COMMUNITY FACILITIES DISTRICT NO. 2025-1 (RIENDA 3)

IMPROVEMENT AREA 1
2026 SPECIAL TAX BONDS

MARKET ABSORPTION STUDY

PREPARED FOR:
COUNTY OF ORANGE
ORANGE COUNTY, CALIFORNIA

PREPARED BY:
EMPIRE ECONOMICS, INC.
JOSEPH T. JANCZYK, PH.D.

FEBRUARY 25, 2026

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INTRODUCTION

A. OVERVIEW OF THE BOND FINANCING PROGRAM

Rancho Mission Viejo (RMV) requested the County of Orange to form Community Facilities District No. 2025-1 Rienda 3 (CFD No. 2025-1 Rienda 3) to assist with the financing of the public infrastructure that is required to support the development of the active/forthcoming residential projects in the Planned Community of Rienda Planning Area 3 is hereafter referred to as CFD No. 2025-1 or Rienda 3.

The Planned Community of Rienda located in Rancho Mission Viejo represents a newly developing area in the southerly portion of the County of Orange, easterly of the City of San Juan Capistrano. Rienda follows a sequential development pattern of Planned Communities that have previously been developed/built-out by RMV, including Ladera Ranch with about 8,000 homes, Sendero with about 900 homes and most recently Esencia with about 3,000 homes.

CFD No. 2025-1 Rienda 3 Improvement Area 1 (IA-1) is expected to have 501 for-sale homes in nine residential projects with five different builders. Accordingly, these projects have been categorized into three market segment, All Ages and Age-Qualified 55+, as well as two product types, attached and detached.

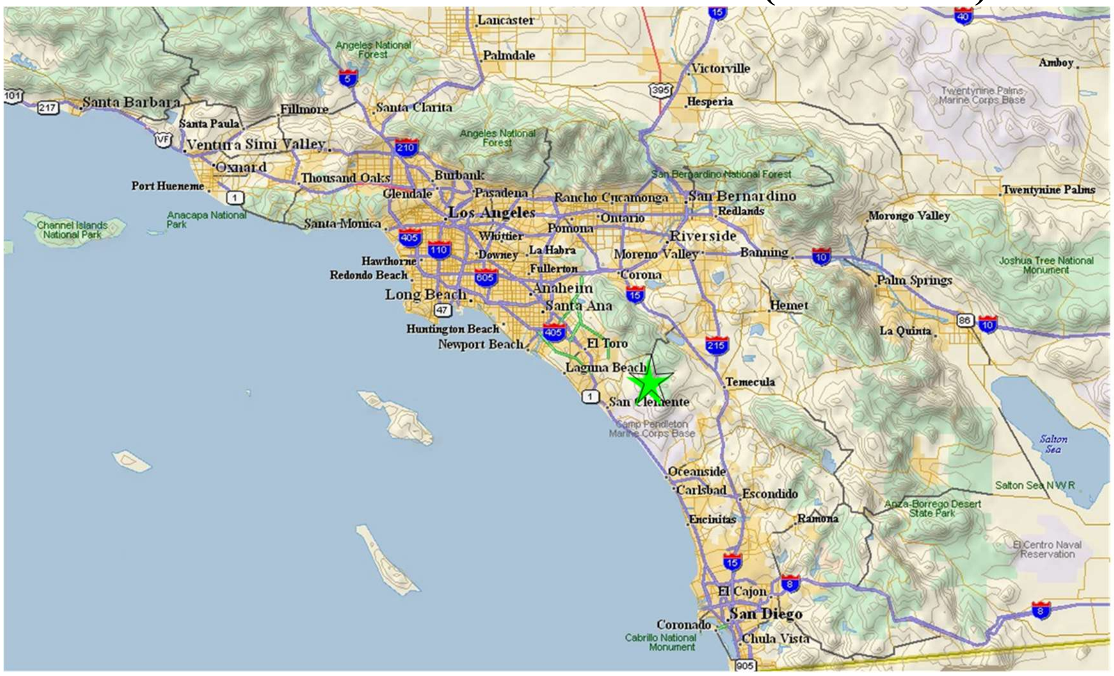
- Age-Qualified 55+
  - Attached:
    - AQ-12 Nova, Lennar, Duplex
    - AQ-11 Lavender, TriPointe, Attached
  - Detached:
    - AQ-11 Lavender, TriPointe, Detached-Motorcourt
    - AQ-22 Strata, Lennar, Detached-SFD
    - AQ-40 Elara, Pulte, Detached-SFD
    - AQ-42 Luna, Pulte, Detached-SFD
- All-Ages:
  - Detached
    - MR-45 Sapphire, Trumark, SFD 46 x 77
    - MR-46 Lotus, Trumark, SFD 50 x 80
    - MR-50 Arrowleaf, Shea Homes, SFD 60 x 90

The County of Orange retained Empire Economics (Empire), an economic and real estate consulting firm, to perform a Market Absorption Study for the residential projects in CFD No. 2025-1 Rienda 3 IA-1. The Market Absorption Study conducts a comprehensive analysis of the product mix characteristics, macroeconomic factors, and microeconomic factors that are expected to influence the absorption of the projects in order to arrive at conclusions regarding the following:

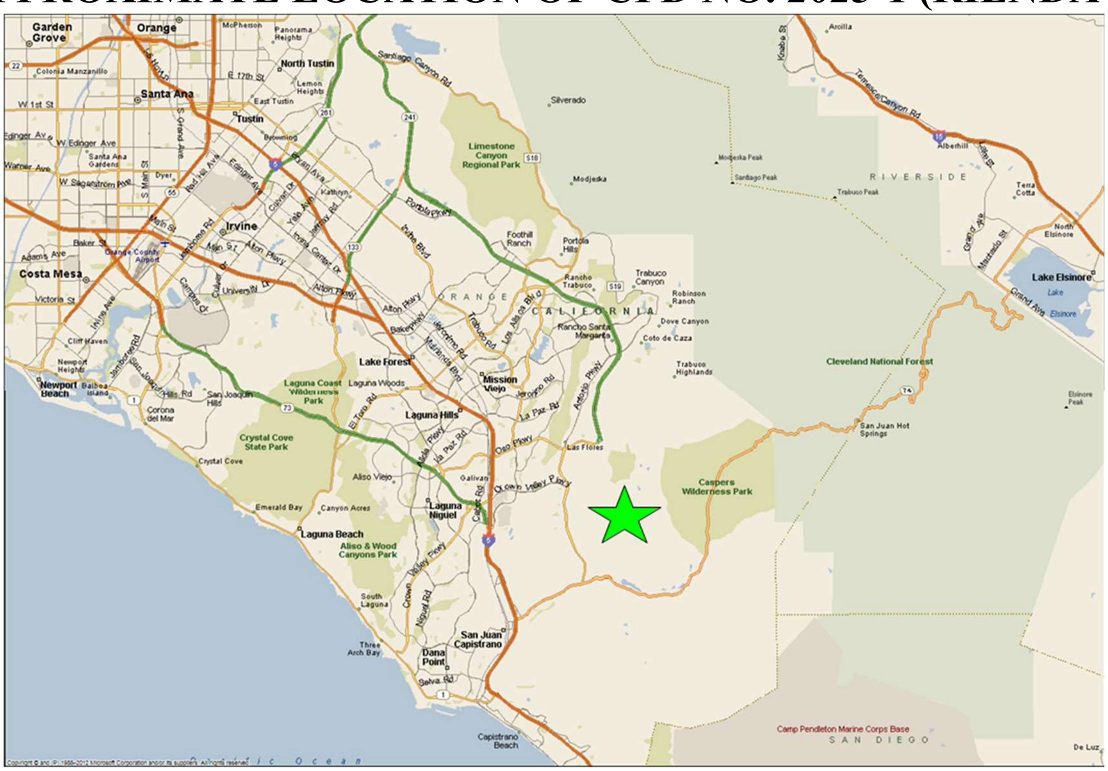
- Estimated absorption schedules for the homes in each of the nine residential projects, from market-entry to build-out, on an annualized basis.
- Discussion of potential economic, financial and real estate risk factors that may adversely impact their marketability.

For information on the general location of CFD No. 2025-1 Rienda 3 IA 1, please refer to the maps on the following page.

SOUTHERN CALIFORNIA MARKET REGION: LOCATION OF CFD NO. 2025-1 (RIENDA 3)



SOUTH ORANGE COUNTY APPROXIMATE LOCATION OF CFD NO. 2025-1 (RIENDA 3)



B. ROLES OF THE MARKET ABSORPTION STUDY FOR THE BOND FINANCING

The Market Absorption Study for CFD No. 2025-1 Rienda 3 IA 1 has a multiplicity of roles with regards to the Bond Financing; accordingly, these are set-forth below:

Marketing Prospects for the Residential Products

Estimated Absorption Schedules:
Escrow Closings of Homes to Homeowners,
from Market-Entry to Build-Out for
each of the Nine Projects

Potential Risk Factors that may Adversely Impact
the Marketability of the Projects

Relationship of the Market Study to the Special Tax Payments

Special Taxes for the Residential Projects/Products

Aggregate Levels of Special Tax Revenues for Bond Sizing

Absorption Rate Determines Shares of Payments:
Developer/Builders vs. Final-Users/Homeowners

Relationship of the Market Absorption Study to the Appraisal/Valuation

Appraisal of Property
Appraiser Considers Absorption Schedules for
Discounted Cash Flow – Present Value

(The Longer the Absorption Time, the Lower the Present Value)

C. METHODOLOGY UNDERLYING THE MARKET ABSORPTION STUDY

The Market Absorption Study performs a comprehensive analysis of the product mix characteristics, macroeconomic factors, and microeconomic factors as well as the potential risk factors that are expected to influence the absorption of the projects/homes in CFD No. 2025-1 Rienda 3 IA 1; the primary components of the Study are as follows:

I. Expected Residential Product Mix Characteristics

II. Economic and Real Estate Model Underlying the Market Absorption Study

III. Overview of the Development Trends/Patterns and Socioeconomic Factors

IV. Competitive Market Analysis of the Residential Projects

V. Estimated Absorption Schedules for the Projects/Products

Assumptions and Limiting Conditions

D. CERTIFICATION OF INDEPENDENCE

EMPIRE ECONOMICS PROVIDES CONSULTING SERVICES ONLY FOR PUBLIC ENTITIES

The Securities & Exchange Commission has taken action against firms that have utilized their research analysts to promote companies with whom they conduct business, citing this as a potential conflict of interest. Accordingly, Empire Economics (Empire), in order to ensure that its clients, including the County of Orange, are not placed in a situation that could cause such conflicts of interest, provides a Certification of Independence.

This Certificate states that Empire performs consulting services only for public entities such as the County of Orange, in order to avoid potential conflicts of interest that could occur if it also provided consulting services for developers/builders.

For example, if a research firm for a specific Community Facilities District were to provide consulting services to both the public entity as well as the property owner/developer/builders, then a potential conflict of interest could be created, given the different objectives of the public entity versus the property owner/developer/builders.

Accordingly, Empire Economics certifies that the Market Absorption Study for the CFD No. 2025-1 Rienda 3 IA 1 of the County of Orange was performed in an independent professional manner, as represented by the following statements:

- Empire was retained to perform the Market Absorption Study by the County of Orange, not the CFD's developer/builders.
- Empire has not performed any consulting services for the CFD's property owner or the developer/builders during the past thirty years.
- Empire will not perform any consulting services for the CFD's property owner or the developer/builders during the next five years.
- Empire's compensation for performing the Market Absorption Study for the CFD is not contingent upon the issuance of bonds; Empire's fees are paid on a non-contingency basis.

Therefore, based upon the statements set-forth above, Empire hereby certifies that the Market Absorption Study for CFD No. 2025-1 Rienda 3 IA 1 of the County of Orange was performed in an independent professional manner.

SECTION I

EXPECTED FOR-SALE RESIDENTIAL PRODUCT MIX CHARACTERISTICS

(Source of Data: Merchant Builders)

CFD No. 2025-1 Rienda 3 IA-1 is expected to have a total of 501 for-sale attached and detached homes in nine projects by five different builders.

- For all the projects, as a whole, the base prices amount to some $1,446,461, on the average, and they have a range of $936,500 to $2,071,108.
- While their living areas amount to some 2,376 sq.ft., on the average, and they have a range of 1,296 to 3,965 sq.ft.

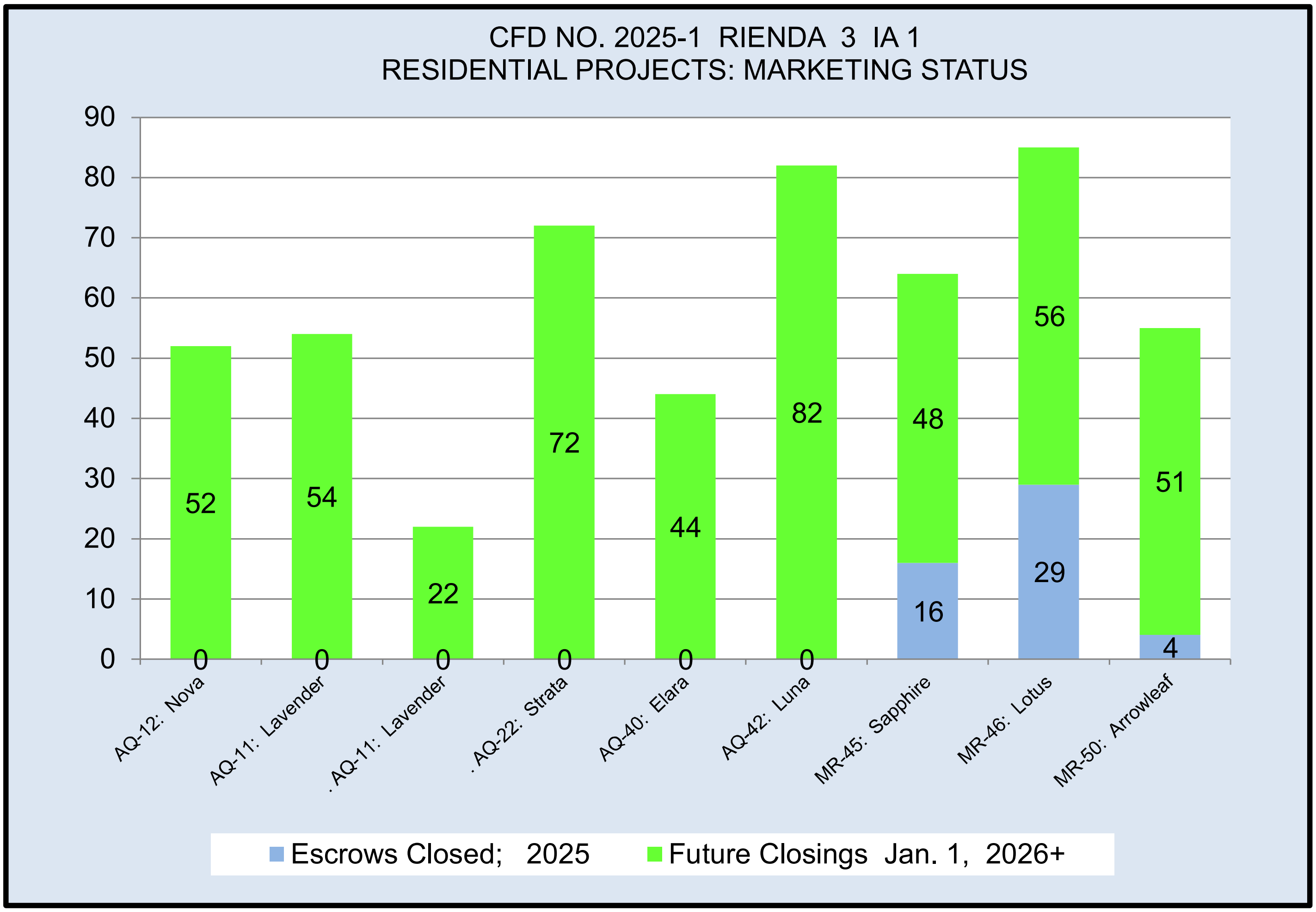
- Age-Qualified 55+
  - Attached:
    - AQ-12 Nova, Lennar, Duplex
      Base prices range from $1,055,990 to $1,289,990 for 1,451 to 2,263 ft.²
    - AQ-11 Lavender, TriPointe, Attached
      Base prices range from $936,500 to $1,111,029 for 1,296 to 1,671 ft.²
  - Detached:
    - AQ-11 Lavender, TriPointe, Detached-Motorcourt
      Base prices range from $1,198,500 to $1,387,000 for 1,747 to 2,022 ft.²
    - AQ-22 Strata, Lennar, Detached-SFD
      Base prices range from $1,099,990 to 1,389,990 for 1,560 to 2,378 ft.²
    - AQ-40 Elara, Pulte, Detached-SFD
      Base prices range from $1,619,990 to 1,725,990 for 2,454 to 2,911 ft.²
    - AQ-42 Luna, Pulte, Detached-SFD
      Base prices range from $1,423,990 to 1,729,082 for 1,844 to 2,806 ft.²
- Detached: All-Ages:
    - MR-45 Sapphire, Trumark, SFD 46 x 77
      Base prices range from $1,397,000 to 1,540,000 for 2,461 to 2,823 ft.²
    - MR-46 Lotus, Trumark, ,SFD 50 x 80
      Base prices range from $1,569,000 to $1,680,000 for 2,769 to 3,129 ft.²
    - MR-50 Arrowleaf, Shea Homes, SFD 60 x 90
      Base prices range from $1,750,000 to $2,071,018 for 3,306 to 3,965 ft.²

For more information on these projects, please refer to the following graphs and tables.

CFD NO. 2025-1 RIENDA 3 IA 1

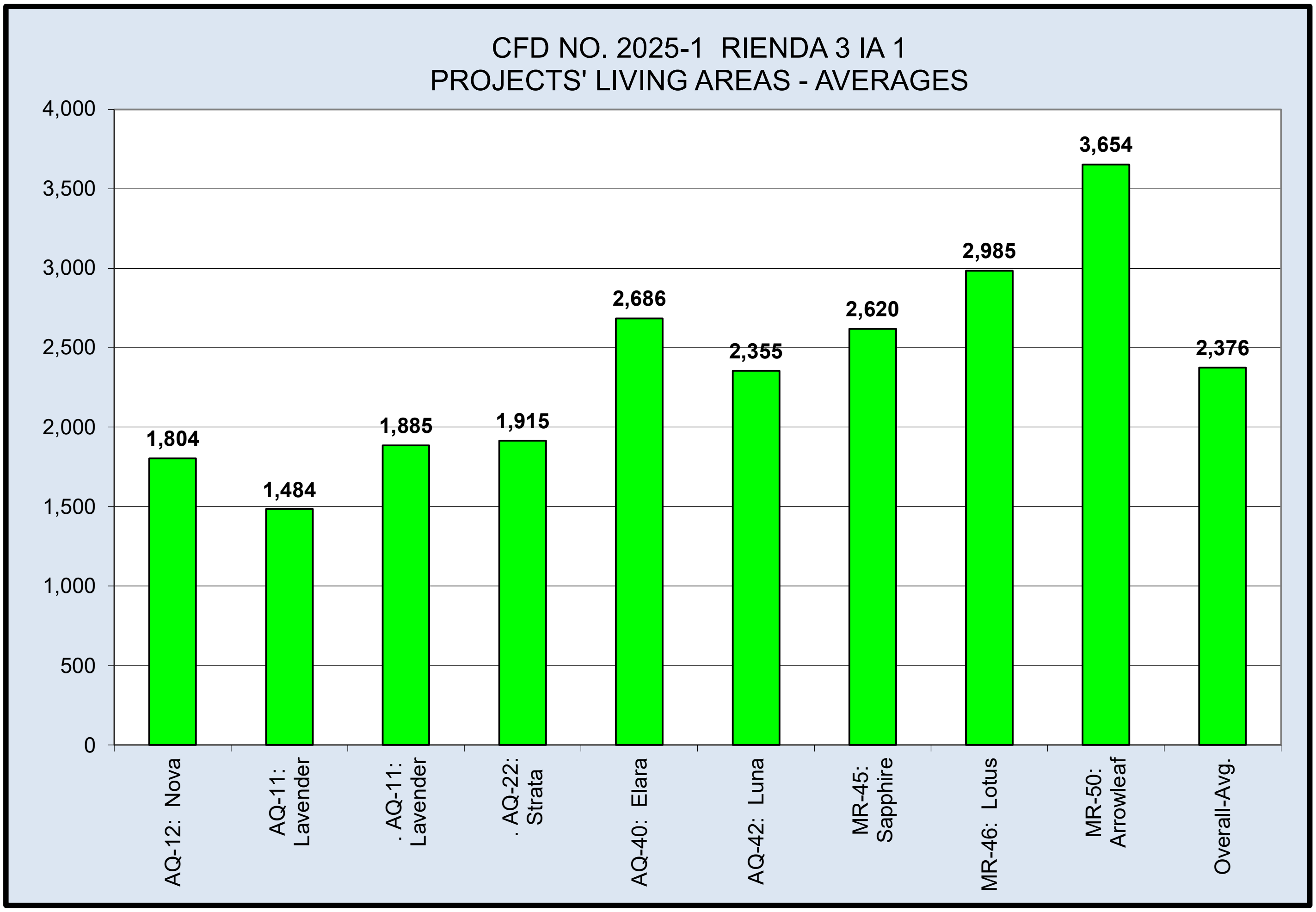
RESIDENTIAL PROJECTS: PLANNED HOMES

AND MARKETING STATUS



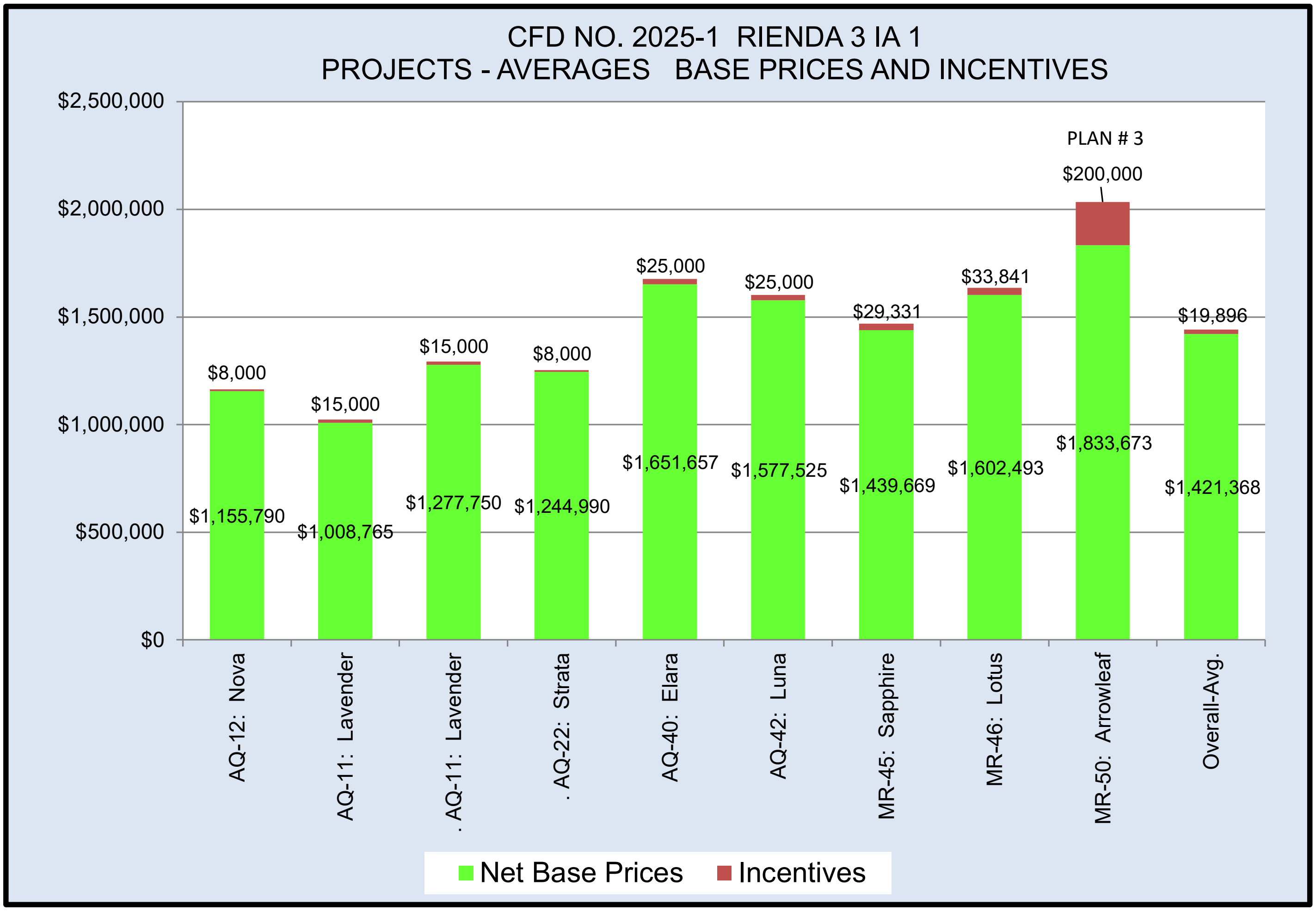
CFD NO. 2025-1 RIENDA 3 IA 1

PROJECTS' LIVING AREAS – AVERAGE



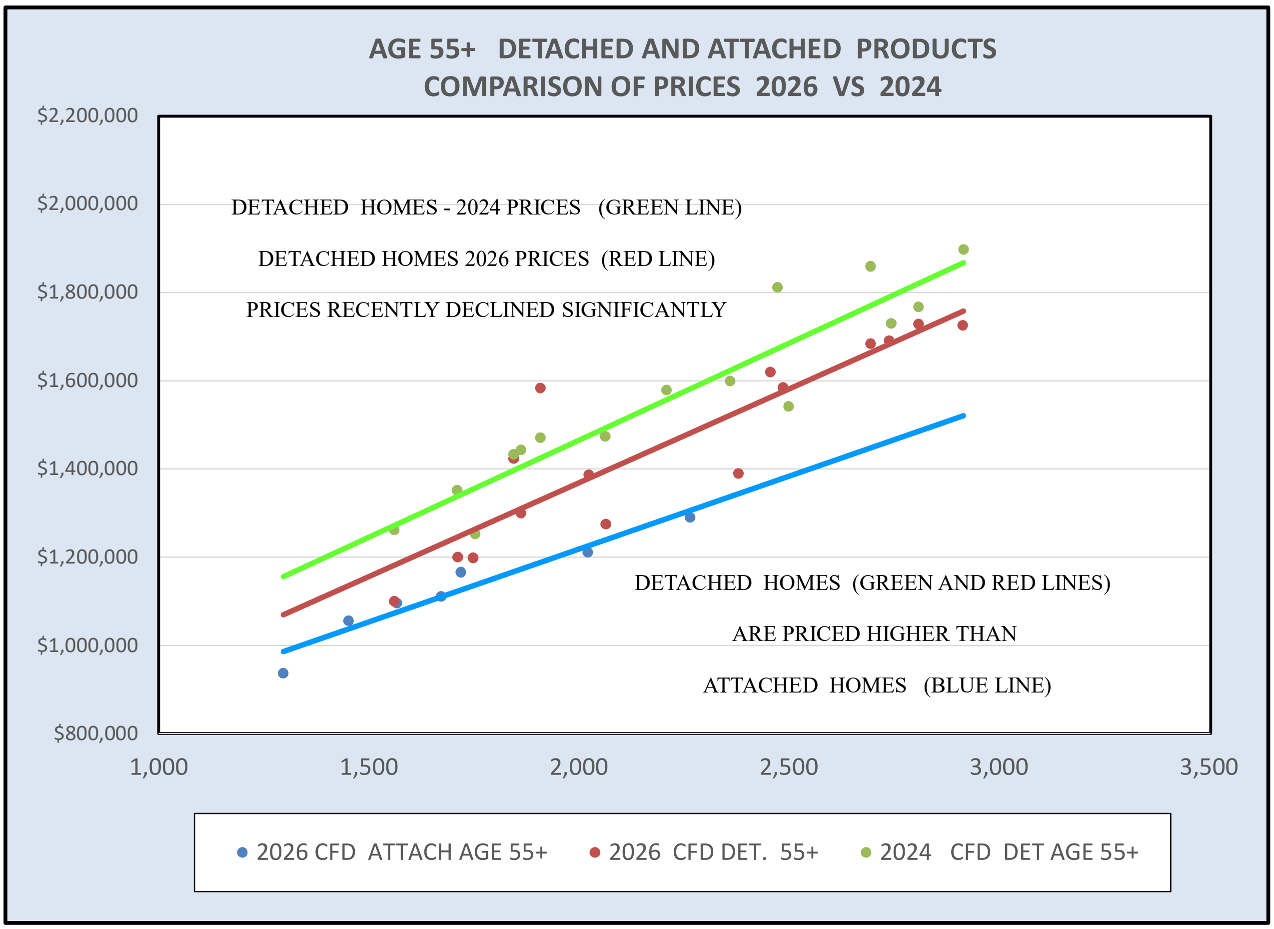
CFD NO. 2025-1 RIENDA 3 IA 1

BASE PRICES FOR PROJECTS - AVERAGES



SIGNIFICANT SHIFTS IN AGE 55+ DETACHED HOUSING PRODUCTS

FOR SIMILAR SIZES OF LIVING AREAS AGE 55+ DETACHED HOMES HAD RECENT PRICE REDUCTIONS



CHARACTERISTICS OF THE EXPECTED PRODUCT MIX
CFD NO. 2025-1 RIENDA 3 IA 1

AGE 55+

Planning Area Code	AQ-12	AQ-11	. AQ-11	. AQ-22	AQ-40	AQ-42
Market Segment	Age 55+	Age 55+	AGE 55+	AGE 55+	Age 55+	Age 55+
Expected Product Type	Attached-Duplex	Attached	Detached-Motorcourt	Detached-SFD	Detached-SFD	Detached-SFD
Project Name	Nova	Lavender	Lavender	Strata	Elara	Luna
Builder	Lennar	Tri-Pointe	TriPointe	Lennar	Pulte	Pulte
Total Homes	52	54	22	72	44	82
Escrows Closed; 2025	0	0	0	0	0	0
Future Closings Jan. 1, 2026+	52	54	22	72	44	82
Market-Entry - Models Open	Q1-2026	Q1-2026	Q1-2026	Q1-2026	Q1-2026	Q1-2026
Commence Escrow Closings	. Febr. 2026	. May 2026	. May 2026	. Febr. 2026	. June 2026	. June 2026
Estimated Number of Homes						
Plan #1	16	27	12	25	13	11
Plan #2	8	27	10	15	14	14
Plan #3	8			16	17	13
Plan #4	10			8		14
Plan #5	10			8		30
LIVING AREA						
Plan #1	1,451	1,296	1,747	1,560	2,454	1,844
Plan #2	1,566	1,671	2,022	1,711	2,692	2,484
Plan #3	2,020			2,063	2,911	1,907
Plan #4	1,718			1,861		2,736
Plan #5	2,263			2,378		2,806
Average	1,804	1,484	1,885	1,915	2,686	2,355
Minimum	1,451	1,296	1,747	1,560	2,454	1,844
Maximum	2,263	1,671	2,022	2,378	2,911	2,806
BASE PRICES						
Plan #1	$1,055,990	$936,500	$1,198,500	$1,099,990	$1,619,990	$1,423,990
Plan #2	$1,095,990	$1,111,029	$1,387,000	$1,199,990	$1,683,990	$1,584,484
Plan #3	$1,210,990			$1,274,990	$1,725,990	$1,583,605
Plan #4	$1,165,990			$1,299,990		$1,691,462
Plan #5	$1,289,990			$1,389,990		$1,729,082
Average	$1,163,790	$1,023,765	$1,292,750	$1,252,990	$1,676,657	$1,602,525
Minimum	$1,055,990	$936,500	$1,198,500	$1,099,990	$1,619,990	$1,423,990
Maximum	$1,289,990	$1,111,029	$1,387,000	$1,389,990	$1,725,990	$1,729,082
BUILDER INCENTVES	$8,000	$15,000	$15,000	$8,000	$25,000	$25,000
NET BASE PRICES						
Plan #1	$1,047,990	$921,500	$1,183,500	$1,091,990	$1,594,990	$1,398,990
Plan #2	$1,087,990	$1,096,029	$1,372,000	$1,191,990	$1,658,990	$1,559,484
Plan #3	$1,202,990			$1,266,990	$1,700,990	$1,558,605
Plan #4	$1,157,990			$1,291,990		$1,666,462
Plan #5	$1,281,990			$1,381,990		$1,704,082
Average	$1,155,790	$1,008,765	$1,277,750	$1,244,990	$1,651,657	$1,577,525
Minimum	$1,047,990	$921,500	$1,183,500	$1,091,990	$1,594,990	$1,398,990
Maximum	$1,281,990	$1,096,029	$1,372,000	$1,381,990	$1,700,990	$1,704,082
Value Ratios; (Price/Sq.Ft.)	$641	$680	$678	$650	$615	$670

CHARACTERISTICS OF THE EXPECTED PRODUCT MIX
CFD NO. 2025-1 RIENDA 3 IA 1

ALL AGES

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Planning Area Code	MR-45	MR-46	MR-50	Totals	Averages
Market Segment	All Ages	All Ages	All Ages		
Expected Product Type	Detached: 46 X 77	Detached: 50 X 80	Detached: 60 X 90		
Project Name	Sapphire	Lotus	Arrowleaf		
Builder	Trumark	Trumark	Shea Homes		
Total Homes	64	56	55	501	
Escrows Closed; 2025	16	29	4	49	
Future Closings Jan. 1, 2026+	48	27	51	452	
Market-Entry - Models Open	Q2-2025	Q2-2025	Q2-2025		
Commence Escrow Closings	Q3-2025	Q3-2025	Q4-2025		
Estimated Number of Homes					
Plan #1	19	18	16		
Plan #2	21	18	18		
Plan #3	24	20	21		
Plan #4					
Plan #5					
LIVING AREA					
Plan #1	2,461	2,769	3,306		
Plan #2	2,575	3,057	3,691		
Plan #3	2,823	3,129	3,965		
Plan #4					
Plan #5					
Average	2,620	2,985	3,654		2,376
Minimum	2,461	2,769	3,306		1,296
Maximum	2,823	3,129	3,965		3,965
BASE PRICES					
Plan #1	$1,397,000	$1,569,000	$1,750,000		
Plan #2	$1,470,000	$1,660,000	$1,880,000		
Plan #3	$1,540,000	$1,680,000	$2,071,018		
Plan #4					
Plan #5					
Average	$1,469,000	$1,636,333	$1,900,339		$1,446,461
Minimum	$1,397,000	$1,569,000	$1,750,000		$936,500
Maximum	$1,540,000	$1,680,000	$2,071,018		$2,071,018
BUILDER INCENTVES	$29,331	$33,841	$200,000		
			(Only Plan #3)		
NET BASE PRICES					
Plan #1	$1,367,669	$1,535,159	$1,750,000		
Plan #2	$1,440,669	$1,626,159	$1,880,000		
Plan #3	$1,510,669	$1,646,159	$1,871,018		
Plan #4					
Plan #5					
Average	$1,439,669	$1,602,493	$1,833,673		$1,421,368
Minimum	$1,367,669	$1,535,159	$1,750,000		$921,500
Maximum	$1,510,669	$1,646,159	$1,880,000		$1,880,000
Value Ratios; (Price/Sq.Ft.)	$550	$537	$502		$614
Special Taxes Annually - Estimated Max	$13,662	$15,218	$17,673		$11,665

SECTION II

MACROECONOMIC ANALYSIS
RECENT ECONOMIC AND REAL ESTATE CONDITIONS

This section describes the Economic and Real Estate Model underlying the forecasts for the absorption of the residential products in CFD No. 2025-1 during the foreseeable future; accordingly, the primary components are as follows:

A) Overview of Recent Economic/Housing Market Conditions: US and California
California Unemployment Rate and Mortgage Rates
FED Personal Consumption Expenditures (PCE) Core Inflation
California Employment Changes and PCE Core Inflation
FED Policies: Federal Funds Rate and Portfolio of Treasury & Mortgage Bonds
US Gross Domestic Product and Federal Deficits
PCE Core Inflation Index and Mortgage Rates
California Existing Home Sales
PCE Core Inflation Overall and Housing Component

B) Employment, Construction, Mortgage Rates and Prices
California and Orange County Employment: Aggregate Level Trends
California Residential Construction Activity
30-Year Fixed Mortgage Rates
Los Angeles – Orange County Region Overall Patterns of Price Appreciation
Housing Phases: 2000s Price Bubble vs. Recently

C) Relationship of Housing Demand & Price Changes
California Existing Homeowners: Mortgages Rates for Loan Cohorts
Orange County Demand-Supply Conditions and Price Appreciation
Orange County Relationship of Mortgage Rates to Price Appreciation
Orange County Mortgage Interest Payment Levels
Forecasts of Inflation Rates, Mortgage Rates, United States/California Unemployment Rates
Comparison of Housing Costs for Homes Purchased in 2025 vs. 2021

Accordingly, each of these topics are now discussed, in order to provide a background on the economic and real estate factors underlying Empire's forecasts for the projects in CFD No. 2025-1.

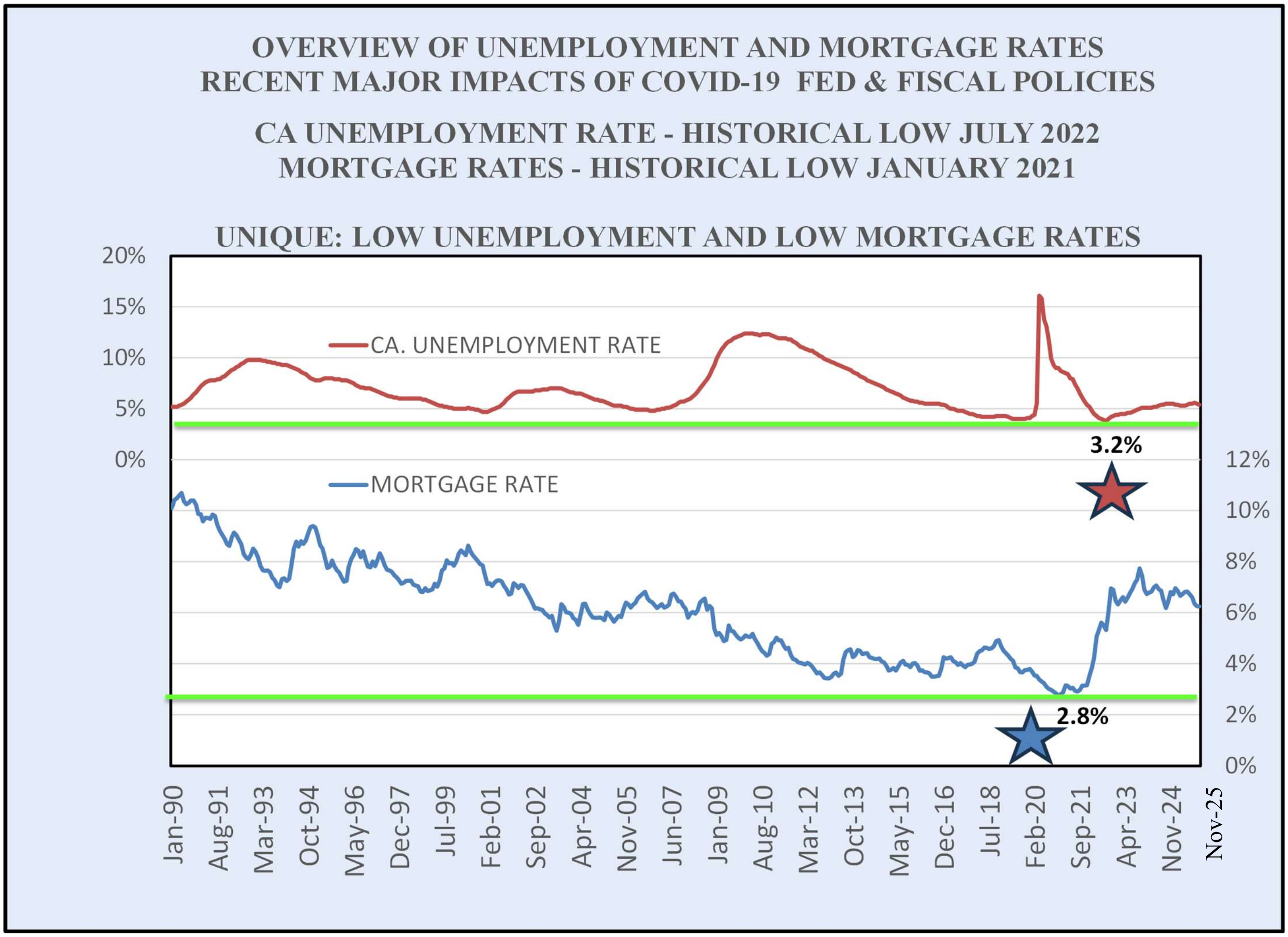
A. OVERVIEW OF RECENT ECONOMIC/HOUSING MACROECONOMIC CONDITIONS UNITED STATES AND CALIFORNIA

Chairman Powell
The independence of the FED for attaining its goal of a 2.0% inflation rate, however, recently political pressure mounting.

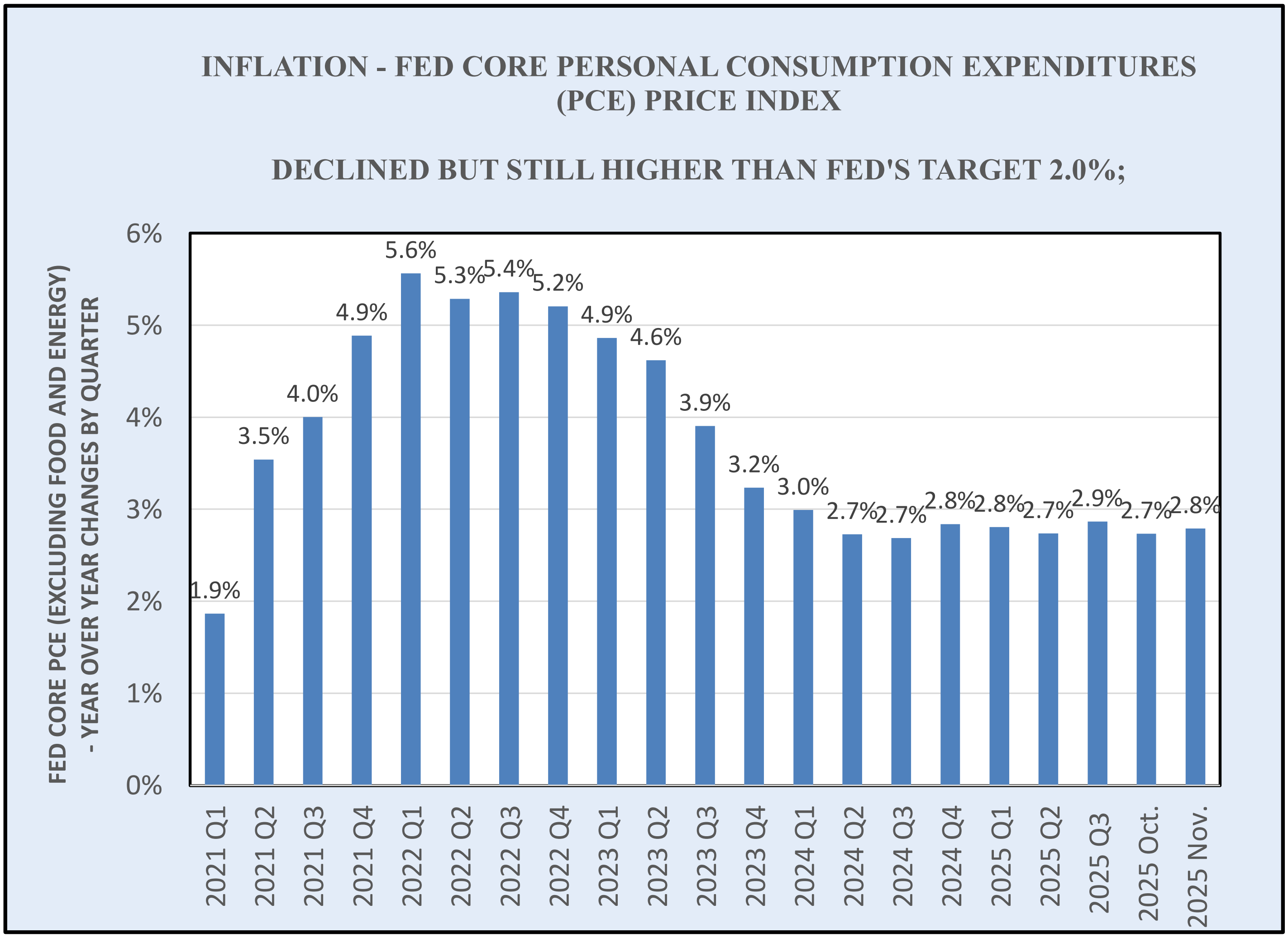
Trump Policies
The Big Beautiful Bill will enhance economic growth. Higher fiscal deficits will be offset by more economic growth. China/other countries will pay for tariffs so they are not inflationary. Not concerned about inflation returning to the 2% FED target.

Recent Inflation Metrics
FED's Preferred Index: +2.8%/yr. (November 2025)
CPI index: +2.7% /yr (December 2025)

RECENTLY, HISTORICALLY UNIQUE ECONOMIC CONDITIONS
LOW UNEMPLOYMENT AND LOW MORTGAGE RATES

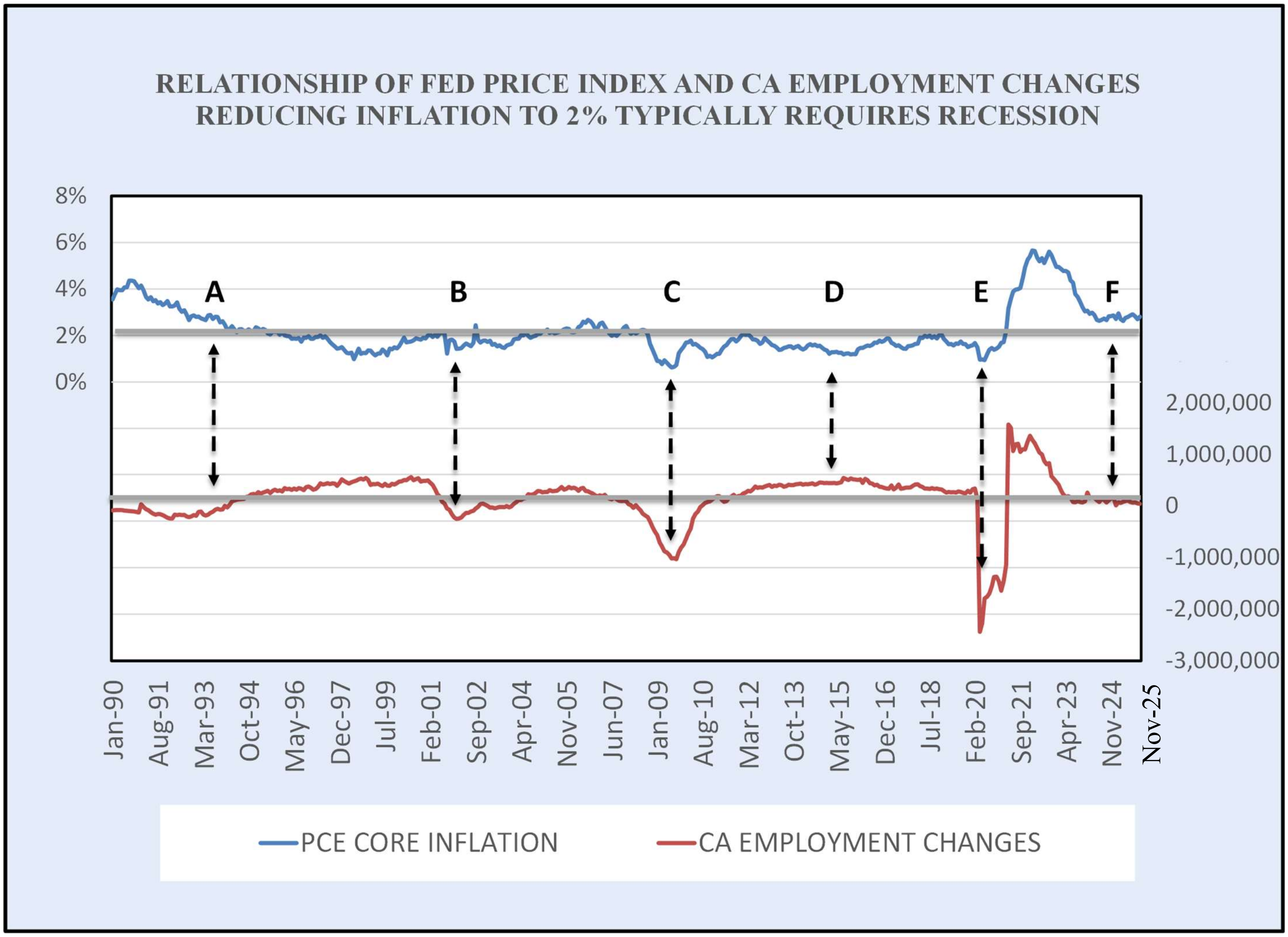


FRB MONETARY POLICIES TARGET CORE INFLATION AT 2% GOAL REMAINING VIGILANT AS ECONOMY/EMPLOYMENT IS SOFTENING

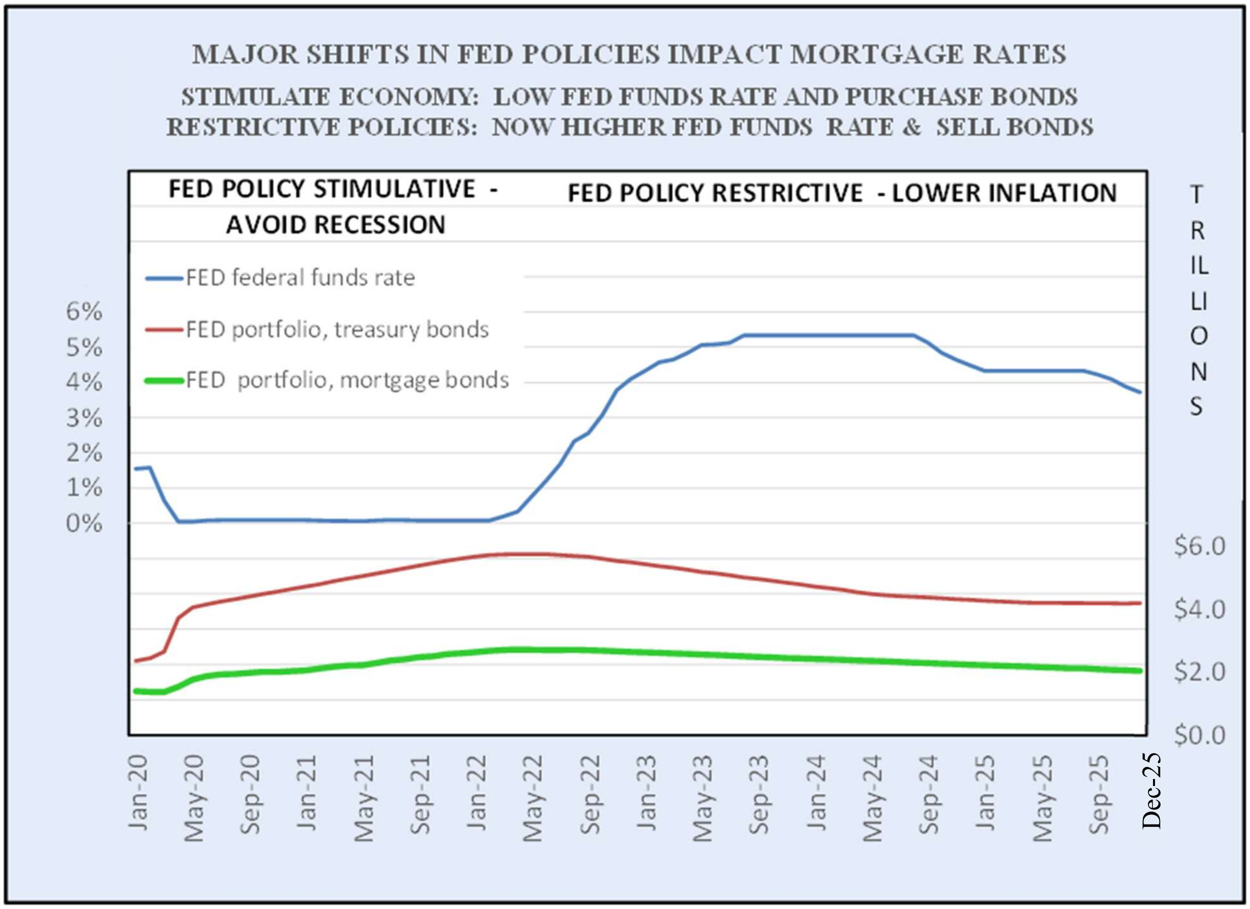


HISTORICALLY, RESTRICTIVE FED POLICIES GENERALLY HAVE EMPLOYMENT DECLINES - RECESSION

CURRENTLY FED PURSUING 2% TARGET



FED RESTRICTIVE POLICIES TWO-FOLD FEDERAL FUNDS RATE > SHORT TERM RATES PORTFOLIO BONDS > NOW SELLING TREASURIES AND MORTGAGE BONDS!



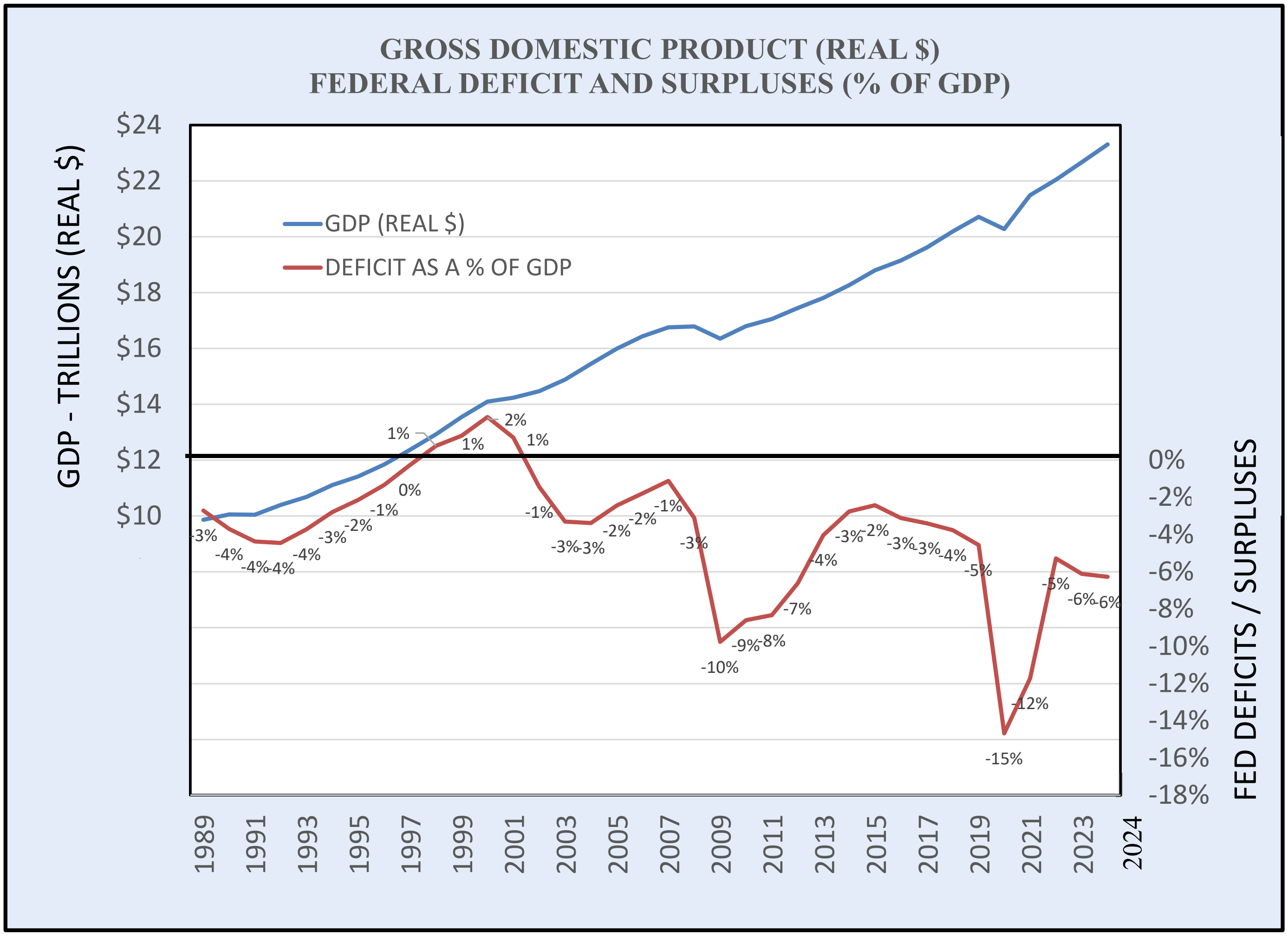
US FEDERAL DEBT: $38.4T PUBLIC: $31T
FED: BALANCE INTERMEDIATE TERM: 51% INTEREST RATE: 3.6%
FISCAL REVENUES $5.2T/YR. INTEREST PAID ~$1.2T/YR.

10 YEAR BOND RELATED TO MORTGAGE RATES
TRADING ~$150T ANNUALLY AND ~$600B DAILY
FINANCIAL MARKET ENORMOUS AND DYNAMIC/EFFICIENT

TRUMP – POTENTIAL PURCHASE OF $200B OF MORTGAGE BONDS
BUT ONLY 10% OF FED PORTFOLIO OF MORTGAGE BONDS

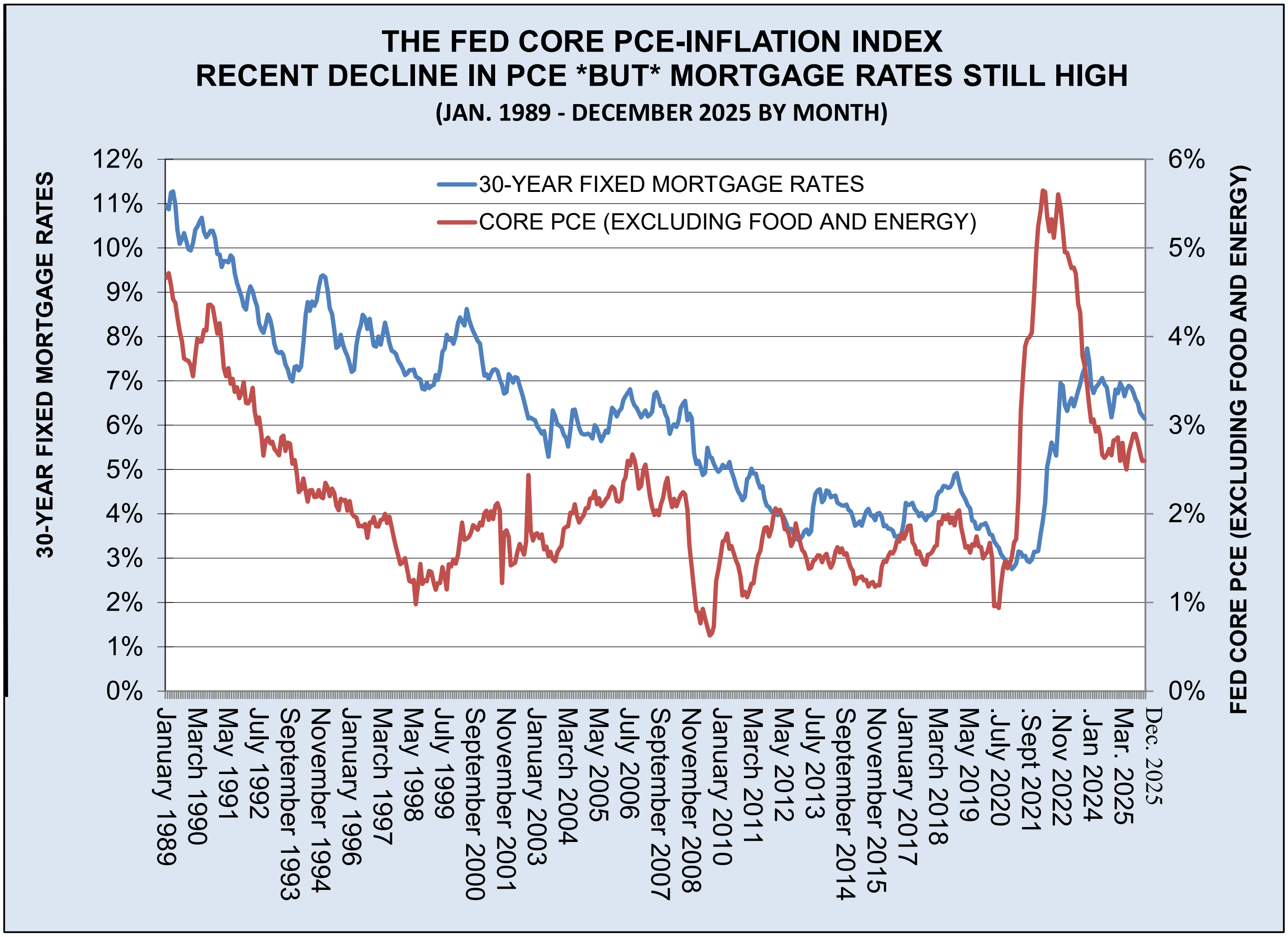
SINCE 1989, ALTHOUGH REAL GDP HAS RISEN SIGNIFICANTLY FEDERAL SURPLUSES HAVE OCCURRED ONLY IN 1996-2000

THE DEFICIT/GDP RATIO HAS INCREASED SUBSTANTIALLY

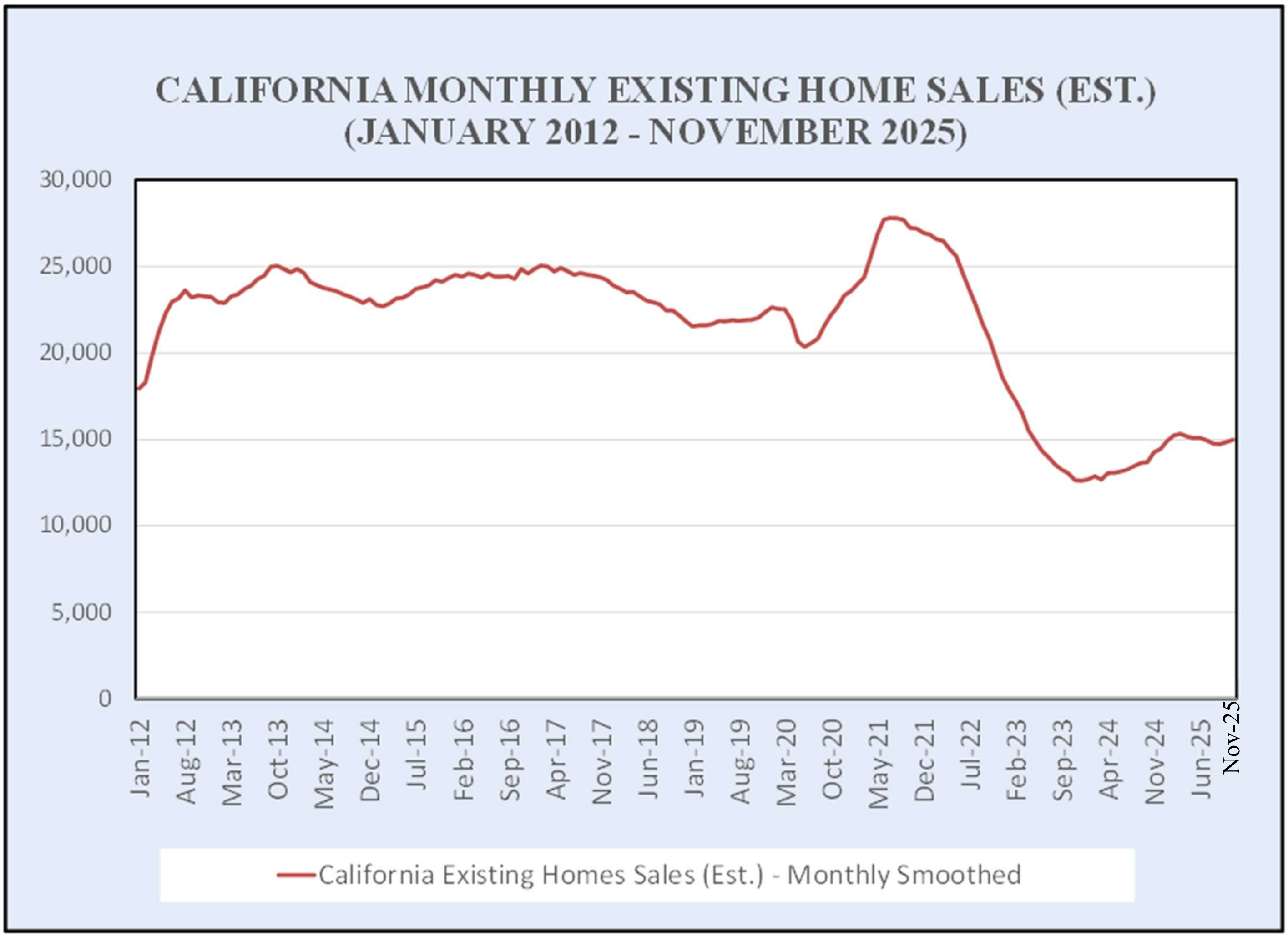


MORTGAGE RATES HAVE GENERALLY FOLLOWED A SIMILAR PATTERN TO FED PCE-INFLATION

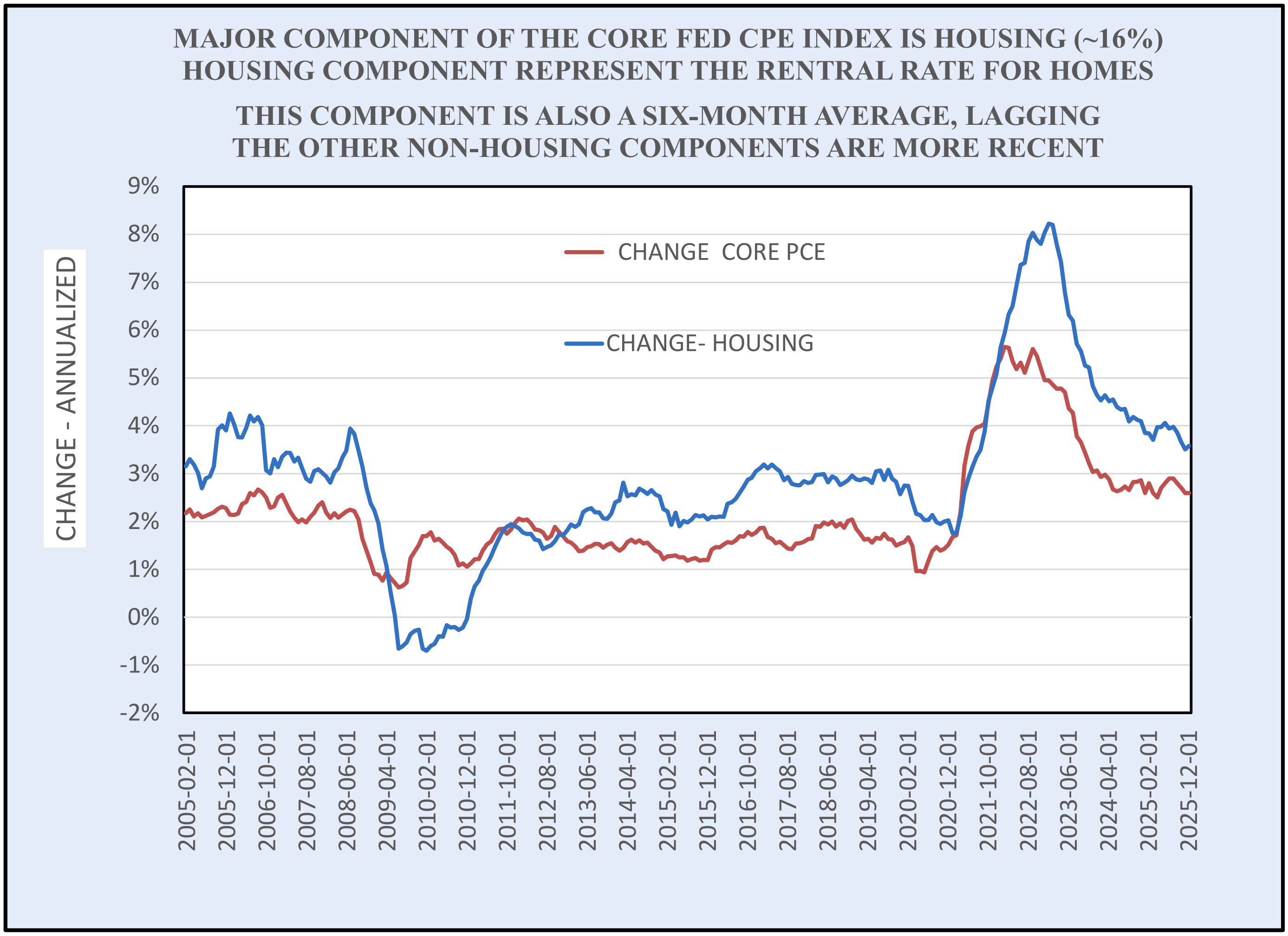
BUT RECENTLY PCE HAS DECLINED WHILE RATES HAVE REMAINED HIGH DUE TO INFLATIONARY EXPECTATIONS BEING HIGH



THE LEVEL OF EXISTING HOMES FOR CALIFORNIA DROPPED ~50% FROM EARLY 2021 PEAK LEVELS AS SALES INVENTORY HAS REMAINED LOW, SLIGHT INCREASE IN 2024-2025



RECENTLY THE FED PCE CORE INFLATION RATE HAS BEEN BOLSTERED BY THE HIGH SHARE OF THE HOUSING COMPONENT WHICH HAS A SIX-MONTH LAG

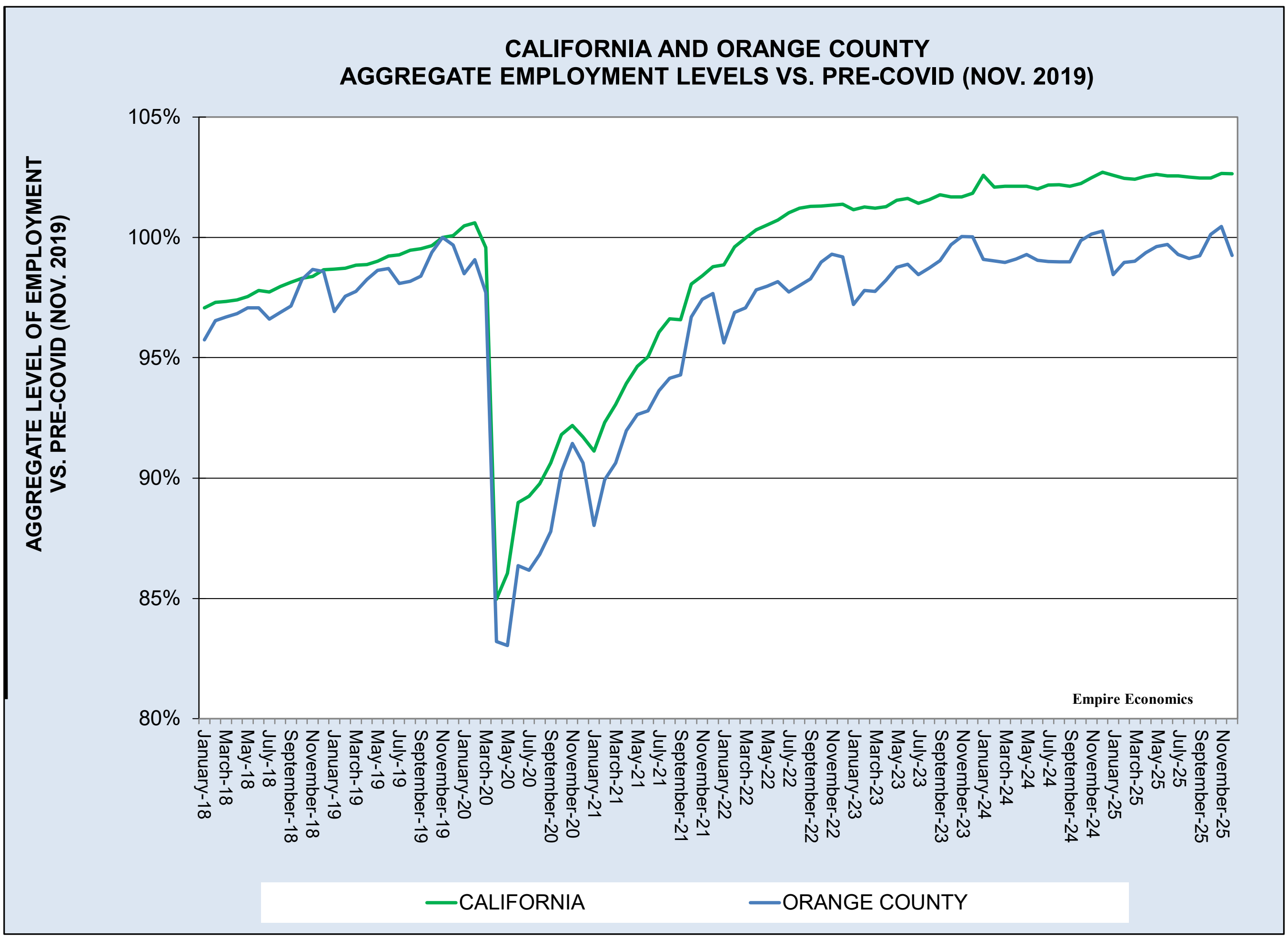


B. EMPLOYMENT, CONSTRUCTION, MORTGAGE RATES AND PRICE TRENDS

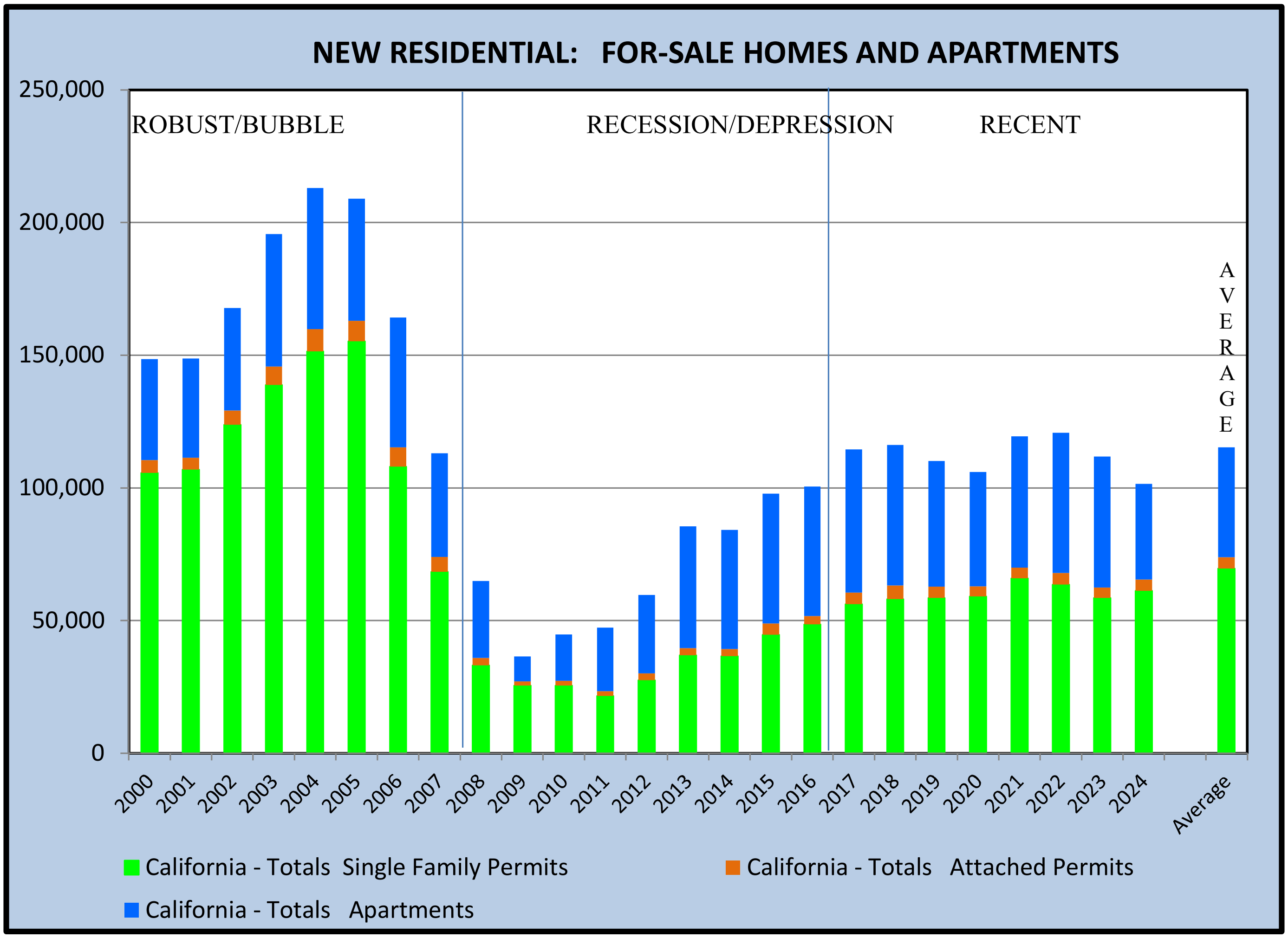
AGGREGATE EMPLOYMENT RECOVERY BY GEOGRAPHY

Levels of employment previously reached peak levels in November 2019 before COVID significantly adversely impacted employment levels in Spring 2020.

Orange County lagged behind California in returning to aggregate employment. Aggregate employment level for California is slightly above pre-covid levels while the level of Orange County remains near the pre-covid level from November 2019.



RESIDENTIAL CONSTRUCTION ACTIVITY – CALIFORNIA

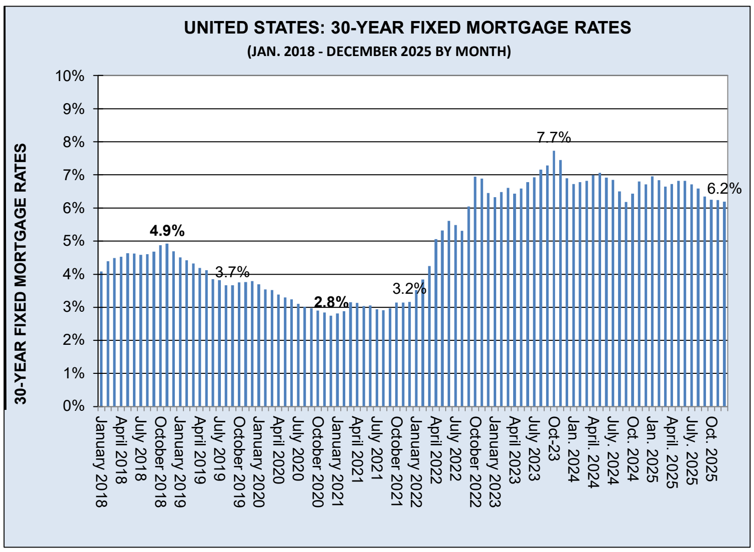


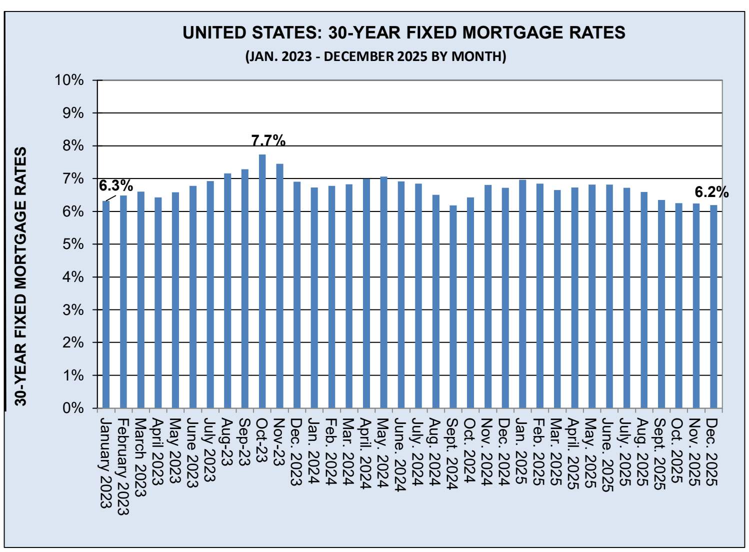
New residential development has been cyclical with highs in 2000-2006. However, the 2021-2022 high was much lower due to reduced levels of single-family permits. The 2024 levels were just below the average year levels from 2000-2023.

TRENDS/PATTERNS FOR U.S. MORTGAGE RATES SINCE 2018

MORTGAGE RATES ARE A SECONDARY DRIVER OF HOUSING DEMAND; EMPLOYMENT GROWTH IS TYPICALLY THE PRIMARY DRIVER.

- Mortgage rates peaked in November 2018 at 4.9%.
- Rates then declined to their lowest level of 2.8% in January 2021, due to fed policies to stimulate the economy.
- Rates remained at historically low levels, below 3.2%, through December 2021.
- Due to Fed policies to reduce inflation, mortgage rates rose to 7.7% in October 2023
- Recently mortgage rates have declined slightly, to around 6-6.5% by end of 2025.





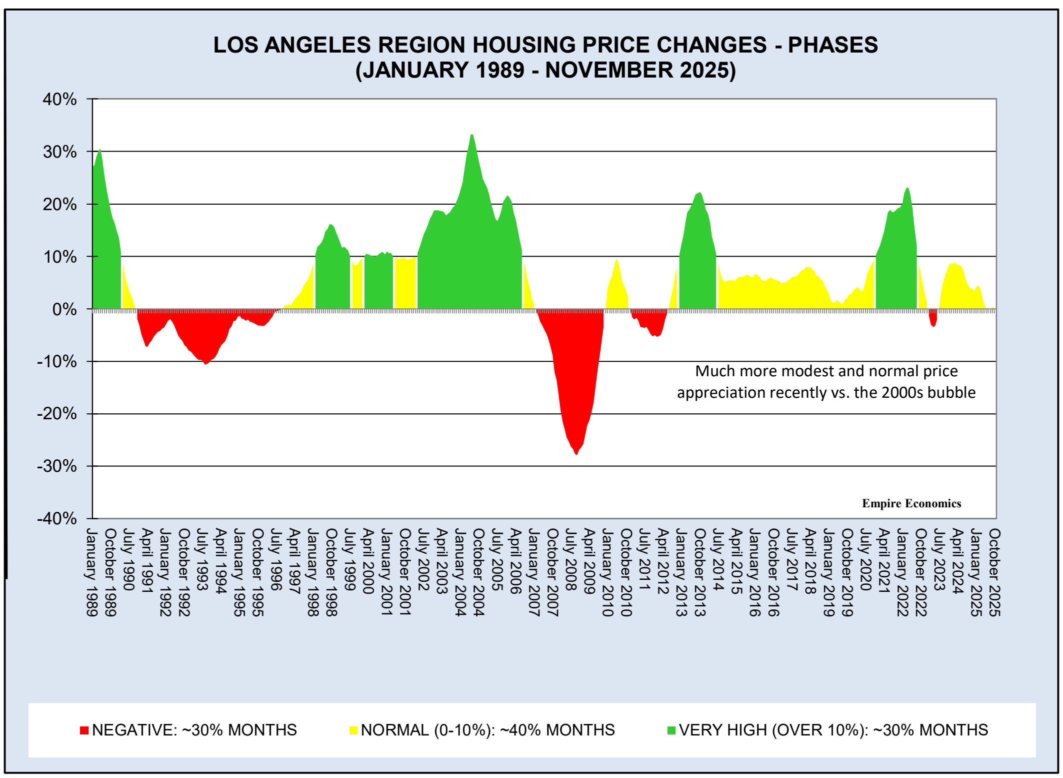
LOS ANGELES – ORANGE COUNTY REGION

OVERALL PATTERNS OF PRICE APPRECIATION

Since 1989, the LA-OC Market Region has experienced four major appreciation phases that have had significant levels of appreciation, with peak levels of 20% or more.

- 1989: Late 1980s defense industry economic expansion.
- 2005: Housing bubble due to subprime lending and creative financing.
- 2013: Tech resurgence, low interest rates. Inventory shortages and bidding wars.
- 2021: Pandemic demand, historically low mortgage rates. Remote work trends, tech stability.

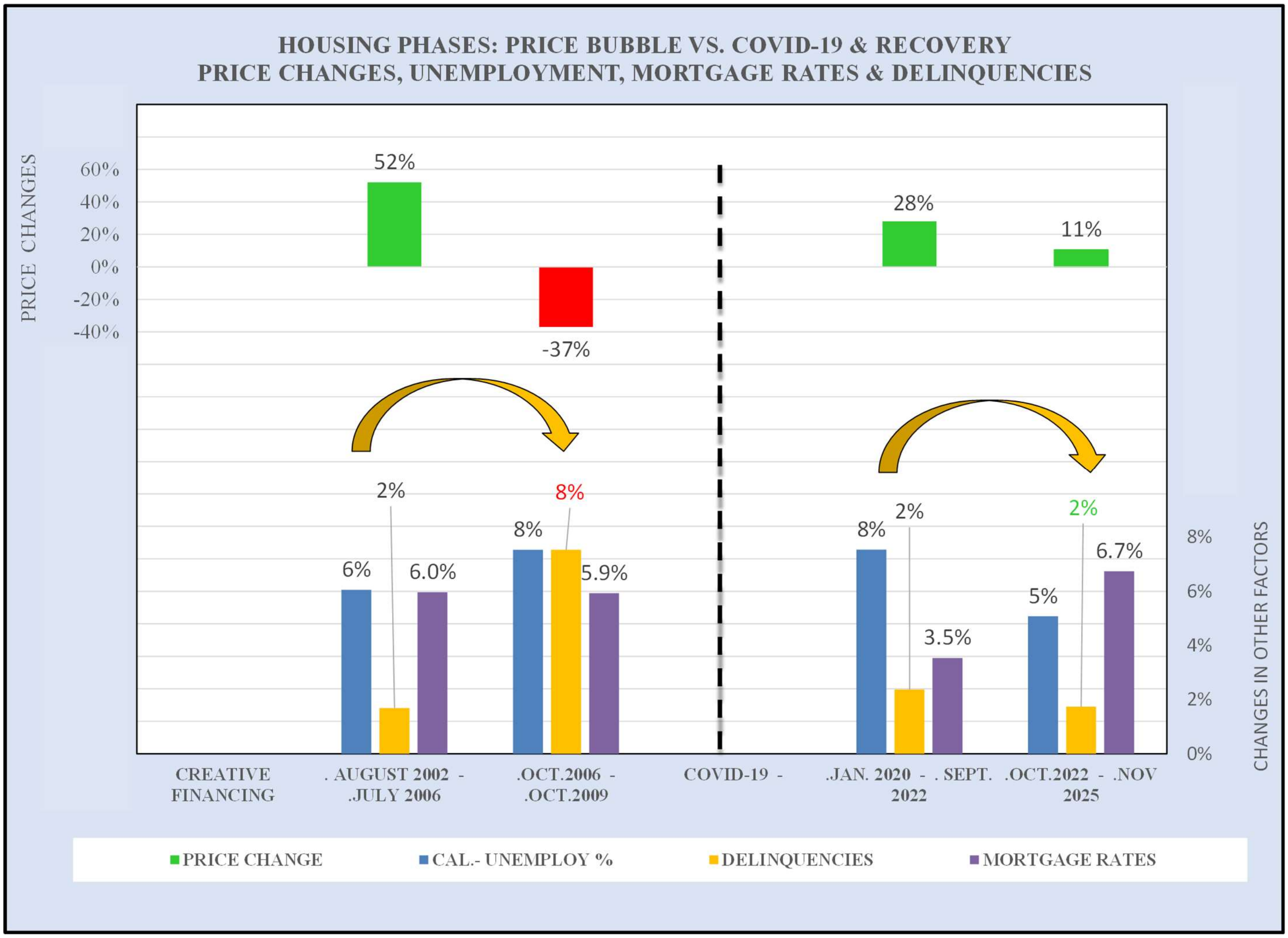
By comparison to the above, the downturns have been relatively mild with the main exception being -28% in 2008/2009 when the tech bubble imploded and sub-prime mortgages caused a recession.



COMPARISON OF PRICE BUBBLE/IMPLOSION VS. RECENT HOUSING CONDITIONS

Creative financing 2002-2006 followed by price declines and high unemployment.

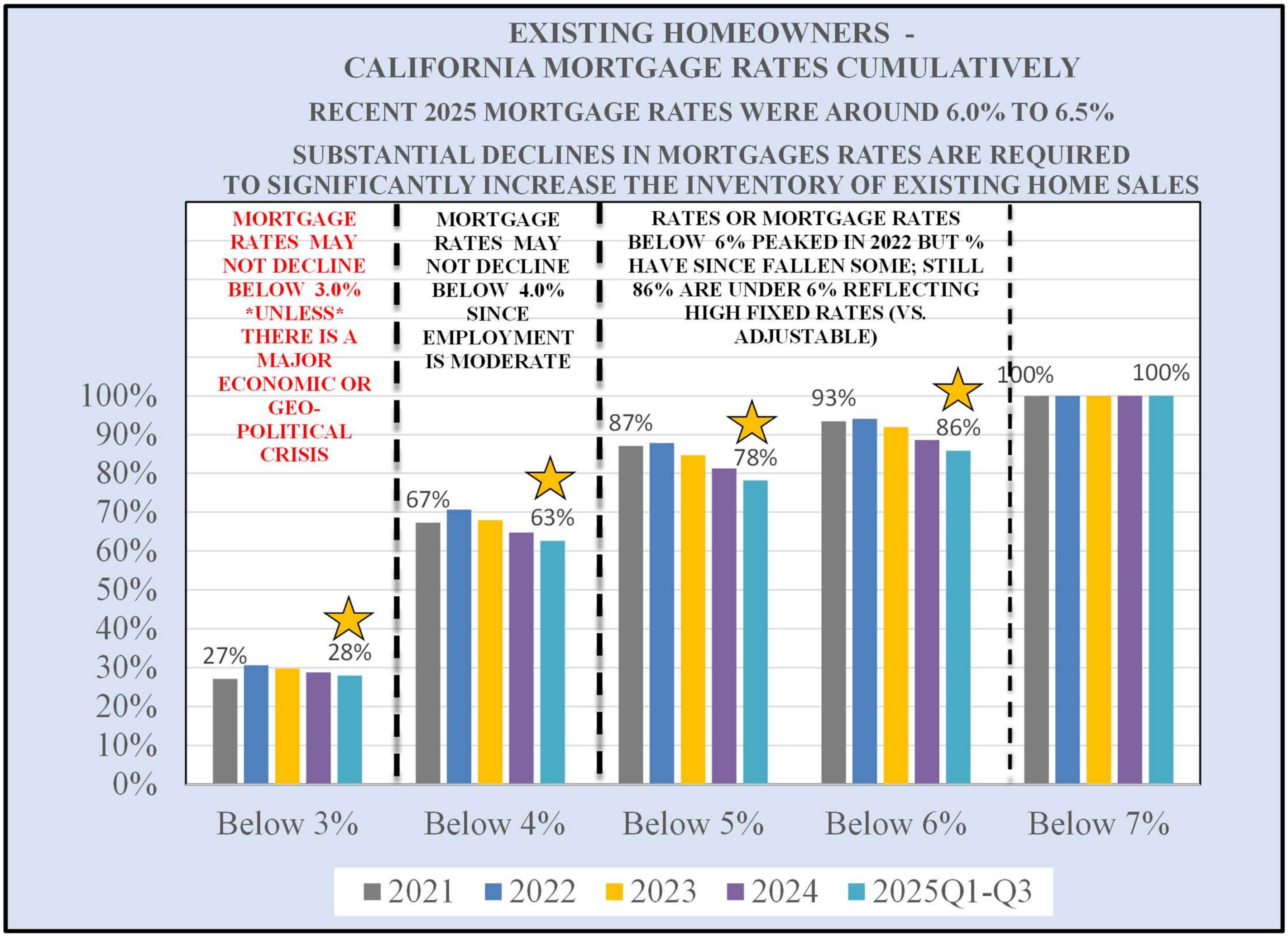
2022-2025 prices stable despite high mortgage rates
Delinquencies low due to homeowners locked-in with historically low mortgage rates.



C. RELATIONSHIP OF HOUSING DEMAND & PRICE CHANGES: ORANGE COUNTY

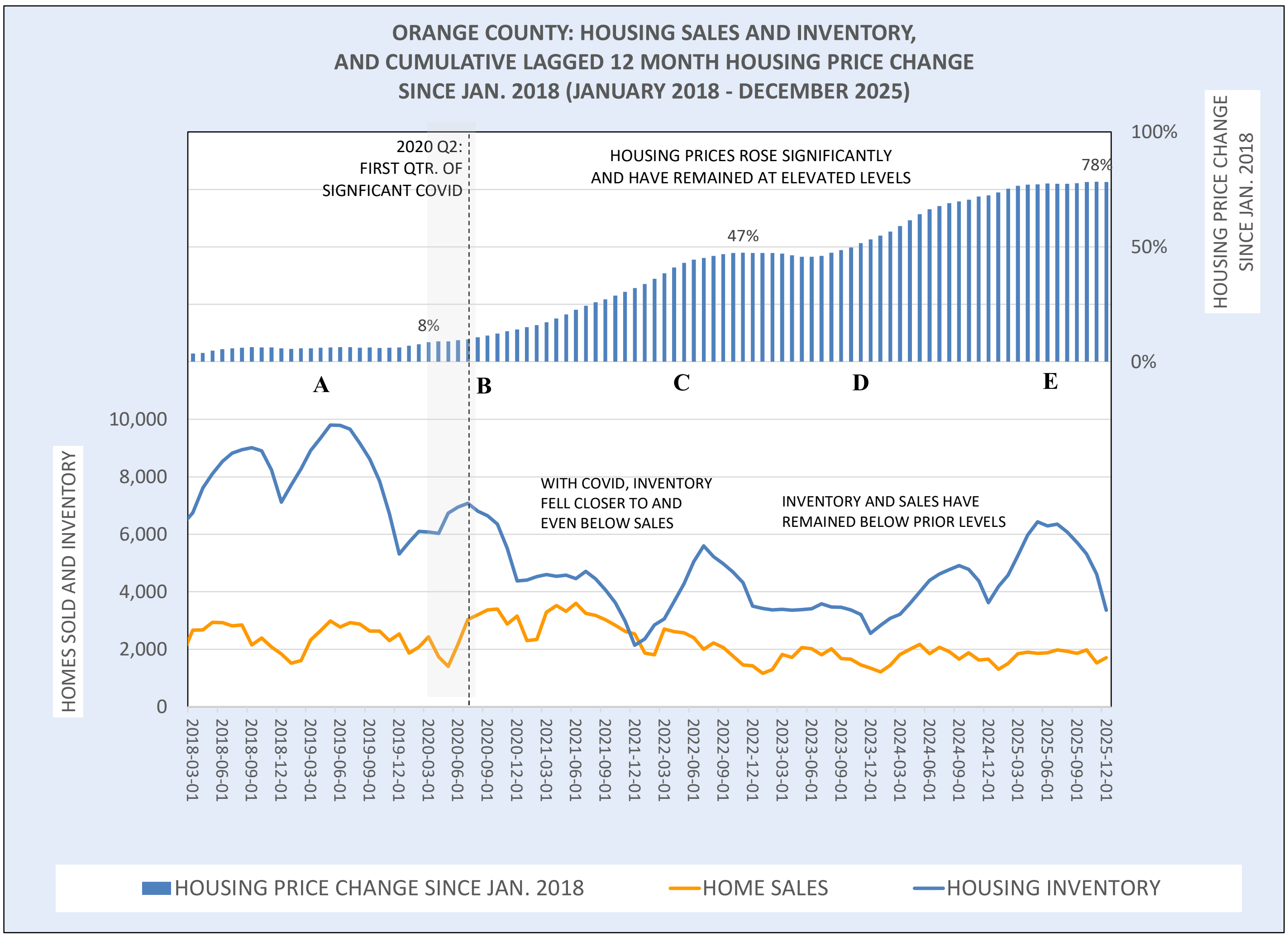
For existing homeowners, for the average of 2025 from Q1 through Q3, 63% have mortgage rates below 4.0%, which is significantly below recent mortgage rate levels of 6-6.5%.

Below 3% Segment, Minimal Decline Since 2022 Peak Level of 30%



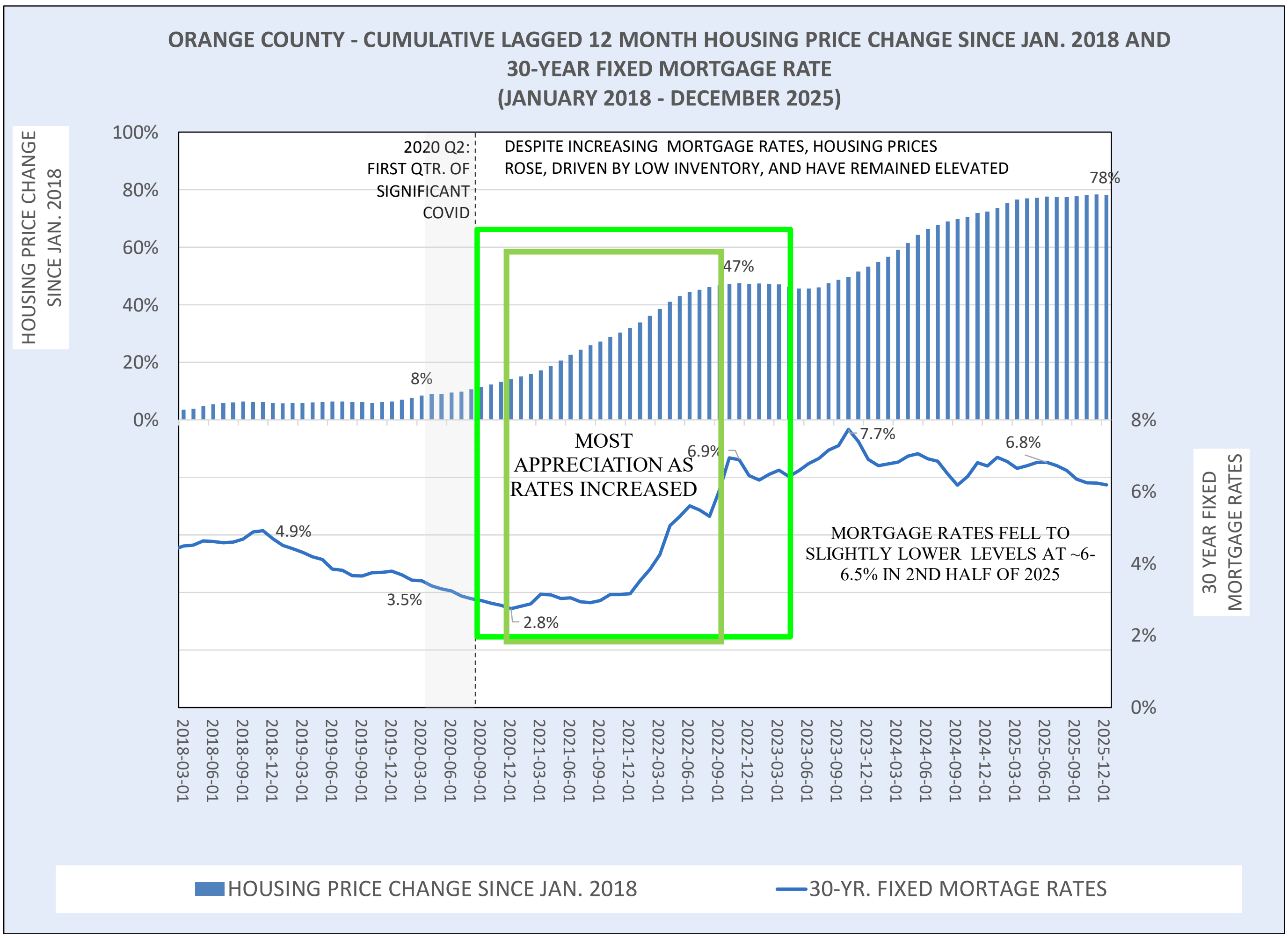
SINCE 2020, HOME PRICES IN ORANGE COUNTY HAVE INCREASED BY SOME 78% DRIVEN BY THE LIMITED INVENTORY OF EXISTING HOMES AND HOMEOWNERS BEING LOCKED IN WITH HISTORICALLY LOW MORTGAGE RATES

A. 2018-2019 Normal Conditions: Supply > Demand
B. 2020 COVID-19 Supply declines
C. Low mortgage rates restrict supply and there is significant price appreciation
D. Prices remain high due to low supply and demand is constrained by high mortgage rates
E. Since 2022, higher mortgage rate levels have supported price appreciation due to more existing homeowners being locked-in



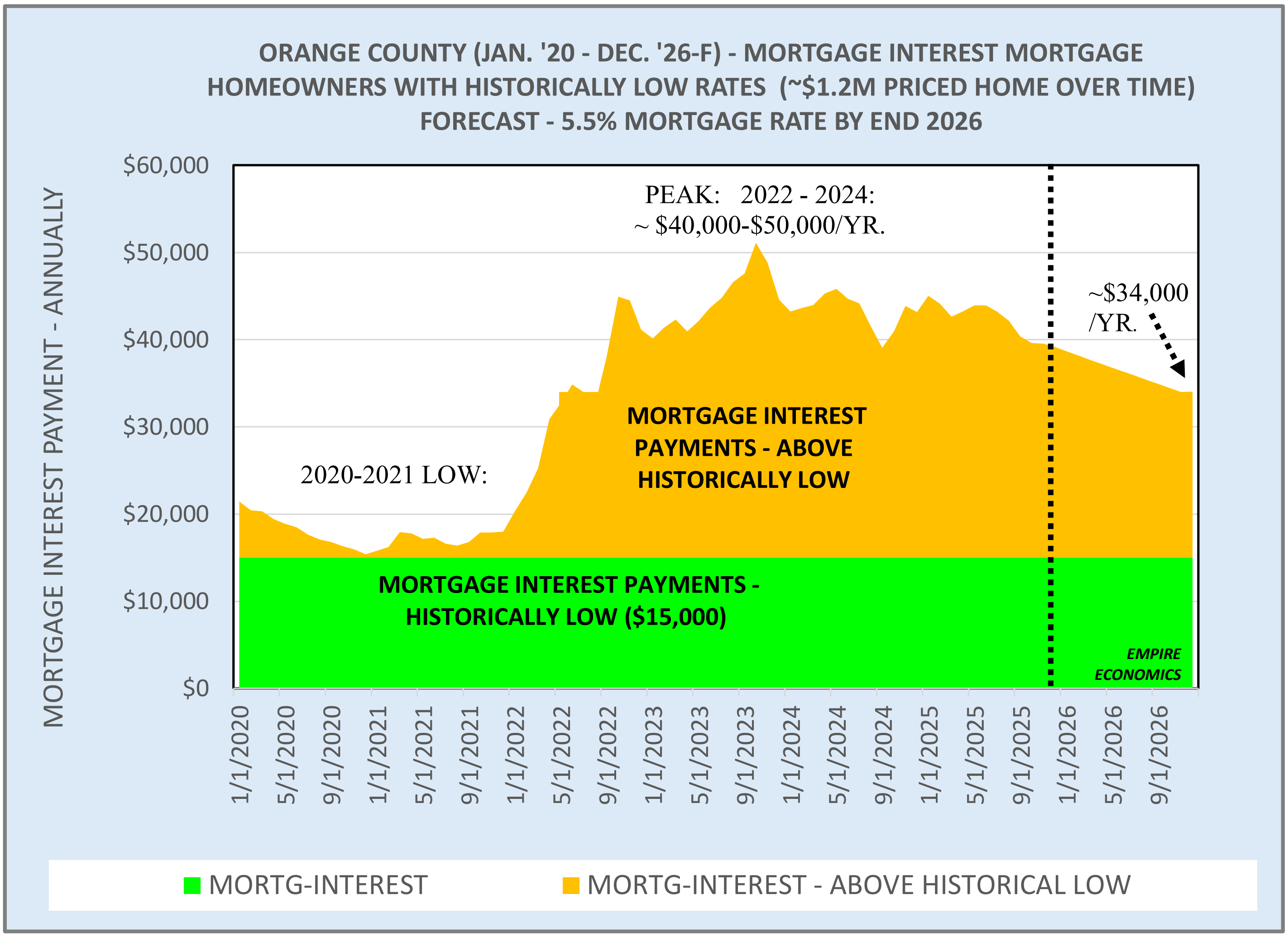
SINCE 2022, HIGHER LEVELS OF MORTGAGE RATES HAVE SUPPORTED PRICE APPRECIATION DUE TO MOST EXISTING HOMEOWNERS BEING LOCKED IN

DURING MID-2021 AND 2022 MORTGAGE RATES ROSE RAPIDLY DUE TO HIGHER LEVELS OF INFLATION
HOMEOWNERS WITH LOW MORTGAGE RATES REMAINED IN THEIR HOMES, REDUCED SUPPLY
LOW INVENTORY RESULTED IN STRONG HOUSING PRICE APPRECIATED



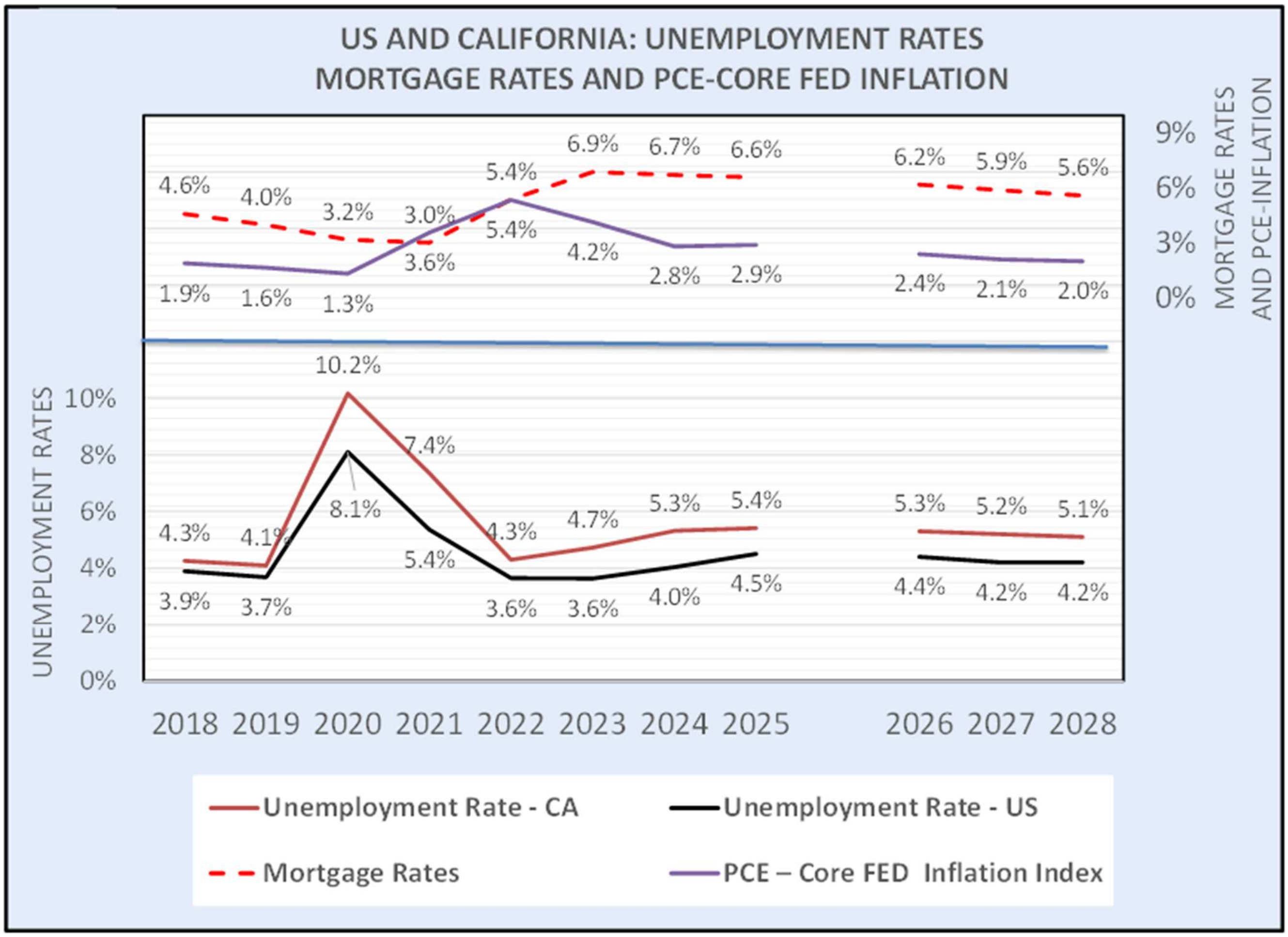
ORANGE COUNTY– MORTGAGE INTEREST PAYMENTS (JAN. 2020– DEC. 2026F)

For a ~$1,200,000 home purchase, households that used a 3% mortgage rates in 2021 have mortgage interest rate payments of about $15,000 a year



CONSENSUS SURVEY OF 40 PROFESSIONAL FORECASTERS

SOURCE: FEDERAL RESERVE BANK – DEC. 2025



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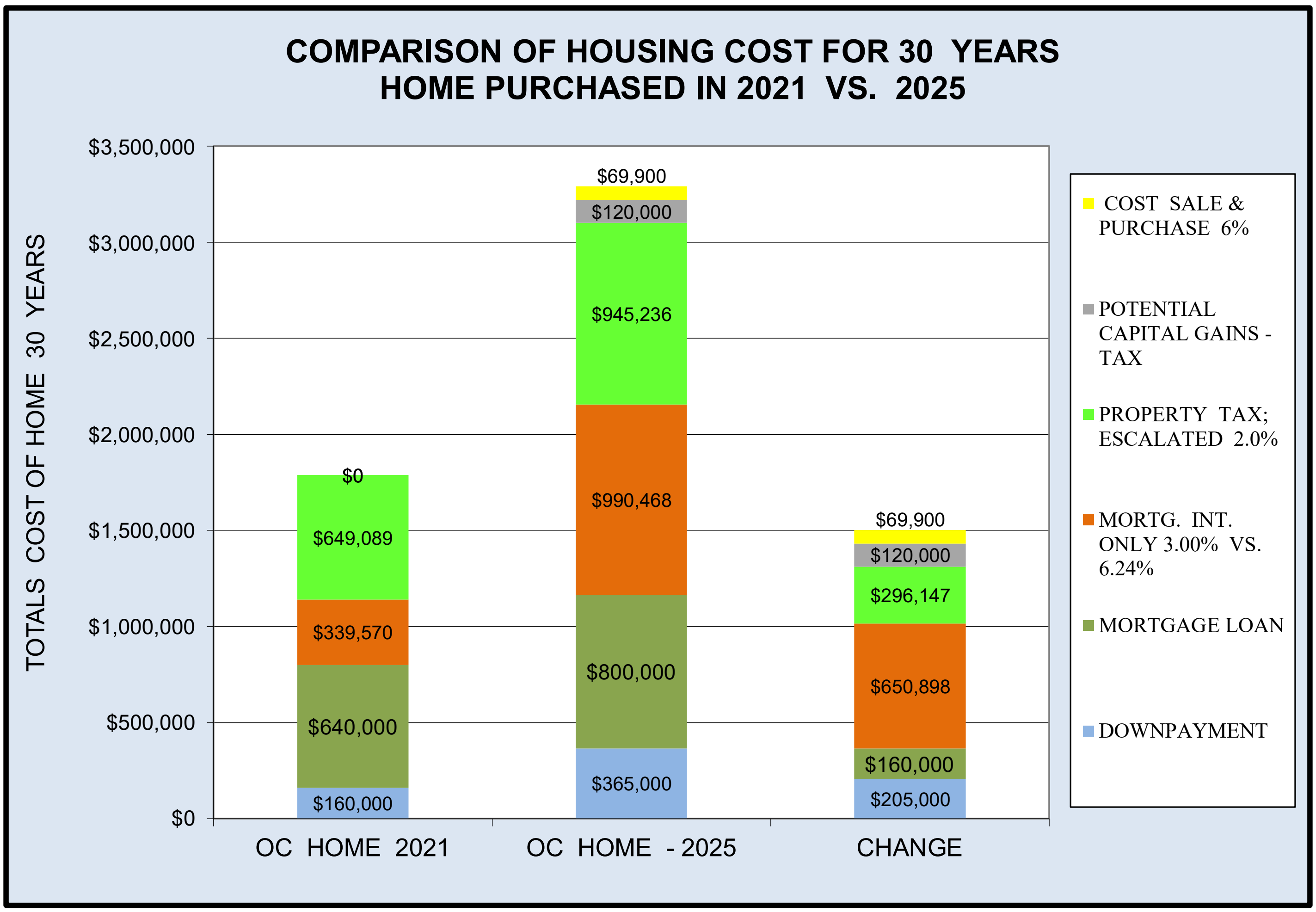
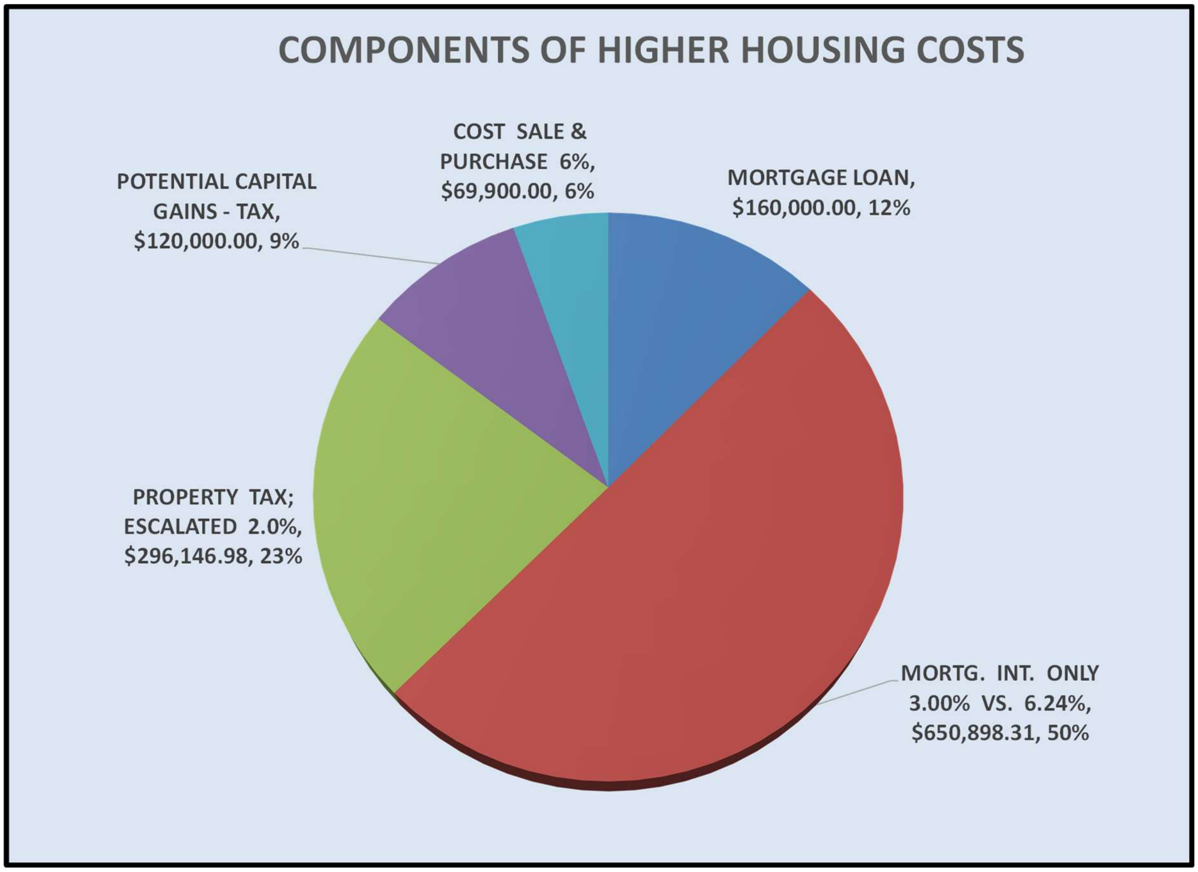
TOTAL HOUSING COSTS OVER 30 YEARS

MOVE-UP TO ANOTHER HOME IN 2025

COST HIGHER BY 84% VS STAYING IN 2021 HOME



COMPONENTS OF THE HIGHER HOUSING COSTS
2025 VS. 2021



PRICE OF HOME	$800,000	$1,165,000	$365,000
			USE EQUITY - DOWNPAYMENT
			AVOID HIGH MORTG RATES
MORTGAGE RATE; 3.00% VS 6.25%	3.00%	6.25%	
MORTGAGE LOAN; 80% VS USE EQUITY	$640,000	$800,000	$160,000
80%		USE EQUITY $365K	
PAYMENT ANNUALLY; PRIN + INTEREST	$32,652	$59,682	$27,030
MORTG. INT. ONLY 3.00% VS. 6.24%	$339,570	$990,468	$650,898
		USE EQUITY - DOWNPAYMENT	
EQUITY; FROM SALE OF 2021 HOME	N/A	$365,000	
PROPERTY TAX; ESCALATED 2.0%	$649,089	$945,236	$296,147
2.00%			30 YEARS
COST SALE & PURCHASE 6%	$24,000	$34,950	$58,950
3.00%	SALE	PURCHASE	
CAPITAL GAINS	$0	**$120,000**	$120,000
LESS THAN $500k, EXEMPT			

CONCLUSIONS

MARKET FOR NEW HOMES FACES CHALLENGING CONDITIONS

MOST PROBABLE SCENARIO

Delicate balance between 2% goal with moderate employment growth
versus
Near-term inflationary pressures: U.S. deficit with tax reductions and tariffs

Recent increase in inventory of existing home resales but demand still low:

- First time buyers: affordability issues due to high mortgage rates
- Move-up buyers can sell their existing homes but still challenged by higher mortgage rates and higher property taxes

Housing prices not likely to decline significantly due to constrained supply, most homeowners still locked-in with mortgage rates below 4.0%

CFD – benefit from spillover of demand from existing to new homes
Market shift to higher density products – lower prices
Builders can buy-down mortgage rates

Potential major risk factor
If mortgage rates > 6.5% builder buy-downs too expensive

SECTION III

OVERVIEW OF DEVELOPMENT TRENDS/PATTERNS AND SOCIOECONOMIC FACTORS

This section discusses the employment and residential development trends/patterns in the general vicinity of CFD No. 2025-1 Rienda 3 IA 1 as well as the County of Orange, and also the socioeconomic factors that households consider when purchasing a home, such as personal safety as well as educational quality.

A. DEVELOPMENT TRENDS/PATTERNS IN SOUTH ORANGE COUNTY

From a geographical regional perspective, the marketing potential of the projects in CFD No. 2025-1 involves an analysis of the existing/forthcoming Planned Communities, Retail Centers and Business Parks, in conjunction with the transportation system in south Orange County.

South Orange County includes the southern portion of Orange County that is generally southerly of Route 55, spanning from Newport-Tustin-Irvine at the northern portion, Aliso Viejo in the central area and to San Clemente at the southern portion.

Business Parks generate employment through their industrial-office development while Planned Communities generate residential development which, in turn, generates a demand for Retail Centers; additionally, the flow of traffic between them is facilitated by the freeways and transportation corridors between them.

➢ **Primary Employment Center and Business Parks**
The currently established major employment center in south Orange County is the City of Irvine. For example, the City of Irvine has a robust economic base that has created about 90,000 net new jobs since 2003. There are also some secondary employment centers, such as Newport Beach and Aliso Viejo, among others.

➢ **Commuting Patterns: Employment Centers to Residential Areas**
The employment growth in the primary as well as the secondary employment centers, in turn, generate a substantial demand for housing in CFD No. 2025-1 Market Area. Some of the households employed in the City of Irvine, due to its high housing prices, will seek moderately priced housing in other areas. Their commuting patterns are based upon the available transportation corridors, including the Interstate 5 freeway that links the City of Irvine to CFD No. 2025-1.

Therefore, CFD No. 2025-1 Rienda IA 1 is situated in the south portion of Orange County, and it offers more moderately priced housing opportunities for households that are employed in the Irvine-Tustin-Newport Beach and Aliso Viejo employment centers.

For additional information on the regional development patterns, please refer to the following exhibit.

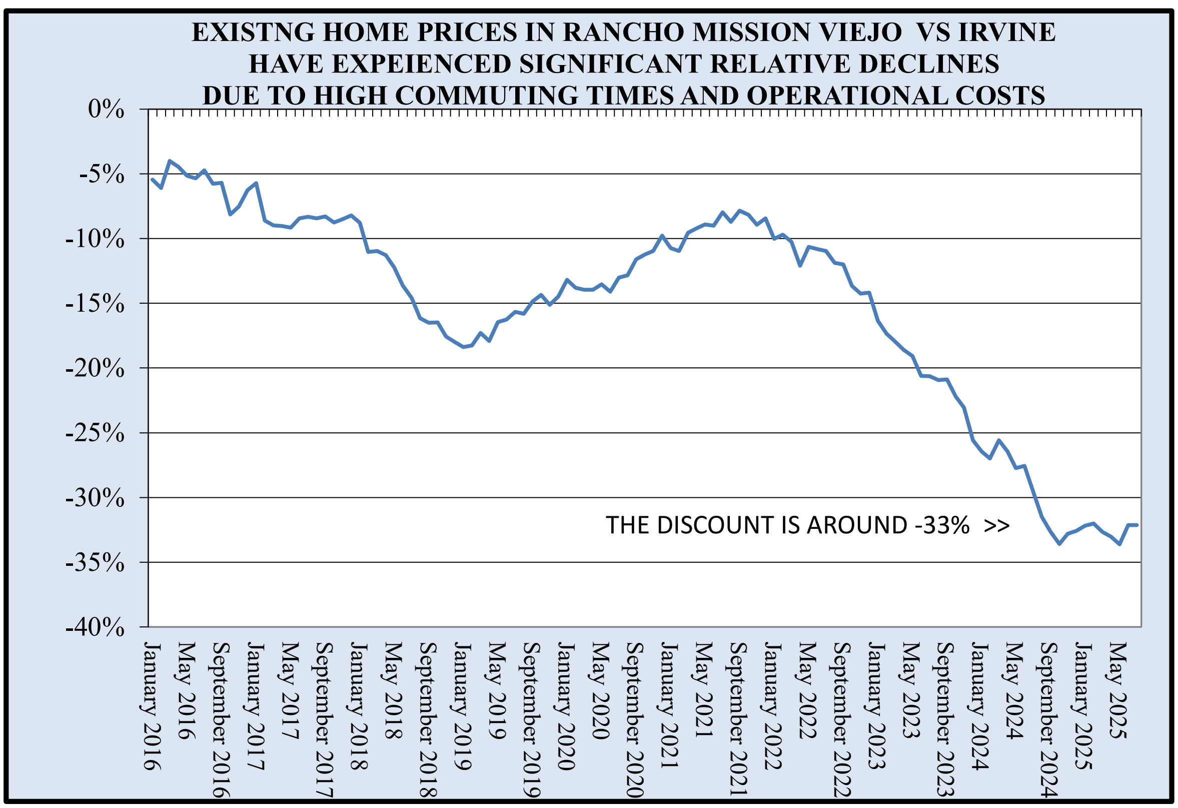
ECONOMIC BASES IN SOUTH ORANGE COUNTY THAT GENERATE A DEMAND FOR HOUSING FOR CFD NO. 2025-1 RIENDA IA 1

HOUSING PRICE DIFFERENTIALS BETWEEN EXISTING HOMES IN IRVINE VS. RANCHO MISSION VIEJO

Since Irvine is a major employment center, the prices for existing homes in Irvine are higher than the prices in Rancho Mission Viejo.

This differential represents the amount that the household that is employed in Irvine would need to be compensated for having to undergo the commute to/from their residence in Rancho Mission Viejo.

Furthermore, the pricing differential between Irvine and Rancho Mission Viejo has increased over time. This can be attributed to the longer time and higher operational costs required to commute between Irvine and Rancho Mission Viejo.

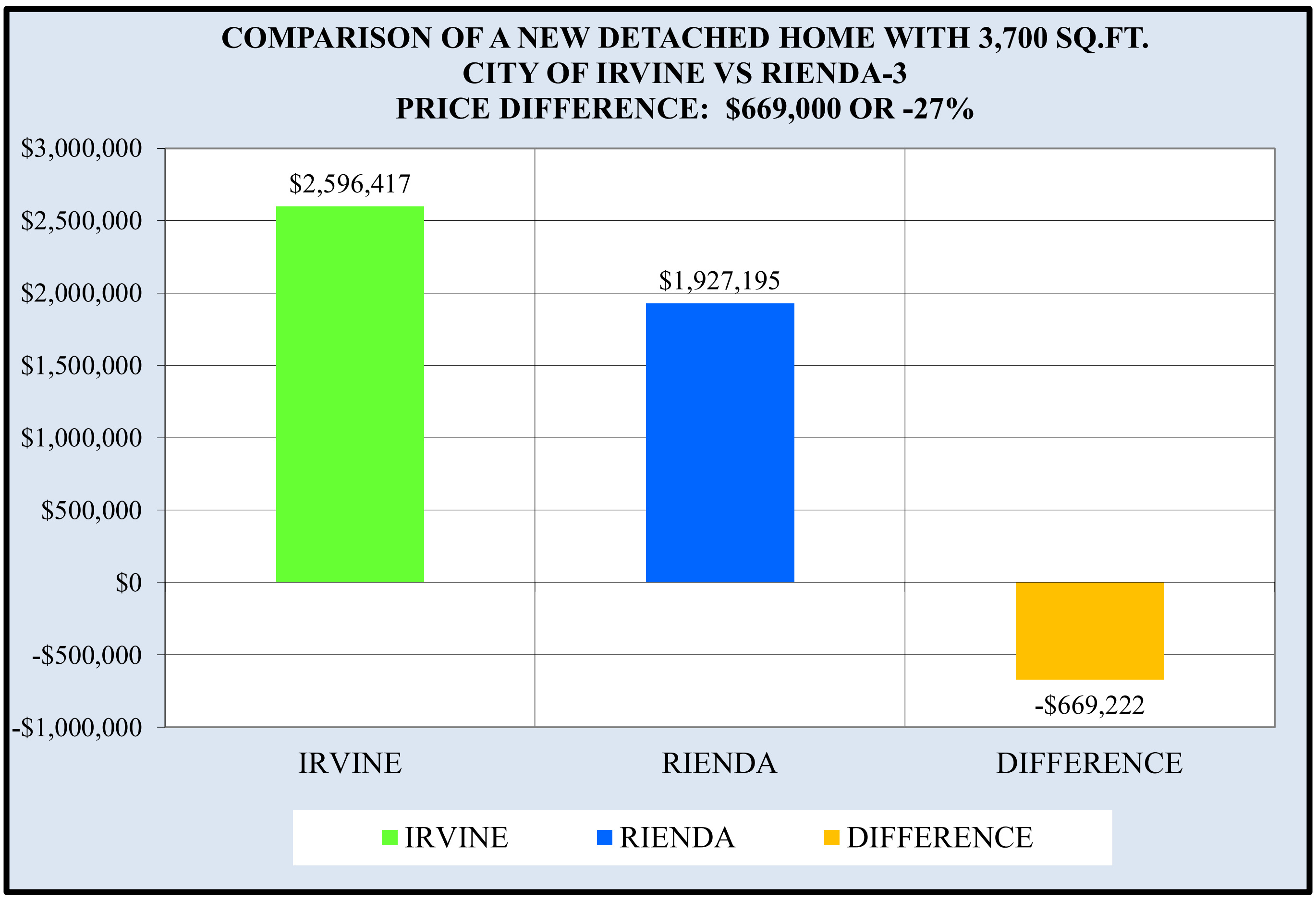


COMPARISON OF A NEW DETACHED HOME WITH 3,700 SQ.FT.

CITY OF IRVINE VS RIENDA 3 IA 1

PRICE DIFFERENCE: $669,000 OR -27%

The lower price for a new single-family detached home with 3700 ft.² of living area in CFD No. 2025-1 Rienda IA 1 is some -27% lower than Irvine. This represents the discount that households being employed in Irvine need to be compensated to undergo the commute to their workplace from Rienda to Irvine.

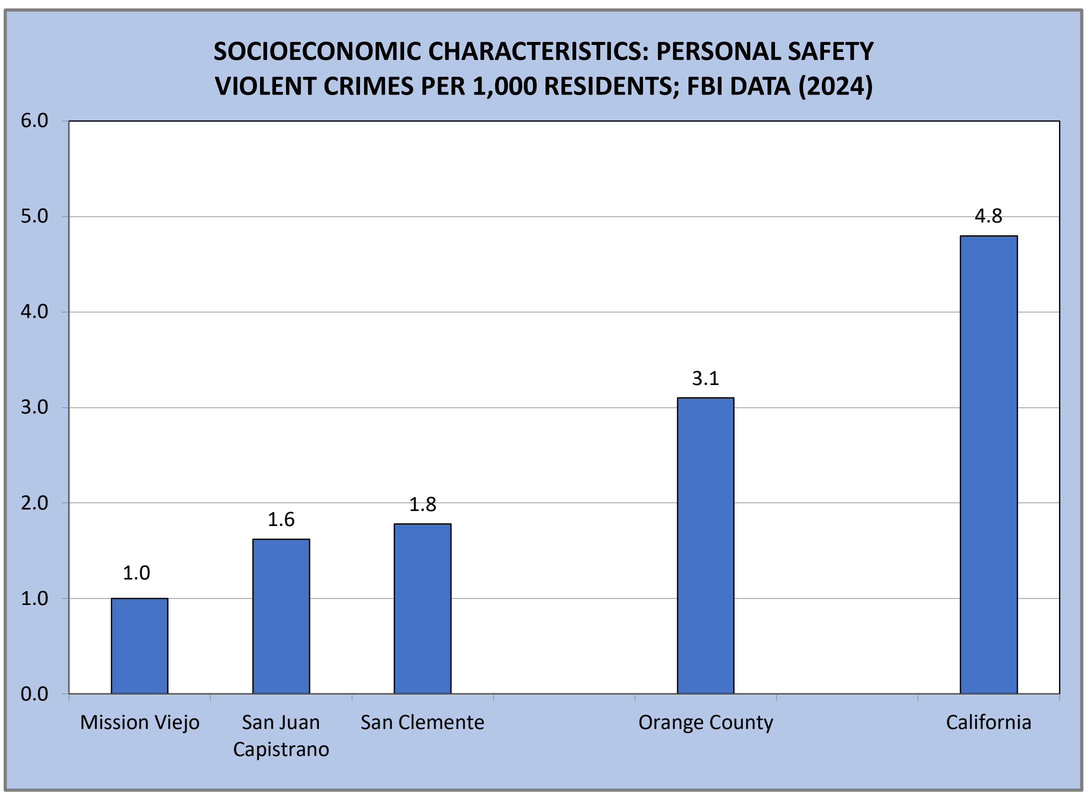


B. SOCIOECONOMIC CHARACTERISTICS: CRIME LEVELS AND QUALITY OF SCHOOLS

When households consider the purchase of a home, the primary factors are the location of the residence relative to their place of employment along with the prices that they can afford. Furthermore, secondary socioeconomic factors that are significant include the neighborhood safety as well as the educational quality of the schools; accordingly, these are now discussed.

Crime Levels and Safety in the County of Orange

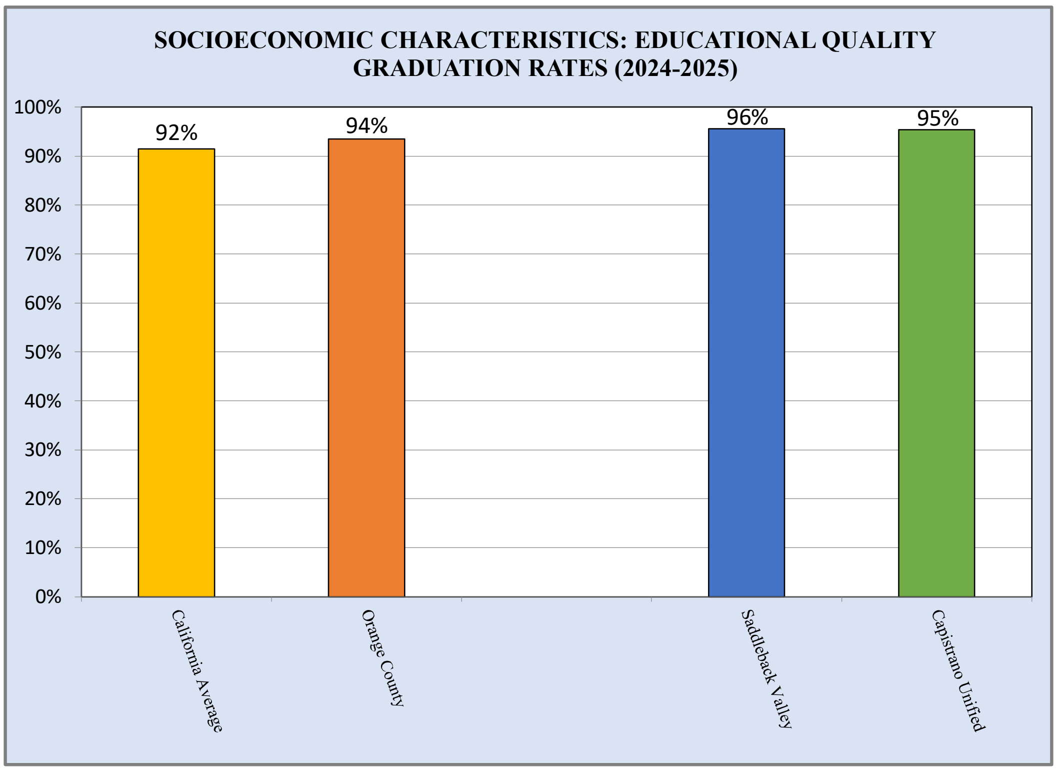
To gauge the safety of the cities in the vicinity of CFD No. 2025-1 Rienda 3 IA 1, information on crime levels was obtained utilizing the most recent data available (the 2024 calendar year) from the Federal Bureau of Investigation (FBI) Index, with a focus on "Violent Crimes." Accordingly, Orange County had a violent crime rate of 3.1, lower than California which amounted to 4.8. Furthermore, the cities in the vicinity of CFD No. 2025-1 (Rienda 3) all had lower crime rates than Orange County, and these ranged from 1.0 for Mission Viejo to 1.8 for San Clemente.



Quality of Schools and Education

To gauge the quality of schools in the vicinity of CFD No. 2025-1 Rienda 3 IA 1, information was compiled on educational achievement for Capistrano Unified School District utilizing the California Department of Education graduation rates. The educational quality comparison leveraged graduation rates for 2024-2025.

The Orange County's average for all school districts was a graduation rate of 94%. The Capistrano Unified School District (95%) exceeded the Orange County average and was just below nearby Saddleback Valley Unified (96%); additionally, each area was well above that of California (92%).



Conclusions

From a socioeconomic perspective, CFD No. 2025-1 Rienda 3 IA 1, has a relatively low crime rate and a relatively high graduation rate, and this will be beneficial for marketing its active homes.

SECTION IV

COMPETITIVE MARKET ANALYSIS OF THE RESIDENTIAL PROJECTS IN CFD NO. 2025-1 RIENDA 3 IA 1

The purpose of this section is to perform an analysis of the characteristics of the CFD No. 2025-1 Rienda 3 IA 1 active projects with regards to their product types, prices and living areas with the comparable projects in the nearby Planned Community of Rienda 2B to evaluate their competitiveness in the marketplace.

A. IDENTIFICATION OF THE ACTIVE COMPARABLE PROJECTS

Market surveys were performed to identify currently active projects in newly developing Planned Communities in south Orange County and then select the market comparables based upon a consideration of the following factors:

Currently active comparable projects offering “attached as well as single-family detached” homes.

- ✓ Currently active projects that are situated in active Planned Communities (PCs)
- ✓ Projects in the vicinity of CFD No. 2025-1 Rienda 3 IA 1, such as Rienda 2B.
- ✓ Projects that are All Ages and Age-Qualified 55+
- ✓ Projects that offer attached and detached product types.

Compilation of information on the projects:

- ✓ Market Segments: All Ages and Age Qualified 55+
- ✓ Product Types: Detached and Attached
- ✓ Number of homes planned
- ✓ Current base prices
- ✓ Living Areas

Based upon a consideration of the geographical location and product types of the various newly developing Planned Communities, Empire selected Rienda 2B which is in close proximity and has currently active projects that offer some of the product types; accordingly the specific projects and their characteristics are as follows:

Comparables 2B: Detached Housing Products All Ages 2 Projects

Bloom by Shea Homes has 82 homes that are detached .
Prices range from $1,193,100 to $1,444,351 for 1753 to 2150 ft.²

Heatherly by Tri Pointe has 82 homes that are detached.
Prices range from $1,189,000 -$1,239,738 for 1691 to 2182 ft.²

CFD No. 2025-1 Rienda 3 IA 1

All Ages Detached Comparables
Three projects.
- Sapphire
- Lotus
- Arrowleaf

Age-Qualified 55+ Attached
Two projects.
- Nova
- Lavendar

Age-Qualified 55+ Detached
Four projects.
- Lavendar
- Strata
- Elara
- Luna

Please refer to the map on the following page for locations of these Planned Community Areas.

CFD NO. 2025-1 RIENDA IA 1 MARKET ANALYSIS
COMPARABLE PLANNED COMMUNITY: RIENDA 2B

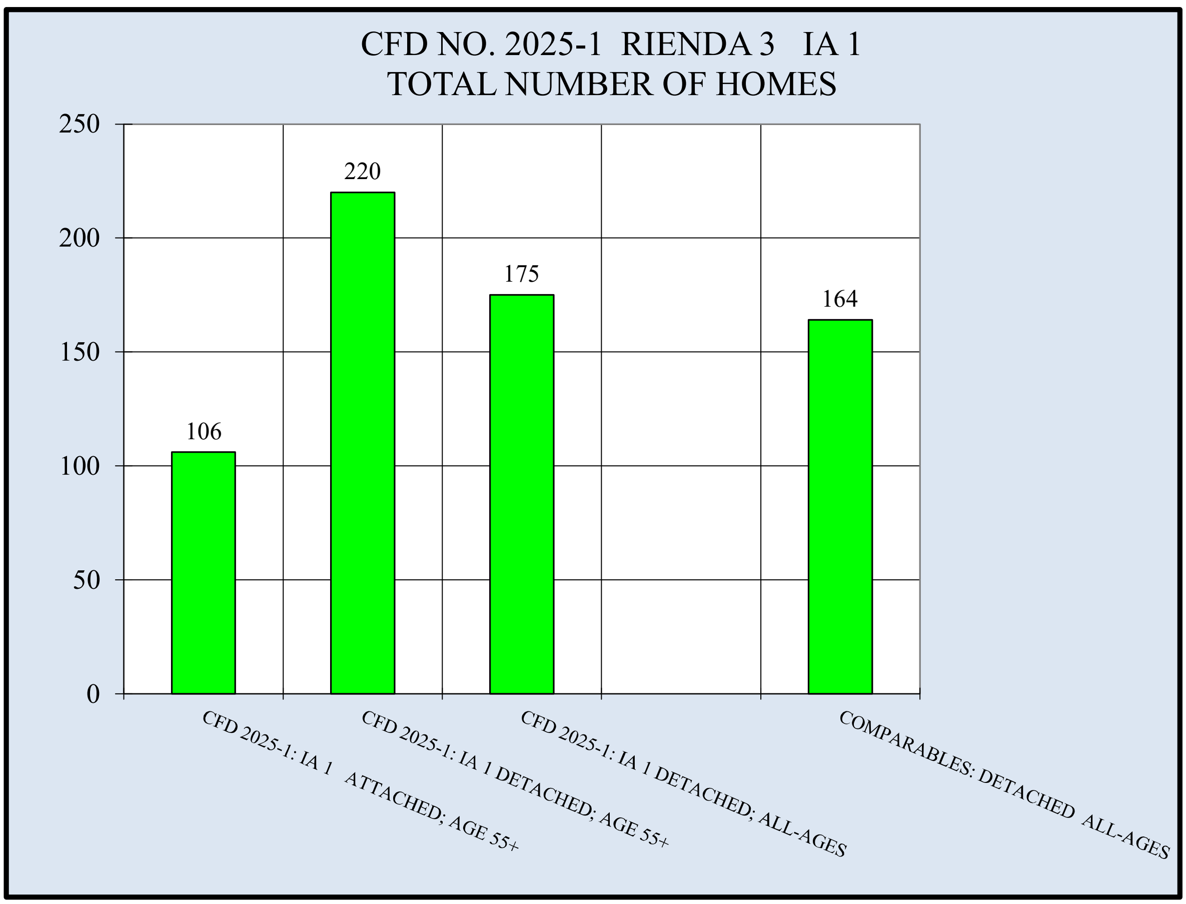
B. COMPETITIVE MARKET ANALYSIS FOR THE ACTIVE PROJECTS IN THE CFD NO. 2025-1 RIENDA 3 IA 1

A Competitive Market Analysis of the projects in CFD No. 2025-1 Rienda 3 IA 1 is now performed, by comparing their expected characteristics to the currently active comparable projects in the Competitive Market Area (CMA), projects in the active Planned Community of Rienda 2B.

The total number of homes for CFD No. 2025-1 Rienda 3 IA 1 as well as the market comparables amounts to 665 homes.

- ✓ CFD No. 2025-1 Rienda 3 IA 1 is expected to have a total of 501 homes; of these, 106 are age 55+ attached, 220 are age 55+ detached and 175 are all ages detached.

- ✓ The two all ages market comparable projects have a total of 164 detached homes.



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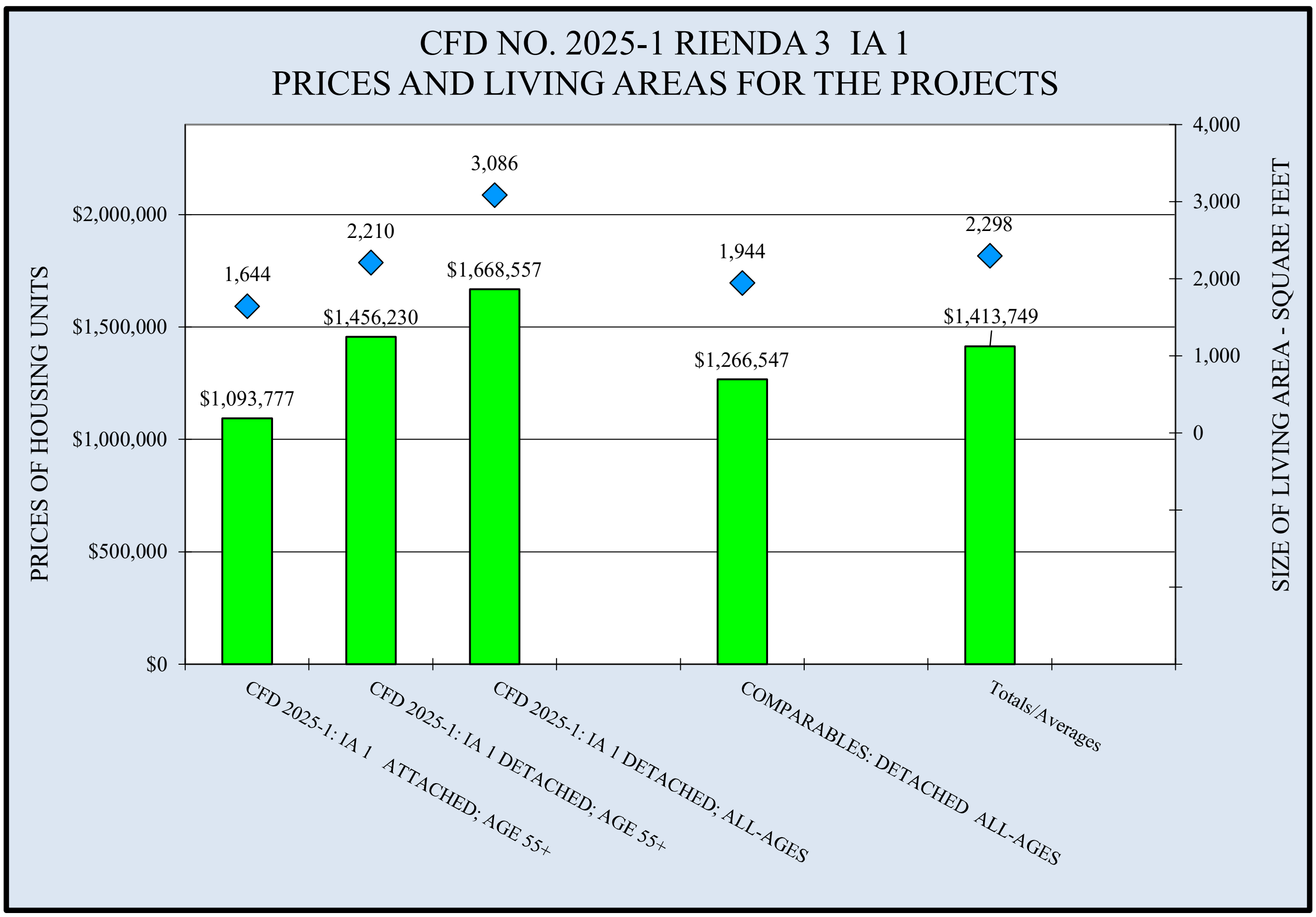
For all of the projects as a whole, their prices amounts to $1,413,749, on the average, and they have 2,298 sq.ft. of living area, on the average.

For the CFD No. 2025-1 Rienda 3 IA 1, the prices and living areas follow an ascending pattern:
Attached Age 55+ is the lowest with 1,644 sq.ft./avg. priced at $1,093,777/avg.
Detached Age 55+ is next with 2,210 sq.ft./avg. priced at $1,456,230/avg.
Detached All Ages is the highest with 3,086 sq.ft./avg. priced at $1,668,557/avg.

For the all ages segment, the CFD No. 2025-1 Rienda 3 IA 1 projects have significantly higher prices and living areas than the market comparables:
Prices of $1,668,557 vs. $1,266,547.
Loving areas of 3,086 sq.ft. vs. 1,944 sq.ft



CHARACTERISTICS OF THE PROJECTS IN CFD NO. 2025-1 RIENDA 3 IA 1 AND ALSO THE ACTIVE COMPARABLE PROJECTS (RIENDA 2B)

Planned Community & Product Type	Planning Area	Builder	Project Name	Product Configuration	Commence Sales	Commence Closings	Total Units
RIENDA 3							
CFD 2025-1: IA 1 ATTACHED; AGE 55+	AQ-12	Lennar	Nova	Attached	Q1-2026	. Febr. 2026	52
CFD 2025-1: IA 1 ATTACHED; AGE 55+	AQ-11	Tri-Pointe	Lavender	Attached	Q1-2026	. May 2026	54
CFD 2025-1: IA 1 DETACHED; AGE 55+	. AQ-11	TriPointe	Lavender	Detached	Q1-2026	. May 2026	22
CFD 2025-1: IA 1 DETACHED; AGE 55+	. AQ-22	Lennar	Strata	Detached	Q1-2026	. Febr. 2026	72
CFD 2025-1: IA 1 DETACHED; AGE 55+	AQ-40	Pulte	Elara	Detached	Q1-2026	. June 2026	44
CFD 2025-1: IA 1 DETACHED; AGE 55+	AQ-42	Pulte	Luna	Detached	Q1-2026	. June 2026	82
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-45	Trumark	Sapphire	Detached	Q2-2025	Q3-2025	64
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-46	Trumark	Lotus	Detached	Q2-2025	Q3-2025	56
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-50	Shea Homes	Arrowleaf	Detached	Q2-2025	Q4-2025	55
RIENDA 2B							
COMPARABLE 2B -DETACHED; ALL AGES	MR-25	Shea Homes	Bloom	Detached	Active		82
COMPARABLE 2B -DETACHED; ALL AGES	MR-28	TriPointe	Heatherly	Detached	Active		82
Statistical Summary							
	Projects						
CFD 2025-1: IA 1 ATTACHED; AGE 55+	2						106
CFD 2025-1: IA 1 DETACHED; AGE 55+	4						220
CFD 2025-1: IA 1 DETACHED; ALL-AGES	3						175
COMPARABLES: DETACHED ALL-AGES	2						164
Totals/Averages	11						665

CHARACTERISTICS OF THE PROJECTS IN CFD NO. 2025-1 RIENDA 3 IA 1 AND ALSO THE ACTIVE COMPARABLE PROJECTS (RIENDA 2B)

Planned Community & Product Type	Planning Area	Builder	Project Name	Housing Prices Lower	Housing Prices Average	Housing Prices Upper	Size of Living Area Lower	Size of Living Area Average	Size of Living Area Upper	Value Ratio
RIENDA 3										
CFD 2025-1: IA 1 ATTACHED; AGE 55+	AQ-12	Lennar	Nova	$1,055,990	$1,163,790	$1,289,990	1,451	1,804	2,263	$645
CFD 2025-1: IA 1 ATTACHED; AGE 55+	AQ-11	Tri-Pointe	Lavender	$936,500	$1,023,765	$1,111,029	1,296	1,484	1,671	$690
CFD 2025-1: IA 1 DETACHED; AGE 55+	. AQ-11	TriPointe	Lavender	$1,198,500	$1,292,750	$1,387,000	1,747	1,885	2,022	$686
CFD 2025-1: IA 1 DETACHED; AGE 55+	. AQ-22	Lennar	Strata	$1,099,990	$1,252,990	$1,389,990	1,560	1,915	2,378	$654
CFD 2025-1: IA 1 DETACHED; AGE 55+	AQ-40	Pulte	Elara	$1,619,990	$1,676,657	$1,725,990	2,454	2,686	2,911	$624
CFD 2025-1: IA 1 DETACHED; AGE 55+	AQ-42	Pulte	Luna	$1,423,990	$1,602,525	$1,729,082	1,844	2,355	2,806	$680
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-45	Trumark	Sapphire	$1,397,000	$1,469,000	$1,540,000	2,461	2,620	2,823	$561
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-46	Trumark	Lotus	$1,569,000	$1,636,333	$1,680,000	2,769	2,985	3,129	$548
CFD 2025-1: IA 1 DETACHED; ALL-AGES	MR-50	Shea Homes	Arrowleaf	$1,750,000	$1,900,339	$2,071,018	3,306	3,654	3,965	$520
RIENDA 2B										
COMPARABLE 2B -DETACHED; ALL AGES	MR-25	Shea Homes	Bloom	$1,193,100	$1,318,726	$1,444,351	1,753	1,952	2,150	$676
COMPARABLE 2B -DETACHED; ALL AGES	MR-28	TriPointe	Heatherly	$1,189,000	$1,214,369	$1,239,738	1,691	1,937	2,182	$627
Statistical Summary										
	Projects									
CFD 2025-1: IA 1 ATTACHED; AGE 55+	2			$996,245	$1,093,777	$1,200,510	1,374	1,644	1,967	$668
CFD 2025-1: IA 1 DETACHED; AGE 55+	4			$1,335,618	$1,456,230	$1,558,016	1,901	2,210	2,529	$661
CFD 2025-1: IA 1 DETACHED; ALL-AGES	3			$1,572,000	$1,668,557	$1,763,673	2,845	3,086	3,306	$543
COMPARABLES: DETACHED ALL-AGES	2			$1,191,050	$1,266,547	$1,342,045	1,722	1,944	2,166	$651
Totals/Averages	11			$1,312,096	$1,413,749	$1,509,835	2,030	2,298	2,573	$628

.

SECTION V

ESTIMATED ABSORPTION SCHEDULES FOR PROJECTS IN CFD NO. 2025-1 RIENDA 3 IA 1

The estimated market absorption schedules for CFD No. 2025-1 Rienda IA 1 take into consideration the significant uncertainty regarding the economic/employment impacts of the FRB's monetary and the Federal Government Fiscal policies, so Empire has built-in safeguards into its forecasting paradigm.

A. MOST PROBABLE ECONOMIC-HOUSING SCENARIO

Delicate balance between 2% goal with moderate employment growth
versus
Near-term inflationary pressures: U.S. deficit with tax reductions and also tariffs as well as households' inflationary expectations.

Recent increase in inventory of existing homes (resales) but demand still low:

- First time buyers: affordability issues due to high mortgage rates
- Move-up buyers can sell their existing homes
- but still challenged by higher mortgage rates and higher property taxes

Housing prices not likely to decline significantly due to constrained supply, most homeowners, some 60%, still locked-in with mortgage rates below 4.0%

CFD – benefit from spillover of demand from existing to new homes
Market shift to higher density products – lower prices
Builders can buy-down mortgage rates

Potential major risk factor
If mortgage rates > 6.5% builder buy-downs too expensive

B. SAFEGUARDS UNDERLING THE MARKET ABSORPTION STUDY

The housing market, especially for new homes, will be significantly impacted by the FRB's policies until the rate of inflation systematically approaches the target rate of 2%, and then the market will start to return to its normal level of sales and price appreciation.

Therefore, in the near term, the housing market is expected to continue to be challenged by higher mortgage rates and higher unemployment which will result in lower sales and also potential price declines or higher incentives.

Accordingly, Empire builds in various safeguards to its forecast of the estimated absorption schedules for the projects in CFD No. 2025-1 Rienda 3 IA 1, with regards to potential price reductions/ higher incentives as well as slower absorption until the FED's monetary and Federal Government Fiscal policies are stabilized.

C. ESTIMATED ABSORPTION SCHEDULES FOR ACTIVE RESIDENTIAL PROJECTS IN CFD NO. 2025-1 RIENDA 3

Accordingly, based upon a consideration of the economic/housing factors discussed above, Empire has estimated the absorption schedules (escrow closings) for the active projects in CFD No. 2025-1 Rienda 3 IA 1 from their market-entry to their close-outs, as follows:

Estimated Absorption Schedules for CFD No. 2025-1 Rienda 3 IA 1 Projects

Grand Openings with model complexes in 2nd- Qtr 2025 for all ages and 1st 2026 for age qualified 55+ with escrow closings following some several months thereafter.

Expected Closings – Annually

August-December 2025: three all-ages projects with 49 homes closing escrows,
age 55+ projects not yet on the marketplace.

2026: all nine projects on the marketplace, with 197 homes closing escrows
all ages: 75 homes and age qualified 55+ 122 homes

2027: eight projects on the marketplace, with 203 homes closing escrows
all ages: 40 homes and age qualified 55+ 163 homes

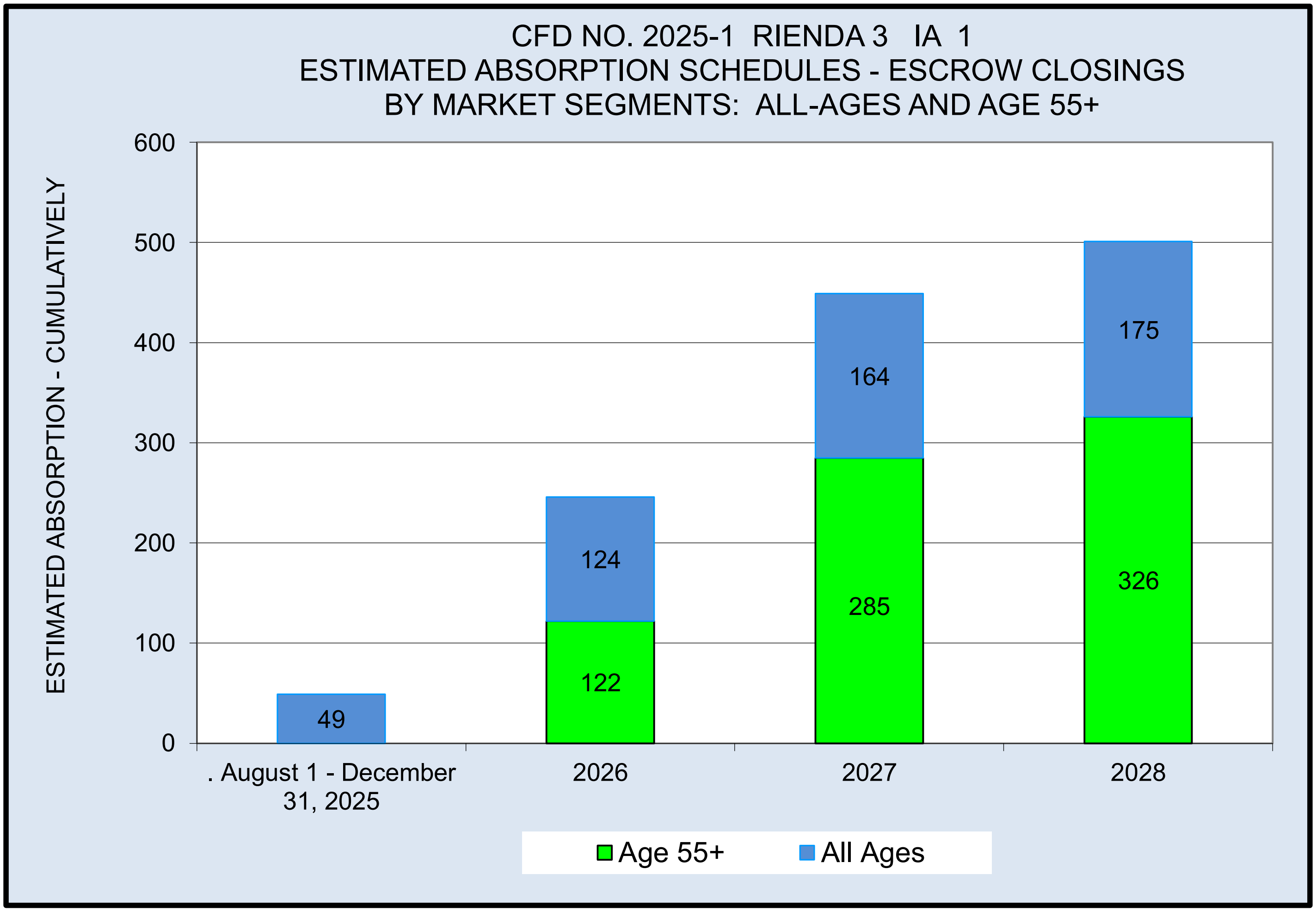
2028: three remaining projects on the marketplace, with 52 homes closing escrows
All ages 11 homes and age qualified 55+: 41 homes

Therefore, all of the projects with their 501 homes are expected to be closed out by mid-latter 2028.

Finally, the estimated absorption schedules are subject to the additional Assumptions and Qualifications set-forth in the next section.

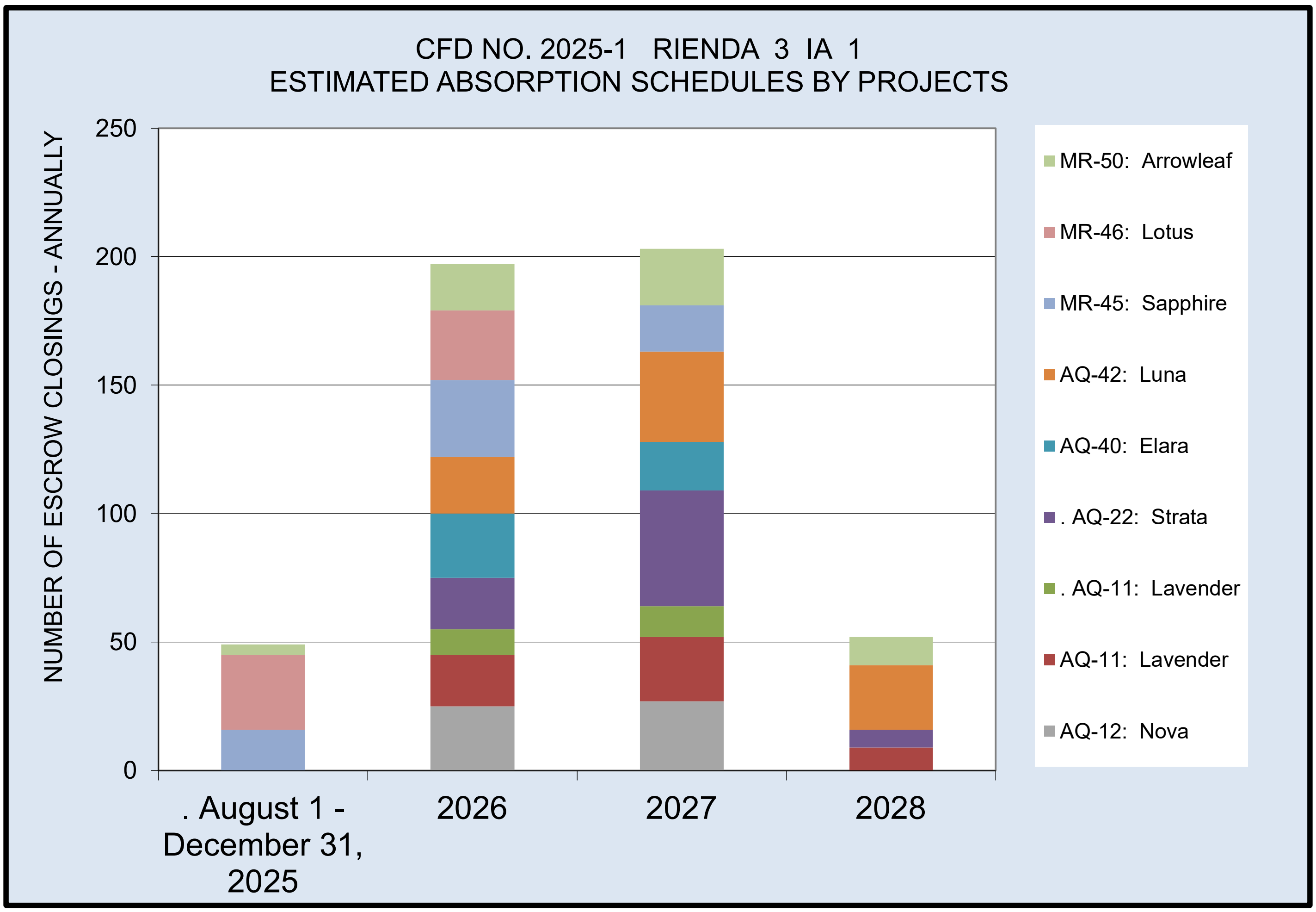
Please refer to the graphs and table on the following pages for additional information on the estimated absorption schedules.

CFD NO. 2025-1 RIENDA 3 IA 1
ESTIMATED MARKET ABSORPTION SCHEDULES
ESCROW CLOSINGS BY MARKET SEGMENTS



CFD NO. 2025-1 RIENDA 3 IA 1
ESTIMATED MARKET ABSORPTION SCHEDULES

ESTIMATED ABSORPTION SCHEDULES BY PROJECTS



ESTIMATED ABSORPTION SCHEDULES
FOR CFD NO. 2025-1 RIENDA 3

MARKET SEGMENT AGE 55+

Planning Area Code	AQ-12	AQ-11	. AQ-11	. AQ-22	AQ-40	AQ-42
Market Segment	Age 55+	Age 55+	AGE 55+	AGE 55+	Age 55+	Age 55+
Expected Product Type	Attached-Duplex	Attached	Detached-Motorcourt	Detached-SFD	Detached-SFD	Detached-SFD
Project Name	Nova	Lavender	Lavender	Strata	Elara	Luna
Builder	Lennar	Tri-Pointe	TriPointe	Lennar	Pulte	Pulte
Total Homes	52	54	22	72	44	82
Escrows Closed; 2025	0	0	0	0	0	0
Future Closings Jan. 1, 2026+	52	54	22	72	44	82
LIVING AREA						
Average	1,804	1,484	1,885	1,915	2,686	2,355
Minimum	1,451	1,296	1,747	1,560	2,454	1,844
Maximum	2,263	1,671	2,022	2,378	2,911	2,806
BASE PRICES						
Average	$1,163,790	$1,023,765	$1,292,750	$1,252,990	$1,676,657	$1,602,525
Minimum	$1,055,990	$936,500	$1,198,500	$1,099,990	$1,619,990	$1,423,990
Maximum	$1,289,990	$1,111,029	$1,387,000	$1,389,990	$1,725,990	$1,729,082
BUILDER INCENTVES	$8,000	$15,000	$15,000	$8,000	$25,000	$25,000
NET BASE PRICES						
Average	$1,155,790	$1,008,765	$1,277,750	$1,244,990	$1,651,657	$1,577,525
Minimum	$1,047,990	$921,500	$1,183,500	$1,091,990	$1,594,990	$1,398,990
Maximum	$1,281,990	$1,096,029	$1,372,000	$1,381,990	$1,700,990	$1,704,082
Value Ratios; (Price/Sq.Ft.)	$641	$680	$678	$650	$615	$670
Absorption Schedules -Cumulatively						
. August 1 - December 31, 2025	0	0	0	0	0	0
2026	25	20	10	20	25	22
2027	52	45	22	65	44	57
2028	52	54	22	72	44	82
Absorption Schedules - Annually						
. August 1 - December 31, 2025	0	0	0	0	0	0
2026	25	20	10	20	25	22
2027	27	25	12	45	19	35
2028	0	9	0	7	0	25
Totals	**52**	**54**	**22**	**72**	**44**	**82**

ESTIMATED ABSORPTION SCHEDULES
FOR CFD NO. 2025-1 RIENDA 3

MARKET SEGMENT ALL AGES

Planning Area Code	MR-45	MR-46	MR-50	**Totals**	**Averages**
Market Segment	All Ages	All Ages	All Ages		
Expected Product Type	Detached: 46 X 77	Detached: 50 X 80	Detached: 60 X 90		
Project Name	Sapphire	Lotus	Arrowleaf		
Builder	Trumark	Trumark	Shea Homes		
Total Homes	64	56	55	501	
Escrows Closed; 2025	16	29	4	49	
Future Closings Jan. 1, 2026+	48	27	51	452	
Market-Entry - Models Open	Q2-2025	Q2-2025	Q2-2025		
Commence Escrow Closings	Q3-2025	Q3-2025	Q4-2025		
Estimated Number of Homes					
Plan #1	19	18	16		
Plan #2	21	18	18		
Plan #3	24	20	21		
Plan #4					
Plan #5					
LIVING AREA					
Plan #1	2,461	2,769	3,306		
Plan #2	2,575	3,057	3,691		
Plan #3	2,823	3,129	3,965		
Plan #4					
Plan #5					
Average	2,620	2,985	3,654		2,376
Minimum	2,461	2,769	3,306		1,296
Maximum	2,823	3,129	3,965		3,965
BASE PRICES					
Plan #1	$1,397,000	$1,569,000	$1,750,000		
Plan #2	$1,470,000	$1,660,000	$1,880,000		
Plan #3	$1,540,000	$1,680,000	$2,071,018		
Plan #4					
Plan #5					
Average	$1,469,000	$1,636,333	$1,900,339		$1,446,461
Minimum	$1,397,000	$1,569,000	$1,750,000		$936,500
Maximum	$1,540,000	$1,680,000	$2,071,018		$2,071,018
BUILDER INCENTVES	$29,331	$33,841	$200,000		$39,908
			(Only Plan #3)		
NET BASE PRICES					
Plan #1	$1,367,669	$1,535,159	$1,750,000		
Plan #2	$1,440,669	$1,626,159	$1,880,000		
Plan #3	$1,510,669	$1,646,159	$1,871,018		
Plan #4					
Plan #5					
Average	$1,439,669	$1,602,493	$1,833,673		$1,421,368
Minimum	$1,367,669	$1,535,159	$1,750,000		$921,500
Maximum	$1,510,669	$1,646,159	$1,880,000		$1,880,000
Value Ratios; (Price/Sq.Ft.)	$550	$537	$502		$614
Special Taxes Annually - Estimated Max	$13,662	$15,218	$17,673		$11,665
Percentage of Price	0.93%	0.93%	0.93%		0.81%
Absorption Schedules -Cumulatively				CUMULATIVELY	
. August 1 - December 31, 2025	16	29	4	49	
2026	46	56	22	246	
2027	64	56	44	449	
2028	64	56	55	501	
Absorption Schedules - Annually					ANNUALLY
. August 1 - December 31, 2025	16	29	4		49
2026	30	27	18		197
2027	18	0	22		203
2028	0	0	11		52
Totals	**64**	**56**	**55**		**501**

ASSUMPTIONS AND LIMITING CONDITIONS

The Market Absorption Study is based upon various assumptions and limiting conditions; accordingly, these are as follows:

Property Boundaries

No survey or engineering analysis of CFD No. 2025-1 property has been made by the market analyst; the District Engineer's report utilized for the Bond is deemed to be reliable. The market analyst assumes the existing boundaries to be correct, that no encroachments exist and assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises, which might affect the valuation, excepting those items which were specifically mentioned in the report.

Maps and Exhibits

Maps and exhibits included in this report are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from the report.

Title to Property

No opinion as to title is rendered. Data related to ownership and legal description, obtained from governmental records related to the formation of the District that forms the basis for identifying the boundaries of CFD No. 2025-1 are considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report. The property is evaluated assuming to be under responsible ownership and competent management and available for development to highest and best use.

Earthquakes and Seismic Hazards

The property which is the subject of this market analysis is within a geographic area prone to earthquakes and seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the market analyst concerning the geologic and/or seismic condition of the subject property. The market analyst assumes no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

Soil and Geological Studies

No detailed soil studies or geological studies or reports were made available to the market analyst. Assumptions employed in this report regarding soils and geologic qualities of the subject property have been provided to the client. However, such assumptions are not conclusive and the market analyst assumes no responsibility for soils or geologic conditions discovered to be different from the conditions assumed unless otherwise stated in this report.

Presence and Impact of Hazardous Material

Unless otherwise stated in the report, the market analyst did not become aware of the presence of any hazardous material or substance during the market analyst's general inspection of the subject property. However, the market analyst is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the evaluation of the subject property. The market analyst assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material.

Structural Deficiencies of Improvements

The market analyst has not performed a thorough inspection of the subject property, and except as noted in this report has not found obvious evidence of structural deficiencies in any improvements located on the subject property. Consequently, the market analyst assumes no responsibility for hidden defects or nonconformity with specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, unless inspections by qualified independent professions or governmental agencies were provided to the market analyst. Further, the market analyst is not a licensed engineer or architect and assumes no responsibility for structural deficiencies not apparent to the market analyst at the time of their inspection.

Environmental and Other Regulations

The property is evaluated assuming it to be in full compliance with all applicable federal, state and local environmental regulations and laws, unless otherwise stated, and that there are no lawsuits that may adversely impact the rate of development.

Required Permits and Other Governmental Authority

Unless otherwise stated, the property evaluated is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization that have been or can be obtained or renewed for any use on which the evaluation analysis contained in this report is based upon.

Designated Economic Scenario

The Market Absorption Study focuses upon the expected absorption schedule for the products in CFD No. 2025-1 according to the designated economic scenario. Specifically, this scenario represents the economic and real estate conditions for the Market Region and also the Market Area during the foreseeable future according to the most probable conditions, and this is regarded as being appropriate for the Bond Financing. However, the economic and market conditions which actually materialize on a year by year basis may differ from those presented according to the designated economic scenario, as a result of exogenous factors which are difficult to forecast/quantify. Accordingly, the designated scenario should be utilized as an economic framework for evaluating the marketing prospects of the properties within CFD No. 2025-1 rather than a "literal" representation of what is expected to occur on a year/year basis during the foreseeable future.

Provision of the Infrastructure

The Market Absorption Study assumes that the governmental agencies that supply public facilities and services, including water, provide these in a timely manner so that the proposed products/projects in CFD No. 2025-1 can respond to the expected market demand for their products. Otherwise, if the required infrastructure is not available in a timely manner, then the absorption of the products/projects could be adversely impacted.

Developer/Builders Responsiveness to Market Conditions

The Market Absorption Study assumes that the developer/builders in CFD No. 2025-1 Rienda 3 IA 1 respond to the market conditions with products that are competitively priced and have the features/amenities that are desired by the purchasers. Specifically, since the projects in CFD No. 2025-1 Rienda 3 IA 1 have entered the marketplace, their specific characteristics of their product types can be identified. However, to the extent that projects have prices/features that differ from the competitive market standards, then their absorption schedule would need to be modified from those presented according to the designated economic scenario.

Financial Strength of the Projects' Developer/Builders

The Market Absorption Study assumes that the developer/builders in CFD No. 2025-1 (and also their lenders) have sufficient financial strength to adequately fund their projects, including paying their Special Taxes/Assessments, and that they have sufficient financial reserves which could be utilized to supplement their cash flow positions, in the event that adverse economic or market conditions occur.

Accuracy of Information from Others

In preparing this report, the market analyst was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either expressed or implied, is given by the market analyst for the accuracy of such information and the market analyst assumes no responsibility for information relied upon and later found to have been inaccurate. The market analyst reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Liability of Market Analyst

The liability of Empire Economics, the market analyst responsible for this report, is limited to the client only and to the fee actually received by the market analyst. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussion. The market analyst is in no way to be responsible for any costs incurred to discover or correct any deficiencies or any type present in the property--physical, financial, and/or legal.

Testimony or Court Attendance

Testimony or attendance in court or at any other hearing is not required by reason of rendering this market analysis, unless such arrangements are made a reasonable time in advance of said hearing. Separate arrangements would need to be made concerning compensation for the market analyst's time to prepare for and attend any such hearing.

Right of Publication of Report

Possession of this report, or a copy of it, does not carry with it the right of publication except for the party to whom it is addressed. Without the written consent of the market analyst, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with properly written qualification and only in its entirety for its stated purpose which is being published in the Official Statement.

Timeliness of the Market Absorption Study

The Market Absorption Study performs a comprehensive analysis of the relevant land-use, economic, residential and commercial market conditions that are expected to influence the marketing success of the products/projects in CFD No. 2025-1 Rienda IA 1. Nevertheless, the Study should be dated within six-months of the Bond Sale, or even sooner, should these land-use and/or economic market as well as real estate conditions change significantly.

APPENDIX: CREDENTIALS/QUALIFICATIONS OF EMPIRE ECONOMICS
RESUME: JOSEPH T. JANCZYK, Ph.D.

Education: University of California, Riverside, Ph.D. in Economics, Completed in 1976
Specializations in Urban Economics, Mathematical Modeling and Econometric Analysis
State University of New York at Buffalo, Bachelors, Completed in 1970
Dual Majors: Economics and Psychology

Prior Employment: California State University, Tenured Economics Professor: 1976-1985
Courses Taught: Microeconomics, Macroeconomics, Urban Economics, Regional, Computer Modeling, Econometrics, among others

Empire Economics: Chairman and President: 1986-Present
- Perform Independent Real Estate Consulting Services Primarily for Land Secured Financings
- Work for Public Entities including Counties, Cities, School Districts and Water Districts
- Long-term Relationships with Many Clients, 25+ years
- Well Established Relationships with Numerous Professionals in the Municipal Finance Industry
- Performed 500+ Studies on behalf of Public Entities for $15B+ in municipal financing
    - Land Secured Financings for Planned Communities, Business Parks and Retail Centers – for 400+ CFDs/Ads for $7.5B bonds
        - Price Point Study – Establish Special Taxes that conform to public entities' policies
        - Market Absorption Studies – Provide timelines for phasing infrastructure
        - Homeowner Equity Studies and Forecasts of Assessed Values
- Economic Forecasting Studies: Forecast Employment and Housing Demand
- Socioeconomic Studies Orange County Transportation Corridors: 2 studies $2.75B bonds
    - Designated as Municipal Bond Issue of the Year for 1999
    - Rating Agency and Bond Insurer Presentations – Trips to New York City
- Mortgage Revenue Bond Issues: Lower Mortgage Rates 50+ studies for $1.7B bonds
- Other Municipal Bond Issues: 35+ studies $2B+ bonds; Certificates of Participation, others
- Forthcoming Bond Issues: 20+ studies for $300M+ future bond sales

Industry Contributions – Regular Speaker/Panelist at Following Events:
- State Treasurer, Mr. John Chiang: Council of Economic Advisors:
- January 2015 – December 2018 (Bi-annual meetings and published articles in the Treasurer's Newsletter, Intersections)
- UCLA Municipal Bond Financing Seminars (10+ times, as Featured Speaker)
- Bond Buyer Conference, League of Cities, Municipal Bond Industry Association
- Best Practices for Continuing Disclosure, Meetings with Municipal Bond Funds
- Appraisal Standards for Land Secured Financing by CDIAC,

Dedicated to Public Sector: Certifications Provided in each Study:

Empire has not performed any consulting services for the CFD/AD property owners nor the developers/builders, during the past thirty-five+ years.

Empire will not perform any consulting services for the CFD/AD property owners nor the developers/builders, during the next five years.