate calculations. The Fiscal Agent will be deemed conclusively to have complied with the Tax Certificate and the provisions of this Fiscal Agent Agreement regarding calculation and payment of the rebatable arbitrage if the Fiscal Agent follows the directions of the District and the Fiscal Agent will have no independent duty to review such calculations or enforce the compliance with such rebate requirements.

Rebate Account. The following requirements will be satisfied with respect to each subaccount of the Rebate Account:

- (i) Annual Computation. Within 55 days of the end of each Bond Year, the District will calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue of

Parity Bonds in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The District will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Fiscal Agent Agreement.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate the District will transfer to the Fiscal Agent an amount to be deposited in the Rebate Account if and to the extent required, so that the balance in the Rebate Account will equal the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance with (i) of this Subsection (A)(1) with respect to the Bonds and each issue of Parity Bonds to which the Fiscal Agent Agreement is applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in the Rebate Account exceeds the amount required to be on deposit therein, the Fiscal Agent will withdraw the excess from the Rebate Account and then credit the excess to the Administrative Expense Fund.

(iii) Payment to the Treasury. The District will direct the Fiscal Agent to pay to the United States Treasury out of amounts in the Rebate Account,

Not later than 60 days after the end of (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which the Fiscal Agent Agreement is applicable, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds; and

Not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to the Fiscal Agent Agreement will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, as completed and signed by the District and delivered to the Fiscal Agent, or will be made in such other manner as provided under the Code.

Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund after redemption and payment of the Bonds or an issue of Parity Bonds and after making the payments described in the Fiscal Agent Agreement may be withdrawn by the District and utilized in any manner by the District.

Survival of Defeasance and Final Payment. Notwithstanding anything in the Fiscal Agent Agreement to the contrary, the obligation to comply with the requirements of the Fiscal Agent Agreement will survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an account has been created in the Rebate Fund.

Amendment Without Consent of Owners. This Fiscal Agent Agreement may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District and the Fiscal Agent an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely

affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

Investment. Moneys in the Rebate Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit will be retained in the Rebate Fund to be used for the purposes thereof.

Certain Covenants of the Authority

Punctual Payment. The Authority will punctually pay or cause to be paid the principal of and interest on, and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

Limited Obligation. The Bonds are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement and the Special Tax Fund

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Authority will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest will be extended or funded, whether or not with the consent of the Authority, such claim for interest so extended or funded will not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which will not have so extended or funded.

Against Encumbrances. The Authority will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien in the Fiscal Agent Agreement created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Books and Records. The Authority will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and to the Special Tax Revenues. Such books of record and accounts will at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners. The Authority will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the Authority, the Bonds will be incontestable by the Authority.

Compliance with Act. The Authority will comply with all applicable provisions of the Act and law in administering the District; provided that the Authority will have no obligation to advance any of its own funds for any purpose whatsoever under the Fiscal Agent Agreement or otherwise with respect to the Bonds.

Collection of Special Tax Revenues. The Authority will comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within five (5) Business Days of each June 1, the Fiscal Agent will provide the Treasurer with a notice stating the amount then on deposit in the Bond Fund (including any amounts in the Capitalized Interest Account or the Special Tax Prepayments Account therein) and the Reserve Fund, and informing the Authority that the Special Taxes may need to be levied pursuant to the Ordinance as necessary to provide for the debt service to become due on the Bonds in the calendar year that commences in the Fiscal Year for which the levy is to be made, and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balance therein equals the Reserve Requirement. The receipt of or failure to receive such notice by the Treasurer will in no way affect the obligations of the Treasurer under the following two paragraphs. Upon receipt of such notice, the Treasurer will communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The Treasurer will effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each July 15 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which the Auditor 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 Treasurer will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The Treasurer will fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under the rebate requirements of the Fiscal Agent Agreement) during such year, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied will not exceed the maximum amounts as provided in the Rate and Method of Apportionment of Special Taxes.

The Special Taxes, when levied, will be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, 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; provided that, pursuant to and in accordance with the Ordinance, the Special Taxes may be collected by means of direct billing of the property owners within the District, in which event the Special Taxes will become delinquent if not paid when due pursuant to said billing.

Covenant to Foreclose. Pursuant to Section 53356.1 of the Act, the Authority covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as provided in the Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph. The Treasurer will notify the Authority Attorney of any such delinquency of which the Treasurer is aware, and the Authority Attorney will commence, or cause to be commenced, such proceedings.

On or about June 15 of each Fiscal Year, the Treasurer will compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the Authority, and:

(A) Individual Delinquencies. If, as of any June 15, the Treasurer determines that any single parcel subject to the Special Tax A in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$7,500.00 or more, then the Treasurer will promptly send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the Authority within 90 days after the notice of delinquency has been sent.

(B) Aggregate Delinquencies. If the Treasurer determines that, as of any June 15, the total amount of delinquent Special Tax for the then current Fiscal Year for the entire District (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the then current Fiscal Year, the Treasurer will promptly notify or cause to be notified property owners who are then delinquent in the payment of Special Tax A (and demand immediate payment of the delinquency), and the Authority will commence foreclosure proceedings within 90 days after the notices of delinquency have been sent.

Notwithstanding the foregoing, the Treasurer may defer any mailing of notices of delinquency or foreclosure action if (i) the amount in the Reserve Fund is at least equal to the Reserve Requirement, and (ii) the amounts then on deposit in the Special Tax Fund and the Bond Fund are sufficient to pay the scheduled debt service due on the Bonds on the succeeding September 1 and March 1 without the need for any draw on the Reserve Fund.

The Treasurer and the Authority Attorney, as applicable, are authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for Authority staff time) in conducting foreclosure proceedings will be an Administrative Expense under the Fiscal Agent Agreement.

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

Continuing Disclosure to Owners. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement will not be considered a default under the Fiscal Agent Agreement; however, any Participating Underwriter or any holder or Beneficial Owner (as defined in the Fiscal Agent Agreement) of Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations thereunder, including seeking mandate or specific performance by court order.

Federal Tax Covenants. Notwithstanding any other provision of the Fiscal Agent Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, The Authority will covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

Private Activity. The Authority will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

Arbitrage. The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

Federal Guaranty. The Authority will make no use of the proceeds of the Bonds or any Parity Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

Hedge Bonds. The Authority will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless The Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds;

Miscellaneous. The Authority will take no action or refrain from taking any action inconsistent with the expectations stated in the Tax Certificate in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Fiscal Agent Agreement; and

Other Tax-Exempt Issues. The Authority will not use proceeds of other tax exempt securities to redeem any Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

Reduction of Special Taxes. The Authority covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in The Authority on Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes) below an amount, for any Fiscal Year, equal to 110% of the aggregate of the Debt Service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

Limits on Special Tax Waivers and Bond Tenders. The Authority covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare any Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the Authority having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

No Additional Bonds. Except as expressly permitted by the parity bond provision of the Fiscal Agent Agreement, the Authority will not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under the Fiscal Agent Agreement; or (B) any amounts in any funds or accounts established under the Fiscal Agent Agreement.

Authority Bid at Foreclosure Sale. The Authority will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the District and that the Special Taxes levied on the property are payable while the Authority owns the property.

Deposit and Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer’s Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer’s Certificate, the Fiscal Agent will invest, to the extent reasonably practicable, any such moneys in Permitted Investments described in clause (h) of the definition thereof in the Fiscal Agent Agreement; provided, however, that any such investment will be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent will have received an Officer’s Certificate specifying a specific money market fund into which the funds will be invested and, if no

such Officer's Certificate is so received, the Fiscal Agent will hold such moneys uninvested. The Treasurer will make note of any investment of funds under the Fiscal Agent Agreement in excess of the yield on the Bonds, so that appropriate actions can be taken to assure compliance with the rebate requirements of the Fiscal Agent Agreement.

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Treasurer will be invested by the Treasurer in any Permitted Investment, which in any event by its terms matures prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the Authority to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent and its affiliates or the Treasurer may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Treasurer will incur any liability for losses arising from any investments made pursuant to the investment provisions of the Fiscal Agent Agreement. The Fiscal Agent will not be required to determine the legality of any investments.

Except as otherwise described in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. The Fiscal Agent will have no duty in connection with the determination of Fair Market Value other than to follow the investment direction of an Authorized Officer in any written direction of any Authorized Officer. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent will not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Treasurer under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Treasurer, as applicable, will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

The Fiscal Agent or the Treasurer, as applicable, will sell at Fair Market Value, or present for redemption, any investment security whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer will be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

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

Limited Obligation. The Authority's obligations under the Fiscal Agent Agreement are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Special Tax Fund, the Bond Fund (including the Capitalized

Interest Account and the Special Tax Prepayments Account therein) and the Reserve Fund created under the Fiscal Agent Agreement.

Liability of Authority

The Authority will not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Authority will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Authority will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the Authority, including the Treasurer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Authority and conforming to the requirements of the Fiscal Agent Agreement. The Authority, including the Treasurer, will not be liable for any error of judgment made in good faith unless it will be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the Authority to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Authority and the Treasurer may rely and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Authority may consult with counsel, who may be the Authority Attorney, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The Authority will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Authority or the Treasurer will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be in the Fiscal Agent Agreement specifically prescribed) may, in the absence of willful misconduct on the part of the Authority, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, an Independent Financial Consultant or a Tax Consultant, and such certificate will be full warrant to the Authority and the Treasurer for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Authority or the Treasurer may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Authority and/or the Treasurer may employ such persons or entities as it deems necessary or advisable. The Authority will not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent

Appointment of Fiscal Agent. U.S. Bank Trust Company, National Association is appointed Fiscal Agent and paying agent for the Bonds under the Fiscal Agent Agreement. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Fiscal Agent Agreement, and no implied covenants or obligations will be read into the Fiscal Agent Agreement against the Fiscal Agent. The permissive rights of the Fiscal Agent to do things enumerated in the Fiscal Agent Agreement will not be construed as a duty and, with respect to such permissive rights, the Fiscal Agent will not be answerable for other than its negligence or willful misconduct.

Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company will be eligible under the following paragraph, will be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Fiscal Agent Agreement to the contrary notwithstanding. The Fiscal Agent will give the Treasurer written notice of any such succession under the Fiscal Agent Agreement.

The Authority may at any time remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor will be a bank, corporation or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Fiscal Agent Agreement, combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the Authority and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the Authority will promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent will become effective upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent will be vested with all rights and powers of its predecessor under the Fiscal Agent Agreement without any further act.

If no appointment of a successor Fiscal Agent will be made pursuant to the foregoing provisions within forty-five (45) days after the Fiscal Agent will have given to the Authority written notice or after a vacancy in the office of the Fiscal Agent will have occurred by reason of its inability to act, the Fiscal Agent or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement will be assumed by and vest in the Treasurer of the Authority in trust for the benefit of the Owners. The Authority covenants for the direct benefit of the Owners that its Treasurer in such case will be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and will assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Fiscal Agent Agreement, in trust for the benefit of the Owners of the Bonds. In such event, the Treasurer may designate a successor Fiscal Agent qualified to act as Fiscal Agent under the Fiscal Agent Agreement.

Liability of Fiscal Agent. The recitals of facts, covenants and agreements in the Fiscal Agent Agreement and in the Bonds contained will be taken as statements, covenants and agreements of the Authority, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Fiscal Agent Agreement or of the Bonds, or will incur any responsibility in respect

thereof, other than in connection with the duties or obligations in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Fiscal Agent Agreement; but in the case of any such certificates or opinions by which any provision of the Fiscal Agent Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent will be under a duty to examine the same to determine whether or not they conform to the requirements of the Fiscal Agent Agreement. Except as provided above in this paragraph, Fiscal Agent will be protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Fiscal Agent Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it will in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Fiscal Agent Agreement, and the Fiscal Agent will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent will not be liable for any error of judgment made in good faith unless it will be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent will be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request or direction of any of the Owners pursuant to the Fiscal Agent Agreement unless such Owners will have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent has no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Fiscal Agent Agreement, or as to the correctness of any amounts received, and its liability will be limited to the proper accounting for such funds as it will actually receive.

The Fiscal Agent may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent will not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Whether or not expressly provided in the Fiscal Agent Agreement, every provision of the Fiscal Agent Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent will extend to the directors, officers and employees of the Fiscal Agent.

The Fiscal Agent will not be required to give any bonds or surety in respect of the execution of the duties created by or the powers granted under the Fiscal Agent Agreement.

The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to the Fiscal Agent Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate are amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions are deemed controlling. The Fiscal Agent will not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of interception and misuse by third parties.

The Fiscal Agent will not be considered in breach of or in default in its obligations under the Fiscal Agent Agreement or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of god or of the public enemy or terrorists, acts of a government, fires, floods, epidemics, pandemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

Information. The Fiscal Agent will provide to the Authority such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement as the Authority will reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund, the Special Tax Fund, the accounts within the Improvement Fund and the Costs of Issuance Fund. Such books of record and accounts will at all times during business hours be subject to the inspection of the Authority and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

Notice to Fiscal Agent. The Fiscal Agent may rely and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Fiscal Agent will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Fiscal Agent will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be in the Fiscal Agent Agreement specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be

deemed to be conclusively proved and established by an Officer's Certificate, and such certificate will be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Compensation, Indemnification. The Authority will pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under the Fiscal Agent Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Fiscal Agent Agreement, but the Fiscal Agent will not have a lien therefor on any funds at any time held by it under the Fiscal Agent Agreement. The Authority further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, expenses, claims or liabilities whatsoever, including without limitation fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Fiscal Agent Agreement which are not due to its negligence or willful misconduct. The obligation of the Authority to the Fiscal Agent under the Fiscal Agent Agreement will survive resignation or removal of the Fiscal Agent under the Fiscal Agent Agreement and payment of the Bonds and discharge of the Fiscal Agent Agreement, but any monetary obligation of the Authority arising thereunder will be limited solely to amounts on deposit in the Administrative Expense Fund.

Modification and Amendment

Amendments Permitted. The Fiscal Agent Agreement and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment will (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Authority to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Authority of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Owners of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or (iii) reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the Authority and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Authority in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the Authority;

(B) to make modifications not adversely affecting any Outstanding series of Bonds of the Authority in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the Authority or the Fiscal Agent may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which will not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to the Fiscal Agent Agreement.

The Fiscal Agent may in its discretion, but will not be obligated to, enter into any such Supplemental Agreement authorized by this Section which materially adversely affects the Fiscal Agent's own rights, duties or immunities under this Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto.

Owners' Meetings. The Authority may at any time call a meeting of the Owners. In such event the Authority is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Procedure for Amendment with Written Consent of Owners. The Authority and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided in the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, will be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request will not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement will not become effective unless there will be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the then Bond Obligation (exclusive of Bonds disqualified as provided in Section 8.04) and a notice will have been mailed as provided in the Fiscal Agent Agreement. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof will be such as is permitted by the Fiscal Agent Agreement. Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice provided for in the Fiscal Agent Agreement has been mailed.

After the Owners of the required percentage of Bonds will have filed their consents to the Supplemental Agreement, the Authority will mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice will not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice will be filed with the Fiscal Agent. A record, consisting of the papers required by the Fiscal Agent Agreement to be filed with the Fiscal Agent, will be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement will become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement will be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Authority and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds. Bonds owned or held for the account of the Authority, excepting any pension or retirement fund, will not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Fiscal Agent Agreement, and will not be entitled to vote upon, consent to, or take any other action provided for in the Fiscal Agent Agreement; provided, however, that the Fiscal Agent will not be deemed to have knowledge that any Bond is owned or held by the Authority unless the Authority is the registered Owner or the Fiscal Agent has received written notice that any other registered Owner is an Owner for the account of the Authority.

Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective, the Fiscal Agent Agreement will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Fiscal Agent Agreement of the Authority and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced under the Fiscal Agent Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement will be deemed to be part of the terms and conditions of the Fiscal Agent Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments. The Authority may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Fiscal Agent Agreement will bear a notation, by endorsement or otherwise, in form approved by the Authority, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the Authority may select and designate for that purpose, a suitable notation will be made on such Bond. The Authority may determine that new Bonds, so modified as in the opinion of the Authority is necessary to conform to such Owners' action, will be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds will be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Amendatory Endorsement of Bonds. The provisions of this Article VIII will not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Miscellaneous

Discharge of Agreement. The Authority will have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest on, and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent cash and Federal Securities in such amount as the Authority will determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the Authority will have taken any of the actions specified above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption will have been given as in provided in the Fiscal Agent Agreement or provision satisfactory to the Fiscal Agent will have been made for the giving of such notice, then, at the election of the Authority, and notwithstanding that any Bonds will not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the Authority under the Fiscal Agent Agreement with respect to such Bonds Outstanding will cease and terminate. Notice of such election will be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the Authority to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and

otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, will continue in any event.

Upon compliance by the Authority with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, will be paid over to the Authority and any Special Taxes thereafter received by the Authority will not be remitted to the Fiscal Agent but will be retained by the Authority to be used for any purpose permitted under the Act.

Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which the Fiscal Agent Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and will be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the ownership of registered Bonds and the amount, maturity, number and date of holding the same will be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond will bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or the Fiscal Agent in good faith and in accordance therewith.

Waiver of Personal Liability. No Boardmember, Councilmember, officer, official, agent or employee of the Authority, the City or the District will be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing in the Fiscal Agent Agreement contained will relieve any such Boardmember, Councilmember, officer, official, agent or employee from the performance of any official duty provided by law.

State Reporting Requirements. The following requirements will apply to the Bonds, in addition to those requirements under the Fiscal Agent Agreement.

(A) Annual Reporting. Not later than October 30 of each calendar year, beginning with the October 30, 2026, and in each calendar year thereafter until the October 30 following the final maturity of the 2025 Bonds, the Treasurer will cause the information required by California Government Code Section 53359.5(b) to be supplied to CDIAC. The annual reporting will be made using such form or forms as may be prescribed by CDIAC.

No later than January 31 of each calendar year, the City agrees to provide to CDIAC the annual report information required by Section 8855(k)(1) of the California Government Code. Such annual report will be made using such form or forms as may be prescribed by CDIAC.

Additionally, no later than January 31 of each calendar year, the City agrees to provide to the California State Controller, Division of Accounting and Reporting, the annual report information required by Section 12463.2 of the California Government Code.

(A) Other Reporting. If at any time the Fiscal Agent fails to pay principal and interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal and

interest on the Bonds, the Fiscal Agent will notify the Treasurer of such failure or withdrawal in writing. The Treasurer will notify CDIAC and the Original Purchaser of such failure or withdrawal within 10 days of such failure or withdrawal, and the Authority will provide notice under the Continuing Disclosure Agreement of such event as required thereunder.

(B) Special Tax Reporting. The Treasurer will file a report with the Authority no later than January 1, 2026, and at least once each year thereafter, which annual report will contain: (i) the amount of Special Taxes collected and expended with respect to the District, (ii) the amount of Bond proceeds collected and expended with respect to the District, and (iii) the status of the Project. It is acknowledged that the Special Tax Fund and the Special Tax Prepayments Account are the accounts into which Special Taxes collected on the District will be deposited for purposes of Section 50075.1(c) of the California Government Code, and the funds and accounts listed in Section 4.01 are the funds and accounts into which Bond proceeds will be deposited for purposes of Section 53410(c) of the California Government Code, and the annual report described in the preceding sentence is intended to satisfy the requirements of Sections 50075.1(d), 50075.3 and 53411 of the California Government Code.

(C) Amendment. The reporting requirements of the Fiscal Agent Agreement will be amended from time to time, without action by the Authority or the Fiscal Agent (i) with respect to subparagraphs (A) and (B) above, to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act, and (ii) with respect to subparagraph (C) above, to reflect any amendments to Section 50075.1, 50075.3, 53410 or 53411 of the California Government Code. Notwithstanding the foregoing, any such amendment will not, in itself, affect the Authority's obligations under the Continuing Disclosure Agreement. The Authority will notify the Fiscal Agent in writing of any such amendments which affect the reporting obligations of the Fiscal Agent under the Fiscal Agent Agreement.

(D) No Liability. None of the Authority and its officers, agents and employees, the Treasurer or the Fiscal Agent will be liable for any inadvertent error in reporting the information required by the Fiscal Agent Agreement.

The Treasurer will provide copies of any of such reports to any Bondowner upon the written request of a Bondowner and payment by the person requesting the information of the cost of the Authority to produce such information and pay any postage or other delivery cost to provide the same, as determined by the Treasurer. The term "Bondowner" for purposes of the Fiscal Agent Agreement will include any Beneficial Owner (as defined in the Fiscal Agent Agreement) of the Bonds.

Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of the Fiscal Agent Agreement will for any reason be held illegal or unenforceable, such holding will not affect the validity of the remaining portions of the Fiscal Agent Agreement. The Authority hereby declares that it would have adopted the Fiscal Agent Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of the Fiscal Agent Agreement may be held illegal, invalid or unenforceable.

Unclaimed Moneys. Anything contained in the Fiscal Agent Agreement to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys was held by the Fiscal Agent at such date, will be repaid by the Fiscal Agent to the Authority as its absolute property free from any pledge or lien under the Fiscal Agent Agreement, and the Fiscal Agent will thereupon be released and discharged with respect thereto and the Owners will look only to the Authority for the payment of the principal of, and interest and any premium on, such Bonds. Any right of any Owner to look to the Authority for such payment will survive only so long as required under applicable law.

Applicable Law. The Fiscal Agent Agreement will be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Conflict with Act. In the event of a conflict between any provision of the Fiscal Agent Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act will prevail over the conflicting provision of the Fiscal Agent Agreement.

Conclusive Evidence of Regularity. Bonds issued pursuant to the Fiscal Agent Agreement will constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to the Fiscal Agent Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest will accrue for the period from and after such date.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

_____, 2025

Board of Directors
Temecula Public Financing Authority
41000 Main Street
Temecula, California 92589-9033

OPINION: \$ _____ *Temecula Public Financing Authority Community Facilities District 23-02
(Prado) 2025 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Temecula Public Financing Authority (the “Authority”) taken in connection with the issuance by the Authority, for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “District”), of its Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) 2025 Special Tax Bonds (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations and certifications of fact made by the Authority, the City of Temecula (the “City”) and the District, the initial purchaser of the Bonds, and others and the opinion of counsel to the Authority. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California) (the “Act”), that certain Fiscal Agent Agreement dated as of October 1, 2025 (the “Fiscal Agent Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association, as Fiscal Agent, and an authorizing resolution adopted by the Board of Directors of the Authority (the “Board”) on September 23, 2025 (the “Resolution”). Capitalized terms not defined herein shall have the meaning set forth in the Fiscal Agent Agreement.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, 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 preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bonds and the Fiscal Agent Agreement.

We call attention to the fact that the rights and obligations under the Bonds and the Fiscal Agent Agreement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

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

(1) The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Fiscal Agent Agreement.

(2) The Fiscal Agent Agreement has been duly executed and delivered by the Authority, for an on behalf of the District. The Fiscal Agent Agreement creates a valid pledge of, and the Bonds are secured by, the Special Tax Revenues and the amounts on deposit in certain funds and accounts established under the Fiscal Agent Agreement to secure the Bonds, as and to the extent provided in the Fiscal Agent Agreement. The Fiscal Agent Agreement constitutes the valid and binding agreement of the Authority and is enforceable against the Authority in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the Authority, for and on behalf of the District, contained in the Fiscal Agent Agreement, to levy Special Taxes for the payment of Administrative Expenses.

(3) Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

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

(6) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the Authority, the City, and the District and are subject to the condition that the Authority, the City and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax

purposes retroactive to the date of issuance of the Bonds. The Authority, the City and the District each has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Fiscal Agent Agreement and the Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion herein as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

Our opinion is limited to matters governed by the laws of the State of California and federal income tax law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

By delivering this opinion, we are not expressing any 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 Bonds or the Fiscal Agent Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Fiscal Agent Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel terminates upon the issuance of the Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement and any other offering material relating to the Bonds.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE AUTHORITY

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of October 1, 2025, is by and between WEBB MUNICIPAL FINANCE, LLC, as dissemination agent (the “Dissemination Agent”), and the TEMECULA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”).

RECITALS:

WHEREAS, the Authority has issued, for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “District”), its Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) 2025 Special Tax Bonds (the “Bonds”); and

WHEREAS, the Bonds have been issued pursuant to a Fiscal Agent Agreement, dated as of October 1, 2025 (the “Fiscal Agent Agreement”), by and between U.S. Bank Trust Company, National Association, as fiscal agent, and the Authority, for and on behalf of the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

“*Disclosure Representative*” means the Treasurer, or such person’s designee, or such other officer or employee of the Authority as the Authority shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means Webb Municipal Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“EMMA” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the Official Statement, dated _____, 2025, relating to the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the 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.

“*Significant Event*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Authority shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the Authority, commencing with the report for the 2024-25 fiscal year, which is due not later than March 1, 2026, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Authority’s fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b), and subsequent Annual Report filings shall be made no later than six months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA), the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Authority.

(d) *Report of Non-Compliance.* If the Authority is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Authority shall in a timely manner send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Authority is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice in a timely manner to EMMA in substantially the form attached hereto as Exhibit A in a timely manner.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. (a) *Financial Statements.* The Annual Report for each fiscal year commencing with the Annual Report for the 2024-25 fiscal year, shall contain or incorporate by reference audited financial statements of the Authority for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year commencing with fiscal year 2024-25 shall also include the following information:

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in each of the accounts within the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) A table similar to Table 3 in the Official Statement (which shows Value-to-Lien by property owner) substituting the most recent County Assessed Values (if an appraisal not more than 120 days old is not available), except that the Authority may aggregate property owners that individually own property allocated less than two percent (2%) of the outstanding principal of the 2025 Bonds.

(v) A table setting forth the annual aggregate Special Tax levy in the District for the most recent two Fiscal Years, and the number of parcels with delinquent Special Tax A, and the amount and percentage of the overall Special Tax A levy for the delinquent parcels, and an update of prior years' delinquencies as of a date not more than ninety (90) days prior to the date of the Annual Report.

(vi) A table similar to Table 4 in the Official Statement summarizing for the then current Fiscal Year the value-to-lien ratio of the parcels in the District subject to the levy of Special Tax A using the most recently available County assessed values.

(vii) The status of foreclosure proceedings for any parcels within the District on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(viii) The identity of any property owner representing more than five percent (5%) of the annual Special Tax A levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the County Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, the number of parcels so delinquent, and the total dollar amount of all such delinquencies.

(ix) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 9.07(A) of the Fiscal Agent Agreement.

(c) *Cross References.* 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 Authority or related public entities, which are available to the public on EMMA. The Authority shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Authority shall 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.

Section 5. Reporting of Significant Events.

(a) The Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or other obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the Authority or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority or other obligated person, any of which affect security holders, if material; or

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

(b) The Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

(c) The Authority acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(vi) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Authority determines the event’s occurrence is material for purposes of U.S. federal securities law. The Authority intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018), or any further guidance or releases provided by Securities and Exchange Commission.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority or other obligated person in a proceeding under the United States 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 Authority or other obligated person, or if such jurisdiction has been assumed by leaving the existing governing 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 Authority or other obligated person.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority’s obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Webb Municipal Finance, LLC.

If the Dissemination Agent is not the Authority, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure

Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Authority.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder as agreed to between the Dissemination Agent and the Authority from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Authority, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the Authority or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Authority. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Authority to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Authority under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Authority that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

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

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

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the Authority shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Significant Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison

(in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority 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 of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Significant Event.

Section 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. 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.

TEMECULA PUBLIC FINANCING
AUTHORITY

By: _____
Aaron Adams,
Executive Director

WEBB MUNICIPAL FINANCE, LLC, as
Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Temecula Public Financing Authority

Name of Bond Issue: Temecula Public Financing Authority Community Facilities District No. 23-02
(Prado) 2025 Special Tax Bonds

Date of Issuance: October __, 2025

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.11 of the Fiscal Agent Agreement, dated as of October 1, 2025, between the Obligor and U.S. Bank Trust Company, National Association, as fiscal agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: Webb Municipal Finance, LLC, as
Dissemination Agent

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE DEVELOPER

This Developer Continuing Disclosure Certificate (the “Disclosure Certificate”) dated as of October 1, 2025 is executed and delivered by Meritage Homes of California, Inc., a California corporation (the “Landowner”) in connection with the issuance by Temecula Public Financing Authority (the “Authority”), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) (the “District”), of the Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado) 2025 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to the Fiscal Agent Agreement dated as of October 1, 2025 (the “Fiscal Agent Agreement”) by and between the Authority and U.S. Bank Trust Company National Association, as fiscal agent (the “Fiscal Agent”). The Landowner covenants and agrees as follows:

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

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

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

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

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

“District” shall mean Temecula Public Financing Authority Community Facilities District No. 23-02 (Prado).

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

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

“Official Statement” shall mean the Official Statement, dated _____, 2025, relating to the Bonds.

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

“Property” means the real property within the boundaries of the District that is owned by the Landowner or any Affiliate.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission as a repository of disclosure information. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Semiannual Report” shall mean any report to be provided by the Landowner on or prior to June 15 and December 15 of each year, commencing with the Semiannual Report due December 15, 2025, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“State” shall mean the State of California.

“Underwriter” shall mean the original underwriter of the Bonds, which is Stifel, Nicolaus & Company, Incorporated.

SECTION 3. Provision of Semiannual Reports.

(a) The Landowner shall, or upon receipt of the Semiannual Report the Dissemination Agent shall, not later than June 15 and December 15 of each year, commencing December 15, 2025, provide to the Repository the Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, June 15 or December 15 falls on a Saturday, Sunday or a federal holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday or federal holiday. The Semiannual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is different from the Landowner, then not later than 15 calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Landowner shall provide the Semiannual Report to the Dissemination Agent (if different from the Landowner), and shall provide a written certification with (or included as a part of) each Semiannual Report furnished to the Dissemination Agent, the Underwriter, and the Authority to the effect that such Semiannual Report constitutes the Semiannual Report required to be furnished by it under this Disclosure Certificate. If the Dissemination Agent (if different from the Landowner) does not receive a Semiannual Report from the Landowner and cannot verify that a Semiannual Report has been filed with the Repository by 15 calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Dissemination Agent shall send a reminder notice to the Landowner that the Semiannual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Landowner to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Significant Event (pursuant to Section 5 below).

(c) If the Landowner does not provide, or cause the Dissemination Agent to provide, a Semiannual Report to the Repository on or prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Dissemination Agent shall send, in a timely manner, a notice to the Repository of the failure to file the Semiannual Report in the form required by the Repository.

(d) The Dissemination Agent shall:

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

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

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

SECTION 4. Content of Semiannual Reports.

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

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

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

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

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

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

6. Information regarding any failure by the Landowner or any of its Affiliates to pay any real property taxes (including Special Taxes) levied on any Property owned by the Landowner or any Affiliates.

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Landowner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) as soon as practicable after the occurrence of any of the following events:

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

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

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

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

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

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

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

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

(c) If the Landowner determines that knowledge of the occurrence of a Significant Event would be material under applicable federal securities laws, the Landowner shall promptly file or cause the Dissemination Agent to file a notice of such occurrence with the Repository, with a copy to the Authority.

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

- (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or
- (b) the date on which, the Landowner has conveyed 190 or more of the residential units in the District to individual homeowners.

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

SECTION 7. Dissemination Agent. The Landowner may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Landowner, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Landowner pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing (i) thirty days written notice to the Landowner and (ii) upon appointment of a new Dissemination Agent hereunder.

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

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

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

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

SECTION 10. Default. In the event of a failure of the Landowner or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Underwriter or any owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Landowner or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure

of the Landowner or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Landowner, the Underwriter, owners of the Bonds or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Landowner or an opinion of nationally recognized bond counsel. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent may conclusively rely upon the Semiannual Report provided to it by the Landowner as constituting the Semiannual Report required of the Landowner in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. The Dissemination Agent shall have no duty to prepare the Semiannual Report nor shall the Dissemination Agent be responsible for filing any Semiannual Report not provided to it by the Landowner in a timely manner in a form suitable for filing with the Repositories. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

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

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

Authority:	Temecula Public Financing Authority c/o City of Temecula 41000 Main Street Temecula, CA 92590 Attention: Director of Finance
Landowner:	Meritage Homes 5 Peters Canyon Road, Suite 310 Irvine, California 92606 Attention: Forward Planning Manager Email: nicholas.harris@meritagehomes.com Telephone: (949) 372-3315
Underwriter:	Stifel, Nicolaus & Company, Incorporated 2121 Avenue of the Stars, Suite 2150 Los Angeles, CA 90067 Attention: Public Finance Department Email: sbrown@stifel.com

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

MERITAGE HOMES OF CALIFORNIA, INC., a
California corporation

By: _____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F has been provided by The Depository Trust Company (“DTC”), New York, NY, for use in securities offering documents, and the Authority does not take responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2025 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2025 Bonds, payment of principal, interest and other payments on the 2025 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2025 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC 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.

Neither the Authority as the issuer of the 2025 Bonds (the “Issuer”) nor the fiscal agent or paying agent appointed with respect to the 2025 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2025 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2025 Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need

for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). On August 8, 2011, Standard & Poor’s downgraded its rating of DTC from AAA to 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX H
APPRAISAL REPORT

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Appraisal of Real Property

Prado

Detached Condominium Project
Campos Ricos Rd.
Temecula, Riverside County, California 92591

Prepared For:

City of Temecula

Date of the Report:

August 29, 2025

Report Format:

Appraisal Report

IRR - Los Angeles

File Number: 219-2025-0079

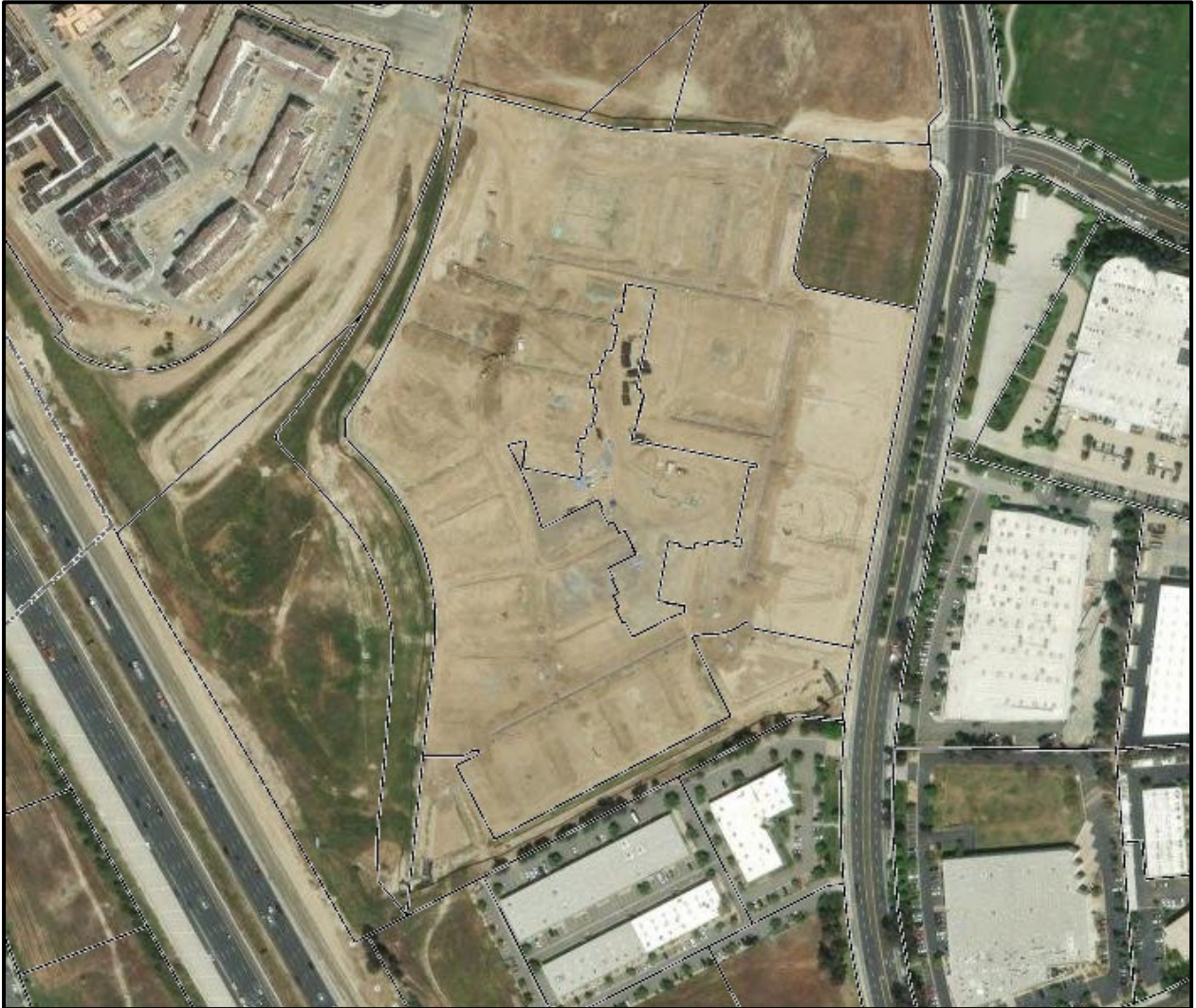


Subject Photographs



Prado
Campos Ricos Rd.
Temecula, California

Aerial Photograph





August 29, 2025

Luke Watson
Deputy City Manager
City of Temecula
41000 Main Street
Temecula, CA 92590

SUBJECT: Market Value Appraisal
 Prado
 Campos Ricos Rd.
 Temecula, Riverside County, California 92591
 IRR - Los Angeles File No. 219-2025-0079

Dear Mr. Watson:

Integra Realty Resources – Los Angeles is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, subject to a hypothetical condition, pertaining to the fee simple interest in the property, as well as the aggregate, or cumulative, value of the appraised properties. The client for the assignment is City of Temecula and the intended use of the report is for bond underwriting purposes.

The purpose of the Appraisal Report is to develop an opinion of the market value, subject to a hypothetical condition, pertaining to the fee simple interest in the taxable properties within the boundaries of the City of Temecula Community Facilities District No. 23-02 (Prado) under the conditions and assumptions set forth in the attached Appraisal Report. The appraised properties represent the taxable parcels subject to the lien of the Special Taxes of CFD No. 23-02. The subject consists of 237 detached condominium lots being developed by Meritage Homes with four floor plans further described herein. As of the effective appraisal date, site development work is nearly complete at the project, and vertical construction is well underway. Permits and impact fees have been paid for 131 lots and 59 completed homes have transferred to individual homebuyers. We have been requested to provide a market value of the appraised properties by ownership, as well as a cumulative, or aggregate, value of the properties, as of the date of value. The market value accounts for the impact of the Lien of the Special Tax securing the City of Temecula

Community Facilities District No. 23-02, Special Tax Bonds. A more detailed legal and physical description of the subject property is contained within the attached report.

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

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

Based on the valuation analysis in the accompanying Appraisal Report, and subject to the hypothetical condition, definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion(s) of value, as of the date of value, August 4, 2025, is as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate of Appraised Values	Fee Simple	August 4, 2025	\$83,935,000

Extraordinary Assumptions and Hypothetical Conditions

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

(None)

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

1. The value derived herein is based on the hypothetical condition that certain impact fees to be financed by the CFD No. 23-02 Special Tax Bonds have been paid.

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

The opinions of value represent a "not-less-than" value due to the fact we were requested to provide a market value for each of the subject's base floor plans without a complete assessed improvement value reflected on the County of Riverside Assessor's Tax Roll.

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



Luke Watson
City of Temecula
August 29, 2025
Page 3

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

Respectfully submitted,

Integra Realty Resources - Los Angeles



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Executive Summary

Property Name	Prado
Address	Campos Ricos Rd. Temecula, Riverside County, California 92591
Property Type	Detached Condominium Project - Residential Land
Owner of Record	Meritage Homes of California, Inc., Individual Homeowners
Tax ID	916-400-051, 916-400-052, 916-400-053, 916-400-063, 916-400-067, 916-400-066
Land Area	28.71 acres; 1,250,738 SF
Zoning Designation	SP-13, Harveston Specific Plan
Highest and Best Use	Single family residential
Exposure Time; Marketing Period	6 - 9 months; 6 - 9 months
Effective Date of the Appraisal	August 4, 2025
Date of the Report	August 29, 2025
Property Interest Appraised	Fee Simple
Aggregate of Appraised Values	\$83,935,000 (\$354,156/Lot)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Temecula and associated Finance Team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

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

(None)

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

1. The value derived herein is based on the hypothetical condition that certain impact fees to be financed by the CFD No. 23-02 Special Tax Bonds have been paid.

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

Identification of the Appraisal Problem

Subject Description

The purpose of the Appraisal Report is to develop an opinion of the market value, subject to a hypothetical condition, pertaining to the fee simple interest in the taxable properties within the boundaries of the City of Temecula Community Facilities District No. 23-02 (Prado) under the conditions and assumptions set forth in the attached Appraisal Report. The appraised properties represent the taxable parcels subject to the lien of the Special Taxes of CFD No. 23-02. The subject consists of 237 detached condominium lots being developed by Meritage Homes with four floor plans further described herein. As of the effective appraisal date, site development work is nearly complete at the project, and vertical construction is well underway. Permits and impact fees have been paid for 131 lots and 59 completed homes have transferred to individual homebuyers. We have been requested to provide a market value of the appraised properties by ownership, as well as a cumulative, or aggregate, value of the properties, as of the date of value. The market value accounts for the impact of the Lien of the Special Tax securing the City of Temecula Community Facilities District No. 23-02, Special Tax Bonds. A legal description of the property is provided in the addenda.

Property Identification

Property Name	Prado
Address	Campos Ricos Rd. Temecula, California 92591
Tax ID	916-400-051, 916-400-052, 916-400-053, 916-400-063, 916-400-067, 916-400-066
Owner of Record	Meritage Homes of California, Inc., Individual Homeowners

Appraised Property Summary by Ownership

Owner	Partially Completed Lots	Improved SFR Lots	Partially Completed Homes	Completed Homes*	Total
Individual Homeowners	--	--	--	59	59
Meritage Homes of California, Inc.	--	130	45	3	178
TOTAL	0	130	45	62	237

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

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	August 29, 2023
Seller	CRP/AHV Prado Owner, LLC
Buyer	Meritage Homes of California, Inc.
Sale Price	\$37,000,000
Recording Instrument Number	2023-0255842

The purchase is an arm's-length transaction with no unusual motivations. Considering the condition of the lots at the time of the sale (tentatively mapped), the prior arm's-length transaction is a reasonable indicator of the subject's market value, as of the date of purchase. The previous sale of the subject property is not consistent with current market value, given the improvements made after the sale, which include site development work and permits and fees paid. Furthermore, the hypothetical condition on which the valuation is premised reflects a project condition different from the conditions as of the date of the prior sale.

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

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

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, some individual homes that are under construction are in contract from the homebuilder to individual homeowners.

Appraisal Purpose

The purpose of this Appraisal Report is to estimate the market value (fee simple estate), by Assessor's parcel, and the cumulative, or aggregate value of the appraised properties comprising CFD No. 23-02 (Prado), subject to the hypothetical condition certain impact fees to be financed by the Special Tax Bonds have been paid as of the effective date of the appraisal, August 4, 2025. The date of the report is August 29, 2025. The appraisal is valid only as of the stated effective date. The home values are based on a "not-less-than" value for each floor plan, without consideration for upgrades and lot premiums. Further, we have been asked to exclude any contributory value of unfinished homes, but consider the value of permits and impact fees paid for lots with either construction underway or not yet begun.

Value Type Definitions

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

Market Value

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

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

Property Rights Definitions

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

Fee Simple Estate

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

Client and Intended User(s)

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

Intended Use

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

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;

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

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

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

Report Format

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

Prior Services

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

Appraiser Competency

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

Scope of Work

Introduction

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

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

Research and Analysis

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

Subject Property Data Sources

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

Inspection

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

Property Inspection		
Party	Inspection Type	Inspection Date
Kevin Ziegenmeyer, MAI	On-site	July 21, 2025
Eric Segal, MAI	On-site	August 1, 2025
Laura Diaz, MAI	None	N/A

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation begins by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on each of the subject's four floor plans. The market value of the subject lots is estimated by employing the sales comparison approach to value and land residual analysis, a discounted cash flow analysis that considers home prices and costs, leading to an estimate of residual land value. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value was concluded. The two approaches are then reconciled into an opinion of market value per improved lot.

This appraisal will utilize the term **"improved lot"** to denote a residential lot that has all off-sites and on-sites in place, and includes any impact fees due up until building permit. Building permits and fees due at building permit are excluded for finished lot. Terminology for this type of improved lot can vary by market area, and is sometimes referred to as a "loaded lot".

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

Economic Analysis

Riverside County Area Analysis

Riverside County is located in Southern California's Inland Empire region and represents one of the fastest-growing counties in the state. It is 7,209 square miles in size and has a population density of 344 persons per square mile. The area is characterized by a diverse economy driven by logistics, warehousing, manufacturing, healthcare, education, and tourism, with strong connections to neighboring Los Angeles, Orange, and San Diego counties. Riverside County benefits from its strategic location along major transportation corridors, including Interstates 10, 15, and 215, as well as proximity to regional rail lines and international airports. Community amenities include numerous parks, recreational areas, higher education institutions, and regional attractions such as the Coachella Valley, wine country, and resort destinations. Continued population growth, relatively affordable housing compared to coastal markets, and an expanding industrial base have contributed to increased demand across residential, commercial, and industrial real estate sectors.

Population

Riverside County has an estimated 2025 population of 2,478,161, which represents an average annual 0.5% increase over the 2020 census of 2,418,185. Riverside County added an average of 11,995 residents per year over the 2020-2025 period, and its growth in population contrasts with the State of California which had a 0.3% average annual decrease in population over this time.

Looking forward, Riverside County's population is projected to increase at a 0.2% annual rate from 2025-2030, equivalent to the addition of an average of 5,364 residents per year. Riverside County's growth contrasts with California, which is projected to decline at a 0.1% rate.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2025 Estimate	2030 Projection	2020 - 2025	2025 - 2030
Riverside County	2,418,185	2,478,161	2,504,979	0.5%	0.2%
California	39,538,223	38,870,482	38,763,700	-0.3%	-0.1%

Source: Claritas

Employment

Total employment in Riverside County was estimated at 843,913 jobs at year-end 2024. Between year-end 2014 and 2024, employment rose by 202,176 jobs, equivalent to a 31.5% increase over the entire period. There were gains in employment in nine out of the past ten years. Riverside County's rate of employment growth over the last decade surpassed that of California, which experienced an increase in employment of 13.3% or 2,140,994 jobs over this period.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Riverside County	% Change	California	% Change	Riverside County	California
2014	641,737		16,089,814		8.3%	7.6%
2015	680,905	6.1%	16,606,038	3.2%	6.7%	6.2%
2016	706,809	3.8%	16,930,563	2.0%	6.2%	5.5%
2017	732,428	3.6%	17,263,084	2.0%	5.4%	4.8%
2018	753,119	2.8%	17,573,378	1.8%	4.5%	4.3%
2019	781,240	3.7%	17,857,719	1.6%	4.3%	4.1%
2020	740,727	-5.2%	16,401,290	-8.2%	10.2%	10.2%
2021	791,327	6.8%	17,641,250	7.6%	7.4%	7.3%
2022	809,945	2.4%	18,066,913	2.4%	4.3%	4.3%
2023	826,900	2.1%	18,146,497	0.4%	4.8%	4.7%
2024	843,913	2.1%	18,230,808	0.5%	5.3%	5.3%
Overall Change 2014-2024	202,176	31.5%	2,140,994	13.3%		
Avg Unemp. Rate 2014-2024					6.1%	5.8%
Unemployment Rate - April 2025					4.9%	5.0%

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

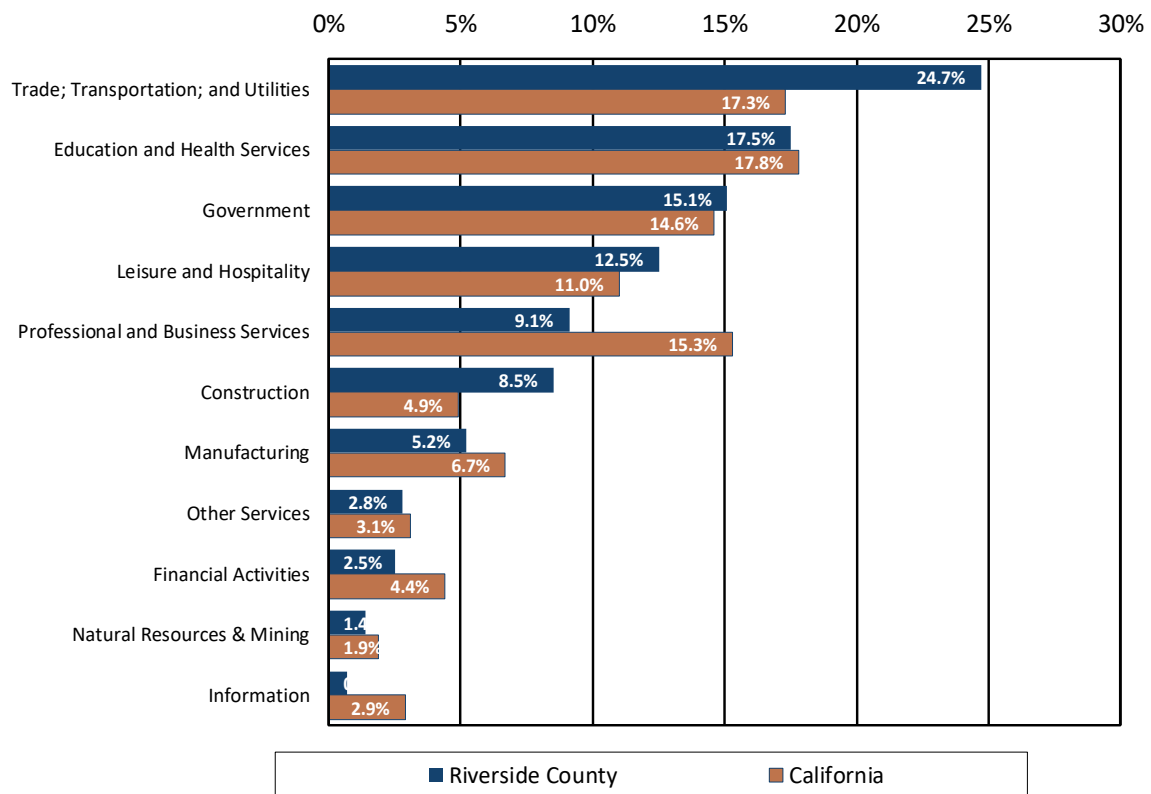
A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Riverside County unemployment rate has been generally higher than that of California, with an average unemployment rate of 6.1% in comparison to a 5.8% rate for California.

Recent data shows that the Riverside County unemployment rate is 4.9% in comparison to a 5.0% rate for California, a positive sign that is consistent with the fact that Riverside County has outperformed California in the rate of job growth over the past two years.

Employment Sectors

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

Employment Sectors - 2024



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

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

1. Trade; Transportation; and Utilities, representing 24.7% of the Riverside County payroll employment compared to 17.3% for California as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Construction, representing 8.5% of the Riverside County payroll employment compared to 4.9% for California as a whole. This sector includes construction of buildings, roads, and utility systems.

Riverside County is underrepresented in the following sectors:

1. Professional and Business Services, representing 9.1% of the Riverside County payroll employment compared to 15.3% for California as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

Major Employers

Major employers in Riverside County are shown in the following table.

Major Employers - Riverside County		
	Name	Number of Employees
1	County of Riverside	23,772
2	Amazon	14,317
3	University of California, Riverside	8,593
4	State of California	8,398
5	Walmart	6,465
6	Moreno Valley Unified School District	6,020
7	Kaiser Permanente Riverside Medical Center	5,817
8	Riverside Unified School District	5,431
9	Mt. Jacinto College	4,638
10	Stater Bros	4,990
11	Marie Callendar Wholesalers, Inc	4,454
12	Temecula Valley Unified School District	4,022
13	Eisenhower Medical Center	4,001
14	Pechanga Resort and Casino	4,000
15	Hemet Unified School District	3,960
16	Home Depot	3,549
17	Murrieta Valley Unified School District	3,552
18	Starcrest of California	3,450
19	McDonalds	3,405
20	Palm Springs Unified School District	3,328

Source: Riverside County Economic Development Agency; source cited as "Data Axle, Econovue, Websites, and Public Records, 2024"

Gross Domestic Product

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

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Riverside County than California overall during the past decade. Riverside County has grown at a 3.0% average annual rate while the State of California has grown at a 3.3% rate. Riverside County continues to underperform California. GDP for Riverside County rose by 1.4% in 2023 while California's GDP rose by 2.0%.

Riverside County has a per capita GDP of \$39,496, which is 52% less than California's GDP of \$82,877. This means that Riverside County industries and employers are adding relatively less value to the economy than their counterparts in California.

Gross Domestic Product

Year	(\$,000s) Riverside County	% Change	(\$,000s) California	% Change
2013	73,802,348	—	2,340,335,300	—
2014	76,101,228	3.1%	2,428,675,700	3.8%
2015	79,908,186	5.0%	2,545,979,500	4.8%
2016	81,899,120	2.5%	2,623,711,700	3.1%
2017	84,070,198	2.7%	2,740,550,300	4.5%
2018	87,407,109	4.0%	2,850,970,300	4.0%
2019	90,816,468	3.9%	2,969,609,000	4.2%
2020	89,428,650	-1.5%	2,933,320,200	-1.2%
2021	95,104,339	6.3%	3,154,188,600	7.5%
2022	97,560,909	2.6%	3,184,007,800	0.9%
2023	98,880,553	1.4%	3,248,656,600	2.0%
Compound % Chg (2013-2023)		3.0%		3.3%
GDP Per Capita 2023	\$39,496		\$82,877	

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

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

Household Income

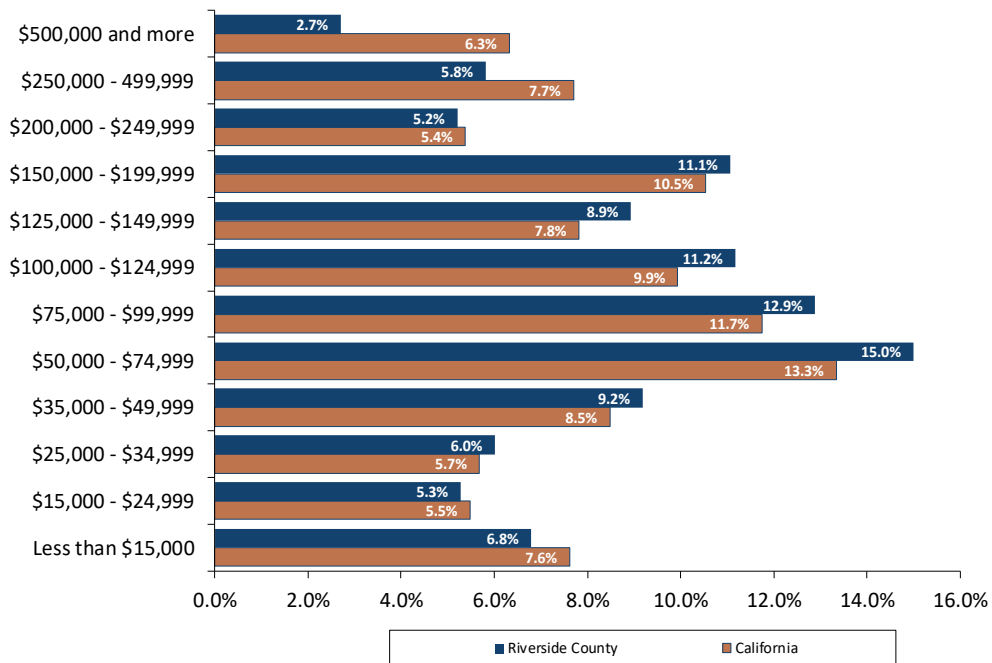
Riverside County has a lower level of household income than California. Median household income for Riverside County is \$89,604, which is 5.4% less than the corresponding figure for California.

Median Household Income - 2025

	Median
Riverside County	\$89,604
California	\$94,758
Comparison of Riverside County to California	- 5.4%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Riverside County has a greater concentration of households in the middle income levels than California. Specifically, 48% of Riverside County households are between the \$50,000 - \$150,000 levels in household income as compared to 43% of California households. A lesser concentration of households is apparent in the higher income levels, as 25% of Riverside County households are at the \$150,000 or greater levels in household income versus 30% of California households.

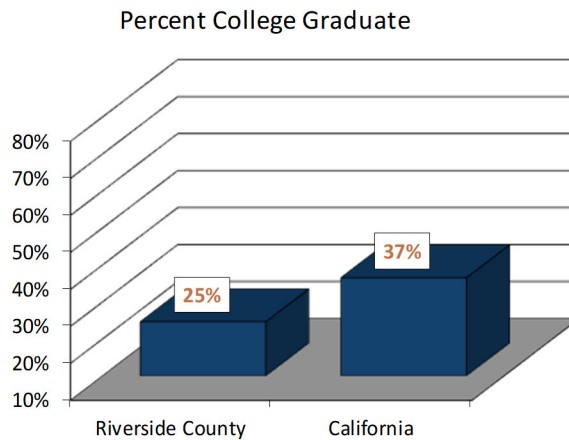
Household Income Distribution - 2025

Source: Claritas

Education Levels

Residents of Riverside County have a lower level of educational attainment than those of California. An estimated 25% of Riverside County residents are college graduates with four-year degrees, versus 37% of California residents.

Education Levels - 2025



Source: Claritas

Transportation

Access to and through Riverside County is provided by several major routes, including the 10, 15 and 215 Freeways, as well as State Routes 60, 62, 74, 79, 86, 91, 111 and 243. The 10 Freeway is the primary east-west connector while the 15 and 215 Freeways are the primary north-south routes. The 91 Freeway provides travel from the Inland Empire to Los Angeles County and Orange County, via the 55 Freeway.

The 10 Freeway is a major east-west route in Southern California, connecting the Pacific coast (Santa Monica) with the Arizona state line before traveling further east through the southern states and terminating in Jacksonville, Florida. The 10 Freeway links the coast of California, from the City of Santa Monica, Los Angeles and San Bernardino Counties, with Riverside County and the desert cities of the Coachella Valley.

As a primary north-south connector, the 15 Freeway connects the counties of San Bernardino, Riverside and San Diego. The route extends north through Nevada, Arizona, Utah, Idaho and Montana to the Canadian border. The 15 Freeway is a major thoroughfare for traffic between San Diego and the Inland Empire, as well as between Southern California and Las Vegas, Nevada. The 215 Freeway comprises approximately 55 miles of interstate highway in the Inland Empire, generally traveling parallel with the 15 Freeway. The southern terminus of the 215 is at the junction of the 15 Freeway in Murrieta in south Riverside County and travels through Perris before briefly merging with the 60 Freeway in Moreno Valley and continuing north from the 60 Freeway interchange to San Bernardino County and reconnecting with the 15 Freeway at Cajon. This interstate provides an alternative to the 15 Freeway for travel within Riverside and San Bernardino Counties.

Public transportation is provided by various agencies. Riverside Transit Agency serves the western third of Riverside County, SunLine Transit Agency serves Palm Springs and the Coachella Valley area,

Palo Verde Valley Transit Agency serves Blythe near the Arizona border, Pass Transit serves the San Geronio Pass communities, and Corona Cruiser serves the community of Corona. In addition, Riverside County is also served by Greyhound buses and Amtrak passenger trains.

The county's main airport is the Palm Springs International Airport. This two-runway airport is located about two miles east of downtown Palm Springs and is highly seasonal, with most flights operating during the winter.

Recreation & Culture

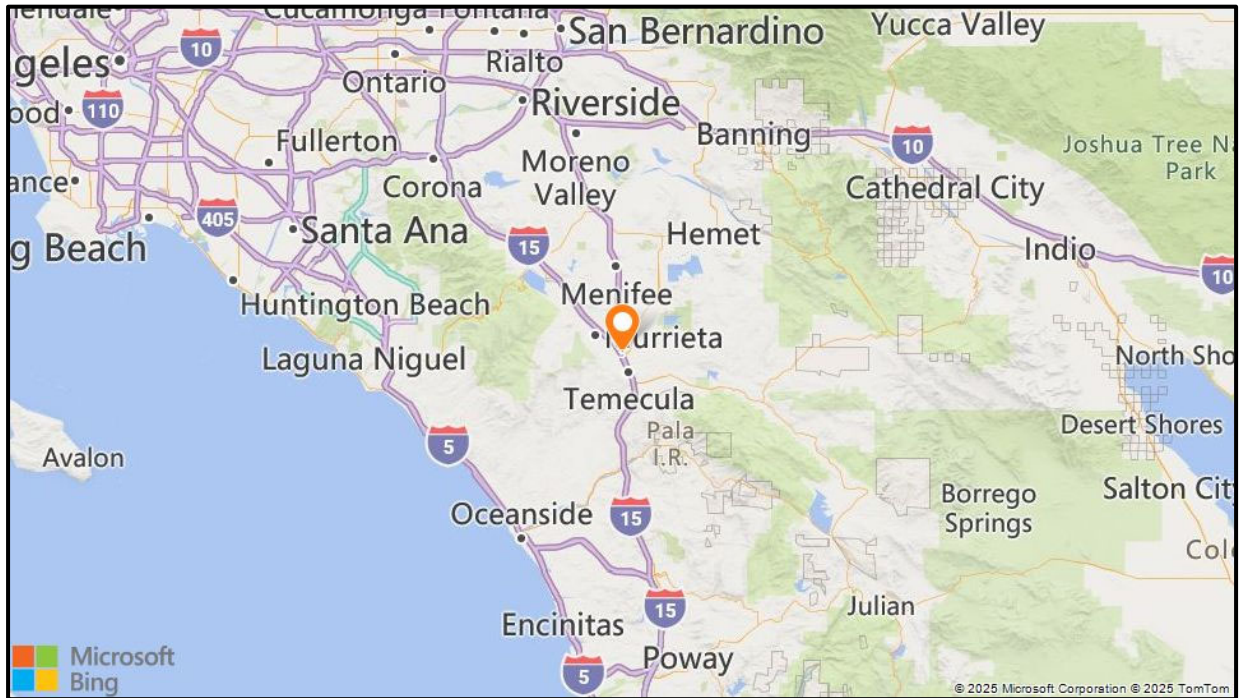
Riverside County offers innumerable recreational and cultural opportunities, including many public parks, schools, golf courses, museums and performing arts venues. Popular attractions include the Botanical Gardens at the University of California, Riverside; the historic Mission Inn in downtown Riverside; March Field Air Museum, an aviation museum near Moreno Valley and Riverside, adjacent to the March Air Reserve Base; Temecula Valley, a tourist destination in the southern part of the county with numerous wineries, wine tasting rooms, bed and breakfast inns and wedding venues; and Castle Park, an amusement park. Annual events in the county include the Festival of Lights in Riverside, known for its display of nearly three million Christmas lights; Ghost Walk Riverside; Temecula Valley Balloon and Wine Festival; and Harvest Wine Celebration.

Riverside County is home to multiple higher education institutions including, but not limited to, the University of California Riverside, California Baptist University, California Southern Law School, California State University San Bernardino and Mt. San Jacinto College.

Conclusion

Riverside County is expected to experience continued growth supported by its strategic location, expanding industrial base, and relative affordability compared to coastal markets. The county's diverse economy, population growth, and access to major transportation corridors will sustain demand across residential, commercial, and industrial real estate sectors. While ongoing development activity is expected, geographic, infrastructure, and regulatory constraints will likely limit large-scale expansion, supporting long-term market stability.

Area Map



Surrounding Area Analysis

Boundaries

The subject is located in the northern portion of the city of Temecula. The neighborhood boundaries can generally be described as follows:

North	Murietta Hot Springs Road
South	Highway 79
East	Anza Road
West	Interstate 15

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

Access and Linkages

Primary access to the area is provided by Ynez Road, a major arterial that runs in a general north-south direction through the city of Temecula. Overall, vehicular access is average.

The subject is located approximately half a mile north of Highway 79, which is accessed via Ynez Road. Highway 79 begins at Interstate 8 in San Diego County, continuing north through the town of Cuyamaca into Julian. After passing through Warner Springs, the route crosses into Riverside County, serving the cities of Temecula and Murrieta. Highway 79 ends at Interstate 10 in Beaumont; it provides access to Interstate 15, about a half mile southwest of Highway 79 and Ynez Road. Interstate 15 is a major north-south route connecting San Bernardino, Riverside and San Diego Counties.

Public transportation is provided by Riverside Transit Agency (RTA) and provides both local and regional services throughout the region with 39 fixed-routes, nine CommuterLink routes, and Dial-A-Ride services. The local market perceives public transportation as average compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

French Valley Airport, County run for public use, is the closest airport to the subject; however, it does not offer commercial air services. There are three airports offering commercial flights within a 75-mile radius: Ontario International Airport is approximately 60 miles northwest; Palm Springs International Airport is approximately 75 miles northeast and San Diego International Airport is approximately 60 miles south of the subject neighborhood.

Demographic Factors

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

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Surrounding Area Demographics

	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Riverside County
2025 Estimates				
Population 2020	12,690	107,195	270,324	2,418,185
Population 2025	12,731	108,368	275,329	2,478,161
Population 2030	12,720	108,612	277,258	2,504,979
Compound % Change 2020-2025	0.1%	0.2%	0.4%	0.5%
Compound % Change 2025-2030	0.0%	0.0%	0.1%	0.2%
Households 2020	4,017	36,375	86,204	763,283
Households 2025	4,090	36,911	87,646	783,689
Households 2030	4,131	37,121	88,280	793,883
Compound % Change 2020-2025	0.4%	0.3%	0.3%	0.5%
Compound % Change 2025-2030	0.2%	0.1%	0.1%	0.3%
Median Household Income 2025	\$110,782	\$98,145	\$111,847	\$89,604
Average Household Size	3.1	2.9	3.1	3.1
College Graduate %	41%	31%	33%	25%
Owner Occupied %	54%	55%	68%	67%
Renter Occupied %	46%	45%	32%	33%
Median Owner Occupied Housing Value	\$756,011	\$693,209	\$717,272	\$606,480
Median Year Structure Built	2004	1997	2000	1990
Average Travel Time to Work in Minutes	36	35	38	36

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 108,368, and the average household size is 2.9. Population in the area has grown since the 2020 census, but the trend is projected to be flat over the next five years. This differs from the population of Riverside County, which is projected to grow.

Median household income is \$98,145, which is higher than the household income for Riverside County. Residents within a 10-minute drive time have a higher level of educational attainment than those of Riverside County, while median owner-occupied home values are considerably higher.

Retail and Public Services

Just south of the subject, along Highway 79, is the Promenade Temecula regional mall with approximately 1.4 million square feet of retail space and over 200 retailers. Trader Joe's and WinCo Foods are also located proximate to the mall.

Other prominent shopping facilities serving the area are located at the intersections of Murrieta Hot Springs Road and Winchester Road (Highway 79) and Murrieta Hot Springs Road and I-15; these grocery-anchored shopping centers features Vons, Albertsons, Sam's Club, and Trader Joe's.

The Riverside County Fire Department (Station 73) is located less than two miles south of the subject property. The subject is located within the Temecula Valley Unified School District. Temecula Valley Unified School District includes seventeen elementary schools, two TK-8 schools, six middle schools,

and four high schools, along with one virtual school, three charter schools and an adult school. The closest elementary/middle schools are within two miles and the local high school is approximately 2.5 miles away. Further, there are various private and parochial schools in the general area. University of California, Riverside is the largest four-year public university in the area, located approximately 35 miles north of the subject, in the city of Riverside.

Temecula Valley Hospital is located within ten miles of the subject. This 140-bed hospital provides services that include emergency, cardiology, orthopedics and surgery. Temecula Valley Hospital has achieved the Level 3 emergency department level and must incorporate many of these best practices, along with providing inter-disciplinary geriatric education and having geriatric appropriate equipment and supplies available.

The Legends Golf Club at Temeku Hills is located five miles southeast of the subject. There is another 18-hole golf course and a 27-hole golf course within three miles of the subject property. In addition, the Pechanga Resort and Casino is located seven miles south of the subject property.

Land Use

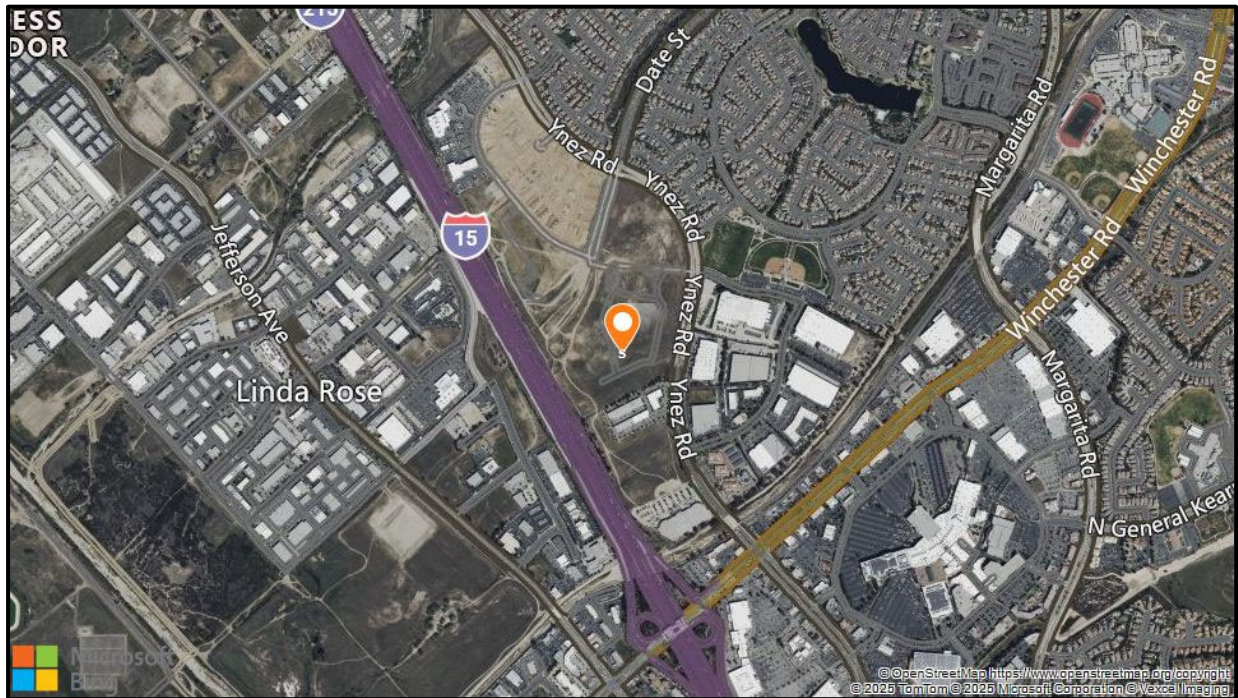
In the immediate vicinity of the subject, the predominant land use is residential, with supportive commercial development. Other land use characteristics are summarized as follows:

Surrounding Area Land Uses	
Character of Area	Suburban
Predominant Housing Age (Both Ownership and Rental)	New to 10± years
Predominant Quality and Condition	Average-to-good
Approximate Percent Developed	75%
Percent Developed by Land use	75% single family, 20% commercial, 5% community use
Infrastructure/Planning	Average
Prospective Change in Land Use	Not likely
Subject's Immediate Surroundings	
North	Single-family residential development
South	Commercial
East	Office
West	Single family residential and Interstate 15

Outlook and Conclusions

The subject neighborhood includes a mix of residential and supporting commercial uses, with new residential development focused on infill locations. The overall condition and quality of the neighborhood are rated as average-to-good. The subject property is considered to have average transportation characteristics, including proximity to major neighborhood thoroughfares and freeway access. Overall, the neighborhood is expected to generate steady demand for residential use over the long term.

Surrounding Area Map



Residential Market Analysis

The subject is entitled for—and being developed with—detached single family residential use. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is located in the city of Temecula, in an established neighborhood with good transportation linkages. The neighborhood is characterized as a suburban area that appeals to both local workers and commuters. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for entry-level homebuyers.

Single-Family Building Permits

Single-family building permits for the city of Temecula, as well as Riverside County totals, are shown in the following table. There is often a relationship between trends in permitting, population, and price. A greater supply of homes can eventually translate to lower prices; conversely, a lower number of permits pulled can eventually mean higher prices. Further, the number of permits pulled shows builder confidence in the current market when compared to other years.

Single-Family Building Permits

Year	City of Temecula	% Change	County of Riverside
2015	143	--	4,325
2016	161	12.59%	5,136
2017	86	-46.58%	5,827
2018	90	4.65%	7,327
2019	54	-40.00%	6,267
2020	261	383.33%	8,344
2021	437	67.43%	7,428
2022	394	-9.84%	8,211
2023	592	50.25%	8,349
2024	246	-58.45%	7,548

Source: SOCDs Building Permits Monthly Request

Single-Family Building Permits: 2025 Preliminary Data

Month	City of Temecula	County of Riverside
January	39	465
February	24	804
March	12	660
April	30	720
May	<u>22</u>	<u>541</u>
	127	3,190

Source: SOCDs Building Permits Monthly Request

Active New Home Projects Pricing and Absorption

The city of Temecula is located within the Murrieta-Temecula submarket of the Inland Empire. The Ryness Report provides a comparison of sales activity between various regions and markets, including year-to-date totals from the same week of the previous year. Their surveys and reports include sales, buyer traffic, and financing rates on activity in major residential developments throughout California, Arizona, and Nevada. The report for the Inland Empire for the week ending June 29, 2025, is included as follows.

THE RYNESS REPORT

A New Home Sales, Marketing & Research Company

Sponsored by:



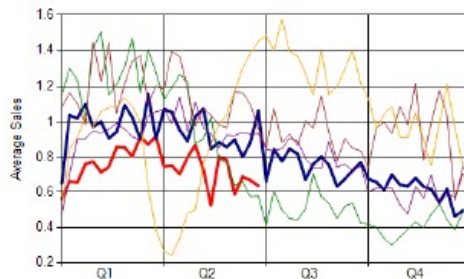
Inland Empire

Week 26

Ending: Sunday, June 29, 2025

Counties / Groups			Projects	Traffic	Sales	Cancel	Net Sales	Avg. Sales	Year to Date		Prev. 13 Wks.	
									Avg.	Diff.	Avg.	Diff.
Central-North Central Riverside			45	483	39	9	30	0.67	0.85	-21%	0.87	-23%
Desert Riverside			21	285	14	5	9	0.43	0.60	-29%	0.49	-13%
Murrieta - Temecula			4	73	7	1	6	1.50	0.85	77%	0.92	63%
Northwest Riverside			26	301	25	7	18	0.69	0.70	-1%	0.68	2%
South Riverside			52	702	40	5	35	0.67	0.75	-10%	0.71	-6%
Central-East San Bernardino			28	322	19	1	18	0.64	0.64	0%	0.66	-3%
Desert San Bernardino			18	389	9	3	6	0.33	0.60	-44%	0.69	-52%
NW-SW San Bernardino			40	1019	33	6	27	0.68	0.86	-21%	0.81	-17%
Current Week Totals		Traffic : Sales 18 : 1	234	3574	186	37	149	0.64	0.74	-14%	0.73	-13%
Per Project Average			15 0.79 0.16 0.64									
Year Ago - 06/30/2024		Traffic : Sales 12 : 1	237	3619	293	41	252	1.06	0.96	11%	0.93	14%
% Change			-1%	-1%	-37%	-10%	-41%	-40%	-23%		-22%	

52 Weeks Comparison



Year to Date Averages Through Week 26

Annual

Graph Legend	Year	Avg. Weekly Projects	Avg. Weekly Traffic	Avg. Weekly Sales	Avg. Weekly Cancels	Avg. Project Sales	Year End Avg. Proj. Sales
	2020	244	23	1.04	0.17	0.87	1.01
	2021	197	27	1.29	0.12	1.17	1.05
	2022	188	25	1.26	0.19	1.07	0.74
	2023	247	25	1.06	0.12	0.94	0.82
	2024	240	18	1.10	0.14	0.96	0.83
	2025	219	16	0.88	0.14	0.74	0.74
% Change:		-9%	-13%	-20%	2%	-23%	-10%

* Averages rounded for presentation. Change % calculated on actual numbers.



WEEKLY FINANCIAL NEWS

Financing			Market Commentary
	RATE	APR	In the housing market, high mortgage rates continue to discourage buyers despite what had been high hopes for a strong spring selling season. New home sales tumbled 13.7% over May to the weakest pace in seven months (623K). The trend so far amounts to a 3.2% year-to-date decline in transactions, reflecting mounting headwinds. It's not just high mortgage rates, it's also what is happening in the existing home market, where the inventory of existing homes is rising and where price appreciation for existing homes is slowing. Existing home sales did edge up over the month, but persistent affordability challenges continue to keep resales running at a slow pace. The 4.03 million-unit pace registered in May was roughly on par with the pandemic low hit in 2020 and not far above last year's low point of 3.9 million. Source: Wells Fargo Bank Weekly Economic & Financial Commentary
CONV	6.38%	6.64%	
FHA	6.13%	6.74%	
10 Yr Yield	4.26%		
			

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Current absorption within the Inland Empire is lower than a year ago, with an average of 0.74 sales per week year-to-date compared to 1.06 sales per week a year ago. The number of projects within Inland Empire varies year by year due to the extended entitlement and development timelines.

The Ryness Report has identified four active projects, including the subject, within the Murrieta-Temecula submarket. All projects are located in the city of Temecula, with two attached and two detached projects.

Murrieta - Temecula Murrieta - Temecula				Projects Participating: 4									
				Units	New Rel.	Rel'd Rm'g	Traffic	Wk's Sales	Wk's Cans	Sold to Date	Sold YTD	Av. Sls /Week	Av Sls /YTD
Heirloom Farms Sultana 3TH	Meritage	TE	ATMU	150	0	5	10	1	1	145	21	0.98	0.81
Prado	Meritage	TE	DTMU	100	0	3	36	5	0	60	48	1.97	1.85
Discovery at Sommers Bend	Woodside	TE	ATMU	178	0	6	17	1	0	150	23	1.17	0.88
Shawood at Sommers Bend	Woodside	TE	DTMU	57	0	6	10	0	0	43	11	0.56	0.42
TOTALS: No. Reporting: 4		Avg. Sales: 1.50		Traffic to Sales: 10 : 1			20	73	7	1	398	103	Net: 6
City Codes: TE = Temecula													

Project Types:	AAAT = Active Adult ATT , AASF = Active Adult SFD , ATMU = Attached Move-up , ATST = Attached Starter , ATT = Single Family Attached , COHT = Condo/Hotel , CONV = Conversion , DTMU = Detached Move-up , DTST = Detached Starter , HIGH = High Rise , LOFT = Loft , MIDR = Mid-Rise , RWHS = Row Houses , SFD = Single Family Detached
Abbreviations:	SO = Sold Out, TSO = Temporarily Sold Out

Competing projects located in Temecula are further detailed in the following table. Given the lack of active projects in the submarket, we also profiled detached projects in the neighboring communities of Wildomar and Fallbrook.

Active Projects										
Project Name	Community	Developer	Product	Average Price	Avg. Home Size (SF)	Average Price/SF	Units Planned	Units Sold	Avg. Sales/Week	Avg. Sales/Month
Heirloom Farms Sultana 3TH	Temecula	Meritage	Attached	\$581,000	1,659	\$350.21	150	145	0.98	3.92
Discovery at Sommers Bend	Temecula	Woodside	Attached	\$530,000	1,543	\$343.49	178	150	1.17	4.68
Shawood at Sommers Bend	Temecula	Woodside	Detached	\$1,902,405	4,229	\$449.85	57	43	0.56	2.24
Avalino*	Wildomar	Dr Horton	Detached	\$778,365	2,400	\$324.32	117	68	1.25	5.00
Castello at Citro*	Fallbrook	TRI Pointe	Detached	NA	1,962	NA	101	94	0.43	1.72
Pomelo at Citro	Fallbrook	TRI Pointe	Detached	788,870	2,082	\$378.90	190	168	0.78	3.12
Tangelo at Citro	Fallbrook	TRI Pointe	Detached	865,797	2,653	\$326.35	126	110	0.67	2.68
		Minimum		\$530,000	1,543	\$324.32				1.72
		Maximum		\$1,902,405	4,229	\$449.85				5.00
		Average		\$907,740	2,361	\$362.19				3.34

Source: Ryness Reports and Developer's Websites. *Information available was not complete for the average sale price; available floor plans presented here.

The absorption within projects in the area ranged from 1.72 to 5.00 sales per month, with an average of 3.34 sales per month. The subject's floor plans and price points are provided in the following table. The Developer reports 70 homes have sold as of the effective appraisal date (59 of which have closed escrow), which suggests a recent monthly absorption rate of nearly 8 sales per month since opening; this exceeds rates at competing projects in the market. The Developer is targeting an absorption rate of 6 sales per month.

Floor Plan Summary

Floor Plan	No. of Units	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Developer's Base Price
Plan 1	55	1,410	3	2.5	Two	2-Car	\$619,000
Plan 2	59	1,520	3	2.5	Two	2-Car	\$631,000
Plan 3	61	1,647	3	2.5	Two	2-Car	\$661,000
Plan 4	<u>62</u>	1,865	4	3.0	Two	2-Car	\$714,000
	237						

It is assumed the subject's typical detached condominium home includes 1,615 square feet. Based on the sales history of homes within the subject project, as well as activity at comparable projects in the area, we have selected a representative price point of \$650,000 for the subject, and a stabilized absorption rate of 6.0 sales per month.

Resale Pricing

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

Resales

Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sales Price/SF	Sale/List	Year Built	Days on Market	Lot Size (SF)
45127 Via Vela	4/14/2025	2,146	\$725,000	\$698,000	\$338	103.87%	2020	2	2,700
45037 Via Vela	5/27/2025	2,356	\$725,000	\$725,000	\$308	100.00%	2020	109	4,000
32063 Hyacinth Way	2/3/2025	1,787	\$780,000	\$785,000	\$436	99.36%	2022	37	5,972
39811 Crafton St	6/6/2025	1,850	\$790,000	\$799,999	\$427	98.75%	2022	197	6,098
32135 Dymondia Way	6/11/2025	2,177	\$850,000	\$850,000	\$390	100.00%	2021	35	5,375
32123 Dymondia Way	4/29/2025	2,359	\$870,000	\$879,000	\$369	98.98%	2021	49	5,371
32024 Radiant Drive	2/13/2025	2,359	\$880,000	\$887,000	\$373	99.21%	2021	106	5,275
39490 Verbena Way	1/2/2025	2,730	\$880,000	\$889,000	\$322	98.99%	2022	16	6,177
32271 Olea Way	6/13/2025	2,062	\$900,000	\$900,000	\$436	100.00%	2022	12	7,405
39253 Ceanothus Pl	2/13/2025	2,354	\$979,000	\$979,000	\$416	100.00%	2022	67	6,495
32205 Verbena Way	3/6/2025	2,949	\$990,000	\$999,000	\$336	99.10%	2021	113	6,508
32330 Sonder Way	6/4/2025	2,574	\$1,110,000	\$1,099,000	\$431	101.00%	2021	0	6,534
39454 Chamise St	2/4/2025	2,241	\$1,098,124	\$1,183,124	\$490	92.82%	2022	56	8,278
39448 Chamise St	1/7/2025	3,111	\$1,100,000	\$1,188,477	\$354	92.56%	2022	29	7,212
Total Sales	14	2,361 (avg.)	\$905,509 (avg.)	\$918,686 (avg.)	\$388 (avg.)	98.90% (avg.)	2021 (avg.)	59 (avg.)	5,957 (avg.)

Source: Local Multiple Listing Service (MLS)

Ability to Pay

The Developer is constructing four floor plans ranging in size from 1,410 to 1,865 square feet. In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$650,000, based on the indicators from the competing projects. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area.

Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 6.90%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). Property tax payments are accounted for in the analysis, as well as homeowner's insurance and homeowner's association. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price point.

Income Required		
Home Price	\$650,000	
Loan % of Price (Loan to Value)	80%	
Loan Amount	\$520,000	
Interest Rate	6.90%	
Mortgage Payment	\$3,425	
Property Taxes	\$587	Based on 1.030420% and direct charges of \$345
CFD No. 23-02 (Prado)	\$367	
Homeowner's Association Fee	\$267	
Property Insurance	\$135	
Total Monthly Obligation	\$4,781	
Mortgage Payment % of Income	40%	
Monthly Income	\$11,952	
Annual Income	\$143,421	

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

Household Ability					
Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	30,515	21.8%	0.0%	0	0.0%
\$15,000 - \$24,999	5,305	3.8%	0.0%	0	0.0%
\$25,000 - \$34,999	3,054	2.2%	0.0%	0	0.0%
\$35,000 - \$49,999	3,652	2.6%	0.0%	0	0.0%
\$50,000 - \$74,999	6,391	4.6%	0.0%	0	0.0%
\$75,000 - \$99,999	14,035	10.0%	0.0%	0	0.0%
\$100,000 - \$124,999	14,981	10.7%	0.0%	0	0.0%
\$125,000 - \$149,999	14,625	10.5%	26.3%	3,848	2.8%
\$150,000 - \$199,999	12,643	9.0%	100.0%	12,643	9.0%
\$200,000 - \$249,999	16,671	11.9%	100.0%	16,671	11.9%
\$250,000 - \$499,999	8,256	5.9%	100.0%	8,256	5.9%
\$500,000+	<u>9,611</u>	<u>6.9%</u>	100.0%	<u>9,611</u>	<u>6.9%</u>
	139,739	100.0%		51,029	36.5%

Conclusions

Demand for homes in the subject's market area is considered to be strong at the current time, as indicated by the overall trend of building permit activity, new home sales prices and activity in recent quarters, as well as the absorption rate within new home projects in the subject's area.

Property Analysis

Land Description and Analysis

Location and Project Details

The property is located east of Interstate 15 and west of Ynez Road, north of Highway 79. The following table summarizes the subject's land area.

Land Area Summary		
Tax ID	SF	Acres
916-400-051, 916-400-052, 916-400-053, 916-400-063, 916-400-067, 916-400-066	1,250,738	28.71

Note there are also common area parcels throughout the community, but they are not considered to be a part of the appraised property. The subject property has approved entitlements for 237 detached condominiums. While the condominium map for the subject was recorded in January 2025, and multiple homes have closed to individual homebuyers, there has been a lag at the County level in the creation of new Assessor's Parcel Numbers for the individual homes.

Shape and Dimensions

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

Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

Drainage

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

Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status

Community Panel Number	06065C2720G
Date	August 28, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

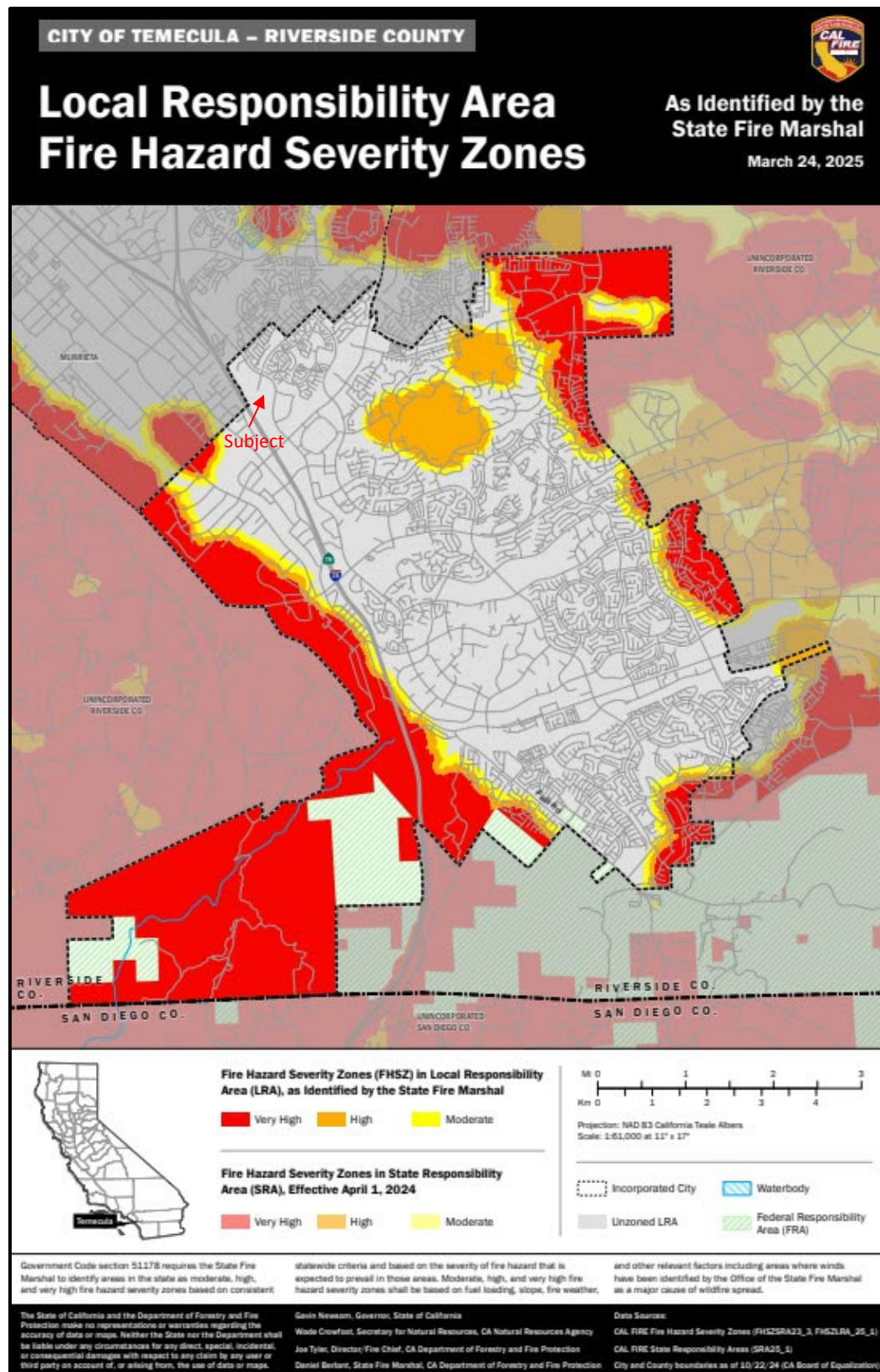
Seismic Hazards

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

According to information from the California Department of Conservation and the California Geological Survey, the subject is not located within an Alquist-Priolo Special Studies Zone. A small section of the eastern portion of the property is located in a liquefaction zone.

Fire Hazard Risk

The Fire and Resource Assessment Program of CAL FIRE has classified areas of the subject's County by Fire Hazard Severity Zone. As shown in the following map, the subject's area has not been classified as an area of concern.



Environmental Hazards

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

Ground Stability

A geotechnical report prepared by LGC Geotechnical, Inc. and dated March 20, 2025, was provided for review. The report concludes the subject site “is suitable for construction of well-designed and well-constructed residential improvements, provided the recommendations in the referenced reports are appropriately implemented.” This appraisal assumes the recommendations provided in the geotechnical report are followed. We assume that the subject’s soil bearing capacity is sufficient to support the existing and proposed improvements.

Utilities

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

Utilities	
Service	Provider
Water	Rancho California Water
Sewer	Eastern Municipal Water
Electricity	Southern California Edison
Natural Gas	Southern California Edison
Local Phone	Various Providers

Zoning

The subject is zoned SP-13, Harveston Specific Plan, by City of Temecula. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

Zoning Summary	
Zoning Jurisdiction	City of Temecula
Zoning Designation	SP-13
Description	Harveston Specific Plan
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single family residential

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use. We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Other Land Use Regulations

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

Easements, Encroachments and Restrictions

We have reviewed a preliminary title report prepared by First American Title Company and dated February 21, 2025. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Development/Construction Status

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

Appraised Property Summary by Ownership

Owner	Partially Completed Lots	Improved SFR Lots	Partially Completed Homes	Completed Homes*	Total
Individual Homeowners	--	--	--	59	59
Meritage Homes of California, Inc.	--	130	45	3	178
TOTAL	0	130	45	62	237

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

As of the effective appraisal date, 59 homes have closed escrow to individual homebuyers. The Developer has constructed three model homes and has commenced construction on an additional 45 homes.

Permits and Fees

Based on information provided by the developer, permits and fees average \$69,290 per lot; this excludes approximately \$2,072 per lot in building permits. This figure is consistent with fees at other projects in the area. Additionally, approximately \$21,289 per lot in bond proceeds will be used to fund school, park, Quimby, library, and police fees. The calculation of the subject's net permits and fees is shown in the following table. It is also noted the Developer has already paid plan check fees, water meter fees, water and sewer connection fees, and community benefit fees for the entire site as of the effective appraisal date, which further reduces the remaining net fees per lot. In addition, there is a fee credit agreement between the Developer and the City of Temecula which offsets TUMF, MSHCP, transportation, fire, and corporate facilities fees.

Permits and Fees due at Building Permit

Gross Permits and Fees	\$69,290 per unit	
Less: Fees Paid for Entire Site + Fee Credits ¹	(\$35,024) per unit	Already paid for entire site
Less: CFD Bond Proceeds ²	(\$21,289) per unit	(\$7,838 in DIF and \$9,074 in School Fees)
Net Permits and Fees	\$12,977 per unit	

¹ Plan check fees, water meter fees, water and sewer connection fees, and community benefit fees have already been paid for the entire site. In addition, TUMF, MSHCP, transportation, fire, and corporate facilities fees are offset through a fee credit agreement between the Developer and the City of Temecula.

² Bond proceeds fund school, park, Quimby, library, and police fees.

As of the effective appraisal date, a permits and fees have been paid for 131 lots. After considering the 59 homes held by individual homeowners, the 45 Developer-owned lots with homes under construction, and the three model homes, there are 24 improved lots for which permits and fees have been paid.

Site Development Costs

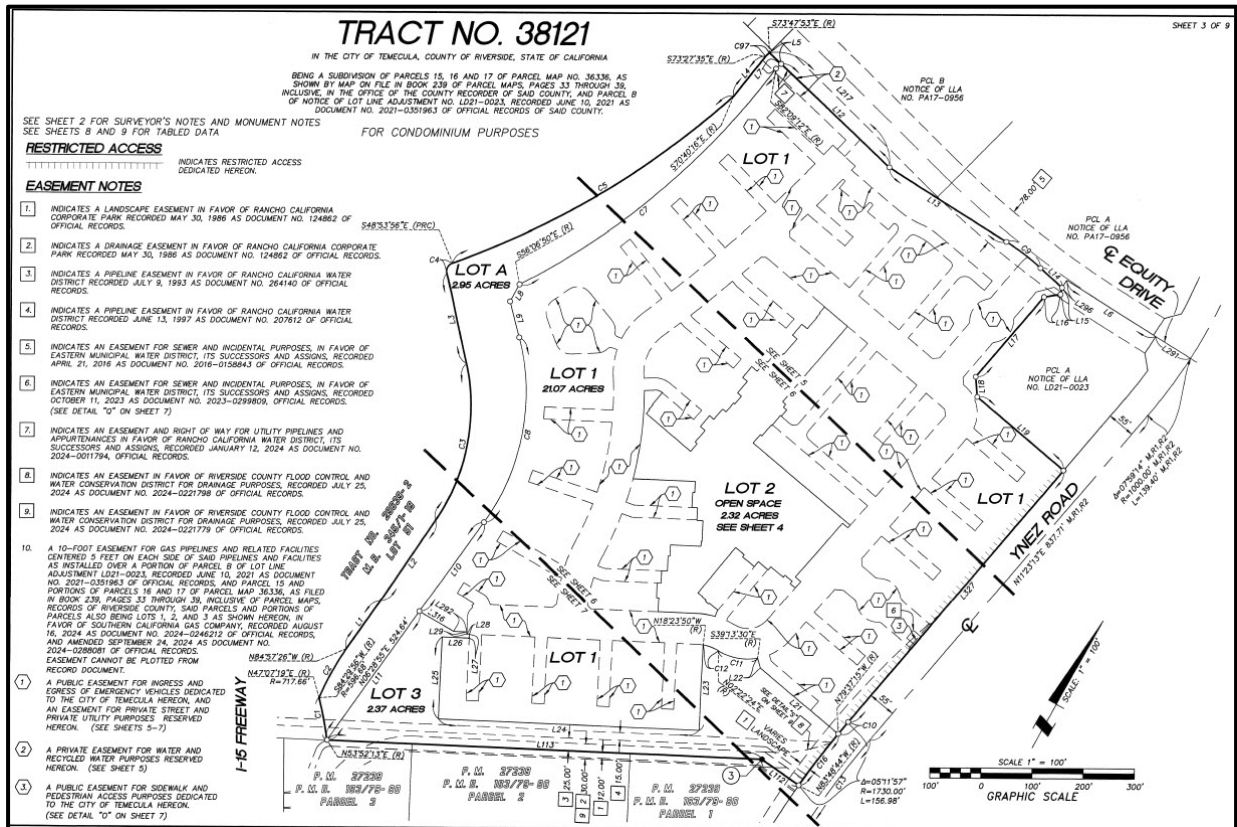
Construction of horizontal improvements is well underway at the subject. According to the budget provided by the Developer, development costs are anticipated to total approximately \$88,590 per lot, for both infrastructure and in-tract construction, which is generally similar to other projects in the area. After considering development costs spent to date for the project, the remaining development cost is approximately \$3,922,673, or \$30,174 per improved lot (divided over 130 lots).

Conclusion of Site Analysis

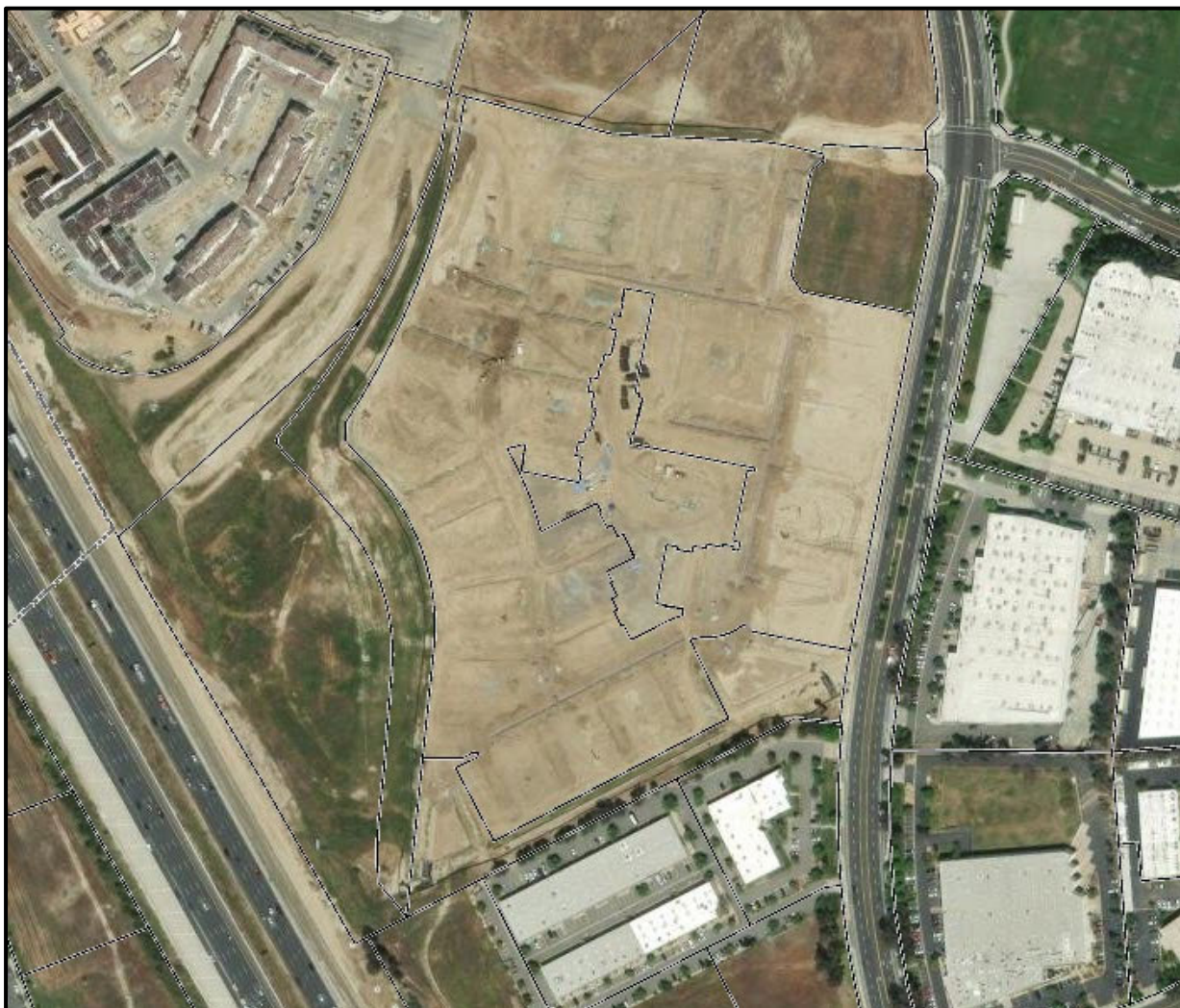
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single family residential. We are not aware of any other particular restrictions on development.

[illegible]

Final Map



Assessor Aerial



Proposed Improvements Description

Overview

The subject property is being developed by Meritage with four detached condominium floor plans. Further details on the floor plans are provided in the following table.

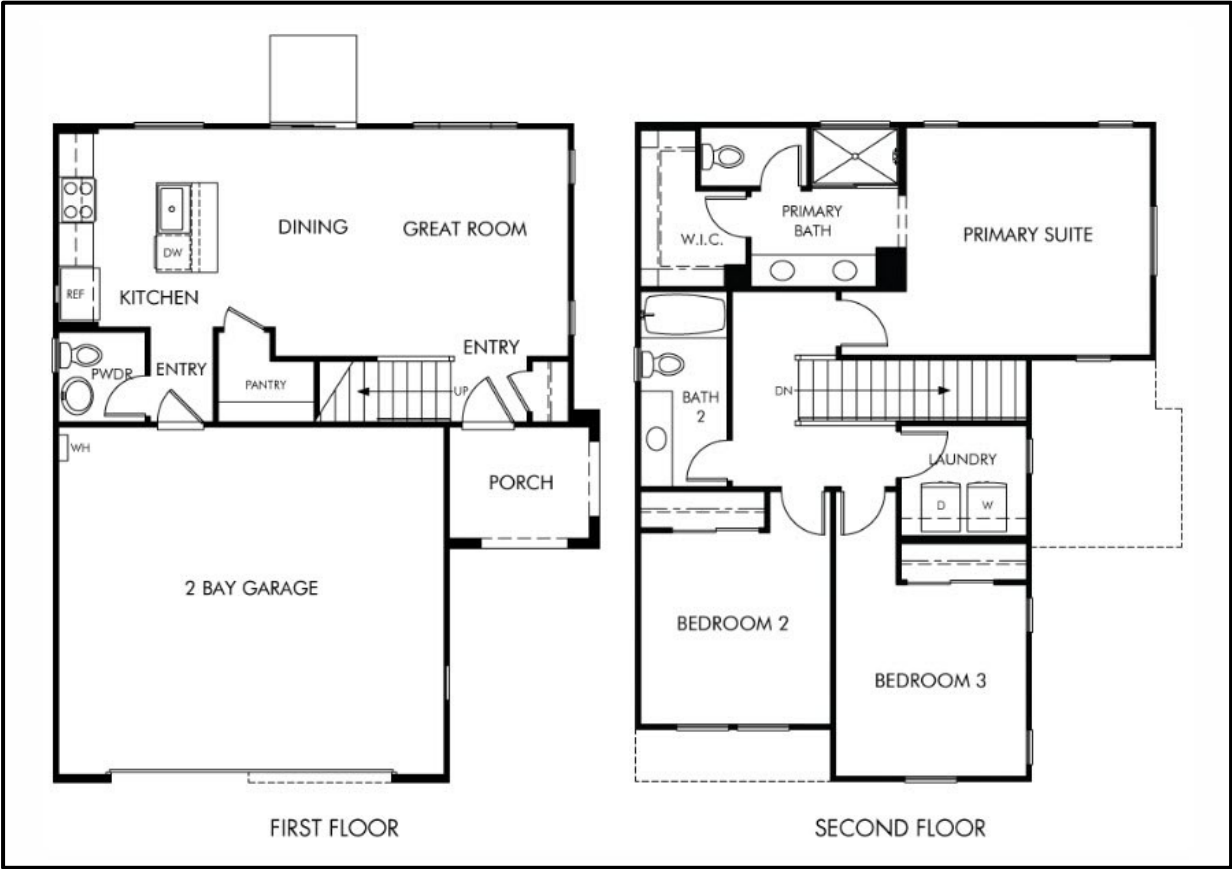
Floor Plan Summary							
Floor Plan	No. of Units	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Developer's Base Price
Plan 1	55	1,410	3	2.5	Two	2-Car	\$619,000
Plan 2	59	1,520	3	2.5	Two	2-Car	\$631,000
Plan 3	61	1,647	3	2.5	Two	2-Car	\$661,000
Plan 4	<u>62</u>	1,865	4	3.0	Two	2-Car	\$714,000
	237						

The interior finish profile is considered to be of a typical quality for the area, which is generally average to good overall quality.

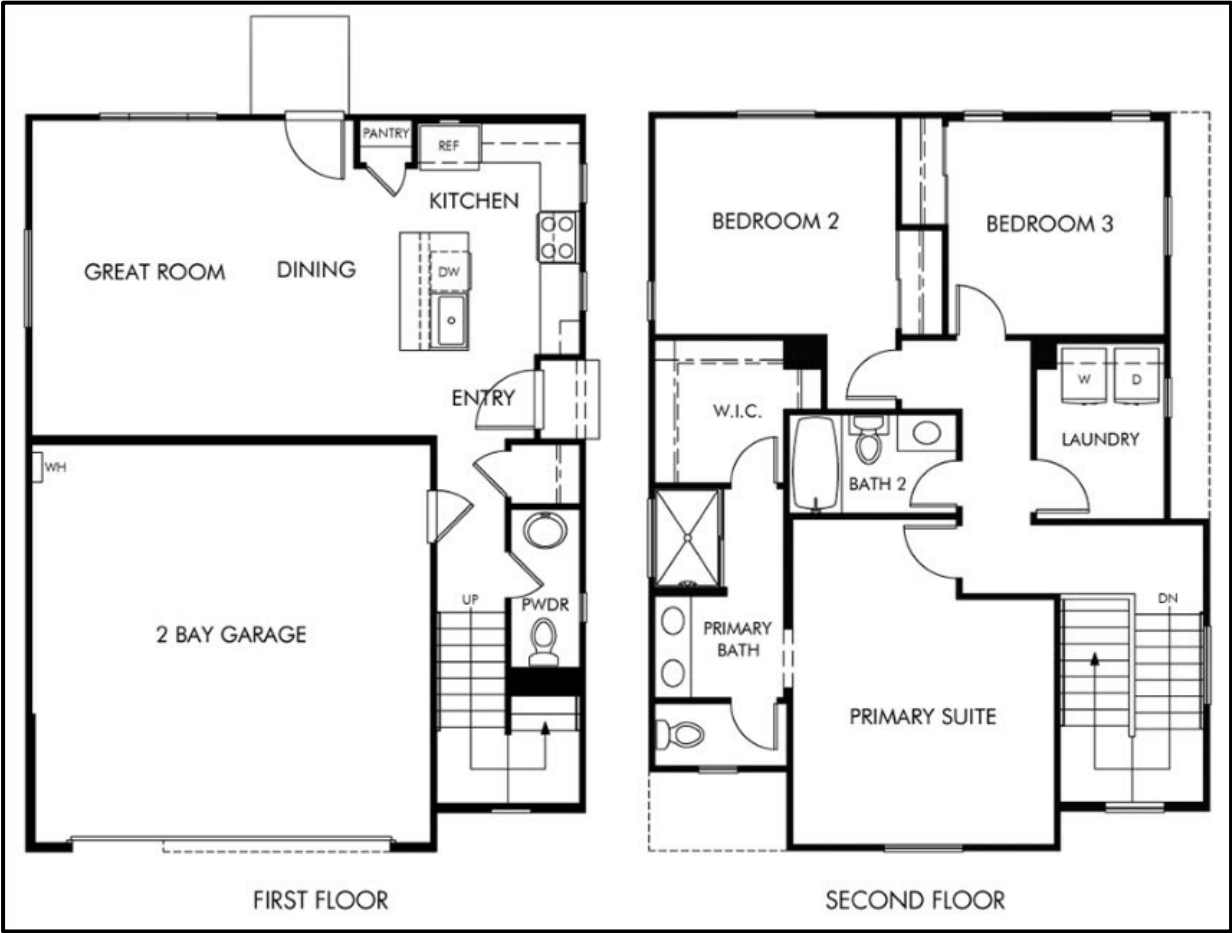
The subject property has a Homeowner's Association (HOA) that will be responsible for common area maintenance and amenities. The Developer estimates that dues will be approximately \$267 per home, per month, to be paid by the future homeowners. Community amenities at Prado include a clubhouse, swimming pool, park, playground, bocce ball court, and fire pit. As of the effective appraisal date, the swimming pool and clubhouse are complete and have been turned over to the HOA.

The subject's floor plans are shown on the following pages.

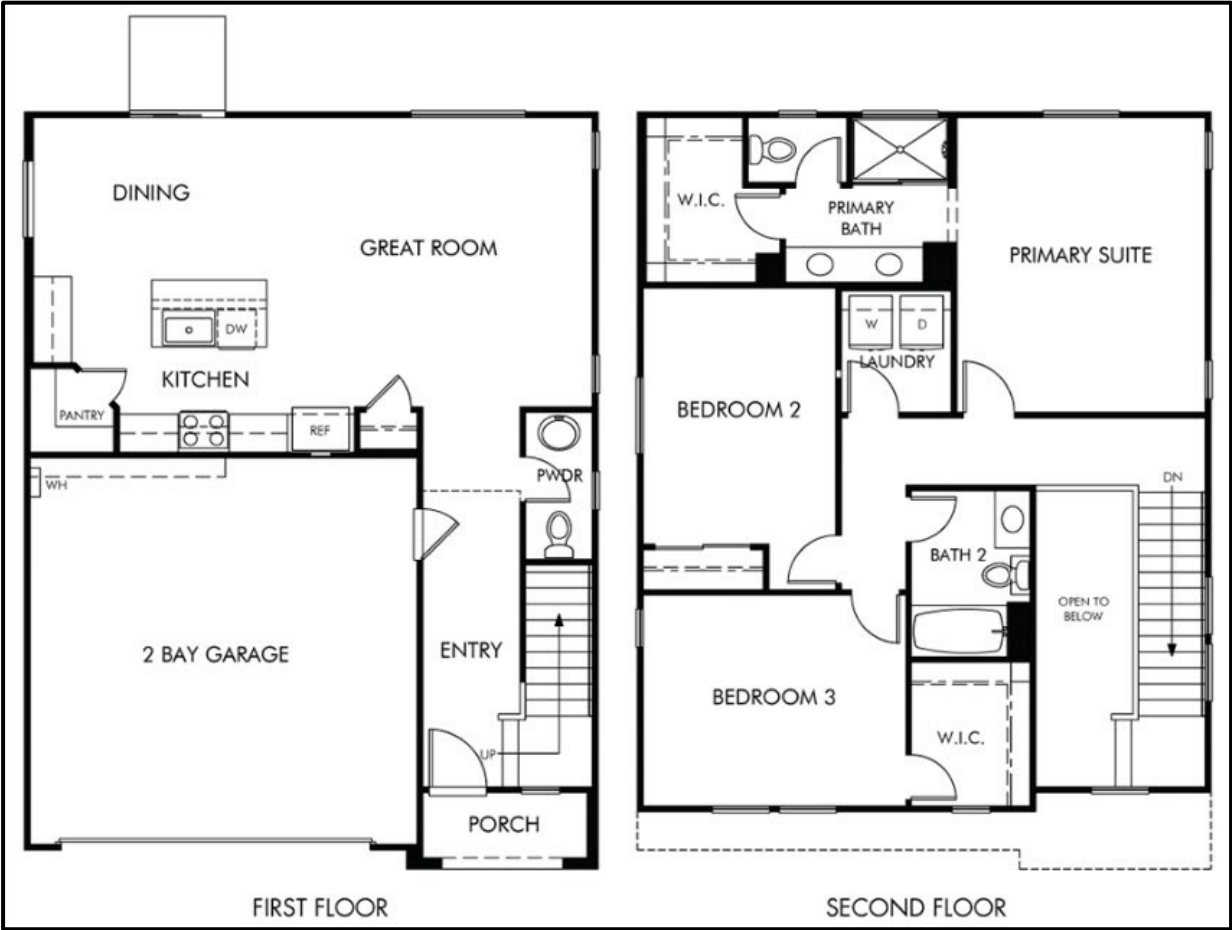
Floor Plan 1



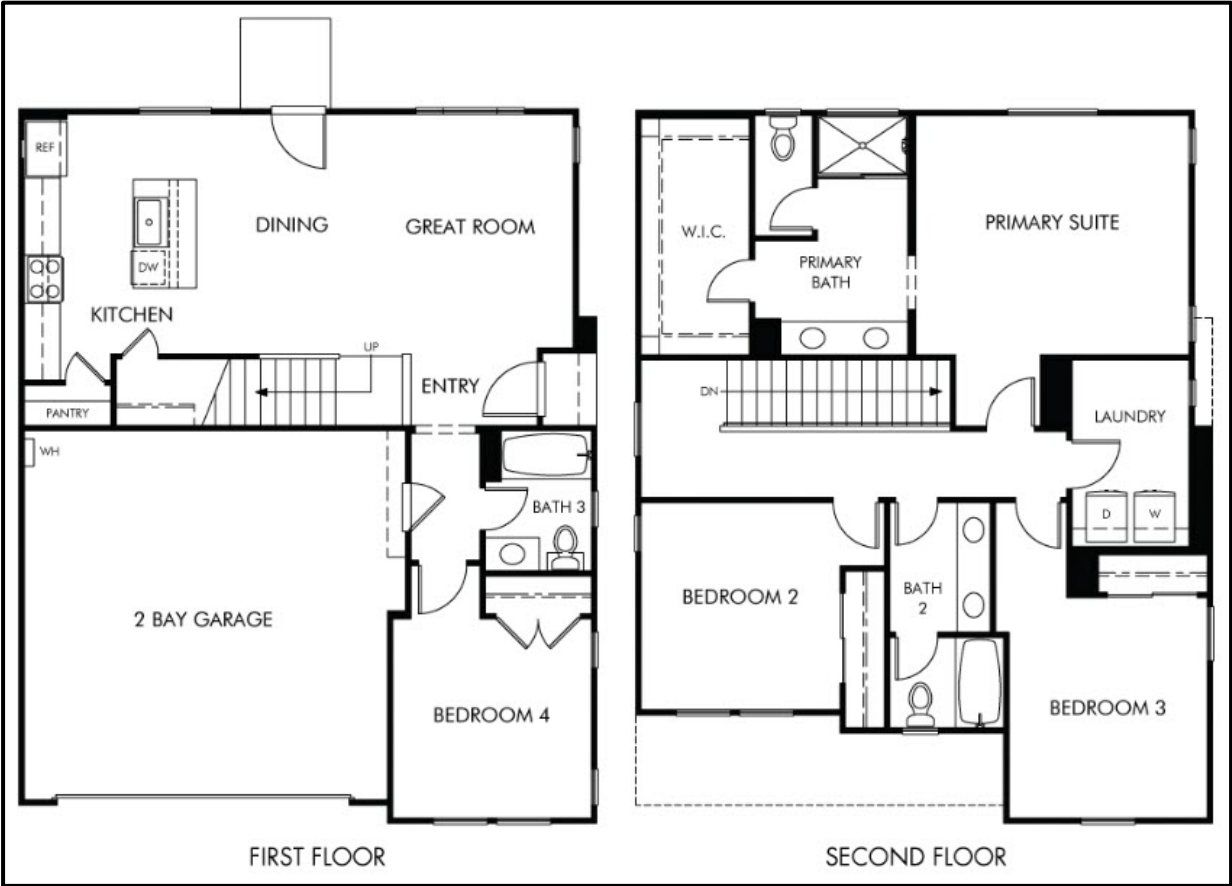
Floor Plan 2



Floor Plan 3



Floor Plan 4







Real Estate Taxes

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

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

Ad Valorem Taxes

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the Riverside County Treasurer-Tax Collector's Office, the subject has a tax rate of 1.030420% for tax year 2024/2025 (latest available), based on assessed value. In addition, the appraised properties are subject to direct charges. Based on a survey of surrounding residential properties, it is estimated the subject would have direct charges of approximately \$345 per lot.

Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 23-02 (Prado); the facilities Special Tax increases 2% per year ("Special Tax A") and the services Special Tax increases 5.6% per year ("Special Tax B"). With respect to special taxes, we have relied upon information provided by the special tax consultant, for the annual special tax levy on the appraised properties, which are shown as follows for tax year 2024/2025:

Special Tax Table (Fiscal Year 2024-2025)

Land Use Category	Square Footage Category	Assigned Special Tax
Special Tax A (Facilities)		
Residential Property	Less than 1,500	\$3,740 per unit
Residential Property	1,500 - 1,599	\$3,860 per unit
Residential Property	1,600 - 1,699	\$3,980 per unit
Residential Property	1,700 - 1,799	\$4,100 per unit
Residential Property	Greater than 1,799	\$4,220 per unit
Multifamily Residential Property	N/A	\$83,890 per acre
Non-Residential Property	N/A	\$83,890 per acre
Special Tax B (Services)		
Residential Property	N/A	\$420 per unit
Multifamily Residential Property	N/A	\$8,904 per acre
Non-Residential Property	N/A	\$8,904 per acre
Source: Rate and Method of Apportionment of Special Taxes		

Highest and Best Use

Process

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

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

Highest and Best Use As If Vacant

Legally Permissible

The site is zoned SP-13, Harveston Specific Plan. Permitted uses include single family residential. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property has an approved final map for 237 detached condominiums and associated improvements. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single family residential use is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of a site that affect its possible use include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in single-family residential development; at this point the physical characteristics are examined to see if they are suited for the legally permissible use.

Based on our physical inspection of the subject property, we know of no reason why the property would not support development. All utilities are available to the perimeter of the site. The property is not located within an adverse earthquake, flood, or fire zone. Further, the subject is proximate to new development and development appears possible. Surrounding land uses are compatible and/or similar. Development on adjacent properties provides support that soils are adequate for development. Based on the physical characteristics of the subject property, residential development is considered physically possible and most appropriate.

Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished/improved lots are transferring for prices that exceed the sum of

unimproved lots and site development costs, which reflects completion of site development is financially feasible.

Maximally Productive

Legal, physical, and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and their highest and best use as vacant is for near-term single-family residential development.

As Improved (Proposed)

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

In the case of land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

The subject property includes improved lots with homes under construction and completed homes. Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject property as improved exceeds its value as vacant less demolition. The highest and best use of the subject property as improved is for continuing construction of homes, as dictated by demand.

Most Probable Buyer

In conjunction with the definition of market value, this appraisal assumes a hypothetical sale of the subject properties to a probable buyer/user, as of the date of value. The subject is considered to have good appeal for production homes. The most probable buyer would be a developer/homebuilder for the improved lots and homes under construction. The most probable buyers of the completed homes are individual homeowners.

Valuation

Valuation Methodology

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

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

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

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

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

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

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation begins by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on each of the subject's four floor plans. The market value of the subject lots is estimated by employing the sales comparison approach to

value and land residual analysis, a discounted cash flow analysis that considers home prices and costs, leading to an estimate of residual land value. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value was concluded. The two approaches are then reconciled into an opinion of market value per improved lot.

Market Valuation – Floor Plans

The market value of the subject's floor plans are estimated in this section.

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

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

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

As the subject reflects detached condominiums, our search for sales focused on new and recently constructed townhomes and detached homes on small lots. The majority of comparables utilized in the following analysis are from pending and closed sales within the subject community. In addition, Sale 5 reflects a detached resale from the Sommers Bend project (northeast of the subject) and Sale 6 is a sale of a new townhome in the Sultana at Heirloom Farms community (adjacent to the subject).

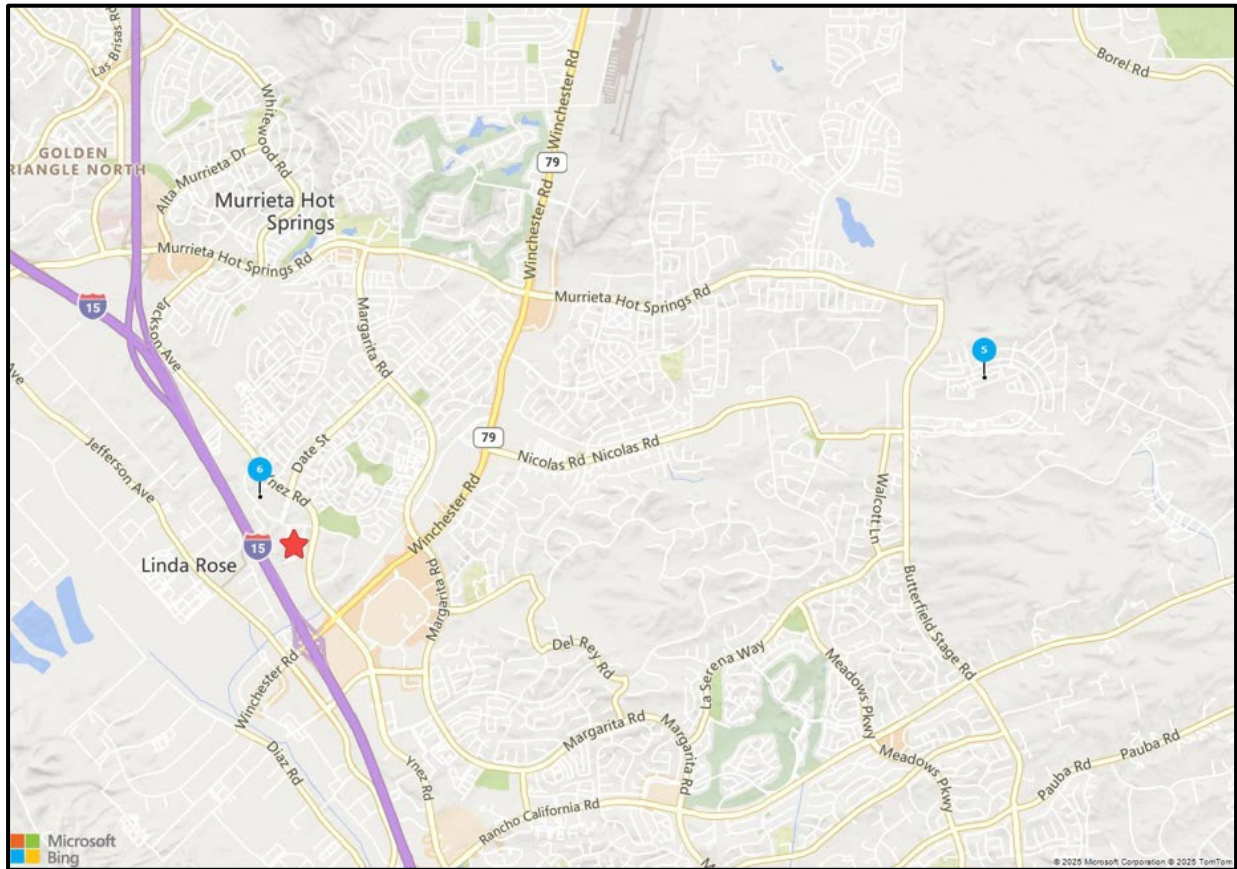
The subject's floor plans are shown in the following table.

Floor Plan Summary							
Floor Plan	No. of Units	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Developer's Base Price
Plan 1	55	1,410	3	2.5	Two	2-Car	\$619,000
Plan 2	59	1,520	3	2.5	Two	2-Car	\$631,000
Plan 3	61	1,647	3	2.5	Two	2-Car	\$661,000
Plan 4	<u>62</u>	1,865	4	3.0	Two	2-Car	\$714,000
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The comparable sales are summarized in the following table.

Comparable Home Sale Summary												
No.	Address	Project	Contract Date	Sale Price	Close of Escrow	Living Area (SF)	Beds	Baths	Garage	Year Built	Lot Size / Type	Plan
1	28564 Via Navarra	Prado	7/3/2025	\$619,000	Pending	1,410	3	2.5	2-Car	2025	Detached Condo	Plan 1
2	40368 Via Jumara	Prado	6/11/2025	\$615,000	8/1/2025	1,410	3	2.5	2-Car	2025	Detached Condo	Plan 1
3	28569 Via Navarra	Prado	6/15/2025	\$617,000	7/28/2025	1,410	3	2.5	2-Car	2025	Detached Condo	Plan 1
4	28585 Via Roble	Prado	4/14/2025	\$629,000	5/30/2025	1,410	3	2.5	2-Car	2025	Detached Condo	Plan 1
5	32613 Brunello Way	Sommers Bend	5/22/2025	\$675,000	6/2/2025	1,695	4	3.0	2-Car	2023	Detached	Plans 1, 2, 3, & 4
6	28048 Oakdale Dr	Sultana at Heirloom Farms	6/6/2025	\$590,000	6/27/2025	1,698	3	3.0	2-Car	2025	Townhome	Plans 1, 2, 3, & 4
7	28532 Via Crianza	Prado	6/26/2025	\$639,000	Pending	1,520	3	2.5	2-Car	2025	Detached Condo	Plan 2
8	28537 Via Prago	Prado	6/19/2025	\$635,000	6/27/2025	1,520	3	2.5	2-Car	2025	Detached Condo	Plan 2
9	40411 Via Cava	Prado	5/18/2025	\$629,000	6/17/2025	1,520	3	2.5	2-Car	2025	Detached Condo	Plan 2
10	28586 Via Roble	Prado	3/31/2025	\$664,817	5/28/2025	1,520	3	2.5	2-Car	2025	Detached Condo	Plan 2
11	28462 Via Rioja	Prado	7/5/2025	\$682,600	Pending	1,647	3	2.5	2-Car	2025	Detached Condo	Plan 3
12	28556 Via Prago	Prado	5/28/2025	\$698,418	8/1/2025	1,647	3	2.5	2-Car	2025	Detached Condo	Plan 3
13	40238 Via Orujo	Prado	5/11/2025	\$669,250	6/26/2025	1,647	3	2.5	2-Car	2025	Detached Condo	Plan 3
14	28549 Via Prago	Prado	6/24/2025	\$715,817	Pending	1,865	4	3.0	2-Car	2025	Detached Condo	Plan 4
15	28538 Via Prago	Prado	5/25/2025	\$725,817	6/27/2025	1,865	4	3.0	2-Car	2025	Detached Condo	Plan 4
16	28531 Via Crianza	Prado	5/24/2025	\$725,817	7/24/2025	1,865	4	3.0	2-Car	2025	Detached Condo	Plan 4

Comparable Sales Map



The subject location is indicated by the red star. Sale 5 is located in the Sommers Bend project and Sale 6 is located within the Sultana at Heirloom Farms community. The remaining comparables are located within the subject project.

Discussion of Adjustments

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

Adjustment Factor	Accounts For	Comments
Special Taxes	Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the difference in the bond encumbrance between the subject and comparables based on the annual assessment, and the estimated average holding period of a single-family home, which is estimated at 12 years.	The subject and all of the comparables have a bond encumbrance and are adjusted accordingly.
Upgrades and Incentives	The objective of the analysis is to estimate the base value per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.	Incentives and upgrades included in the sales have been considered and adjusted for in this analysis. In the case of Sale 6, the reported sale price is net of the incentives received and additional adjustment is not required.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.
Market Conditions (Date of Sale, Phase Adjustment)	The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.	Home pricing over the past six months has remained relatively stable. The sales occurred between March and July 2025; as such, no adjustments are necessary.
Location	Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.	The subject and comparables are located within the city of Temecula. No adjustments have been made.

Community Appeal	Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.	The subject and most of the comparables have similar community appeal and do not require adjustments. However, Sale 5 is located in Sommers Bend which is a master planned community adjacent to open space preserves. This comparable is adjusted downward.
Lot Size	The lot size adjustment pertains to the differences between the subject's average lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.	The subject community offers detached condominiums. Sale 5 (Sommers Bend), though not a condominium, reflects a detached home on a small lot and requires no adjustment. Sale 6 (Sultana at Heirloom Farms) is an attached townhome and is adjusted upward.
Lot Premiums/ Discounts	Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered.	Appropriate adjustments are applied based upon lot placement and configuration within their respective projects.
Design and Appeal	Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.	All of the comparables are similar to the subject in regard to design and appeal.
Quality of Construction	Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality.	The comparable sales feature similar construction quality and do not require adjustments.

Age/Condition	When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.	The majority of comparable sales represent new construction and require no adjustments. Sale 5 reflects a resale of a home constructed in 2023 and is adjusted upward. It is noted, Sale 6—though constructed in 2023—is not a resale and sold for the first time in June 2025. Therefore, no adjustment is made.
Functional Utility	Ability to adequately provide for its intended purpose.	The appraised properties and comparables represent traditional single-family residential construction on similar lot size categories as the subject. Adjustments for this factor do not apply, beyond the lot size adjustment already made to Sale 6 for its attached townhome configuration.
Room Count	For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.	Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$12,500 per fixture (or half-bath) and is supported by cost estimates for an average quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$12,500 per fixture, or half-bath, is supported. Consequently, a factor of \$25,000 per full bath is also applied in our analysis.

Unit Size/Living Area	Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.	The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$90 to upwards of \$140 per square foot. Considering the information cited above, a factor of \$110.00 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.
Number of Stories	For similar size units, the differences between the number of stories is typically a buyer preference. One buyer might prefer a single-story versus a two-story unit.	In current market conditions, single story floor plans typically demand a slight premium. However, as the subject and comparables reflect two and three story homes, no adjustments are made.
Parking/Garage	Number of garage spaces	The subject's floor plans offer two-car garages. Our survey of local real estate professionals indicates a premium value of approximately \$15,000 for a full garage space.
Landscaping	Included landscaping	The subject and comparables include front yard landscaping. No adjustments are made.

Adjustment Grids

The following pages include grids reflecting the aforementioned adjustments.

Plan 1															
Project Information		Subject Property		Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5		Comparable 6	
Project Name		Prado		Prado		Prado		Prado		Sommers Bend		Sultana at Heirloom Farms			
Address/Lot Number		28564 Via Navarra		40368 Via Jumara		28569 Via Navarra		28585 Via Roble		32613 Brunello Way		28048 Oakdale Dr			
City/Area		Temecula		Temecula		Temecula		Temecula		Temecula		Temecula			
Price				\$619,000		\$615,000		\$617,000		\$629,000		\$675,000		\$590,000	
Price Per SF		N/Ap		\$439.01		\$436.17		\$437.59		\$446.10		\$398.23		\$347.47	
Special Taxes (12-year hold at 4.5%)		\$37,933		\$37,933		\$37,933		\$37,933		\$37,933		\$24,593		\$26,873	
Adjustment				\$0		\$0		\$0		\$0		-\$13,340		-\$11,060	
Adjusted Price (Including Bonds)				\$619,000		\$615,000		\$617,000		\$629,000		\$661,660		\$578,940	
Total Consideration per SF		\$439.01		\$436.17		\$437.59		\$446.10		\$390.36		\$340.95			
Data Source		Project sales agent		Project sales agent		Project sales agent		Project sales agent		MLS		MLS			
Incentives		N/Ap		Yes		\$25,818		Yes		\$16,068		Yes		\$0	
Upgrades		Base		Yes		(\$26,818)		Yes		(\$17,068)		No		\$0	
Effective Base Sales Price				\$618,000		\$616,000		\$616,000		\$616,000		\$661,660		\$578,940	
Adjustments:		Factor		Description		+ / (-)		Description		+ / (-)		Description		+ / (-)	
Property Rights		Fee Simple		Similar				Similar				Similar			
Financing Terms		Cash Equivalent		Similar				Similar				Similar			
Conditions of Sale		Market		Market				Market				Market			
Market Conditions															
Contract Date		8/4/2025		7/3/2025				6/11/2025				6/15/2025			
Project Location		Temecula		Temecula				Temecula				Temecula			
Community Appeal		Average		Similar				Similar				Superior		(\$19,850)	
Lot Size		Detached Condo		Detached Condo				Detached Condo				Detached		Townhome	
Lot Premium		N/Ap		Yes		(\$1,000)		Yes		(\$1,000)		Yes		(\$1,000)	
Design and Appeal		Average		Similar				Similar				Similar			
Quality of Construction		Good		Similar				Similar				Similar			
Age (Total/Effective)		New		Similar				Similar				2023		\$13,233	
Condition		Good/New		Similar				Similar				Similar			
Functional Utility		Average		Similar				Similar				Similar			
Room Count															
Bedrooms		3		3				3				4		3	
Baths		\$25,000 2.5		2.5		\$0 2.5		\$0 2.5		\$0 2.5		\$0 3.0		(\$12,500) 3.0	
Living Area (SF)		\$110,000 1,410		1,410		\$0 1,410		\$0 1,410		\$0 1,410		\$0 1,695		(\$31,350) 1,698	
Number of Stories		Two		Two				Two				Two		Three	
Heating/Cooling		Central/Forced		Similar				Similar				Similar			
Garage		\$15,000 2-Car		2-Car				2-Car				2-Car		2-Car	
Landscaping		Front		Similar				Similar				Similar			
Pool/Spa		None		Similar				Similar				Similar			
Patios/Decks		Patio		Similar				Similar				Similar			
Fencing		Rear		Similar				Similar				Similar			
Fireplace(s)		\$8,000 None		None				None				None		None	
Kitchen Equipment		Average		Similar				Similar				Similar			
Other		None		Similar				Similar				Similar			
Gross Adjustments				\$1,000				\$1,000				\$1,000		\$76,933	
Net Adjustments				(\$1,000)				(\$1,000)				(\$1,000)		(\$50,467)	
Adjusted Retail Value				\$617,000				\$615,000				\$615,000		\$611,193	
Concluded Retail Value				\$615,000											
Indicated Value Per SF				\$436.17											

Plan 2															
Project Information		Subject Property		Comparable 7		Comparable 8		Comparable 9		Comparable 10		Comparable 5		Comparable 6	
Project Name		Prado		Prado		Prado		Prado		Prado		Sommers Bend		Sultana at Heirloom Farms	
Address/Lot Number		28532 Via Crianza		28537 Via Prago		40411 Via Cava		28586 Via Roble		32613 Brunello Way		28048 Oakdale Dr			
City/Area		Temecula		Temecula		Temecula		Temecula		Temecula		Temecula		Temecula	
Price		N/Ap		\$639,000		\$635,000		\$629,000		\$664,817		\$675,000		\$590,000	
Price Per SF		N/Ap		\$420.39		\$417.76		\$413.82		\$437.38		\$398.23		\$347.47	
Special Taxes (12-year hold at 4.5%)		\$39,028		\$39,028		\$39,028		\$39,028		\$39,028		\$24,593		\$26,873	
Adjustment				\$0		\$0		\$0		\$0		-\$14,435		-\$12,154	
Adjusted Price (Including Bonds)				\$639,000		\$635,000		\$629,000		\$664,817		\$660,565		\$577,846	
Total Consideration per SF		\$420.39				\$417.76		\$413.82		\$437.38		\$389.71		\$340.31	
Data Source		Project sales agent		Project sales agent		Project sales agent		Project sales agent		MLS		MLS			
Incentives		N/Ap		Yes		\$29,917		Yes		\$33,817		No		\$0	
Upgrades		Base		Yes		(\$32,917)		Yes		(\$30,817)		No		\$0	
Effective Base Sales Price				\$636,000		\$637,000		\$632,000		\$634,000		\$660,565		\$577,846	
Adjustments:		Factor		Description		+ / (-)		Description		+ / (-)		Description		+ / (-)	
Property Rights		Fee Simple		Similar				Similar				Similar			
Financing Terms		Cash Equivalent		Similar				Similar				Similar			
Conditions of Sale		Market		Market				Market				Market			
Market Conditions															
Contract Date		8/4/2025		6/26/2025				5/18/2025				5/22/2025		6/6/2025	
Project Location		Temecula		Temecula				Temecula				Temecula			
Community Appeal		Average		Similar				Similar				Superior		(\$19,817)	
Lot Size		Detached Condo		Detached Condo				Detached Condo				Detached		Townhome	
Lot Premium		N/Ap		Yes		(\$5,000)		Yes		(\$1,000)		(\$4,000)		Similar	
Design and Appeal		Average		Similar				Similar				Similar		Similar	
Quality of Construction		Good		Similar				Similar				Similar		Similar	
Age (Total/Effective)		New		Similar				Similar				2023		\$13,211	
Condition		Good/New		Similar				Similar				Similar		2023 (new)	
Functional Utility		Average		Similar				Similar				Similar		Similar	
Room Count															
Bedrooms		3		3				3				4		3	
Baths		\$25,000		2.5		2.5		\$0		2.5		\$0		3.0	
Living Area (SF)		\$110.00		1,520		1,520		\$0		1,520		\$0		1,695	
Number of Stories		Two		Two				Two				Two		1,698	
Heating/Cooling		Central/Forced		Similar				Similar				Similar		Three	
Garage		\$15,000		2-Car		2-Car		2-Car				2-Car		2-Car	
Landscaping		Front		Similar				Similar				Similar		Similar	
Pool/Spa		None		Similar				Similar				Similar		Similar	
Patios/Decks		Patio		Similar				Similar				Similar		Similar	
Fencing		Rear		Similar				Similar				Similar		Similar	
Fireplace(s)		\$8,000		None		None		None				None		None	
Kitchen Equipment		Average		Similar				Similar				Similar		Similar	
Other		None		Similar				Similar				Similar		Similar	
Gross Adjustments				\$5,000				\$6,000				\$1,000		\$4,000	
Net Adjustments				(\$5,000)				(\$6,000)				(\$1,000)		(\$4,000)	
Adjusted Retail Value				\$631,000				\$631,000				\$631,000		\$630,000	
Concluded Retail Value		\$630,000													
Indicated Value Per SF		\$414.47													

Plan 3

Project Information	Subject Property	Comparable 11		Comparable 12		Comparable 13		Comparable 5		Comparable 6	
Project Name	Prado	Prado		Prado		Prado		Sommers Bend		Sultana at Heirloom Farms	
Address/Lot Number		28462 Via Rioja		28556 Via Prago		40238 Via Orujo		32613 Brunello Way		28048 Oakdale Dr	
City/Area	Temecula	Temecula		Temecula		Temecula		Temecula		Temecula	
Price	N/Ap		\$682,600		\$698,418		\$669,250		\$675,000		\$590,000
Price Per SF	N/Ap	\$414.45		\$424.05		\$406.34		\$398.23		\$347.47	
Special Taxes (12-year hold at 4.5%)	\$40,122		\$40,122		\$40,122		\$40,122		\$24,593		\$26,873
Adjustment			\$0		\$0		\$0		-\$15,529		-\$13,248
Adjusted Price (Including Bonds)			\$682,600		\$698,418		\$669,250		\$659,471		\$576,752
Total Consideration per SF		\$414.45		\$424.05		\$406.34		\$389.07		\$339.67	
Data Source		Project sales agent		Project sales agent		Project sales agent		MLS		MLS	
Incentives	N/Ap	Yes	\$13,818	No	\$0	No	\$0	No	\$0	Yes	\$0
Upgrades	Base	Yes	(\$33,418)	Yes	(\$33,418)	Yes	(\$13,250)	No	\$0	No	\$0
Effective Base Sales Price			\$663,000		\$665,000		\$656,000		\$659,471		\$576,752

Adjustments:	Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Financing Terms	Cash Equivalent	Similar		Similar		Similar		Similar		Similar	
Conditions of Sale	Market	Market		Market		Market		Market		Market	
Market Conditions											
Contract Date	8/4/2025	7/5/2025		5/28/2025		5/11/2025		5/22/2025		6/6/2025	
Project Location	Temecula	Temecula		Temecula		Temecula		Temecula		Temecula	
Community Appeal	Average	Similar		Similar		Similar		Superior	(\$19,784)	Similar	
Lot Size	Detached Condo	Detached Condo		Detached Condo		Detached Condo		Detached		Townhome	\$57,675
Lot Premium	N/Ap	Yes	(\$3,000)	Yes	(\$8,000)	Yes	(\$1,000)	Similar		Similar	
Design and Appeal	Average	Similar		Similar		Similar		Similar		Similar	
Quality of Construction	Good	Similar		Similar		Similar		Similar		Similar	
Age (Total/Effective)	New	Similar		Similar		Similar		2023	\$13,189	2023 (new)	
Condition	Good/New	Similar		Similar		Similar		Similar		Similar	
Functional Utility	Average	Similar		Similar		Similar		Similar		Similar	
Room Count											
Bedrooms	3	3		3		3		4		3	
Baths	\$25,000 2.5	2.5	\$0	2.5	\$0	2.5	\$0	3.0	(\$12,500)	3.0	(\$12,500)
Living Area (SF)	\$110.00 1,647	1,647	\$0	1,647	\$0	1,647	\$0	1,695	(\$5,280)	1,698	(\$5,610)
Number of Stories	Two	Two		Two		Two		Two		Three	
Heating/Cooling	Central/Forced	Similar		Similar		Similar		Similar		Similar	
Garage	\$15,000 2-Car	2-Car		2-Car		2-Car		2-Car		2-Car	
Landscaping	Front	Similar		Similar		Similar		Similar		Similar	
Pool/Spa	None	Similar		Similar		Similar		Similar		Similar	
Patios/Decks	Patio	Similar		Similar		Similar		Similar		Similar	
Fencing	Rear	Similar		Similar		Similar		Similar		Similar	
Fireplace(s)	\$8,000 None	None		None		None		None		None	
Kitchen Equipment	Average	Similar		Similar		Similar		Similar		Similar	
Other	None	Similar		Similar		Similar		Similar		Similar	
Gross Adjustments			\$3,000		\$8,000		\$1,000		\$50,754		\$75,785
Net Adjustments			(\$3,000)		(\$8,000)		(\$1,000)		(\$24,375)		\$39,565
Adjusted Retail Value			\$660,000		\$657,000		\$655,000		\$635,096		\$616,317

Concluded Retail Value	\$655,000
Indicated Value Per SF	\$397.69

Plan 4

Project Information	Subject Property	Comparable 14		Comparable 15		Comparable 16		Comparable 9		Comparable 10	
Project Name	Prado	Prado		Prado		Prado		Sommers Bend		Sultana at Heirloom Farms	
Address/Lot Number		28549 Via Prago		28538 Via Prago		28531 Via Crianza		32613 Brunello Way		28048 Oakdale Dr	
City/Area	Temecula	Temecula		Temecula		Temecula		Temecula		Temecula	
Price	N/Ap		\$715,817		\$725,817		\$725,817		\$675,000		\$590,000
Price Per SF	N/Ap	\$383.82		\$389.18		\$389.18		\$398.23		\$347.47	
Special Taxes (12-year hold at 4.5%)	\$42,310		\$42,310		\$42,310		\$42,310		\$24,593		\$26,873
Adjustment			\$0		\$0		\$0		-\$17,717		-\$15,437
Adjusted Price (Including Bonds)			\$715,817		\$725,817		\$725,817		\$657,283		\$574,563
Total Consideration per SF		\$383.82		\$389.18		\$389.18		\$387.78		\$338.38	
Data Source		Project sales agent		Project sales agent		Project sales agent		MLS		MLS	
Incentives	N/Ap	Yes	\$16,000	No	\$0	No	\$0	No	\$0	Yes	\$0
Upgrades	Base	Yes	(\$35,817)	Yes	(\$34,817)	Yes	(\$35,817)	No	\$0	No	\$0
Effective Base Sales Price			\$696,000		\$691,000		\$690,000		\$657,283		\$574,563
Adjustments:	Factor	Description	+/(-)	Description	+/(-)	Description	+/(-)	Description	+/(-)	Description	+/(-)
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Financing Terms	Cash Equivalent	Similar		Similar		Similar		Similar		Similar	
Conditions of Sale	Market	Market		Market		Market		Market		Market	
Market Conditions											
Contract Date	8/4/2025	6/24/2025		5/25/2025		5/24/2025		5/22/2025		6/6/2025	
Project Location	Temecula	Temecula		Temecula		Temecula		Temecula		Temecula	
Community Appeal	Average	Similar		Similar		Similar		Superior	(\$19,718)	Similar	
Lot Size	Detached Condo	Detached Condo		Detached Condo		Detached Condo		Detached		Townhome	\$57,456
Lot Premium	N/Ap	Yes	(\$10,000)	Yes	(\$6,000)	Yes	(\$5,000)	Similar		Similar	
Design and Appeal	Average	Similar		Similar		Similar		Similar		Similar	
Quality of Construction	Good	Similar		Similar		Similar		Similar		Similar	
Age (Total/Effective)	New	Similar		Similar		Similar		2023	\$13,146	2023 (new)	
Condition	Good/New	Similar		Similar		Similar		Similar		Similar	
Functional Utility	Average	Similar		Similar		Similar		Similar		Similar	
Room Count											
Bedrooms	4	4		4		4		4		3	
Baths	\$25,000 3.0	3.0	\$0	3.0	\$0	3.0	\$0	3.0	\$0	3.0	\$0
Living Area (SF)	\$110.00 1,865	1,865	\$0	1,865	\$0	1,865	\$0	1,695	\$18,700	1,698	\$18,370
Number of Stories	Two	Two		Two		Two		Two		Three	
Heating/Cooling	Central/Forced	Similar		Similar		Similar		Similar		Similar	
Garage	\$15,000 2-Car	2-Car		2-Car		2-Car		2-Car		2-Car	
Landscaping	Front	Similar		Similar		Similar		Similar		Similar	
Pool/Spa	None	Similar		Similar		Similar		Similar		Similar	
Patios/Decks	Patio	Similar		Similar		Similar		Similar		Similar	
Fencing	Rear	Similar		Similar		Similar		Similar		Similar	
Fireplace(s)	\$8,000 None	None		None		None		None		None	
Kitchen Equipment	Average	Similar		Similar		Similar		Similar		Similar	
Other	None	Similar		Similar		Similar		Similar		Similar	
Gross Adjustments			\$10,000		\$6,000		\$5,000		\$51,564		\$75,826
Net Adjustments			(\$10,000)		(\$6,000)		(\$5,000)		\$12,127		\$75,826
Adjusted Retail Value			\$686,000		\$685,000		\$685,000		\$669,410		\$650,389
Concluded Retail Value			\$685,000								
Indicated Value Per SF			\$367.29								

Conclusion of Home Values

Greatest weight is given to the pending and closed comparables sales within the subject project. Sales 5 and 6 provide secondary support. Based on the analysis herein, the market value conclusions for the homes are summarized in the following table.

Floor Plan Value Conclusions						
Floor Plan	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Concluded Base Retail Value
Plan 1	1,410	3	2.5	Two	2-Car	\$615,000
Plan 2	1,520	3	2.5	Two	2-Car	\$630,000
Plan 3	1,647	3	2.5	Two	2-Car	\$655,000
Plan 4	1,865	4	3.0	Two	2-Car	\$685,000

Residential Lot Valuation

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

The Developer's holdings currently consist of 190 lots in various stages of development. The upcoming analyses will consider a typical transaction size of 100 lots.

Sales Comparison Approach

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

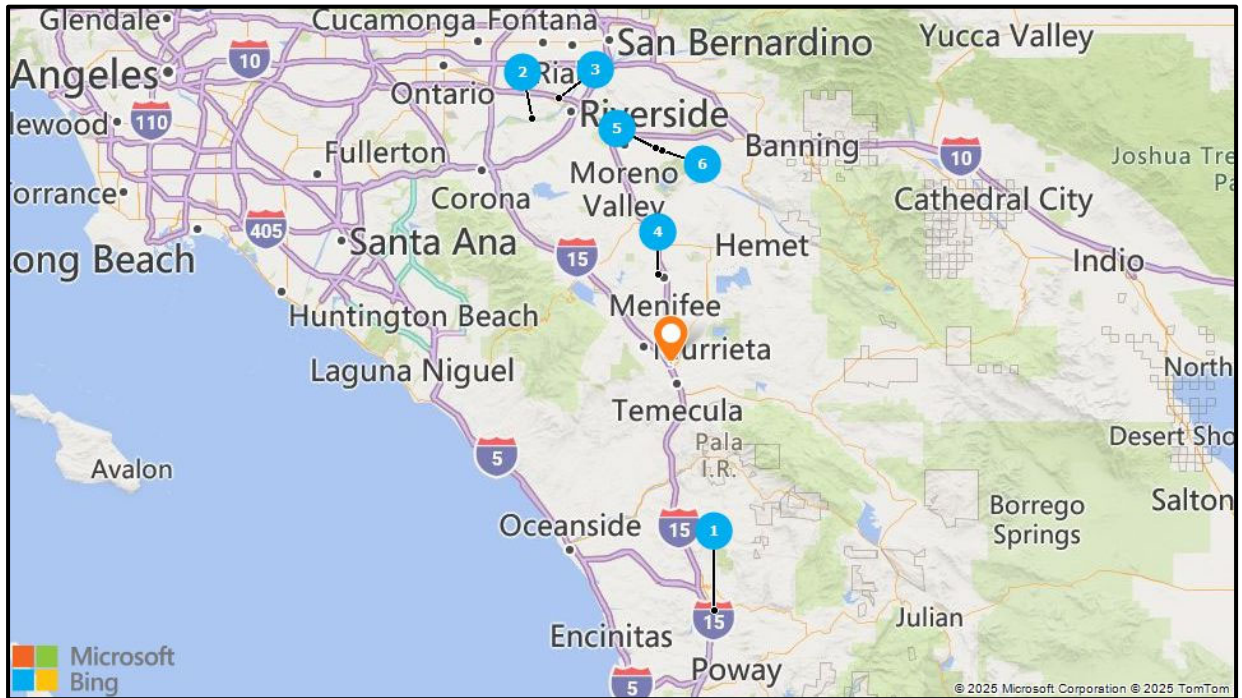
- Location: Riverside County and northern San Diego County
- Typical Lot Size: Less than 4,000 square feet
- Number of Lots: 250 or less
- Transaction Date: 2023 or later

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

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Typical Lot Size	Number of Lots	\$/Lot	Expenditures After Purchase
1	Proposed Townhome Project 2608 S. Escondido Blvd. Escondido San Diego County Comments: KB Home purchased an infill site proposed for 42 townhomes in Escondido. Finishing costs are estimated at \$145,857 per lot. Though bond financing was not in-place at the time of sale, special taxes are estimated at \$2,400 per lot based on other projects in the area.	Dec-24 Closed	\$7,650,000 \$2,400	Attached	42	\$182,143	\$145,857
2	Serrano Oaks Linares Ave and Clay St Jurupa Valley Riverside County Comments: This comparable represents the sale 66 townhome lots with an approved tentative map in place. Lot finishing costs were reported at \$143,080 per lot. The project will feature two-story homes ranging from 1,507 to 1,600 sq. ft. with up to 4 bedrooms, 2.5 bathrooms, and 2 car garages.	Dec-24 Closed	\$4,389,000 \$2,000	Attached	66	\$66,500	\$143,080
3	Emerald Ridge Canal St. Jurupa Valley Riverside County Comments: Sale of 206 lots to Lennar for development of Emerald Ridge project. Finishing costs (site development and impact fees) are estimated at \$176,862 per lot. The typical lot size for the project is approximately 3,600 SF. At the time of sale, no bond financing was in place. However, given surrounding projects in the area, it is estimated the lots would have special taxes of approximately \$1,800 per lot.	Mar-24 Closed	\$19,000,000 \$1,800	3,600	206	\$92,233	\$176,862
4	Riverwalk Village Bradley Rd. Menifee Riverside County Comments: This is a sale of 198 lots in unimproved condition. The lots are configured in an 8-pack courtyard cluster and have several community amenities. Based on the density of the project, the typical lot size is estimated at 2,250 square feet. The finished lot is estimated at \$225,338 per lot. A building permit is estimated at \$4,900 per lot. The project is utilizing special taxes; however, the exact annual payment is unclear. Therefore, based on the surrounding projects an annual special tax is estimated at \$2,000 per lot.	Dec-23 Closed	\$22,077,500 \$2,000	2,250	198	\$111,503	\$118,735
5	Alessandro Alessandro Blvd. Moreno Valley Riverside County Comments: This is a sale of 225 tentatively mapped lots with a typical lot size of 3,000 square feet. The lots will be developed into clusters; however, it is unclear the exact layout. The finished lot price is estimated at \$201,265 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.	Nov-23 Closed	\$16,143,500 \$2,000	3,000	225	\$71,749	\$131,516
6	27550 Brodiaea Avenue 27550 Brodiaea Ave. Moreno Valley Riverside County Comments: This is a sale of 67 tentatively mapped lots with a typical lot size of 3,600 square feet. The finished lot price is estimated at \$177,669 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.	Jul-23 Closed	\$2,800,055 \$2,000	3,600	67	\$41,792	\$137,877
Subject Prado Temecula, CA				Detached Condo	100		

Comparable Land Sales Map





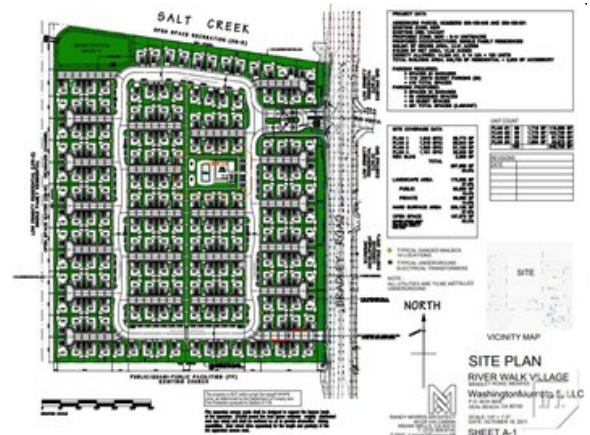
Sale 1
Proposed Townhome Project



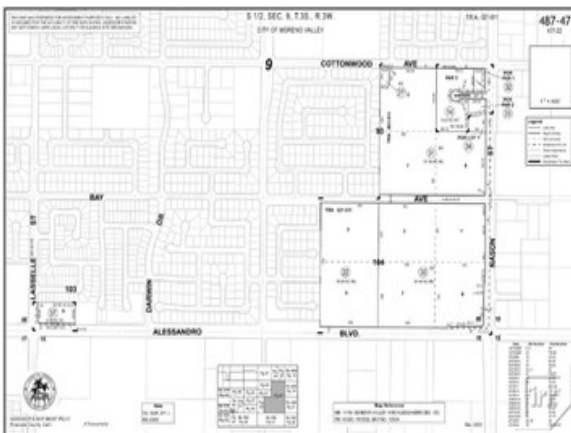
Sale 2
Serrano Oaks



Sale 3
Emerald Ridge



Sale 4
Riverwalk Village



Sale 5
Alessandro



Sale 6
27550 Brodiaea Avenue

Loaded Lot Analysis

Prior to the application of adjustments, the following items are added to the per lot sale price.

Loaded Lot Analysis	
Remaining Site Dev. Cost	We apply adjustments for remaining site development costs (if any).
Permits and Fees	Permits and fees due upon building permit are included on a dollar-for-dollar basis.
Bond Encumbrance	If applicable, we consider the annual special tax and typical holding time for a developer (2 years) for each comparable (if bond debt exists).

Adjustment Factors

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

Adjustment Factor	Accounts For	Comments
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All of the comparables are all cash or cash to seller transactions and do not warrant an adjustment.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	All of the comparables are market transactions and do not warrant an adjustment for conditions of sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Home values increased significantly leading up to the first quarter of 2022, when mortgage interest rates began a steady increase from historical lows (below 3%) to over 7%. While some price appreciation was offset by rising construction costs (materials) and labor shortages during the pandemic, construction costs have since moderated. Despite the higher interest rates, demand has remained steady in recent quarters and home prices have stabilized. The comparables transferred

Adjustment Factor	Accounts For	Comments
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	between 2023 and 2024 and do not require adjustment. The subject is located in the city of Temecula. Sale 4 is located in Menifee and Sales 5 and 6 are located in Moreno Valley. These communities are ranked as inferior to Temecula based upon typical home and residential land values. Conversely, Sale 1 is ranked as superior.
Number of Lots	Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot.	Typically, variances in per lot prices, all else being equal, are not observed in transactions between 40 and 250 lots. The comparables range from 42 to 225 lots and bracket the subject. No adjustments have been made.
Lot Size	Adjustments for differences in lot size between the comparables and subject are considered.	The subject includes detached condominium lots. Sales 3 through 6 reflect detached home small lots and do not require adjustment. However, Sales 1 and 2 reflect attached townhome lots and are adjusted upward.
Site Utility	Differences in contour, drainage, soil conditions, as well as project design, can affect the utility and therefore, the market value of the properties.	The subject property is considered to have average utility. Each of the comparables are considered to offer similar site utility as the subject and no additional adjustment for this characteristic are required.
Lot Premiums/Discounts	Primary physical factors that affect desirability of lots.	The subject has average lot premiums/discounts. All of the comparables have similar lot premiums/discounts and no adjustments are warranted.

The following table summarizes the adjustments we make to the comparable sales.

Land Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Prado	Proposed Townhome Project	Serrano Oaks	Emerald Ridge	Riverwalk Village	Alessandro	27550 Brodiaea Avenue
Address	Campos Ricos Rd.	2608 S. Escondido Blvd.	Linares Ave and Clay St	Canal St.	Bradley Rd.	Alessandro Blvd.	27550 Brodiaea Ave.
City	Temecula	Escondido	Jurupa Valley	Jurupa Valley	Menifee	Moreno Valley	Moreno Valley
County	Riverside	San Diego	Riverside	Riverside	Riverside	Riverside	Riverside
Sale Date		Dec-24	Dec-24	Mar-24	Dec-23	Nov-23	Jul-23
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$7,650,000	\$4,389,000	\$19,000,000	\$22,077,500	\$16,143,500	\$2,800,055
Financing Terms Adjustment		\$0	\$0	\$0	\$0	\$0	\$0
Conditions of Sale Adjustment		\$0	\$0	\$0	\$0	\$0	\$0
Number of Lots	100	42	66	206	198	225	67
Price per Lot		\$182,143	\$66,500	\$92,233	\$111,503	\$71,749	\$41,792
Expenditures After Purchase		\$145,857	\$143,080	\$176,862	\$118,735	\$131,516	\$137,877
Bond Consideration		\$4,800	\$4,000	\$3,600	\$4,000	\$4,000	\$4,000
Price per Lot (Loaded)		\$332,800	\$213,580	\$272,695	\$234,238	\$207,265	\$183,669
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Ranking		—	—	—	—	—	—
Financing Terms Adjustment		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Conditions of Sale Adjustment		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
Market Conditions Adjustment	8/4/2025	Dec-24	Dec-24	Mar-24	Dec-23	Nov-23	Jul-23
Property Adjustments							
Location/Community Adjustment	Temecula	Escondido Superior	Jurupa Valley	Jurupa Valley	Menifee Inferior	Moreno Valley Inferior	Moreno Valley Inferior
Number of Lots Adjustment	100	42	66	206	198	225	67
Typical Lot Size Adjustment	Detached Condo	Attached Inferior	Attached Inferior	3,600	2,250	3,000	3,600
Shape and Topography Adjustment	Average	Average	Average	Average	Average	Average	Average
Lot Premiums/Discounts Adjustment	Average	Average	Average	Average	Average	Average	Average
Overall Ranking		Superior	Inferior	Similar	Inferior	Inferior	Inferior

Land Value Conclusion

The comparables reflect a range of sales prices of \$41,792 to \$182,143 per lot. The wide disparity in the unadjusted range is largely attributable to lot condition at time of sale (unimproved lots, partially improved lots and improved lots), as well as differences in permits and fees and bonds encumbrances. After accounting for remaining site development costs, permits and fees and bond encumbrances, the comparables exhibit a loaded lot range of \$183,669 to \$332,800 per loaded lot. The following table summarizes the loaded lot values (unadjusted) and our conclusion of loaded lot value for the subject property.

Bulk Lot Ranking Summary			
Comparable	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
1	Dec-24	\$332,800	Superior
Subject		\$275,000	
3	Mar-24	\$272,695	Similar
4	Dec-23	\$234,238	Inferior
2	Dec-24	\$213,580	Inferior
5	Nov-23	\$207,265	Inferior
6	Jul-23	\$183,669	Inferior
Estimated Unit Value		\$275,000	

The subject is ranked as inferior to Sale 1, similar to Sale 3, and superior to the balance of the dataset.

A loaded lot indicator of \$275,000 per lot appears reasonable. Deducting the subject's building permits (\$2,072 per lot), yields a lot value for the subject property of \$272,928 (\$273,000 per lot, rounded), as calculated below.

Conclusion of Value: Sales Comparison Approach	
Concluded Loaded Lot Value	\$275,000
Less: Permits & Fees	<u>(\$2,072)</u>
Estimated Improved Lot Value	\$272,928
Rounded	\$273,000

Land Residual Analysis

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

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

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

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

Builder's Incentive (profit) and Discount Rate – builder incentive (profit) and discount rate are derived employing a variety of data.

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

Revenue

The projected sales price for the average unit within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

This analysis considers a benchmark transaction size of 100 detached condominium lots.

Based on the *Residential Market Analysis* section of this report and considering current asking prices, we estimate a typical average-sized home on the subject would contain approximately 1,615 square feet and would have a corresponding base price of \$650,000. These estimates will be utilized in the analysis.

Closing Projections

The typical time required for the construction of units is estimated at approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are

reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

Changes in Market Conditions (Price Increases or Decreases)

In early 2022, the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in March 2022) in an effort to manage rising inflation. This resulted in a substantial rise in mortgage interest rates, which are now between 6.00% and 7.00% but have moderated from highs around 8.00% in October of 2023. The rise in mortgage interest rates has impacted the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the sell-off period.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project.

Based on the typical marketing and absorption rate data presented in the *Residential Market Analysis* overview, we estimate an absorption rate of approximately 6.0 units per month, or 18 units per quarter. Home sales begin in Period 1, and the subject lots sell out in Period 6, with Period 7 needed to complete construction and close escrow. Market conditions are anticipated to remain stable over this time.

Expense Projections

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

Subdivision Budgets														
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Profit % of Revenue	IRR
National	2025	81	Average	2,027	2,250	6.0%	N/Av	N/Av	N/Av	N/Av	\$130,430	\$73,200	10.0%	20.0%
National	2025	172	Average	2,537	6,147	0.2%	0.4%	N/Av	N/Av	N/Av	\$94,186	\$66,600	14.5%	25.0%
National	2025	177	Average	1,992	4,763	N/Av	N/Av	\$78.50	\$9.69	12.3%	\$146,377	\$71,100	N/Av	N/Av
National	2024	236	Average	1,500	5,940	6.0%	6.0%	\$119.00	N/Av	N/Av	\$131,355	\$42,660	N/Av	25.0%
National	2024	40	Good	1,900	5,200	5.0%	5.0%	N/Av	N/Av	N/Av	\$69,542	\$55,158	18.0%	N/Av
National	2024	77	Good	4,931	12,000	4.9%	1.6%	\$138.00	N/Av	N/Av	N/Av	\$45,900	N/Av	28.0%
National	2024	60	Good	3,532	11,000	5.9%	1.9%	\$150.00	N/Av	N/Av	N/Av	\$39,700	N/Av	22.0%
National	2024	276	Average	1,820	3,000	2.7%	2.7%	\$93.38	N/Av	N/Av	N/Av	\$48,101	19.2%	N/Av
Regional	2024	87	Average	2,290	5,200	N/Av	N/Av	\$115.00	N/Av	N/Av	N/Av	\$59,832	8.1%	N/Av
National	2024	89	Average	2,135	7,200	N/Av	N/Av	\$88.55	N/Av	N/Av	\$76,390	\$66,100	N/Av	N/Av
National	2024	129	Average	2,707	6,200	N/Av	N/Av	\$83.18	N/Av	N/Av	\$139,940	\$54,600	N/Av	N/Av
National	2023	106	Average	1,733	3,825	6.0%	6.0%	\$120.00	\$3.00	2.5%	\$80,547	\$52,187	N/Av	25.0%
Local	2023	53	Average	2,900	6,750	3.5%	3.0%	\$85.53	\$16.67	19.5%	\$125,482	\$64,861	12.0%	25.0%
National	2023	27	Good	2,246	N/Av	N/Av	N/Av	\$152.00	N/Av	N/Av	\$240,018	\$50,668	N/Av	N/Av
Regional	2023	83	Good	1,975	N/Av	N/Av	N/Av	\$135.00	N/Av	N/Av	\$240,018	\$47,937	N/Av	N/Av
National	2023	202	Average	2,342	7,250	N/Av	N/Av	\$72.06	\$11.06	15.3%	\$76,242	\$73,000	N/Av	N/Av
National	2023	276	Average	2,220	7,200	N/Av	N/Av	\$74.96	\$11.09	14.8%	\$83,185	\$32,800	N/Av	N/Av
National	2023	177	Average	2,112	7,200	N/Av	N/Av	\$77.91	\$9.73	12.5%	\$110,669	\$61,700	N/Av	N/Av
National	2022	150	Average	2,092	5,500	N/Av	N/Av	\$92.11	N/Av	N/Av	\$72,875	\$51,700	20.5%	N/Av
National	2022	96	Average	2,346	7,350	N/Av	N/Av	\$79.46	N/Av	N/Av	\$124,544	\$68,647	N/Av	17.0%
Local	2022	91	Average	2,160	5,475	5.0%	1.0%	\$117.00	N/Av	N/Av	N/Av	\$52,790	10.0%	N/Av
National	2022	387	Average	1,771	5,000	6.0%	3.0%	\$105.39	N/Av	N/Av	N/Av	\$43,000	28.0%	25.0%
National	2022	187	Average	2,420	6,698	N/Av	N/Av	\$95.00	N/Av	N/Av	\$255,045	\$77,870	N/Av	N/Av
Minimum	27			1,500	2,250	0.2%	0.4%	\$72.06	\$3.00	2.5%	\$69,542	\$ 32,800	8.1%	17.0%
Maximum	387			4,931	12,000	6.0%	6.0%	\$152.00	\$16.67	19.5%	\$255,045	\$ 77,870	28.0%	28.0%
Average	142			2,334	6,245	4.7%	3.1%	\$103.60	\$10.21	12.8%	\$129,226	\$ 56,527	15.6%	23.6%

Attached Residential Budgets													
Developer Classification	Budget Date	No. of Unit	Quality	Avg. Unit Size (SF)	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Unit	Permits & Fees/Unit	Profit % of Revenue	IRR
Local	2025	20	Good	1,905	0.6%	3.5%	\$276.00	\$38.09	13.8%	\$44,750	\$40,000	15.9%	N/Av
National	2025	55	Average	1,654	4.0%	5.5%	\$128.00	\$3.84	3.0%	\$255,599	\$31,701	N/Av	N/Av
National	2025	120	Average	1,533	2.5%	0.5%	\$125.00	N/Av	N/Av	\$107,042	\$50,934	N/Av	27.0%
Regional	2024	93	Good	1,641	1.9%	1.3%	\$166.00	\$40.12	24.2%	\$90,108	\$53,863	N/Av	20.5%
Regional	2024	172	Good	1,032	1.3%	1.7%	\$182.00	\$27.51	15.1%	\$58,411	\$94,980	N/Av	18.5%
Local	2024	106	Good	1,836	3.4%	3.4%	\$163.00	\$15.97	9.8%	\$99,644	\$55,000	12.7%	N/Av
TBD	2024	143	Average	1,217	3.0%	5.0%	\$140.96	\$14.10	10.0%	\$50,000	\$50,559	15.0%	N/Av
Regional	2023	94	Good	1,462	N/Av	N/Av	\$158.00	N/Av	N/Av	\$240,018	\$45,432	N/Av	N/Av
National	2023	76	Good	1,666	N/Av	N/Av	\$150.00	N/Av	N/Av	\$240,018	\$47,546	N/Av	N/Av
National	2023	80	Good	1,843	N/Av	N/Av	\$116.00	N/Av	N/Av	\$240,018	\$47,295	N/Av	N/Av
Local	2022	17	Good	1,536	N/Av	N/Av	\$250.11	N/Av	N/Av	\$119,821	\$53,247	N/Av	N/Av
National	2022	182	Average	2,840	4.0%	4.0%	\$150.89	\$5.80	3.8%	\$104,686	\$31,335	14.9%	19.3%
Regional	2022	46	Good	1,727	2.4%	2.8%	\$199.00	\$37.81	19.0%	\$67,604	\$59,935	N/Av	N/Av
Regional	2021	101	Good	1,586	3.5%	1.2%	\$171.32	\$19.76	11.5%	\$107,339	\$42,985	8.9%	12.5%
Local	2021	58	Good	1,540	1.0%	4.9%	\$294.96	\$38.34	13.0%	N/Av	\$37,600	9.6%	N/Av
Local	2021	18	Good	1,841	N/Av	N/Av	\$225.47	\$47.06	21.0%	\$33,860	\$31,393	N/Av	N/Av
Regional	2021	15	Good	1,678	4.8%	1.3%	\$223.00	\$37.91	17.0%	\$108,667	\$40,000	10.9%	N/Av
Minimum	15			1,032	0.6%	0.5%	\$116.00	\$3.84	3.0%	\$33,860	\$31,335	8.9%	12.5%
Maximum	182			2,840	4.8%	5.5%	\$294.96	\$47.06	24.2%	\$255,599	\$94,980	15.9%	27.0%
Average	82			1,679	2.7%	2.9%	\$183.51	\$27.19	13.4%	\$122,974	\$47,871	12.6%	19.6%

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

General and Administrative

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

Marketing and Sale

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

6.5%. A figure of 5.0%, or 2.5% for marketing and 2.5% for sales, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.0304%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year.

The subject is within the boundary of the CFD No. 23-02 (Prado). Special Taxes associated with the District, for the most recently available tax year, amount to \$4,400 per unit (\$3,980 for facilities and \$420 for services), which is utilized in the analysis. In addition, \$345 in direct charges are estimated at per unit. The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

HOA

A homeowner's association (HOA) is planned for the subject. According to the developer the estimated HOA fee applicable to the subject property is \$267 per home per month, which is similar to other new home projects in the area and will therefore be utilized in the analysis.

Permits and Fees

Based on the information provided, building permits for the subject are estimated at \$2,072 per lot.

Direct and Indirect Construction Costs

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

Based on the cost comparables, and considering the product line under development, a direct cost estimate of \$120.00 per square foot is applied to the estimated home. This estimate is generally consistent with comparables in the market.

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

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered

- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator

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

Model Complex

The Developer has constructed 3 model homes for the subject property, which is considered to be reasonable.

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

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

Summary

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

Revenue & Expense Summary					
REVENUE SUMMARY					
Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	100	1,615	\$402	\$650,000	\$65,000,000
Model Recapture	(@ 30% of cost)				<u>\$67,500</u>
Total Revenue Before Appreciation:				\$	65,067,500
					\$650,675 /unit
Total Revenue After Appreciation:				\$	65,067,500
					\$650,675 /unit
EXPENSES SUMMARY					
			Total Over Sell-Off Period		
General and Administrative	3.0% of total revenue		\$	1,952,025	
Marketing and Sales	5.0% of total revenue		\$	3,253,375	
Ad Valorem Taxes	\$2,982 /unit/year		\$	247,928	(from cash flow)
Direct Charges	\$345 /unit/year		\$	28,683	(from cash flow)
Special Taxes/Assessments	\$4,400 /unit/year		\$	365,818	(from cash flow)
Homeowner's Association Fees	\$267 /unit/month		\$	264,330	(from cash flow)
Model Costs	3 models		\$	225,000	\$75,000 (per model)
Permits and Fees			\$	<u>207,200</u>	\$2,072 (per unit)
Subtotal:			\$	6,544,359	
Direct Construction Costs (Before Appreciation)	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension</u>	
Average/Typical Floor Plan	1,615	100	\$120.00	\$ 19,380,000	\$193,800 /unit
Indirect Construction Costs	10% of Direct Costs		\$	<u>1,938,000</u>	\$19,380 /unit
Subtotal:			\$	21,318,000	
Total Expenses Before Appreciation:				\$	27,862,359

Internal Rate of Return and Discount Rate

Developer's Incentive

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

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 8.1% to 28.0% for detached homes and 8.9% to 15.9% for attached homes. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period, or the product type is considered weak or untested.

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

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

Present Value Factor & Internal Rate of Return

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

Positive attributes of the subject property include steady demand in Temecula and Riverside County overall. "Negative" attributes associated with the subject are limited to the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (ex. continued high inflation, unemployment rates, interest rates, etc.).

Using a 5.00% present value factor and 10.00% for developer's incentive, results in an implied internal rate of return (IRR) of 22.369%.

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

California/Pacific Islands: Subdivisions & PUDs

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	18.17%	39.62%	26.81%	17.45%	38.03%	25.74%
-100 Units	18.17%	34.15%	25.64%	17.45%	32.79%	24.62%
100-500 Units	18.63%	37.57%	26.98%	17.88%	36.07%	25.90%
500+ Units	19.08%	39.28%	27.43%	18.32%	37.71%	26.33%
Mixed Use	19.54%	39.62%	27.21%	18.76%	38.03%	26.12%
Manufactured Housing	18.74%	43.24%	28.75%	17.99%	41.51%	27.60%
-100 Units	18.74%	37.60%	27.61%	17.99%	36.09%	26.50%
100-500 Units	19.21%	41.36%	29.07%	18.44%	39.70%	27.91%
500+ Units	19.68%	43.24%	29.57%	18.89%	41.51%	28.39%
Business Parks	18.69%	41.34%	27.87%	17.95%	39.69%	26.76%
-100 Acres	18.69%	35.95%	26.78%	17.95%	34.51%	25.71%
100-500 Acres	19.16%	39.55%	28.18%	18.40%	37.96%	27.05%
500+ Acres	19.63%	41.34%	28.66%	18.84%	39.69%	27.51%
Industrial Parks	18.78%	34.91%	25.00%	18.03%	33.51%	24.00%
-100 Acres	18.78%	30.35%	24.08%	18.03%	29.14%	23.11%
100-500 Acres	19.25%	33.39%	25.27%	18.48%	32.05%	24.26%
500+ Acres	19.72%	34.91%	25.67%	18.93%	33.51%	24.65%

*1st Quarter 2025 Data

Realty Rates Developers Survey 2025 Q2

California/Pacific Islands: CA, Guam, HI

The survey is primarily focused on raw land development; whereas, the subject property is analyzed herein as if improved (finished lot, or improved lot, condition), which carries less risk. The implied IRR for the subject is within the range presented by the RealtyRates survey and is considered to be reasonable.

Conclusion

The land residual analysis is presented as follows:

Land Residual Analysis										
	Quarter:	0	1	2	3	4	5	6	7	Total
ABSORPTION										
Sales			18	18	18	18	18	10	0	100
Close of Escrow (COE)			0	18	18	18	18	18	10	100
Unsold Inventory	100		82	64	46	28	10	0	0	
Sales Revenue (Before Appreciation)		\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 6,506,750	\$ -		
Annual Appreciation Factor	0%	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
Sales Revenue (After Appreciation)		\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 6,506,750	\$ -		\$ 65,067,500
Total Sales Revenue (at Close of Escrow)		\$ -	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 11,712,150	\$ 6,506,750		\$ 65,067,500
EXPENSES AND CASH FLOWS										
General and Administrative	3.0%	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (278,861)	\$ (1,952,025)
Marketing and Sales	5.0%	\$ -	\$ (585,608)	\$ (585,608)	\$ (585,608)	\$ (585,608)	\$ (585,608)	\$ (585,608)	\$ (325,338)	\$ (3,253,375)
Ad Valorem Taxes (\$/unit/yr)	\$2,982	\$ (74,551)	\$ (61,437)	\$ (48,191)	\$ (34,810)	\$ (21,295)	\$ (7,643)	\$ -	\$ -	\$ (247,928)
Direct Charges (\$/unit/yr)	\$345	\$ (8,625)	\$ (7,108)	\$ (5,575)	\$ (4,027)	\$ (2,464)	\$ (884)	\$ -	\$ -	\$ (28,683)
Special Taxes/Assessments (\$/unit/yr)	\$4,400	\$ (110,000)	\$ (90,651)	\$ (71,106)	\$ (51,363)	\$ (31,421)	\$ (11,278)	\$ -	\$ -	\$ (365,818)
Homeowner's Association Fees (\$/unit/mo)	\$267	\$ (80,100)	\$ (65,682)	\$ (51,264)	\$ (36,846)	\$ (22,428)	\$ (8,010)	\$ -	\$ -	\$ (264,330)
Model Costs		\$ (225,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (225,000)
Permits and Fees		\$ (37,296)	\$ (37,296)	\$ (37,296)	\$ (37,296)	\$ (37,296)	\$ (37,296)	\$ (20,720)	\$ -	\$ (207,200)
Subtotal:		\$ (814,433)	\$ (1,126,642)	\$ (1,077,900)	\$ (1,028,811)	\$ (979,371)	\$ (913,004)	\$ (604,198)		\$ (6,544,359)
Direct Construction Costs		\$ (1,744,200)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (2,713,200)	\$ (969,000)	
Annual Appreciation Factor	0%	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
Direct Construction Costs (Appreciated)		\$ (1,744,200)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (3,488,400)	\$ (2,713,200)	\$ (969,000)	\$ (19,380,000)
Indirect Construction Costs	10%	\$ (174,420)	\$ (348,840)	\$ (348,840)	\$ (348,840)	\$ (348,840)	\$ (348,840)	\$ (271,320)	\$ (96,900)	\$ (1,938,000)
Subtotal:		\$ (1,918,620)	\$ (3,837,240)	\$ (3,837,240)	\$ (3,837,240)	\$ (3,837,240)	\$ (3,837,240)	\$ (2,984,520)	\$ (1,065,900)	\$ (21,318,000)
Total Expenses		\$ (2,733,053)	\$ (4,963,882)	\$ (4,915,140)	\$ (4,866,051)	\$ (4,816,611)	\$ (3,897,524)	\$ (1,670,098)		\$ (27,862,359)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		\$ (2,733,053)	\$ 6,748,268	\$ 6,797,010	\$ 6,846,099	\$ 6,895,539	\$ 7,814,626	\$ 4,836,652		\$ 37,205,141
Developers Incentive	10.00%	\$ -	\$ (1,171,215)	\$ (1,171,215)	\$ (1,171,215)	\$ (1,171,215)	\$ (1,171,215)	\$ (1,171,215)	\$ (650,675)	\$ (6,506,750)
NET INCOME BEFORE DISCOUNTING		\$ (2,733,053)	\$ 5,577,053	\$ 5,625,795	\$ 5,674,884	\$ 5,724,324	\$ 6,643,411	\$ 4,185,977		\$ 30,698,391
Present Value Factors										
Discount Rate	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672		
Discounted Cash Flow		\$ (2,699,311)	\$ 5,440,198	\$ 5,419,994	\$ 5,399,790	\$ 5,379,588	\$ 6,166,248	\$ 3,837,352		\$ 28,943,858
Net Present Value (Rounded)										\$ 28,940,000
									per unit:	\$289,400
Implied Internal Rate of Return (IRR)	22.369%									

Reconciliation of Lot Value

The concluded estimates of lot value via each approach are shown on the following table. In our opinion, both approaches to value are considered to be good indicators of value and are given equal emphasis in our conclusion. We conclude an improved lot value as follows:

Reconciliation of Improved Lot Value

Sales Comparison Approach	\$273,000 per improved lot
Land Residual Analysis	\$289,400 per improved lot
% Difference	-5.67%
Average	\$281,200
Concluded Improved Lot Value	\$280,000 per improved lot

Market Value by Ownership

In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties. A summary of the ownership group holdings along with the current development status is provided in the following table.

Appraised Property Summary by Ownership

Owner	Partially Completed Lots	Improved SFR Lots	Partially Completed Homes	Completed Homes*	Total
Individual Homeowners	--	--	--	59	59
Meritage Homes of California, Inc.	--	130	45	3	178
TOTAL	0	130	45	62	237

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

To arrive at the market value by ownership, we apply the previously concluded floor plan values to the completed homes. Then, the improved lot value is applied to both the improved lots and the homes under construction, as we do not consider any contributory value related to structural improvements. However, we do add the value of the permits and fees that have been paid to date. For the 45 homes under construction, building permits paid are considered at \$2,072 per lot. In addition, permits and impact fees have also been paid for 24 of the subject's improved lots; therefore, there are remaining fee obligations for 106 of the improved lots. Considering the permits and fees paid to date for 24 improved lots, remaining permits and fees are estimated at \$10,199 per lot, as shown below.

Permit and Fee Calculation

Description	Cost	Lots Paid	Extension	
Building Permits	\$2,072	24	\$49,728	Improved lots with building permits paid
Net Impact Fees (after bond proceeds)	\$12,977	24	<u>\$311,448</u>	Improved lots with impact fees paid
			\$361,176	Total paid
			\$2,778	Per lot; divided by 130 improved lots
Net Impact Fees (after bond proceeds)			\$12,977	Per lot
Less Permits and Fees Paid			<u>\$2,778</u>	Per lot
Net Remaining Permits and Fees			\$10,199	Per lot; deducted from improved lot value

Finally, remaining site development costs are estimated at \$30,174 per lot. A 5% profit factor is also applied to provide an incentive for a prospective buyer to oversee the remaining site development of the subject property.

Based on the previous analyses, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing CFD No. 23-02 (Prado), as of the date of value, August 4, 2025, are presented in the following table.

Market Value by Ownership							
	Lots/Parcels /Homes	Lot/Home Value	Remaining Site Development Costs	Incentive at 5%	Permits and Fees	Value per Component (Rd)	Market Value (Rd.)
Individual Homeowners							
Completed Homes							
Plan 1	12	\$615,000				\$615,000	\$7,380,000 (not less than)
Plan 2	13	\$630,000				\$630,000	\$8,190,000 (not less than)
Plan 3	17	\$655,000				\$655,000	\$11,135,000 (not less than)
Plan 4	17	\$685,000				\$685,000	\$11,645,000 (not less than)
Total - Individual Homeowners	59						\$38,350,000
Meritage Homes of California, Inc							
Improved SFR Lots	130	\$280,000	(\$30,174)	(\$1,509)	(\$10,199)	\$238,000	\$30,940,000
Homes Under Construction	45	\$280,000			\$2,072	\$282,000	\$12,690,000
Completed Homes							
Plan 1	1	\$615,000				\$615,000	\$615,000 (not less than)
Plan 3	1	\$655,000				\$655,000	\$655,000 (not less than)
Plan 4	1	\$685,000				\$685,000	\$685,000 (not less than)
Total - Meritage Homes of California, Inc	178						\$45,585,000
Aggregate of Appraised Values	237						\$83,935,000

Excluding model homes, the Developer holds 175 lots. Given the range of transaction sizes presented in the previous *Sales Comparison Approach* section (42 to 225 lots, with three sales including over 190 lots), it is our opinion no further discounting is warranted for the Developer's holdings as all lots can be expected to transfer in a single transaction.

Based on the preceding valuation analysis, it is our opinion the market value of the fee simple interest in the appraised property, subject to the extraordinary assumptions and hypothetical conditions noted, and in accordance with the definitions, certifications, general assumptions and limiting conditions, is as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate of Appraised Values	Fee Simple	August 4, 2025	\$83,935,000

Extraordinary Assumptions and Hypothetical Conditions

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

(None)

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

1. The value derived herein is based on the hypothetical condition that certain impact fees to be financed by the CFD No. 23-02 Special Tax Bonds have been paid.

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

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local single family residential market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 - 9 months. As it relates to the completed home component of the subject, current market conditions indicate that 30-to-60-day exposure period is reasonable.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 - 9 months.

Certification

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

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



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



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



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

Assumptions and Limiting Conditions

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

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

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

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

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

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

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

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

Extraordinary Assumptions and Hypothetical Conditions

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

(None)

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

1. The value derived herein is based on the hypothetical condition that certain impact fees to be financed by the CFD No. 23-02 Special Tax Bonds have been paid.

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

Addendum A

Appraiser Qualifications

Laura Diaz, MAI

Experience

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

Licenses

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

Education

Academic:

Bachelor of Arts in English, University of Louisville

Master of Urban Planning, University of Louisville

Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Principles

Basic Appraisal Procedures

Real Estate Finance Statistics and Valuation Modeling

Site Valuation and Cost Approach

General Market Analysis and Highest and Best Use

Sales Comparison Approach

Basics Income Capitalization

General Appraiser Report Writing and Case Studies

Expert Witness for Commercial Appraisers

Quantitative Analysis

Advanced Market Analysis and Highest and Best Use

Advanced Income Capitalization

Advanced Concepts and Case Studies

Business Practice and Ethics

Integra Realty Resources
San Francisco

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

Laura B. Diaz

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

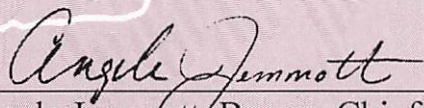
“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2024

Date Expires: January 2, 2026


Angela Jemmott, Bureau Chief, BREA

3074214

Kevin Ziegenmeyer, MAI

Experience

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

Licenses

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

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions (Yellowbook)

2008 Economic Update

Valuation of Conservation Easements

Integra Realty Resources - Sacramento

516 Gibson Drive
Suite 290
Roseville, CA 95678

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irr.com



Kevin Ziegenmeyer, MAI

Education (Cont'd)

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

Integra Realty Resources - Sacramento

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

Kevin K. Ziegenmeyer

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2025
Date Expires: June 4, 2027


Angela Jemmott, Bureau Chief, BREA

3081689

Eric Segal, MAI

Experience

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

Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute, January 2016

Licenses

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

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

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

Washington, Certified General, 20100611, Expires June 2025

Education

Academic:

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

Appraisal and Real Estate Courses:

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Integra Realty Resources - Los Angeles (219)

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esegal@irr.com - 916.435.3883 x228



Eric Segal, MAI

Education (Cont'd)

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

Integra Realty Resources - Los Angeles (219)

12100 Wilshire Blvd
Suite 800
Los Angeles, CA 90025

T 916.435.3883
F 916.435.4774

irr.com





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

Eric A. Segal

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

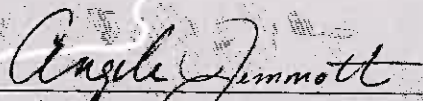
“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2025

Date Expires: February 18, 2027


Angela Jemmott, Bureau Chief, BREA

3079030

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of

- development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value

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

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

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

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Addendum C

Preliminary Title Report

Update 17



First American Title™

First American Title Company

**1250 Corona Pointe Court, Suite 200
Corona, CA 92879**

Efrem Joelson
Meritage Homes
5 Peters Canyon Road, Suite 310
Irvine, CA 92606

Customer Reference: Harveston South (LJL 7619) - Tract No. 38121

Order Number: NHSC-6817292 (mk)

Title Officer:	Michael Keough
Phone:	(951)256-5827
Fax No.:	(714)481-9208
E-Mail:	MKeough@firstam.com
Property:	Tract No. 38121 Temecula, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

Please be advised that any provision contained in this document, or in a document that is attached, linked or referenced in this document, that under applicable law illegally discriminates against a class of individuals based upon personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or any other legally protected class, is illegal and unenforceable by law.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of February 21, 2025 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

DRE

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

Meritage Homes of California, Inc., a California corporation

The estate or interest in the land hereinafter described or referred to covered by this Report is:

Fee

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2025-2026, a lien not yet due or payable.
2. Taxes and assessments. Report to follow. Please verify before closing.
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. The rights, if any, of a city, public utility or special district to preserve a public easement in Date Street as the same was vacated by the document recorded January 2, 1975 as Instrument No. 418 of Official Records.

The location of the easement cannot be determined from record information.

5. An agency agreement dated March 29, 1979 by and between Kacor Realty and Rancho California Water District and Rancho California Water District wherein it is agreed that said district is designated as exclusive agent for the extraction, diversion, storage, blending and distribution of all local water, recorded May 7, 1979 as Instrument No. 92330 of Official Records of Riverside County, California.
6. An easement shown or dedicated on Parcel Map 19677, Book 135, Pages 85-86 of Parcel Maps.

For: construction and maintenance of drainage facilities and incidental purposes

(Affects Lots 3 and "A")

The effect of a document entitled "Quitclaim Deed", recorded July 25, 2024 as Instrument No. 2024-0221779 of Official Records.

7. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded May 30, 1986 as Instrument No. 124862 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction, if any, indicating a preference, limitation, or discrimination based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, handicap, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, to the extent that such covenants, conditions or restrictions violate applicable state or federal laws. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Document(s) declaring modifications thereof recorded May 19, 1995 as Instrument No. 161963 of Official Records.

Document(s) declaring modifications thereof recorded July 21, 1995 as Instrument No. 237063 of Official Records.

Document(s) declaring modifications thereof recorded March 08, 2016 as Instrument No. 0091695 of Official Records.

8. An easement for drainage and landscape and incidental purposes, recorded May 30, 1986 as Instrument No. 124862 of Official Records.
In Favor of: Rancho California Corporate Park
Affects: Lots 2, 3 and "A"
9. An easement for landscape and incidental purposes, recorded May 30, 1986 as Instrument No. 124862 of Official Records.
In Favor of: Rancho California Corporate Park
Affects: Lots 2, 3 and "A"
10. An easement for pipelines and incidental purposes, recorded July 9, 1993 as Instrument No. 264140 of Official Records.
In Favor of: Rancho California Water District, a Public Corporation
Affects: Lots 3 and "A"
11. An easement for pipelines and incidental purposes, recorded June 13, 1997 as Instrument No. 207612 of Official Records.
In Favor of: Rancho California Water District, a Public Corporation
Affects: Lots 3 and "A"

12. The terms and provisions contained in the document entitled "Development Agreement" recorded January 16, 2002 as Instrument No. 2002-026470 of Official Records.

Document(s) declaring modifications thereof recorded April 25, 2003 as Instrument No. 2003-293648 and Instrument No. 2003-293649, both of Official Records.

Document(s) declaring modifications thereof recorded October 2, 2015 as Instrument No. 2015-0437479 of Official Records.

13. An easement for sewer and incidental purposes, recorded April 21, 2016 as Instrument No. 2016-0158843 of Official Records.

In Favor of: Eastern Municipal Water District, a public agency organized and existing under and by virtue of the Municipal Water District Law of 1911, its successors and assigns

Affects: Lot 1

14. The terms and provisions contained in the document entitled "Private Road Development Agreement" recorded July 08, 2021 as Instrument No. 2021-0411715 and amended May 21, 2024 as Instrument No. 2024-0146725 both of Official Records.

15. An easement for Construction, reconstruction, installation, replacement, reconfiguration, operation, maintenance, repair, relocation, removal, inspection, observation, and study of said facilities, pipelines and incidental purposes, recorded October 11, 2023 as Instrument No. 2023-0299809 of Official Records.

In Favor of: Eastern Municipal Water District, a public agency organized and existing under and by virtue of the Municipal Water District Law of 1911, its successors and assigns

Affects: Lot 1

16. The Terms, Provisions and Easement(s) contained in the document entitled Grant of Easement and Right of Way for Utility Pipelines and Appurtenances recorded January 12, 2024 as Instrument No. 2024-0011794 of Official Records.

(Affects Lots 1 and "A")

17. The terms and provisions contained in the document entitled "Hold Harmless Agreement for Sewer" recorded January 29, 2024 as Instrument No. 2024-0026072 of Official Records.

18. The terms and provisions contained in the document entitled "School Facilities Funding and Mitigation Agreement" recorded June 24, 2024 as Instrument No. 2024-0181660 of Official Records.

19. An easement for flood control and drainage and incidental purposes, recorded July 25, 2024 as Instrument No. 2024-0221798 of Official Records.

In Favor of: Riverside County Flood Control and Water Conservation District, a body corporate and politic

Affects: Lot 3

20. An easement for facilities and incidental purposes, recorded August 16, 2024 as Instrument No. 2024-0246212 and amended September 24, 2024 as Instrument No. 2024-0288081 both of Official Records.

In Favor of: Southern California Gas Company, a California corporation, its successors and assigns

Affects: As described therein

The location of the easement cannot be determined from record information.

21. The terms, provisions and easement(s) contained in the document entitled "Cost-Sharing and Reciprocal Easement Agreement" recorded October 25, 2024 as Instrument No. 2024-0322990 of Official Records.

22. The following matters shown or disclosed by the filed or recorded Tract No. 38121 referred to in the legal description:

WE HEREBY RESERVE FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS TRACT AN EASEMENT FOR WATER AND RECYCLED WATER PURPOSES AS SHOWN ON TRACT NO. 38121.

(AFFECTS LOT 1)

WE HEREBY RESERVE FOR THE SOLE BENEFIT OF OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS TRACT LOTS 2 AND 3 FOR OPEN SPACE, SLOPE, IRRIGATION AND LANDSCAPE MAINTENANCE PURPOSES.

WE HEREBY RESERVE FOR THE SOLE BENEFIT OURSELVES, OUR SUCCESSORS, ASSIGNEES, AND LOT OWNERS WITHIN THIS TRACT FOR PRIVATE STREET AND PRIVATE UTILITY PURPOSES THE EASEMENTS AS SHOWN ON TRACT NO. 38121.

(AFFECTS LOTS 1, 2 AND 3)

23. An easement shown or dedicated on Tract No. 38121, Book 499, Pages 79 through 87. In favor of the City of Temecula.

For: Street, highway and public utility and incidental purposes.

(Affects Lots 1, 2 and 3)

24. An easement shown or dedicated on Tract No. 38121, Book 499, Pages 79 through 87. In favor of the City of Temecula.

For: Ingress and egress of emergency vehicles and incidental purposes.

(Affects Lots 1, 2 and 3)

25. An easement shown or dedicated on Tract No. 38121, Book 499, Pages 79 through 87. In favor of the City of Temecula.
For: Sidewalk and pedestrian access and incidental purposes.

(Affects Lot 1)

26. The terms and provisions contained in the document entitled "Subdivision Monument Agreement" recorded December 17, 2024 as Instrument No. 2024-0382905 of Official Records.
27. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded December 17, 2024 as Instrument No. 2024-0382906 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction, if any, indicating a preference, limitation, or discrimination based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, handicap, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, to the extent that such covenants, conditions or restrictions violate applicable state or federal laws. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

(Affects Phase 1 - Units 38-49)

A declaration of annexation recorded February 14, 2025 as Instrument No. 2025-0045900 of Official Records.

(Affects Phase 2 - Units 30-37)

A declaration of annexation recorded February 14, 2025 as Instrument No. 2025-0045902 of Official Records.

(Affects Phase 3 - Units 22-29)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055533 of Official Records.

(Affects Phase 4 - Units 14-21)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055534 of Official Records.

(Affects Phase 5 - Units 6-13)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055535 of Official Records.

(Affects Phase 6 - Units 1-5)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055536 of Official Records.

(Affects Phase 7 - Units 161-168)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055537 of Official Records.

(Affects Phase 8 - Units 199-204)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055538 of Official Records.

(Affects Phase 9 - Units 192-198)

A declaration of annexation recorded February 25, 2025 as Instrument No. 2025-0055539 of Official Records.

(Affects Phase 10 - Units 153-160)

28. The effect of a document entitled Prado Condominium Plan - Phase 1, recorded January 15, 2025 as Instrument No. 2025-0013502 of Official Records.

Affects Lots 1 and 2 - Units 38-49

29. The Terms, Provisions and Easement(s) contained in the document entitled Easement Deed (Prado - Private Street) recorded January 15, 2025 as Instrument No. 2025-0014325 of Official Records.

30. The terms and provisions contained in the document entitled "Notice of Alternative Non-Adversarial and Dispute Resolution Procedures for Prado" recorded January 15, 2025 as Instrument No. 2025-0014326 of Official Records.

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 2 recorded February 14, 2025 as Instrument No. 2025-0045901 of Official Records.

(Affects Phase 2 - Units 30-37)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 3 recorded February 14, 2025 as Instrument No. 2025-0045903 of Official Records.

(Affects Phase 3 - Unts 22-29)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 4 recorded February 25, 2025 as Instrument No. 2025-0055540 of Official Records.

(Affects Phase 4 - Unts 14-21)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 5 recorded February 25, 2025 as Instrument No. 2025-0055541 of Official Records.

(Affects Phase 5 - Unts 6-13)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 6 recorded February 25, 2025 as Instrument No. 2025-0055542 of Official Records.

(Affects Phase 6 - Unts 1-5)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 7 recorded February 25, 2025 as Instrument No. 2025-0055543 of Official Records.

(Affects Phase 7 - Unts 161-164)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 8 recorded February 25, 2025 as Instrument No. 2025-0055544 of Official Records.

(Affects Phase 8 - Unts 199-204)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 9 recorded February 25, 2025 as Instrument No. 2025-0055545 of Official Records.

(Affects Phase 9 - Unts 192-198)

The terms and provisions contained in the document entitled DECLARATIOIN OF ANNEXATION TO NOTICE OF ALTERNATIVE NON-ADVERSARIAL AND DISPUTE RESOLUTION PROCEDURES FOR PRADO, PHASE 10 recorded February 25, 2025 as Instrument No. 2025-0055546 of Official Records.

(Affects Phase 10 - Unts 153-160)

31. An easement for underground electrical supply systems and communication systems and incidental purposes, recorded January 22, 2025 as Instrument No. 2025-0021711 of Official Records.
In Favor of: Southern California Edison Company, a corporation,
its successors and assigns
Affects: Lots 1-3
32. The effect of a document entitled Prado Condominium Plan - Phase 2, recorded February 6, 2025 as Instrument No. 2025-0037720 of Official Records.

Affects Lot 1 - Units 30-37

33. The effect of a document entitled Prado Condominium Plan - Phase 3, recorded February 6, 2025 as Instrument No. 2025-0037721 of Official Records.

Affects Lot 1 - Units 22-29
34. The effect of a document entitled Prado Condominium Plan - Phase 4, recorded February 6, 2025 as Instrument No. 2025-0037722 of Official Records.

Affects Lot 1 - Units 14-21
35. The effect of a document entitled Prado Condominium Plan - Phase 5, recorded February 6, 2025 as Instrument No. 2025-0037723 of Official Records.

Affects Lots 1 and 3 - Units 6-13
36. The effect of a document entitled Prado Condominium Plan - Phase 6, recorded February 6, 2025 as Instrument No. 2025-0037724 of Official Records.

Affects Lot 1 - Units 1-5
37. The effect of a document entitled Prado Condominium Plan - Phase 7, recorded February 6, 2025 as Instrument No. 2025-0037725 of Official Records.

Affects Lot 1 - Units 161-168
38. The effect of a document entitled Prado Condominium Plan - Phase 8, recorded February 6, 2025 as Instrument No. 2025-0037726 of Official Records.

Affects Lot 1 - Units 199-204
39. The effect of a document entitled Prado Condominium Plan - Phase 9, recorded February 6, 2025 as Instrument No. 2025-0037727 of Official Records.

Affects Lot 1 - Units 192-198
40. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 6, 2025 as Instrument No. 2025-0037728 of Official Records.

Affects Lot 1 - Units 153-160
41. The terms and provisions contained in the document entitled "Recycled Water Agreement RA-24-6" recorded February 20, 2025 as Instrument No. 2025-0050364 of Official Records.
42. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057496 of Official Records.

Affects Lot 1 - Units 145-152
43. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057497 of Official Records.

Affects Lot 1 - Units 134-144

44. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057498 of Official Records.

Affects Lots 1 and 2 - Units 185-191

45. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057499 of Official Records.

Affects Lot 1 - Units 177-184

46. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057500 of Official Records.

Affects Lot 1 - Units 126-133

47. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057501 of Official Records.

Affects Lot 1 - Units 118-125

48. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057502 of Official Records.

Affects Lot 1 - Units 110-117

49. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057503 of Official Records.

Affects Lot 1 - Units 102-109

50. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057504 of Official Records.

Affects Lot 1 - Units 169-176

51. The effect of a document entitled Prado Condominium Plan - Phase 10, recorded February 26, 2025 as Instrument No. 2025-0057505 of Official Records.

Affects Lot 1 - Units 98-101

52. Water rights, claims or title to water, whether or not shown by the Public Records.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. No known matters otherwise appropriate to be shown have been deleted from this report, which is not a policy of title insurance but a report to facilitate the issuance of a policy of title insurance.

For purposes of policy issuance, items NONE may be eliminated on the basis of an indemnity agreement or other agreement satisfactory to the Company as insurer.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Temecula, County of Riverside, State of California, described as follows:

LOTS 1 THROUGH 3, INCLUSIVE, AND LETTERED LOT "A" OF TRACT NO. 38121, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 499, PAGES 79 THROUGH 87, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public, records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;

- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

- (i) the occupancy, use, or enjoyment of the Land;
- (ii) the character, dimensions, or location of any improvement erected on the Land;
- (iii) the subdivision of land; or
- (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the Public Records at Date of Policy.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d),

- 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
 8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
 9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
 10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



Privacy Notice

Effective: October 1, 2019

Notice Last Updated: January 1, 2022

This Privacy Notice describes how First American Financial Corporation and its subsidiaries and affiliates (together referred to as "First American," "we," "us," or "our") collect, use, store, and share your information with the exception that a subsidiary or affiliate has their own privacy policy, that policy governs. This Privacy Notice applies to information we receive from you offline only, as well as from third parties, when you interact with us and/or use and access our services and products ("Products"). For more information about our privacy practices, including our online practices, please visit <https://www.firstam.com/privacy-policy/>. The practices described in this Privacy Notice are subject to applicable laws in the places in which we operate.

What Type Of Information Do We Collect About You? We collect a variety of categories of information about you. To learn more about the categories of information we collect, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Collect Your Information? We collect your information: (1) directly from you; (2) automatically when you interact with us; and (3) from third parties, including business parties and affiliates.

How Do We Use Your Information? We may use your information in a variety of ways, including but not limited to providing the services you have requested, fulfilling your transactions, comply with relevant laws and our policies, and handling a claim. To learn more about how we may use your information, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Share Your Information? We do not sell your personal information. We only share your information, including to subsidiaries, affiliates, and to unaffiliated third parties: (1) with your consent; (2) in a business transfer; (3) to service providers; and (4) for legal process and protection. To learn more about how we share your information, please visit <https://www.firstam.com/privacy-policy/>.

How Do We Store and Protect Your Information? The security of your information is important to us. That is why we take commercially reasonable steps to make sure your information is protected. We use our best efforts to maintain commercially reasonable technical, organizational, and physical safeguards, consistent with applicable law, to protect your information.

How Long Do We Keep Your Information? We keep your information for as long as necessary in accordance with the purpose for which it was collected, our business needs, and our legal and regulatory obligations.

Your Choices We provide you the ability to exercise certain controls and choices regarding our collection, use, storage, and sharing of your information. You can learn more about your choices by visiting <https://www.firstam.com/privacy-policy/>.

International Jurisdictions: Our Products are offered in the United States of America (US), and are subject to US federal, state, and local law. If you are accessing the Products from another country, please be advised that you may be transferring your information to us in the US, and you consent to that transfer and use of your information in accordance with this Privacy Notice. You also agree to abide by the applicable laws of applicable US federal, state, and local laws concerning your use of the Products, and your agreements with us.

We may change this Privacy Notice from time to time. Any and all changes to this Privacy Notice will be reflected on this page, and where appropriate provided in person or by another electronic method. **YOUR CONTINUED USE, ACCESS, OR INTERACTION WITH OUR PRODUCTS OR YOUR CONTINUED COMMUNICATIONS WITH US AFTER THIS NOTICE HAS BEEN PROVIDED TO YOU WILL REPRESENT THAT YOU HAVE READ AND UNDERSTOOD THIS PRIVACY NOTICE.**

Contact Us dataprivacy@firstam.com or toll free at 1-866-718-0097.



For California Residents

If you are a California resident, you may have certain rights under California law, including but not limited to the California Consumer Privacy Act of 2018 ("CCPA"). All phrases used in this section shall have the same meaning as those phrases are used under California law, including the CCPA.

Right to Know. You have a right to request that we disclose the following information to you: (1) the categories of personal information we have collected about or from you; (2) the categories of sources from which the personal information was collected; (3) the business or commercial purpose for such collection and/or disclosure; (4) the categories of third parties with whom we have shared your personal information; and (5) the specific pieces of your personal information we have collected. To submit a verified request for this information, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097

Right of Deletion. You also have a right to request that we delete the personal information we have collected from and about you. This right is subject to certain exceptions available under the CCPA and other applicable law. To submit a verified request for deletion, go to our online privacy policy at www.firstam.com/privacy-policy to submit your request or call toll-free at 1-866-718-0097. You may also designate an authorized agent to submit a request on your behalf by going to our online privacy policy at www.firstam.com/privacy-policy to submit your request or by calling toll-free at 1-866-718-0097.

Verification Process. For either a request to know or delete, we will verify your identity before responding to your request. To verify your identity, we will generally match the identifying information provided in your request with the information we have on file about you. Depending on the sensitivity of the information requested, we may also utilize more stringent verification methods to verify your identity, including but not limited to requesting additional information from you and/or requiring you to sign a declaration under penalty of perjury.

Notice of Sale. We do not sell California resident information, nor have we sold California resident information in the past 12 months. To the extent any First American affiliated entity has a different practice, it will be stated in the applicable privacy policy. We have no actual knowledge of selling the information of minors under the age of 16.

Right of Non-Discrimination. You have a right to exercise your rights under California law, including under the CCPA, without suffering discrimination. Accordingly, First American will not discriminate against you in any way if you choose to exercise your rights under the CCPA.

Notice of Collection. To learn more about the categories of personal information we have collected about California residents over the last 12 months, please see "What Information Do We Collect About You" in <https://www.firstam.com/privacy-policy>. To learn about the sources from which we have collected that information, the business and commercial purpose for its collection, and the categories of third parties with whom we have shared that information, please see "How Do We Collect Your Information", "How Do We Use Your Information", and "How Do We Share Your Information" in <https://www.firstam.com/privacy-policy>.

Notice of Sale. We have not sold the personal information of California residents in the past 12 months.

Notice of Disclosure. To learn more about the categories of personal information we may have disclosed about California residents in the past 12 months, please see "How Do We Use Your Information" and "How Do We Share Your Information" in <https://www.firstam.com/privacy-policy>.

Addendum D

Comparable Data

Land Sales

Location & Property Identification

Property Name:	Proposed Townhome Project
Sub-Property Type:	Residential, Townhome Development Land
Address:	2608 S. Escondido Blvd.
City/State/Zip:	Escondido, CA 92025
County:	San Diego
Submarket:	Hwy 78 Corr
Market Orientation:	Suburban
IRR Event ID:	3385568



Sale Information

Sale Price:	\$7,650,000
Effective Sale Price:	\$7,650,000
Sale Date:	12/20/2024
Sale Status:	Closed
\$/Acre(Gross):	\$6,483,051
\$/Land SF(Gross):	\$148.83
\$/Acre(Usable):	\$6,483,051
\$/Land SF(Usable):	\$148.83
\$/Unit (Potential):	\$182,143 /Unit
Grantor/Seller:	South Escondido, LP
Grantee/Buyer:	KB Home Coastal, Inc.
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2024.351783

Improvement and Site Data

MSA:	San Diego-Carlsbad, CA
Legal/Tax/Parcel ID:	238-152-07-00
Acres(Usable/Gross):	1.18/1.18
Land-SF(Usable/Gross):	51,401/51,401
Usable/Gross Ratio:	1.00
No. of Units (Potential):	42
Zoning Code:	S-P
Source of Land Info.:	Public Records

Comments

KB Home purchased an infill site proposed for 42 townhomes in Escondido. Finishing costs are estimated at \$145,857 per lot. Though bond financing was not in-place at the time of sale, special taxes are estimated at \$2,400 per lot based on other projects in the area.

Sale Analysis

Expenditures After Purchase:	\$145,857
Expenditures Description:	Finishing costs
Other Adjustment:	\$2,400
Adjustment Comments:	Special taxes



Location & Property Identification

Property Name: Serrano Oaks
 Sub-Property Type: Residential, Townhome Development Land
 Address: Linares Ave and Clay St
 City/State/Zip: Jurupa Valley, CA 92509
 County: Riverside
 Market Orientation: Suburban
 IRR Event ID: 3388202



Sale Information

Sale Price: \$4,389,000
 Effective Sale Price: \$4,389,000
 Sale Date: 12/03/2024
 Sale Status: Closed
 \$/Acre(Gross): \$1,065,291
 \$/Land SF(Gross): \$24.46
 \$/Unit (Potential): \$66,500 /Unit
 Grantor/Seller: Mavrex LLC and Tanlie LLC (Rexco)
 Grantee/Buyer: D.R. Horton
 Portfolio Sale: No
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Conditions of Sale: Arm's-length
 Document Type: Deed
 Recording No.: 2024.368544

Improvement and Site Data

Acres(Gross): 4.12
 Land-SF(Gross): 179,467
 No. of Units (Potential): 66
 Source of Land Info.: Public Records

Comments

This comparable represents the sale 66 townhome lots with an approved tentative map in place. Lot finishing costs were reported at \$143,080 per lot. The project will feature two-story homes ranging from 1,507 to 1,600 sq. ft. with up to 4 bedrooms, 2.5 bathrooms, and 2 car garages.

Sale Analysis

Expenditures After Purchase: \$143,080
 Expenditures Description: Lot finishing costs
 Sale Price Includes FF&E? No

Location & Property Identification

Property Name:	Emerald Ridge
Sub-Property Type:	Residential, Single Family Development Land
Address:	Canal St.
City/State/Zip:	Jurupa Valley, CA 92509
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3385118



Sale Information

Sale Price:	\$19,000,000
Effective Sale Price:	\$19,000,000
Sale Date:	03/20/2024
Sale Status:	Closed
\$/Acre(Gross):	\$395,504
\$/Land SF(Gross):	\$9.08
\$/Acre(Usable):	\$395,504
\$/Land SF(Usable):	\$9.08
\$/Building SF:	\$5,277.78
\$/Unit (Potential):	\$92,233 /Unit
Grantor/Seller:	Highpointe Emerald Ridge, LLC, HP-SA ER, LLC
Grantee/Buyer:	Lennar Homes of California, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2024.81346 & 2024.81347

Expenditures Description:	Finishing costs
Other Adjustment:	\$1,800
Adjustment Comments:	Special Taxes

Improvement and Site Data

Acres(Usable/Gross):	48.04/48.04
Land-SF(Usable/Gross):	2,092,622/2,092,622
Usable/Gross Ratio:	1.00
Potential Building SF:	3,600
No. of Units (Potential):	206
Source of Land Info.:	Public Records

Comments

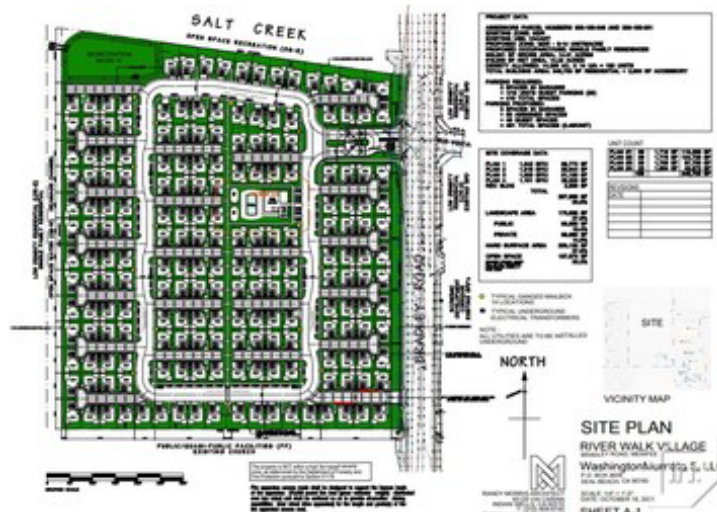
Sale of 206 lots to Lennar for development of Emerald Ridge project. Finishing costs (site development and impact fees) are estimated at \$176,862 per lot. The typical lot size for the project is approximately 3,600 SF. At the time of sale, no bond financing was in place. However, given surrounding projects in the area, it is estimated the lots would have special taxes of approximately \$1,800 per lot.

Sale Analysis

Expenditures After Purchase:	\$176,862
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Location & Property Identification

Property Name:	Riverwalk Village
Sub-Property Type:	Residential, Single Family Development Land
Address:	Bradley Rd.
City/State/Zip:	Menifee, CA 92586
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3270380



Sale Information

Sale Price:	\$22,077,500
Effective Sale Price:	\$22,077,500
Sale Date:	12/06/2023
Sale Status:	Closed
\$/Acre(Gross):	\$1,508,026
\$/Land SF(Gross):	\$34.62
\$/Building SF:	\$9,812.22
\$/Unit (Potential):	\$111,503 /Unit
Grantor/Seller:	Crp / Cwr River Walk Project LLC
Grantee/Buyer:	Richmond American Homes / MD Inc
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Sale Analysis

Expenditures After Purchase:	\$118,735
Expenditures Description:	Site development costs and permits and fees

Other Adjustment:	\$2,000
Adjustment Comments:	Bond encumbrance

Improvement and Site Data

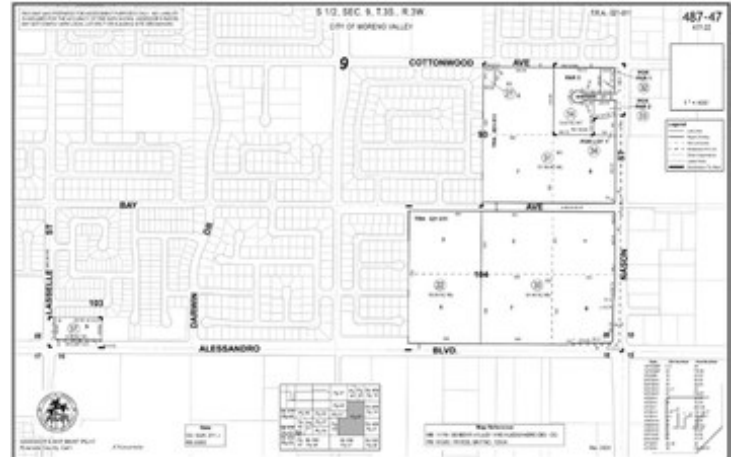
Legal/Tax/Parcel ID:	338-150-046 and -031
Acres(Gross):	14.64
Land-SF(Gross):	637,718
Potential Building SF:	2,250
No. of Units (Potential):	198
Zoning Code:	MDR
Zoning Desc.:	Medium Density Residential
Source of Land Info.:	Public Records

Comments

This is a sale of 198 lots in unimproved condition. The lots are configured in an 8-pack courtyard cluster and have several community amenities. Based on the density of the project, the typical lot size is estimated at 2,250 square feet. The finished lot is estimated at \$225,338 per lot. A building permit is estimated at \$4,900 per lot. The project is utilizing special taxes; however, the exact annual payment is unclear. Therefore, based on the surrounding projects an annual special tax is estimated at \$2,000 per lot.

Location & Property Identification

Property Name:	Alessandro
Sub-Property Type:	Residential, Single Family Development Land
Address:	Alessandro Blvd.
City/State/Zip:	Moreno Valley, CA 92555
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3246636



Sale Information

Sale Price:	\$16,143,500
Effective Sale Price:	\$16,143,500
Sale Date:	11/30/2023
Recording Date:	12/04/2023
Sale Status:	Closed
\$/Acre(Gross):	\$873,566
\$/Land SF(Gross):	\$20.05
\$/Building SF:	\$5,381.17
\$/Unit (Potential):	\$71,749 /Unit
Grantor/Seller:	Gpalessandro LLC
Grantee/Buyer:	Taylor Morrison Of California
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2023.359986

Sale Analysis

Expenditures After Purchase:	\$131,516
Expenditures Description:	Site development and building permit
Other Adjustment:	\$2,000

Adjustment Comments: Estimated bond encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID:	487-470-022
Acres(Gross):	18.48
Land-SF(Gross):	804,989
Potential Building SF:	3,000
No. of Units (Potential):	225
Zoning Code:	DC
Zoning Desc.:	Downtown Center
Source of Land Info.:	Public Records

Comments

This is a sale of 225 tentatively mapped lots with a typical lot size of 3,000 square feet. The lots will be developed into clusters; however, it is unclear the exact layout. The finished lot price is estimated at \$201,265 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.

Location & Property Identification

Property Name: 27550 Brodiaea Avenue

Sub-Property Type: Residential, Single Family Development Land

Address: 27550 Brodiaea Ave.

City/State/Zip: Moreno Valley, CA 92555

County: Riverside

Market Orientation: Suburban

IRR Event ID: 3246647



Sale Information

Sale Price: \$2,800,055

Effective Sale Price: \$2,800,055

Sale Date: 07/01/2023

Sale Status: Closed

\$/Acre(Gross): \$319,277

\$/Land SF(Gross): \$7.33

\$/Building SF: \$777.79

\$/Unit (Potential): \$41,792 /Unit

Grantor/Seller: Discovery Christian Church Of Moreno Valley

Grantee/Buyer: DR Horton Los Angeles Holding

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Conditions of Sale: Arm's-length

Document Type: Deed

Adjustment Comments: Estimated bond encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID: 486-240-010

Acres(Gross): 8.77

Land-SF(Gross): 382,021

Potential Building SF: 3,600

No. of Units (Potential): 67

Zoning Code: R5

Zoning Desc.: Suburban Residential

Source of Land Info.: Public Records

Comments

This is a sale of 67 tentatively mapped lots with a typical lot size of 3,600 square feet. The finished lot price is estimated at \$177,669 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.

Sale Analysis

Expenditures After Purchase: \$137,877

Expenditures Description: Site development and building permit

Other Adjustment: \$2,000

