RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2025-1 OF THE COUNTY OF ORANGE (RIENDA 3), ACCEPTING UNANIMOUS CONSENTS AND APPROVALS OF PROPERTY OWNERS TO ANNEX PROPERTY AS IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 2025-1 OF THE COUNTY OF ORANGE (RIENDA 3)

September 29, 2026

WHEREAS, on December 3, 2024, the Board of Supervisors (“Board of Supervisors”) of the County of Orange (“County”) adopted (a) Resolution No. 24-129 (the “Resolution of Intention”) declaring its intention to form Community Facilities District No. 2025-1 of the County of Orange (Rienda 3) (“Community Facilities District No. 2025-1” or the “District”), designate Improvement Area No. 1 therein (“Improvement Area No. 1”), and designate territory proposed for annexation to the District in the future (“Future Annexation Area”), either to Improvement Area No. 1, or as one or more future improvement areas (“Future Improvement Areas”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”), and (b) Resolution No. 24-130 declaring its intention to incur bonded indebtedness (the “Resolution of Intention to Incur Debt”) in one or more series within Improvement Area No. 1 and Future Improvement Areas, pursuant to the Act; and

WHEREAS, on January 14, 2025, after providing all notice required by the Act, the Board of Supervisors conducted a noticed public hearing required by the Act relative to: (i) the proposed formation of the District, the designation of Improvement Area No. 1 and the designation of the Future Annexation Area, (ii) the proposed levy of a special tax within Improvement Area No. 1 to finance certain authorized facilities described in the Resolution of Intention and to secure the payment of any bonded indebtedness of the District for Improvement Area No. 1, and the proposed issuance of up to $160,000,000 of bonded indebtedness for Improvement Area No. 1, and (iii) the proposed levy of a special tax in the Future Annexation Area annexed to Improvement Area No. 1 or as a Future Improvement Area to finance certain authorized facilities described in the Resolution of Intention and to secure the payment of any bonded indebtedness of the District for such Future Improvement Area, subject to the receipt of the unanimous consent and approval of the owner or owners of the parcel or parcels at the time of annexation (the “Unanimous Consent and Approval”) and approval by the Board of Supervisors, acting as the legislative body of the District, in accordance with the Act; and

WHEREAS, on January 14, 2025, following the close of the public hearing, the Board of Supervisors adopted (i) Resolution No. 25-002 which formed the District and designated Improvement Area No. 1 and the Future Annexation Area (the “Resolution of Formation”), and (ii) Resolution No. 25-003, determining the necessity to incur bonded indebtedness within Improvement Area No. 1 and Future Improvement Areas (the “Resolution Determining Necessity to Incur Debt”), which resolutions called a special election within Improvement Area No. 1 on January 14, 2025 on three propositions for Improvement Area No. 1 relating to the levy of a special tax within Improvement Area No. 1, the issuance of bonds by the District for Improvement Area No. 1, and the establishment of an appropriations limit within the District; and

WHEREAS, on January 14, 2025, a special election was held within Improvement Area No. 1 at which the qualified electors therein approved by more than a two-thirds vote, Propositions A, B and C as set forth in Attachment "C" to the Resolution of Formation, authorizing the levy of a special tax within Improvement Area No. 1 for the purposes described in the Resolution of Formation, the issuance of bonds for Improvement Area No. 1 as described in the Resolution Determining Necessity to Incur Debt, and establishing an appropriations limit for the District; and

WHEREAS, on February 11, 2025, the Board of Supervisors adopted Ordinance No. 25-003 (the "Ordinance") authorizing the levy of a special tax within Improvement Area No. 1 in accordance with the rate and method of apportionment of special tax for Improvement Area No. 1 and a special tax within each Future Improvement Area in accordance with the rate and method of apportionment approved in the Unanimous Consent and Approval executed and delivered by the owner or owners of each parcel or parcels at the time such parcel or parcels are annexed; and

WHEREAS, pursuant to Section 53350(b) of the Act, the Resolution of Intention to Incur Debt and the Resolution Determining Necessity to Incur Debt, the not-to-exceed amount of bonded indebtedness necessary to be incurred by the District on behalf of each Future Improvement Area shall be set forth in each Unanimous Consent and Approval submitted for annexation to the Board of Supervisors; and

WHEREAS, the owners of certain property (each an "Owner" and together, the "Owners") located within the Future Annexation Area which is described in Attachment "A" hereto (the "Property") have requested that the Property be annexed to the District as Improvement Area No. 2 of the District ("Improvement Area No. 2"); and

WHEREAS, each Owner has executed and delivered to the District an Improvement Area No. 2 Unanimous Consent and Approval requesting and approving the annexation of the Property that it owns to Improvement Area No. 2 in accordance with the Act, the Resolution of Intention and the Resolution of Formation (together, the "Improvement Area No. 2 Unanimous Consents and Approvals"); and

WHEREAS, the Improvement Area No. 2 Unanimous Consents and Approvals request and approve the levy of a special tax within Improvement Area No. 2 in accordance with the Rate and Method attached thereto as Exhibit "B" and attached to hereto as Attachment "B" (the "Rate and Method"); and

WHEREAS, the Improvement Area No. 2 Unanimous Consents and Approvals request and approve the incurring of bonded indebtedness in one or more series by the District for Improvement Area No. 2 in an aggregate principal amount not-to-exceed $150,000,000 to finance the authorized facilities and related costs set forth in the Resolution of Formation; and

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. The existing boundaries of the District, Improvement Area No. 1 and the Future Annexation Area are as shown on the maps designated: (i) "Proposed Boundaries of Community Facilities District No. 2025-1 of the County of Orange (Rienda 3), County of Orange, State of

California," which map was recorded pursuant to Section 3111 of the Streets and Highways Code of the State of California in the County of Orange Book of Maps of Assessment and Community Facilities Districts in the County Recorder's Office in Book No. 110, Page Nos. 31-33 on December 3, 2024 as Instrument No. 2024000316290; and (ii) "Annexation No. 1 to Community Facilities District No. 2025-1 of the County of Orange (Rienda 3), County of Orange, State of California," which map was recorded pursuant to Section 3113 of the Streets and Highways Code of the State of California in the County of Orange Book of Maps of Assessment and Community Facilities Districts in the County Recorder's Office in Book No. 110, Page Nos. 34-36 on April 17, 2025 as Instrument No. 2025000113778.

The Property within the Future Annexation Area to be annexed as Improvement Area No. 2 has the legal boundaries described in Attachment "A" hereto and the Property and the existing territory within the District are as depicted on the annexation map on file with the Clerk of the Board (the "Improvement Area No. 2 Boundary Map"). Pursuant to Section 3110 of the Streets and Highways Code of the State of California, the Clerk of the Board is hereby directed to sign the Improvement Area No. 2 Boundary Map and record it with all proper endorsements thereon with the County Recorder of the County of Orange within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

SECTION 3. The Board of Supervisors, acting as the legislative body of the District, hereby finds that the Improvement Area No. 2 Unanimous Consents and Approvals executed and delivered by the Owners satisfy the requirements under Sections 53329.6 and 53339 et seq. and 53350 of the Act. The Board of Supervisors, acting as the legislative body of the District, hereby accepts the Improvement Area No. 2 Unanimous Consents and Approvals executed and delivered by the Owners. Improvement Area No. 2 is hereby designated within the District in accordance with Section 53350 of the Act. The Board of Supervisors, acting as the legislative body of the District, hereby determines that the Property is annexed to the District as Improvement Area No. 2 with full legal effect.

SECTION 4. The Board of Supervisors is hereby authorized to levy on the land within Improvement Area No. 2 the special tax in each fiscal year in accordance with the Rate and Method and the Ordinance for the purposes described in the Resolution of Formation, and to incur bonded indebtedness for Improvement Area No. 2 in one or more series in an aggregate principal amount not to exceed $150,000,000, in accordance with the Resolution of Intention to Incur Debt, the Resolution Determining Necessity to Incur Debt and the Improvement Area No. 2 Unanimous Consents and Approvals.

SECTION 5. The Clerk of the Board is hereby directed to record in the Office of the County Recorder within fifteen days of the date hereof a notice of special tax lien for Improvement Area No. 2, which Bond Counsel to the District shall prepare in the form required by Section 3114.5 of the Streets and Highways Code of the State of California.

SECTION 6. This Resolution shall be effective upon its adoption.

ATTACHMENT A

LEGAL DESCRIPTION OF PROPERTY TO BE ANNEXED

Tract No. 19326; Lots 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, and 47

Tract No. 17935; Lots RR, TT, UU, XX, YY, ZZ, and QQQ

Tract No. 17935; Lots 52, 57, and 70 and Lots LL, MM, OO, and QQ

Tract No. 17935; Lot 58 and Lots A, B, C, D, E, DD, EE, HH, MMM, NNN, and YYY

Tract No. 19323; Lots 1 through 45, inclusive, and Lots A, B, C, D, E, F, G, H, I, J, K, AA, BB, CC, DD, EE, JJ, KK, and LL

Tract No. 17935; Lots 59, 60, 61, 67, and 68 and Lots F, G, H, I, J, OOO, PPP, and XXX

Tract No. 17935; Lots L, O, P, Q, RRR, SSS, TTT, UUU, VVV, and WWW

Tract No. 17935; Lots 53, 55, 56, 69, and Lots R, S, T, V, X, AA, BB, GG, and JJ

Tract No. 17933; Lots 22, 23, 24, 25, 28, 29, and 30 and Lots Q through U, inclusive

Tract No. 19227; Lots 12 and 13 and Lots C, X, and EEE

Tract No. 19323; Lots 46 through 62, inclusive, and 66 through 86, inclusive, and Lots L, M, N, O, P, Q, R, S, T, U, W, X, Y, Z, FF, GG, HH, II and MM

Tract No. 19323; Lots 63, 64, 65, 87, 88, 89, and 90 and Lot V

Tract No. 19324; Lots 1 through 58, inclusive, and Lots A through NN, inclusive

Tract No. 19326; Lots 1 through 3, inclusive, 15 through 36, inclusive, and 48 and Lots A through Z, inclusive

Tract No. 19325; Lots 1 through 60, inclusive, and Lots A through R, inclusive

Tract No. 19321; Lots 1 through 67, inclusive, and Lots A through O, inclusive

Tract No. 19327; Lots 1 through 82, inclusive, and Lots A through GG, inclusive

Tract No. 19322; Lots 1 through 49, inclusive, and Lots A through N, inclusive

ATTACHMENT B

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2025-1 OF THE COUNTY OF ORANGE (RIENDA 3) (IMPROVEMENT AREA NO. 2)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 2 ("IA No. 2") of Community Facilities District No. 2025-1 of the County of Orange (Rienda 3) ("CFD No. 2025-1") and collected each Fiscal Year commencing in Fiscal Year 2027-2028, in an amount determined by the Board through the application of the Rate and Method of Apportionment as described below. All of the real property in IA No. 2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"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 following actual or reasonably estimated costs directly related to the administration of IA No. 2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the County, IA No. 2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2025-1 or any designee thereof of complying with disclosure requirements of the County, IA No. 2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2025-1 or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the County or CFD No. 2025-1 for any other administrative purposes of IA No. 2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

"Apartment Property" means any Assessor's Parcel of Residential Property in Zone 8, exclusive of Exempt Apartment Property. Each residential unit located on an Assessor's Parcel of Apartment Property shall be either a Taxable Apartment Unit or an Exempt Affordable Apartment Unit.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.(b) and Section C.1.(e) below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(d) and Section C.1.(e) below.

"Board" means the Board of Supervisors of the County of Orange, acting as the legislative body of CFD No. 2025-1.

"Bond Approval Date" means the date of the meeting of the Board at which the Board adopts the resolution authorizing the issuance of the first series of Bonds for IA No. 2.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2025-1 and secured by Special Taxes of IA No. 2 under the Act.

"CFD Administrator" means the County Executive Officer, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2025-1" means Community Facilities District No. 2025-1 of the County of Orange (Rienda 3).

"Conservation Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of IA No. 2, excluding Property Owner Association Property, Public Property and Religious Property, that is subject to a declaration of irrevocable covenant, conservation easement deed, or similar document that was recorded restricting the use of such property to open space, habitat preservation, or other conservation purposes as of January 1 of the prior Fiscal Year. In order to ensure that such property is correctly classified as Conservation Property, the owner of such property shall provide the CFD Administrator with a copy of a declaration of irrevocable covenant, conservation easement deed, or similar document.

"County" means the County of Orange.

"Developed Floor Area" or **"FA"** means all of the square footage of enclosed area within the perimeter of a non-residential structure, not including any space devoted to vehicle parking and areas incident thereto. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year. Notwithstanding the foregoing, (a) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property prior to the issuance of Bonds, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, (b) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property after the issuance of Bonds, and the amount of Assigned Special Taxes which may be levied pursuant to the new building permit is greater than the Assigned Special Taxes which may be levied pursuant to the original building permit, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, otherwise the Land Use Class pursuant to the original building permit shall continue to be used, and (c) if a building permit is revoked, expired or otherwise cancelled and no new building permit is issued for the same property, then the property will continue to be considered Developed Property and taxed based on the original building permit.

"Exempt Affordable Apartment Unit" means, for property in Zone 8, a residential unit located on an Assessor's Parcel of Apartment Property or Exempt Apartment Property that is subject to a restrictive covenant or other instrument that limits the use of such residential unit for affordable housing and that was recorded on or before the Bond Approval Date. A residential unit shall cease to be an Exempt Affordable Apartment Unit upon the termination or expiration of such covenant or instrument, and such residential unit shall be classified as a Taxable Apartment Unit commencing with the Fiscal Year following such termination or expiration.

"Exempt Apartment Property" means, for property in Zone 8, any Assessor's Parcel for which all units located on such Assessor's Parcel are classified as Exempt Affordable Apartment Units.

"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.

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

"Improvement Area No. 2" or **"IA No. 2"** means Improvement Area No. 2 of CFD No. 2025-1.

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

"Land Use Class" means any of the classes within each Zone listed in Tables 1 through 9 below.

"Maximum Special Tax" means for each Fiscal Year for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied on such Assessor's Parcel in such Fiscal Year.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of IA No. 2 that is owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association as of January 1 of the prior Fiscal Year. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property within IA No. 2. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property in IA No. 2. For Taxable Conservation Property, Taxable Property Owner Association Property, and Taxable Religious Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Conservation Property, Taxable Property Owner Association Property, or Taxable Religious Property, as applicable, in IA No. 2. For Taxable Public Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Public Property, as applicable, in IA No. 2.

"Public Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of IA No. 2 that is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County or any other public agency as of January 1 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. In order to ensure that such property is correctly classified as Public Property, the owner of such property shall provide the CFD Administrator with a copy of any applicable documents.

"Religious Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of IA No. 2 which (i) is either (a) used primarily as a place of worship or (b) vacant land or land under construction that is intended to be used primarily as a place of worship as determined by the CFD Administrator; and (ii) is exempt from ad valorem property taxes because it is owned by a religious organization as of January 1 of the prior Fiscal Year. Religious Property, without limitation, does not include any Assessor's Parcels used primarily for religious schools, day care centers, or congregate care facilities.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"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.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Requirement" means for each Fiscal Year, that amount required for IA No. 2 to pay the sum of: (i) debt service on all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year by IA No. 2; and (v) any amounts required for construction of facilities eligible to be constructed or acquired by IA No. 2 under the Act provided that inclusion of such amount does not increase the amount of Special Taxes to be levied on Assessor's Parcels of Undeveloped Property. In arriving at the Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the annual Special Tax levy.

"State" means the State of California.

"Taxable Apartment Unit" means, for property in Zone 8, a residential unit located on an Assessor's Parcel of Apartment Property that is not an Exempt Affordable Apartment Unit.

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

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 2 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

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

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

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

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

"Zone" means any one of the separate geographic areas within IA No. 2 as designated on the recorded boundary map for IA No. 2 of CFD No. 2025-1.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within Zones 1 through 9 of IA No. 2 shall be classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

The Assigned Special Tax for Residential Property shall be based on the Zone in which the Assessor's Parcel is located, the number of dwelling units, and, other than for Apartment Property, the Residential Floor Area of the dwelling units located on the Assessor's Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Zone in which the Assessor's Parcel is located, the Acreage of the Assessor's Parcel, and/or the Developed Floor Area.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class within each Zone for Fiscal Year 2027-2028 is shown below in Tables 1 through 9.

TABLE 1
Zone 1
(All Ages – Single Family Duplex)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,000 SF	Residential Property	$14,839 per unit
2	1,801 – 2,000 SF	Residential Property	$12,472 per unit
3	1,600 – 1,800 SF	Residential Property	$11,590 per unit
4	< 1,600 SF	Residential Property	$10,719 per unit
5	N/A	Non-Residential Property	$237,344 per Acre

TABLE 2
Zone 2
(All Ages – Traditional Single Family Detached Small Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,300 SF	Residential Property	$15,251 per unit
2	2,100 – 2,300 SF	Residential Property	$14,423 per unit
3	< 2,100 SF	Residential Property	$13,507 per unit
4	N/A	Non-Residential Property	$212,068 per Acre

TABLE 3
Zone 3
(All Ages – Traditional Single Family Detached Medium Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,800 SF	Residential Property	$17,662 per unit
2	2,500 – 2,800 SF	Residential Property	$16,519 per unit
3	< 2,500 SF	Residential Property	$15,516 per unit
4	N/A	Non-Residential Property	$169,516 per Acre

TABLE 4
Zone 4
(Age Qualified – Single Family Duplex)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,750 SF	Residential Property	$9,224 per unit
2	1,550 – 1,750 SF	Residential Property	$8,715 per unit
3	< 1,550 SF	Residential Property	$8,457 per unit
4	N/A	Non-Residential Property	$93,865 per Acre

TABLE 5
Zone 5
(Age Qualified – Single Family Motorcourt)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,100 SF	Residential Property	$12,186 per unit
2	1,901 – 2,100 SF	Residential Property	$11,323 per unit
3	1,700 – 1,900 SF	Residential Property	$11,040 per unit
4	< 1,700 SF	Residential Property	$10,354 per unit
5	N/A	Non-Residential Property	$101,571 per Acre

TABLE 6
Zone 6
(Age Qualified – Traditional Single Family Detached Medium Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,100 SF	Residential Property	$12,607 per unit
2	2,000 – 2,100 SF	Residential Property	$12,373 per unit
3	< 2,000 SF	Residential Property	$12,009 per unit
4	N/A	Non-Residential Property	$85,576 per Acre

TABLE 7
Zone 7
(Age Qualified – Traditional Single Family Detached Large Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,600 SF	Residential Property	$15,012 per unit
2	2,250 – 2,600 SF	Residential Property	$13,777 per unit
3	< 2,250 SF	Residential Property	$13,398 per unit
4	N/A	Non-Residential Property	$97,167 per Acre

TABLE 8
Zone 8
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Description	Assigned Special Tax
1	Taxable Apartment Unit	$2,060 per unit
2	Exempt Affordable Apartment Unit	$0 per unit
3	Non-Residential Property	$62,874 per Acre

TABLE 9
Zone 9
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Description	Assigned Special Tax
1	Developed Property	$15,913 per Acre

c. Multiple Land Use Classes

In some instances an Assessor's Parcel may contain both Undeveloped Property and Developed Property. Furthermore, Developed Property may contain more than one Land Use Class.

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property, and Non-Residential Property based on the site plan or other applicable document as determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

d. Backup Special Tax

The Backup Special Tax in IA No. 2 shall be equal to an amount per Acre for each Zone as shown below in Table 10. If an Assessor's Parcel contains both Taxable Apartment Units and Exempt Affordable Apartment Units, then the Backup Special Tax for such Assessor's Parcel shall be the amount that would otherwise be determined for such Assessor's Parcel pursuant to this Section C.1.(d) multiplied by a fraction, the numerator of which is the number of Taxable Apartment Units on such Assessor's Parcel and the denominator of which is the total number of residential units on such Assessor's Parcel.

TABLE 10
Zones 1 through 9
Fiscal Year 2027-2028
Backup Special Tax

Zone	FY 2027-2028 Backup Special Tax
1	$237,344 per Acre
2	$212,068 per Acre
3	$169,516 per Acre
4	$93,865 per Acre
5	$101,571 per Acre
6	$85,576 per Acre
7	$97,167 per Acre
8	$62,874 per Acre
9	$15,913 per Acre

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2028, the Assigned Special Tax and the Backup Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property within each Zone is shown below in Table 11.

TABLE 11
Zones 1 through 9
Fiscal Year 2027-2028
Maximum Special Taxes for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property

Zone	FY 2027-2028 Maximum Special Tax
1	$237,344 per Acre
2	$212,068 per Acre
3	$169,516 per Acre
4	$93,865 per Acre
5	$101,571 per Acre
6	$85,576 per Acre
7	$97,167 per Acre
8	$62,874 per Acre
9	$15,913 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2028, the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2027-2028 and for each following Fiscal Year, the Board shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property within Zone 8 for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax at up to 95% of the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property outside of Zone 8 for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax at up to 95% of the Maximum Special Tax for each such Assessor's Parcel;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax at up to 100% of the Maximum Special Tax for each such Assessor's Parcel;

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property at up to 100% of the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property, as applicable; and

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

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Taxes shall be levied on Conservation Property, Property Owner Association Property, Public Property, or Religious Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the "Minimum Taxable Acreage" as defined below.

The Minimum Taxable Acreage for Zones 1 through 9 is equal to the applicable amount shown in Table 12 below.

TABLE 12
Minimum Taxable Acreage

Zone	Minimum Taxable Acreage
1	4.50 Acres
2	5.59 Acres
3	5.88 Acres
4	9.52 Acres
5	9.86 Acres
6	9.66 Acres
7	7.10 Acres
8	10.52 Acres
9	12.30 Acres

Notwithstanding the foregoing, the Minimum Taxable Acreage for Zone 8 may be reduced by the CFD Administrator on or before the Bond Approval Date to the extent that residential units within Zone 8 are classified as Exempt Affordable Apartment Units, and the amount so determined shall thereafter be the Minimum Taxable Acreage for Zone 8 for all purposes of this Rate and Method of Apportionment. The updated Minimum Taxable Acreage for Zone 8 shall be determined by the CFD Administrator by multiplying the actual Acreage for Zone 8 at the time of such calculation by a fraction, the numerator of which is the number of residential units within Zone 8 that are not expected to be classified as Exempt Affordable Apartment Units and the denominator of which is the total number of expected residential units at buildout within Zone 8.

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Conservation Property, Property Owner Association Property, Public Property, or Religious Property. However, should an Assessor’s Parcel no longer be classified as Conservation Property, Property Owner Association Property, Public Property, or Religious Property, its tax-exempt status will be revoked and it will thereafter be classified as Developed Property or Undeveloped Property in accordance with Section C above.

To the extent that the exemption of an Assessor’s Parcel of Conservation Property, Property Owner Association Property, Public Property, or Religious Property would reduce the Acreage of Taxable Property below the Minimum Taxable Acreage in the applicable Zone, such Assessor’s Parcel shall be classified as Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, as applicable, and shall be subject to the levy of the Special Tax and shall be taxed as part of the sixth or seventh steps, as applicable, in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

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 Apartment Property or Exempt Welfare Exemption

Property. Should an Assessor's Parcel no longer be classified as Exempt Apartment Property, its exempt status shall be revoked and such Assessor's Parcel shall thereafter be classified and taxed in accordance with Sections B and C above, commencing with the Fiscal Year following such change in classification.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 2025-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Act and permitted by CFD No. 2025-1. The use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section G:

"CFD Public Facilities Cost" means either $135 million in 2026 dollars, which shall increase by the Construction Inflation Index on July 1, 2027, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by IA No. 2 under the authorized bonding program for IA No. 2, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means, for a Fiscal Year, the greater of 0% and 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 Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

"Outstanding Bonds" means, for purposes of this Section G, all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by IA No. 2 prior to the date of prepayment.

1. Prepayment in Full

The obligation to pay the Special Tax for an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel. For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid.

2. (a) For an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued (i) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire IA No. 2 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of IA No. 2, excluding any Assessor's Parcels for which the Special Taxes have been prepaid, and (ii) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes for the entire IA No. 2 based on the Backup Special Taxes which could

be charged in the current Fiscal Year on all expected development through buildout of IA No. 2, excluding any Assessor's Parcels for which the Special Taxes have been prepaid.

(b) For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, divide the Maximum Special Tax computed pursuant to paragraph 1 by the total estimated Maximum Special Tax for the entire IA No. 2 based on the Maximum Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of IA No. 2, excluding any Assessor's Parcels for which the Special Taxes have been prepaid.

3. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

5. Compute the current Future Facilities Costs.

6. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").

7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses of IA No. 2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of 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. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").

16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2025-1.

The Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel for which the Special Tax is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

2. Prepayment in Part

The Special Tax for an Assessor's Parcel of Developed Property and/or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E\text{-}AE) \text{ x } F] + AE$$

These terms have the following meaning:

AE	=	the Administrative Fees and Expenses
PP	=	the partial prepayment amount
P_E	=	the Prepayment Amount calculated according to Section G.1
F	=	the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, CFD No. 2025-1 shall (i) distribute the funds remitted to it according to Section G.1, and (ii) indicate in the records of CFD No. 2025-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D. Furthermore, for Undeveloped Property for which the Special Tax has been partially prepaid, the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax shall continue to apply to such Assessor's Parcel after such Assessor's Parcel is considered Developed Property.

Notwithstanding the foregoing, no partial prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed partial prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed partial prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

H. SPECIAL TAX REDUCTION

The following definitions apply to this Section H:

"Issuance Date" means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2025-1.

"Plan Type" means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster, etc.) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within IA No. 2 as identified in the Price Point Study.

"Price Point" means, with respect to the residential dwelling units in each Plan Type, as set forth in the applicable Price Point Study, the base price of such residential dwelling units, estimated by the Price Point Consultant as set forth in the Price Point Study, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 2025-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 2025-1 or the County, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2025-1, (ii) the County, (iii) any owner of real property in CFD No. 2025-1, or (iv) any real property in CFD No. 2025-1, and (e) is not connected with CFD No. 2025-1 or the County as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2025-1 or the County.

"Price Point Study" means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within Zones 1 through 9 of IA No. 2, (c) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (d) sets forth such Price Point Consultant's estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 90 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Step Nos. 1 and 6 of this Section H. The Price Point Study will only include the for-sale Residential Property in Zones 1 through 9.

"Total Effective Tax Rate" means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

"Total Tax and Assessment Obligation" means, with respect to a Plan Type in a Zone, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on all residential dwelling units of such Plan Type in such Zone in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type in such Zone. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type in such Zone as identified in the Price Point Study, or as otherwise determined by the CFD Administrator.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in Zones 1 through 9:

Step No.:

1. At least 30 days prior to the expected Issuance Date of the first series of Bonds, CFD No. 2025-1 shall cause a Price Point Study to be delivered to the CFD Administrator.

2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in each Zone.

3. Separately, for each Land Use Class of for-sale Residential Property in each Zone, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.

    a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in a Zone is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class in such Zone.

    b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in a Zone is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class in such Zone, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class in such Zone to exceed 2.00%.

    c. If the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property in a Zone would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it within the same Zone (e.g., the Assigned Special Tax for Land Use Class 1 in Zone 1 is less than the Assigned

Special Tax for Land Use Class 2 in Zone 1), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2 in Zone 1 shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1 in Zone 1).

4. If the Assigned Special Tax for any Land Use Class in a Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property within such Zone. The revised Backup Special Tax per Acre for such Zone shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre for such Zone as set forth in Table 10 above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property in such Zone resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class in such Zone multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class in such Zone (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within the Zone and converted to a percentage.

5. If the Assigned Special Tax for any Land Use Class in any Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2025-1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes in all Zones and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class in a Zone as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Tables 1 through 9 in Section C for a Land Use Class in a Zone that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax for a Zone as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 10 in Section C.1.(d) for a Zone that was not revised as determined pursuant to step 4.

6. If the Issuance Date of the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2025-1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2025-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2025-1 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2025-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for IA No. 2 reflecting the Assigned Special Taxes and the Backup Special Tax for each Zone set forth in such Certificate of Reduction in Special Taxes.

8. If the Assigned Special Tax is not required to be changed for any Land Use Class in any Zone based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2025-1 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax are necessary.

9. CFD No. 2025-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2025-1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied on an Assessor’s Parcel for a period not to exceed forty years from the Fiscal Year in which such Assessor’s Parcel first becomes Developed Property.

J. DETERMINATIONS OF CFD ADMINISTRATOR CONSIDERED FINAL

Any determinations made by the CFD Administrator under terms of this Rate and Method of Apportionment shall be final.

EXHIBIT A

CERTIFICATE OF REDUCTION IN SPECIAL TAXES

Improvement Area No. 2
Community Facilities District No. 2025-1 of the County of Orange
(Rienda 3)

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within IA No. 2 has been reduced.

2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on __________________.

3. Tables 1A through 9A below show the Assigned Special Tax for each Land Use Class in Zones 1 through 9 after such reduction.

TABLE 1A
Zone 1
(All Ages – Single Family Duplex)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,000 SF	Residential Property	$_____ per unit
2	1,801 – 2,000 SF	Residential Property	$_____ per unit
3	1,600 – 1,800 SF	Residential Property	$_____ per unit
4	< 1,600 SF	Residential Property	$_____ per unit
5	N/A	Non-Residential Property	$______ per Acre

TABLE 2A
Zone 2
(All Ages – Traditional Single Family Detached Small Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,300 SF	Residential Property	$_____ per unit
2	2,100 – 2,300 SF	Residential Property	$_____ per unit
3	< 2,100 SF	Residential Property	$_____ per unit
4	N/A	Non-Residential Property	$______ per Acre

TABLE 3A
Zone 3
(All Ages – Traditional Single Family Detached Medium Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,800 SF	Residential Property	$_____ per unit
2	2,500 – 2,800 SF	Residential Property	$_____ per unit
3	< 2,500 SF	Residential Property	$_____ per unit
4	N/A	Non-Residential Property	$______ per Acre

Certificate of Reduction in Special Taxes
Page 3

TABLE 4A
Zone 4
(Age Qualified – Single Family Duplex)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,750 SF	Residential Property	$_____ per unit
2	1,550 – 1,750 SF	Residential Property	$_____ per unit
3	< 1,550 SF	Residential Property	$_____ per unit
4	N/A	Non-Residential Property	$______ per Acre

TABLE 5A
Zone 5
(Age Qualified – Single Family Motorcourt)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,100 SF	Residential Property	$_____ per unit
2	1,901 – 2,100 SF	Residential Property	$_____ per unit
3	1,700 – 1,900 SF	Residential Property	$_____ per unit
4	< 1,700 SF	Residential Property	$_____ per unit
5	N/A	Non-Residential Property	$______ per Acre

TABLE 6A
Zone 6
(Age Qualified – Traditional Single Family Detached Medium Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,100 SF	Residential Property	$_____ per unit
2	2,000 – 2,100 SF	Residential Property	$_____ per unit
3	< 2,000 SF	Residential Property	$_____ per unit
4	N/A	Non-Residential Property	$______ per Acre

TABLE 7A
Zone 7
(Age Qualified – Traditional Single Family Detached Large Lot)
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,600 SF	Residential Property	$_____ per unit
2	2,250 – 2,600 SF	Residential Property	$_____ per unit
3	< 2,250 SF	Residential Property	$_____ per unit
4	N/A	Non-Residential Property	$______ per Acre

TABLE 8A
Zone 8
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Description	Assigned Special Tax
1	Taxable Apartment Unit	$_____ per unit
2	Exempt Affordable Apartment Unit	$0 per unit
3	Non-Residential Property	$______ per Acre

TABLE 9A
Zone 9
Fiscal Year 2027-2028
Assigned Special Taxes for Developed Property

Land Use Class	Description	Assigned Special Tax
1	Developed Property	$_____ per Acre

4. The Backup Special Tax for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown in Table 10A below.

Table 10A
Backup Special Tax
Fiscal Year 2027-2028

Zone	Backup Special Tax
1	$______ per Acre
2	$______ per Acre
3	$______ per Acre
4	$______ per Acre
5	$______ per Acre
6	$______ per Acre
7	$______ per Acre
8	$______ per Acre
9	$______ per Acre

5. Upon execution of this certificate by CFD No. 2025-1, CFD No. 2025-1 shall cause an amended notice of Special Tax lien for IA No. 2 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

Submitted

CFD ADMINISTRATOR

By: ____ Date: __________________

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2025-1, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2025-1 of the County of Orange (Rienda 3)

By: ____ Date as of: ______________________
[closing date of Bonds]

EXHIBIT B

CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES

Improvement Area No. 2
Community Facilities District No. 2025-1 of the County of Orange
(Rienda 3)

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _________________.

2. The Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%.

3. The Maximum Special Tax for Developed Property within IA No. 2, including the Assigned Special Tax set forth in Section C.1.(b) and the Backup Special Tax set forth in Section C.1.(d) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: ____ Date as of: ______________________
[closing date of Bonds]