

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$12,500,000
CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS
SERIES 2021

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

The bonds captioned above (the "2021 Bonds"), are being issued by the City of Roseville (the "City") by and through Improvement Area No. 1 ("Improvement Area No. 1") of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the "District"). The 2021 Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to the Resolution of Issuance (as defined herein) and a Fiscal Agent Agreement dated as of September 1, 2020, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2021 (together, the "Fiscal Agent Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The 2021 Bonds are being issued to (i) construct and/or acquire certain authorized public facilities, (ii) provide for a deposit to a debt service reserve account for the 2021 Bonds, (iii) pay capitalized interest on the 2021 Bonds through September 1, 2022 and (iv) pay costs of issuance of the 2021 Bonds. Interest on the 2021 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2022. In 2020, the City issued its \$10,905,000 initial principal amount of City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds, Series 2020 (the "2020 Bonds"). The 2021 Bonds represent the second series of special tax bonds issued for Improvement Area No. 1, payable on a parity with the 2020 Bonds, and the issuance of additional parity bonds in the future is contemplated, subject to the conditions set forth in the Fiscal Agent Agreement. See "THE BONDS – Authority for Issuance" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds."

The 2021 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2021 Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) derived from Special Taxes (as defined herein) to be levied by the City on real property within Improvement Area No. 1, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 1. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the 2021 Bonds and the interest thereon as a result of any delinquent Special Taxes, the City will establish a debt service reserve account for the 2021 Bonds from proceeds of the 2021 Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property currently in Improvement Area No. 1 and subject to the Special Tax is proposed to be developed into 807 residential units (544 taxable single-family homes and 263 taxable apartment units) in the Creekview Specific Plan, which is located in the northwest portion of the City. Anthem United Creekview Developments Limited Partnership, a Washington limited partnership (the "Master Developer") owned all of the land in Improvement Area No. 1 at the time of formation of the District, and has been selling different villages to merchant builders and others over time as described herein. Land currently in Improvement Area No. 1 constitutes Phase 1 and 2 of the development, and homebuilding is underway by several merchant builders. See "IMPROVEMENT AREA NO. 1 PLANNED DEVELOPMENT," "THE MASTER DEVELOPER," and "MERCHANT BUILDER INFORMATION."

The 2021 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS — Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF PLACER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2021 BONDS. THE 2021 BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2021 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2021 Bonds.

The 2021 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, as Disclosure Counsel, Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter, and Holland & Knight LLP, San Francisco, California, as counsel to the Master Developer. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2021 Bonds will be available for delivery to DTC on or about December 14, 2021.



**CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS
SERIES 2021**

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP (777870)
2023	\$85,000	3.000%	1.130%	103.164	X43
2024	95,000	3.000	1.430	104.163	X50
2025	110,000	3.000	1.690	104.694	X68
2026	125,000	4.000	1.880	109.518	X76
2027	145,000	4.000	2.020	110.631	X84
2028	165,000	4.000	2.170	111.373	X92
2029	185,000	4.000	2.260	112.251	Y26
2030	205,000	4.000	2.310	113.023 ^C	Y34
2031	225,000	4.000	2.350	112.754 ^C	Y42
2036 ^T	1,485,000	4.000	2.340	112.821 ^C	Y59
2041 ^T	2,215,000	4.000	2.490	111.820 ^C	Y67
2046 ^T	3,145,000	4.000	2.630	110.895 ^C	Y75
2051 ^T	4,315,000	4.000	2.710	110.370 ^C	Y83

^C Priced to the optional call date of September 1, 2028 at 103%.

^T Term Bond.

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CITY OF ROSEVILLE, CALIFORNIA

City Council*

Krista Bernasconi, *Councilmember (At-Large) and Mayor*
Pauline Roccucci, *Councilmember (At-Large)*
Tracy A. Mendonsa, *Councilmember (District 1)*
Bruce Houdesheldt, *Councilmember (District 3)*
Scott Alvord, *Councilmember (District 5)*

City Staff

Dominick Casey, *City Manager*
Dennis Kauffman, *Assistant City Manager/Chief Financial Officer*
Michelle Sheidenberger, *City Attorney*
Sonia Orozco, *City Clerk*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Municipal Advisor

Hilltop Securities Inc.
Encino, California

Special Tax Consultant and Administrator

Willdan Financial Services
Temecula, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

* The City Council is transitioning from at-large elections to by-district elections, which transition will be completed in connection with the November 2022 election.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2021 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the 2021 Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the 2021 Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2021 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of the documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE 2021 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

\$12,500,000
CITY OF ROSEVILLE
CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)
IMPROVEMENT AREA NO. 1
SPECIAL TAX BONDS
SERIES 2021

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Roseville (the “**City**”) by and through Improvement Area No. 1 (“**Improvement Area No. 1**”) of the City or Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the “**District**”) of the bonds captioned above (the “**2021 Bonds**”).

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement. See “APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2021 Bonds to potential investors is made only by means of the entire Official Statement.

The City. The City is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. It lies on the Highway 80 corridor between the City of Sacramento and the City of Auburn. With an estimated population as of January 1, 2021 of approximately 146,875, the City is the largest city in Placer County (the “**County**”). For economic and demographic information regarding the area in and around the City, see “APPENDIX C – The City of Roseville and Placer County.”

The District and Improvement Area No. 1. On October 2, 2019, the City Council of the City (the “**City Council**”), as legislative body of the District, adopted a Resolution of Intention to form the District, and designate Improvement Area No. 1 as an improvement area therein, under the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”), to levy a special tax and to incur bonded indebtedness for the purpose of financing certain authorized facilities. After conducting a noticed public hearing, on November 6, 2019, the City Council adopted a Resolution of Formation (the “**Resolution of Formation**”), which established the District, designated

Improvement Area No. 1 as an improvement area therein, and formed a future annexation area for the District (the “**Future Annexation Area**”), set forth the Special Tax Formula (defined below) for Improvement Area No. 1 and set forth the necessity to incur bonded indebtedness for Improvement Area No. 1 in a total amount not to exceed \$81,000,000. On the same day, an election was held within Improvement Area No. 1 in which the sole qualified elector in Improvement Area No. 1, the Master Developer (defined below), approved the proposed bonded indebtedness and the levy of the Special Tax. See “IMPROVEMENT AREA NO. 1 PLANNED DEVELOPMENT” and “THE MASTER DEVELOPER AND MERCHANT BUILDERS.”

The Master Developer and the Development. Property in Improvement Area No. 1 and subject to the Special Tax is proposed to be developed into 807 residential units (544 taxable single-family homes and 263 taxable apartment units) in the Creekview Specific Plan, which is located in the northwest portion of the City. Anthem United Creekview Developments Limited Partnership, a Washington limited partnership (referred to herein as the “**Master Developer**”) owned all of the land in Improvement Area No. 1 at the time of formation of the District and has been selling to merchant builders and others over time as described herein. Improvement Area No. 1 constitutes Phases 1 & 2 of the development, a portion of phase 5, and is anticipated to develop into 544 low-density-residential (LDR)/medium-density-residential (MDR) units and 263 high-density-residential (HDR) units subject to the Special Tax. Land in Improvement Area No. 1 also includes 116 HDR units designated as affordable units (Village C-43 on land referred to by the Master Developer as a portion of Phase 5) and a commercial parcel (Village C-70), however both are not subject to the Special Tax and provide no security for repayment of the 2021 Bonds.

The Merchant Builders. Of the proposed 807 taxable lots in Improvement Area No. 1, 508 LDR lots making up Phase 1 and part of Phase 2 have been sold by the Master Developer to the following merchant builders (collectively, the “**Merchant Builders**”): D.R. Horton CA2, Inc., a California corporation (“**D.R. Horton**”) (120 lots in Phase 1; 62 lots in Phase 2); K. Hovnanian at Firefly at Winding Creek, LLC, a California limited liability company (“**K. Hovnanian**”) (86 lots); Meritage Homes of California, Inc., a California corporation (“**Meritage Homes**”) (74 lots in Phase 1; 95 lots in Phase 2), and Richmond American Homes of Maryland, Inc., a Maryland corporation (“**Richmond American**”) (71 lots in Phase 2). D.R. Horton subsequently sold its 62 lots in Phase 2 to Wilds at Winding Creek – Roseville, L.P., a Delaware limited partnership (herein “**Hearthstone PI Landbank**”), who is serving as the owner and land bank of the 62 lots encompassing Village C-25 and for which D.R. Horton has an option to acquire such lots over time pursuant to a takedown schedule. K. Hovnanian subsequently sold its 86 lots in Phase 2 to Oaks at Winding Creek – Roseville, L.P., a Delaware limited partnership (herein “**Hearthstone CS Landbank**”), who is serving as the owner and landbank of the 86 lots and for which K. Hovnanian has an option to acquire the lots over time pursuant to a takedown schedule. Home sales are underway, with several homes sold and transferred to individual homeowners as of October 1, 2021.

Homebuilding and sales are ongoing, with the status of development and ownership, as of October 1, 2021, as set forth in the table on the following page. For additional details, see “IMPROVEMENT AREA NO. 1 PLANNED DEVELOPMENT,” “THE MASTER DEVELOPER” and “MERCHANT BUILDER INFORMATION.”

**Summary of Development Status as of October 1, 2021 per Master Developer
CFD Debt Allocated by Projected Special Tax Levy**

Land Use / Development Status ⁽¹⁾	Master Developer	Meritage Homes	D.R. Horton	K. Hovnanian Homes	Total Units	FY 2022-23 Maximum Tax ⁽²⁾	Projected FY 2022-23 Special Tax Levy ⁽³⁾	% of Total CFD Bonded Debt ⁽⁴⁾
LDR and MDR								
Homes Completed & Sold	0	17	35	4	56	\$124,872	\$122,194	9.6%
Homes Completed	0	2	3	2	7	16,353	16,002	1.3%
Homes Partially Completed	0	51	41	21	113	268,008	262,259	20.6%
Finished Lots	0	99	41	59	199	488,867	478,379	37.6%
Final Map Lots ⁽⁵⁾	169	0	0	0	169	400,457	391,866	30.8%
Total LDR and MDR	169	169	120	86	544	\$1,298,557	\$1,270,700	100.0%
HDR								
Undeveloped Taxable Units	263	0	0	0	263	\$181,414	\$0	0.0%
Total	432	169	120	86	807	\$1,479,971	\$1,270,700	100.0%

(1) Land use, Development, Contract Status, Number of Units and Ownership as of October 1, 2021, per Master Developer.

(2) Maximum Tax in this table refers to the District's Maximum Annual Facilities Special Tax.

(3) Special Tax and the Projected Special Tax Levy in this table refer to Facilities Special Tax.

(4) This table allocates the CFD Debt based upon each parcel's share of the District's Projected FY 2022-23 Special Tax Levy.

(5) 71 lots closed on October 26, 2021 to Richmond American, 62 lots acquired by Hearthstone PI Landbank on October 21, 2021 and are under option on a takedown schedule to DR Horton, and 36 lots are under contract to K Hovnanian.

Source: Land Use, Development and Construction Status, Contract Status, Number of Units and Ownership per Master Developer.

Authority for Issuance of the 2021 Bonds. The 2021 Bonds are issued pursuant to the Act, a resolution adopted by the City Council on November 3, 2021 (the "**Resolution of Issuance**") and a Fiscal Agent Agreement dated as of September 1, 2020, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2021 (together, the "**Fiscal Agent Agreement**"), between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "**Fiscal Agent**").

Bond Terms. The 2021 Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the 2021 Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2022. The 2021 Bonds will be issued without coupons in denominations of \$5,000 or any integral multiple thereof.

Registration of Ownership of 2021 Bonds. The 2021 Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). Ultimate purchasers of 2021 Bonds will not receive physical certificates representing their interest in the 2021 Bonds. So long as the 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co. and will not mean the ultimate purchasers of the 2021 Bonds. Payments of the principal, premium, if any, and interest on the 2021 Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the 2021 Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Use of Proceeds. Proceeds of the 2021 Bonds will primarily be used to finance a portion of the costs of acquiring and constructing certain authorized public infrastructure improvements

(the “**Improvements**,” as described herein) as part of the development being undertaken by the Master Developer. The Improvements consist generally of roadway, water, wastewater, drainage, and other infrastructure improvements necessary for development of property within the District, as well as park and open space improvements. Proceeds of the 2021 Bonds will also be deposited to a debt service reserve account for the 2021 Bonds, and to pay costs of issuance and to pay capitalized interest through September 1, 2022.

Security and Source of Payment of the 2021 Bonds. As security for the payment of the 2021 Bonds, a facilities special tax applicable to each taxable parcel in Improvement Area No. 1 will be levied and collected according to the facilities tax liability determined by the City Council through the application of the Rate, Method of Apportionment, and Manner of Collection of Special Tax for Improvement Area No. 1 (the “**Special Tax Formula**”). The Special Tax Formula is set forth in its entirety in APPENDIX A hereto. The Special Tax Formula includes a services special tax component which is not security for the 2021 Bonds. Pursuant to the Special Tax Formula, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the “Transition Year” (defined herein) or (ii) Fiscal Year 2084-85, and a “Maintenance Special Tax” will be levied and collected in perpetuity beginning in the Transition Year. *Only the “Facilities Special Tax” is pledged to the payment of the 2021 Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Special Tax Formula.* See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Special Tax Methodology.”

The 2021 Bonds, 2020 Bonds and any Additional Bonds are payable from the “**Special Tax Revenues**,” consisting of the proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, net of the administration charge of the County (currently at 1%), but do not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The 2021 Bonds are also payable from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a debt service reserve account, all as more fully described herein.

The Special Tax represents a lien on each parcel of land subject to the Special Tax, and failure to pay the Special Taxes could result in proceedings to foreclose the delinquent parcel. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

Additional Parity Bonds. The maximum authorized indebtedness for Improvement Area No. 1 is \$81,000,000. In 2020, the City issued its \$10,905,000 initial principal amount of City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds, Series 2020 (the “**2020 Bonds**”), which was the first series of special tax bonds issued under this authorization. The 2021 Bonds are the second series of special tax bonds issued under this authorization. As development progresses one or more additional series of parity bonds may be issued in the future to finance additional infrastructure improvements needed for the development of the project being undertaken by the Master Developer. In addition, the City may utilize a portion of the available authorized bond amount for the funding of certain deferred impact fees owed to the City, as described below under “– Use of Bond Authorization for Development Impact Fee Deferral Bonds.”

The District may issue additional bonds secured by Special Tax Revenues on parity with the 2021 Bonds and 2020 Bonds (the “**Additional Bonds**,” and collectively, the “**Bonds**”), upon

the satisfaction of certain conditions set forth in the Fiscal Agent Agreement. Following the issuance of the 2021 Bonds in the amount of \$12,500,000, the remaining authorized amount of indebtedness to be issued is \$57,595,000. Additional Bonds are expected to be issued in the future for additional Improvements, including bonds which may be issued to pay for the Development Impact Fee Deferral (see the following paragraph). The actual aggregate amount of Additional Bonds to fund Improvements and the Development Impact Fee Deferral may vary depending on interest rates at the time of bond issuance, the timing of each bond issue and other factors that may impact the timing and size of each bond issue. So long as the 2021 Bonds are outstanding, issuance of any Additional Bonds must comply with certain conditions set forth in the Fiscal Agent Agreement, and no bonds having a lien senior to the lien of the 2021 Bonds are allowed. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds.”

Use of Bond Authorization for Development Impact Fee Deferral Bonds. In connection with the approval of development in the District (including Improvement Area No. 1), the City agreed that payment of certain impact fees owed by the Master Developer and merchant builders will be deferred (referred to as the “Development Impact Fee Deferral” in the Special Tax Formula) to allow payment of the deferred fees after the 2021 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2021 Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

2021 Reserve Account of the Reserve Fund. A debt service reserve fund has been established under the Fiscal Agent Agreement (the “**Reserve Fund**”), and within the Reserve Fund, separate reserve accounts are being established for each series of Bonds. Accordingly, at the time of issuance of the 2020 Bonds, a reserve account was established within the Reserve Fund for the benefit of the holders of the 2020 Bonds (the “**2020 Reserve Account**”), and at the time of issuance of the 2021 Bonds, a reserve account will be established within the Reserve Fund for the benefit of the holders of the 2021 Bonds (the “**2021 Reserve Account**”). The 2020 Reserve Account is available solely for the payment of debt service on the 2020 Bonds and no other parity obligations, and the 2021 Reserve Account is available solely for the payment of debt service on the 2021 Bonds and no other parity obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – 2021 Reserve Account of the Reserve Fund.”

Appraised Value of Property. Property in Improvement Area No. 1 is security for the Special Tax that secures the Bonds. The City authorized the preparation of an appraisal report (the “**Appraisal**”) for certain real property within Improvement Area No. 1, which sets forth an aggregate value of appraised taxable property currently in Improvement Area No. 1 of \$108,982,000, as of September 1, 2021. The valuation assumes completion of the Improvements funded by the 2021 Bonds (but not any Additional Bonds that may be issued in the future) and accounts for the impact of the lien of the Special Tax on the value of the property. In considering the estimates of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions, which affect the estimates as to value. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1 – The Appraisal” and APPENDIX B.

The appraised value of property in Improvement Area No. 1 is 4.50 times the \$24,201,235 aggregate principal amount of the 2021 Bonds and 2020 Bonds (\$23,405,000) and overlapping debt (\$796,235). This is based on the entirety of Improvement Area No. 1, the value to lien ratio

for individual parcels will vary from the average. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1 – Value to Special Tax Burden Ratios.”

Risks of Investment; COVID-19. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2021 Bonds. ***In particular, no assurance can be given that the timing of construction of homes and/or sale of homes projected by the Master Developer or the Merchant Builders in this Official Statement will be accomplished. Neither the City nor the Underwriter can predict the impact of COVID-19 on home production and home sales activities or the willingness of owners of land in the District, including the Master Developer, the Merchant Builders, or any subsequent owners, to pay the Special Taxes securing the 2021 Bonds. See “SPECIAL RISK FACTORS – COVID-19 Pandemic.”***

Limited Obligation of the City. The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the 2021 Bonds. The 2021 Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the funds established and pledged to the 2021 Bonds under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the 2021 Bonds is a general debt, liability or obligation of the City. The 2021 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions, and neither the City Council, the City nor any officer or employee thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the 2021 Bonds other than from the proceeds of the Special Taxes and the money in the funds established and pledged to the 2021 Bonds, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Chief Financial Officer of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors’ rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no changes to the City or the land in Improvement Area No. 1 since the date hereof. ***Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.***

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the sources and uses of funds associated with the sale of the 2021 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2021 Bonds	\$12,500,000.00
Plus: Original Issue Premium	1,378,261.65
Total	<u>\$13,878,261.65</u>

Estimated Uses of Funds:

Deposit to Improvement Fund	\$12,114,470.49
Deposit to Bond Fund ⁽¹⁾	354,874.17
Deposit to 2021 Reserve Account of the Reserve Fund ⁽²⁾	961,966.99
Costs of Issuance ⁽³⁾	446,950.00
Total	<u>\$13,878,261.65</u>

(1) To pay capitalized interest on the 2021 Bonds through September 1, 2022.

(2) Equal to the initial Reserve Requirement for the 2021 Bonds.

(3) Includes fees of bond and disclosure counsel, fees, expenses and charges of the Fiscal Agent, printing costs, fees of the special tax consultant and administrator, Appraiser, and Municipal Advisor, Underwriter's discount, and other costs of issuance.

THE BONDS

Authority for Issuance

The 2021 Bonds are issued pursuant to the Fiscal Agent Agreement, the Resolution of Issuance and the Act.

The 2021 Bonds have been sized to provide an estimated 110% annual debt service coverage ratio from Special Tax Revenues for the 2021 Bonds and 2020 Bonds based on the Maximum Annual Facilities Special Tax from the 544 LDR and MDR lots in Improvement Area No. 1. Additional Bonds, secured on parity with the 2021 Bonds and 2020 Bonds, are expected to be issued to finance the acquisition and/or construction of additional Improvements in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Future Parity Bonds.”

Description of the Bonds

Bond Terms. The 2021 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The 2021 Bonds are being issued in the denomination of \$5,000 or any integral multiple thereof.

Interest on the 2021 Bonds will be payable semiannually on March 1 and September 1 of each year (each an “**Interest Payment Date**”), commencing March 1, 2022. The principal of the 2021 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2021 Bonds; provided that so long as any 2021 Bonds are in book-entry form, payments with respect to such 2021 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The 2021 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of 2021 Bonds will not receive physical certificates representing their interest in the 2021 Bonds. So long as the 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the 2021 Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the 2021 Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2021 Bonds. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Calculation and Payment of Interest. Interest on the 2021 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2021 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the month preceding the month in

which the Interest Payment Date occurs whether or not such day is a Business Day (the “**Record Date**”) preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2021 Bonds; provided that so long as any 2021 Bonds are in book-entry form, payments with respect to such 2021 Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each 2021 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2021 Bond, interest is in default thereon, such 2021 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2021 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC’s Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC’s Participants and Indirect Participants, as more fully described herein. See “APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The 2021 Bonds are subject to optional redemption from any source of available funds (other than Prepayments of the Special Tax by property owners), in whole or in part among maturities as specified by the City and by lot within a maturity, on any date on and after September 1, 2028 at the following respective redemption prices (expressed as percentages of the principal amount of the 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2028 through August 31, 2029	103%
September 1, 2029 through August 31, 2030	102
September 1, 2030 through August 31, 2031	101
September 1, 2031 and any date thereafter	100

Mandatory Redemption From Prepayments. The 2021 Bonds are subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities of the 2021 Bonds and any Additional Bonds, as specified by the City, and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2022 through and including March 1, 2029	103%
September 1, 2029 and March 1, 2030	102
September 1, 2030 and March 1, 2031	101
September 1, 2031 and any Interest Payment Date thereafter	100

Prepayments and amounts released from the 2021 Reserve Account in connection with Prepayments will be allocated to the redemption of the 2021 Bonds and any Additional Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the 2021 Bonds and any Additional Bonds and shall be applied to redeem 2021 Bonds and Additional Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the City may specify that Prepayments be applied to one or more maturities of the 2021 Bonds or Additional Bonds so long as there is delivered to the Fiscal Agent a certification of a Special Tax consultant or administrator that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property in Improvement Area No. 1 is not less than 110% of Maximum Annual Debt Service.

See "SPECIAL RISK FACTORS – Potential Early Redemption of Bonds from Prepayments" for a discussion of the potential for the 2021 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity.

Mandatory Sinking Fund Redemption. The Term 2021 Bonds maturing September 1, 2036, September 1, 2041, September 1, 2046 and September 1, 2051 are subject to mandatory sinking payment redemption in part on September 1, 2032, September 1, 2037, September 1, 2042 and September 1, 2047, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Bonds Maturing September 1, 2036

Sinking Fund Redemption	<u>Sinking Fund</u>
Date	Payment
<u>(September 1)</u>	
2032	\$250,000
2033	270,000
2034	295,000
2035	320,000
2036 (maturity)	350,000

Term Bonds Maturing September 1, 2041

Sinking Fund Redemption	<u>Sinking Fund</u>
Date	Payment
<u>(September 1)</u>	
2037	\$380,000
2038	410,000
2039	440,000
2040	475,000
2041 (maturity)	510,000

Term Bonds Maturing September 1, 2046

Sinking Fund Redemption	
Date	<u>Sinking Fund</u>
<u>(September 1)</u>	<u>Payment</u>
2042	\$550,000
2043	585,000
2044	630,000
2045	670,000
2046 (maturity)	710,000

Term Bonds Maturing September 1, 2051

Sinking Fund Redemption	
Date	<u>Sinking Fund</u>
<u>(September 1)</u>	<u>Payment</u>
2047	\$760,000
2048	810,000
2049	860,000
2050	915,000
2051 (maturity)	970,000

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2021 Bonds.

Purchase In Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2021 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2021 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2021 Bonds designated for redemption, at their addresses appearing on the registration books in the Principal Office of the Fiscal Agent; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2021 Bonds.

Such notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2021 Bonds are to be called for redemption, will designate the CUSIP numbers and bond numbers of the 2021 Bonds to be redeemed by giving the individual CUSIP number and bond number of each 2021 Bond to be redeemed or will state that all 2021 Bonds between two stated bond numbers, both inclusive, are to be redeemed or that all of the 2021 Bonds of one or more maturities have been called for redemption, will state as to any 2021 Bond called in part the principal amount thereof to be redeemed, and will require that such 2021 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2021 Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the optional redemption of 2021 Bonds and such notice may be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2021 Bonds then called for redemption.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2021 Bonds of any maturity, the City will select the 2021 Bonds to be redeemed, from all 2021 Bonds or such given portion thereof of such maturity by lot in any manner which the City in its sole discretion deems appropriate. Upon surrender of 2021 Bonds redeemed in part only, the City will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the City, a new 2021 Bond or 2021 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2021 Bond or 2021 Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2021 Bonds so called for redemption are deposited in the Bond Fund, such 2021 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

So long as the 2021 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2021 Bonds will be made in accordance with DTC procedures. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM." Any 2021 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2021 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2021 Bond or 2021 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2021 Bond or 2021 Bonds, for a like aggregate principal amount of 2021 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfers or exchanges of 2021 Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2021 Bonds for redemption or (ii) with respect to a 2021 Bond after such 2021 Bond has been selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

The Bonds (consisting of the 2020 Bonds, the 2021 Bonds and any Additional Bonds that may be issued in the future) are payable from and secured by proceeds of the Special Taxes received by the City, including all scheduled payments and delinquent payments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes (but excluding any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure), and net of a 1% administration charge of the County (the “**Special Tax Revenues**”). All of the Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided herein, in the Improvement Fund and the Special Tax Fund are pledged to secure the repayment of the Bonds. In addition, with respect to each Series of Bonds, all moneys in the applicable Reserve Account within the Reserve Fund for such Series is pledged to secure the repayment of the applicable Series, such that amounts in the 2021 Reserve Account are pledged to the 2021 Bonds. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, including any mandatory sinking fund payments, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or defeased in accordance with the Fiscal Agent Agreement.

A Special Tax applicable to each taxable parcel in Improvement Area No. 1 will be levied and collected according to the tax amount determined by the City Council through the application of the Special Tax Formula administered by Willdan Financial Services, Temecula, California (the “**Special Tax Administrator**”) and set forth in APPENDIX A hereto for all taxable properties in Improvement Area No. 1. Prior to remittance of the Special Tax collections to the City, the County deducts and retains a 1% County administration fee, as noted above. Interest and principal on the Bonds is payable from the annual Special Tax Revenues to be paid to the City from Special Tax levies and collections on taxable property within Improvement Area No. 1, from amounts held in certain funds and accounts established under the Fiscal Agent Agreement and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof as a “special tax” authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the City Council, as legislative body of the District, pursuant to the Act in an amount determined according to the Special Tax Formula. See “– Special Tax Methodology” below and APPENDIX A.

The amount of Special Taxes that the City may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within Improvement Area No. 1, which is set forth in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount not in excess of the maximum approved amount. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Facilities Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within

Improvement Area No. 1 according to the rate and methodology set forth in the Special Tax Formula. See “– Special Tax Methodology” below. See also “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The City may levy the Special Tax up to the amount of the Maximum Annual Facilities Special Tax set forth in the Special Tax Formula, if conditions so require. The City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Facilities Costs (as defined below). Because each Special Tax levy is limited to the Maximum Annual Facilities Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Facilities Costs will in fact be collected in any given year. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. See “SPECIAL RISK FACTORS – Tax Delinquencies” herein. The Special Taxes are collected for the City by the County in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

Pursuant to the Special Tax Formula, a “Facilities Special Tax” will be levied and collected until the earlier of (i) the Transition Year (defined herein) or (ii) Fiscal Year 2084-85, and a “Maintenance Special Tax” will be levied and collected in perpetuity beginning in the Transition Year. *Only the “Facilities Special Tax” is pledged to the payment of the Bonds, and the definition of “Special Taxes” used in the Fiscal Agent Agreement and this Official Statement refers only to the “Facilities Special Tax” levied in accordance with the Special Tax Formula. Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Special Tax Formula.*

Determination of Annual Facilities Costs. Each year, the City will determine the Annual Facilities Costs for the upcoming Fiscal Year. The “**Annual Facilities Costs**” includes the following amounts (less any available earnings on any reserve fund, special tax funds, available capitalized interest or any other available revenues):

- (i) Debt Service to be paid from Facilities Special Taxes;
- (ii) the amount needed to replenish bond reserve funds to the level required by Bond documents, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year;
- (iii) Administrative Expenses for such Fiscal Year;
- (iv) the amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds which are expected to occur in such Fiscal Year, in each case to the extent not already included in the calculation of Annual Facilities Costs in the current or any previous Fiscal Year;

(v) the amount needed to (1) cure any delinquencies in the payment of the Facilities Special Taxes in the prior Fiscal Year, (2) to fund any foreseeable deficiency of the amount to be available for the payment of Facilities Special Taxes which are expected to occur in such Fiscal Year, in each case, to the extent not already included in the calculation of Annual Facilities Costs in the current or any previous Fiscal Year;

(vi) pay-as-you-go expenditures for authorized improvements; and

(vii) during the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.

The Annual Facilities Costs is the basis for the amount of Special Tax to be levied within Improvement Area No. 1. In no event may the City levy a Special Tax in any year above the Maximum Annual Facilities Special Tax identified for each parcel in the Special Tax Formula.

Parcels Subject to the Facilities Special Tax. The Special Tax Formula identifies 14 “Original Parcels,” corresponding to 14 large-lot taxable parcels planned for residential uses within the initial boundary of Improvement Area No. 1, which large-lot parcels are being subdivided over time. Each fiscal year, the City will prepare a list of the then-current parcels subject to the Special Tax using the records of the City and the County Assessor, and will tax such parcels in accordance with the Special Tax Formula. Taxable parcels that are acquired by a public agency in the future will remain subject to the Facilities Special Tax unless a “trade” resulting in no loss of Facilities Special Tax revenue can be made, as described in the Special Tax Formula.

Limitation on Increases in Levy of Facilities Special Tax. If owners are delinquent in the payment of Facilities Special Taxes, the City may not increase Facilities Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Facilities Special Tax rates specified for each category of property within Improvement Area No. 1. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See “SPECIAL RISK FACTORS.”

Duration of the Facilities Special Tax; Transition Year. The Facilities Special Tax will be levied and collected (up to maximum allowable amount) until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85. For purposes of Improvement Area No. 1, “Transition Year” means the first Fiscal Year following the Fiscal Year in which the Transition Event occurred, and “Transition Event” means the earlier of (i) after the Initial Bonding Period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral has been repaid in full to the City and the City determines funding is no longer needed for Annual Facilities Costs, or (ii) Fiscal Year 2084-85. “Initial Bonding Period” means the period in which Bonds are outstanding or refunded which financed Authorized Facilities (as defined in the Special Tax Formula) costs or refunded prior Bonds, other than the Development Impact Fee Deferral.

Prepayment of the Facilities Special Tax. The Special Tax Formula provides that landowners may prepay some of the Facilities Special Tax by a cash settlement with the City. The amount of the prepayment required is to be calculated according to a formula set forth in the Special Tax Formula, which is generally based on the net present value of the remaining years in

which the Facilities Special Tax will be collected, including the effect of a 2% per year escalation factor applicable for the time Bonds remain outstanding using a discount rate equal to the most current yield for the 30-year Treasury Constant Maturity as the discount factor, plus an amount representing the Development Impact Fee Deferral Amount (which amount is not available for prepayment of the Bonds), all as described in Section 8 of the Special Tax Formula set forth in APPENDIX A. Prepayment is only allowed if the City determines that the prepayment does not jeopardize its ability to make timely payments of debt service on outstanding Bonds, and the City maintains at least 110% debt service coverage on the outstanding Bonds.

Levy of Annual Special Tax; Maximum Special Tax

General. The annual Special Tax will be calculated by the City and levied to provide money for debt service on the Bonds, replenishment of Reserve Accounts established within the Reserve Fund for each Series of Bonds, certain delinquencies, administration of the District (including Improvement Area No. 1), and for payment of pay-as-you-go expenditures (to the extent permitted by the City) of the authorized public capital facilities not funded from Bond proceeds. In no event may the City levy a Special Tax in any year above the maximum identified for each taxable parcel in the Special Tax Formula. Land in Improvement Area No. 1 also includes 116 HDR units designated as affordable units (Village C-43) and a commercial parcel (Village C-70) that are not subject to the Special Tax and provide no security for repayment of the Bonds.

Annual Special Tax Levy. The Special Tax will be levied each year by calculating the amount needed to be generated by all Taxable Parcels in Improvement Area No. 1; the Special Tax (up to the maximum allowable amount) will be levied against each Taxable Parcel until the Special Tax revenue equals such amount; however, the Special Tax Formula establishes a priority for which properties will be levied a Special Tax. First, all “Developed Parcels” in Improvement Area No. 1 receive a levy. If additional amounts are needed, a levy is made against each “Small Lot Tentative Map Parcel” in Improvement Area No. 1, then each “Large Lot Parcel” in Improvement Area No. 1, then each “Undeveloped Parcel” in Improvement Area No. 1. For single-family detached property, Developed Parcels are parcels shown on a Final Small Lot Subdivision Map recorded prior to May 1 of the preceding Fiscal Year. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The City covenants in the Fiscal Agent Agreement to fix and levy the amount of Special Taxes within Improvement Area No. 1 required for the payment of principal of and interest on any outstanding Bonds of Improvement Area No. 1 becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Special Tax Formula. The Special Tax is authorized to be levied in an amount not to exceed the Maximum Special Tax levy as described in the Special Tax Formula notwithstanding that a lower amount is sufficient to pay debt service on the Bonds. The Special Tax Formula provides a mechanism whereby the City may utilize the pay-as-you-go component to pay for and/or reimburse developers for a portion of the cost of Improvements not funded by proceeds of the bonds issued for Improvement Area No. 1. Proceeds of the annual Special Tax levy will first be used to pay the “Annual Facilities Costs” (which include debt service payments on the Bonds) other than pay-as-you-go expenditures, and the City contemplates that the levy will include a pay-as-you-go component in an amount equal to the Maximum Annual Facilities Special Tax on Developed Parcels, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. See and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” above. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” for a copy of the Special Tax Formula.

First Year of Special Tax Levy. No Special Tax was levied for Fiscal Year 2020-21 for the 2020 Bonds due to the capitalization of interest from proceeds of the 2020 Bonds. The Facilities Special Tax will first be levied for Fiscal Year 2021-22 and the Maximum Annual Facilities Special Tax escalates by 2% per year from the 2019-20 base year until the Transition Event, and thereafter will no longer be levied. See “APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and for a table showing the expected land uses and assigned Maximum Special Taxes, see “Attachment 2” in such Appendix.

Special Tax Fund

When received, the Special Tax Revenues are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the City has established and will maintain the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue, if any, as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds.

All Special Tax Revenue will be deposited in the Special Tax Fund upon receipt. Prior to each Interest Payment Date, the City will withdraw from the Special Tax Fund and transfer (i) to the Fiscal Agent for deposit in the reserve accounts of the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement with respect to each series of Bonds, and (ii) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date; provided, however, that as soon as practicable after the receipt by the City of any prepayments of Special Taxes, but no later than 10 Business Days after such receipt, the City shall transfer such prepayments to the Fiscal Agent for deposit into the Prepayment Account of the Bond Fund to be used for the redemption of Bonds. At such time as deposits to the Special Tax Fund equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the reserve accounts of the Reserve Fund balance to the Reserve Requirement with respect to each series of Bonds, the amount in the Special Tax Fund in excess of such amount may, at the discretion of the City, be transferred to the Surplus Account, which will occur on or after September 2nd of each year. From time to time, the City may withdraw from the Surplus Account of the Special Tax Fund amounts needed to pay the City’s administrative expenses and County fees; provided that such transfers will not be in excess of the portion of the Special Tax Revenues collected by the City that represent levies for administrative expenses. Moneys in the Surplus Account may also be transferred, at the City’s discretion, to the Improvement Fund to pay for costs of the Improvements (including reimbursements to developers for the cost of Improvements not funded from proceeds of Bonds issued for Improvement Area No. 1) or authorized facility contributions, to pay the principal of, premium, if any, and interest on the Bonds or to replenish amounts in the Reserve Fund.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City’s option, the Special Taxes may be billed directly to property owners or collected at a different time to meet the City’s financial obligations. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the City determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in Improvement Area No. 1 in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in Improvement Area No. 1 for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the City determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in Improvement Area No. 1 in such Fiscal Year, but that property owned by any single property owner in Improvement Area No. 1 is delinquent by more than \$5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in Improvement Area No. 1 is delinquent cumulatively by more than \$3,250 with respect to the current and past Special Tax due (irrespective of the total delinquencies in Improvement Area No. 1), then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against each such property owner.

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price that will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Provided that it is not levying the Special Tax at the Maximum Annual Facilities Special Tax rates set forth in the Special Tax Formula, the City may adjust the Special Taxes levied on all property within Improvement Area No. 1 subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund. However, such adjustment is subject to the Maximum Annual Facilities Special Tax and to the limitation described under the caption “— Special Tax Methodology” above.

Under current law, a judgment debtor (property owner) has at least 120 days from the date of service of the notice of levy to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the

debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1 – Priority of Lien."

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of at least 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

2021 Reserve Account of Reserve Fund

A debt service reserve fund has been established under the Fiscal Agent Agreement (the "**Reserve Fund**"), and within the Reserve Fund, separate reserve accounts are being established for each series of Bonds. Accordingly, at the time of issuance of the 2020 Bonds, a reserve account was established within the Reserve Fund for the benefit of the holders of the 2020 Bonds (the "**2020 Reserve Account**"), and at the time of issuance of the 2021 Bonds, a reserve account will be established within the Reserve Fund for the benefit of the holders of the 2021 Bonds (the "**2021 Reserve Account**"). The 2020 Reserve Account is available solely for the payment of debt service on the 2020 Bonds and no other parity obligations, and the 2021 Reserve Account is available solely for the payment of debt service on the 2021 Bonds and no other parity obligations.

Upon delivery of the 2021 Bonds, the Fiscal Agent will deposit an amount of the proceeds into the 2021 Reserve Account of the Reserve Fund so that the amount therein equals the "**Reserve Requirement**," which means, with respect to any series of Bonds, the least of (i) 125% of the average Annual Debt Service with respect to the applicable series of Bonds; (ii) Maximum Annual Debt Service with respect to the applicable series of Bonds; and (iii) 10% of the original principal amount of the applicable series of Bonds (or, if the applicable series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds); provided, that—

(a) the Reserve Requirement for the 2021 Bonds shall not increase after the date of issuance of the 2021 Bonds;

(b) in no event shall the City be obligated to deposit an amount in any reserve fund in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, if the amount of any such deposit is so limited, the Reserve Requirement shall be only the amount of such deposit as permitted by the Code; and

(c) the City may meet all or a portion of the Reserve Requirement with respect to any series of Bonds by depositing a Qualified Reserve Fund Credit Instrument.

As noted above, for each series of Additional Bonds, the Fiscal Agent shall establish a separate subaccount within the Reserve Fund for such series and moneys in each subaccount shall be held in trust by the Fiscal Agent for the benefit of the Owners of the respective series of Bonds.

The City has the right to either meet the Reserve Requirement at the time of issuance of a series of Bonds or at any time thereafter to cause the Fiscal Agent to release cash from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (1) a Qualified Reserve Fund Credit Instrument, and (2) in the case of a release, an opinion of Bond Counsel stating that such release will not, of itself, cause the portion of the interest on the Bonds secured thereby to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent in connection with a release of cash, the Fiscal Agent will transfer such funds to the City. Prior to the expiration of any Qualified Reserve Fund Credit Instrument, if applicable, the City is obligated either to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or to deposit or cause to be deposited with the Fiscal Agent an amount of funds such that the funds on deposit in the Reserve Fund together with all Qualified Reserve Fund Credit Instruments held by the Fiscal Agent is at least equal to the Reserve Requirement (which funds may come from a draw by the Fiscal Agent on the Qualified Reserve Fund Credit Instrument prior to its expiration).

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is rated in the top two categories (without regard to modifier) by S&P or Moody’s at the time of issuance; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement being met by such instrument or with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in any reserve account within the Reserve Fund exceeds the Reserve Requirement for the applicable series of Bonds covered by such reserve account, the Fiscal Agent shall provide written notice to the Chief Financial Officer of the amount of the excess. The Chief Financial Officer shall advise the Fiscal Agent in writing of the amount, if any, of any transfer required pursuant to the Fiscal Agent Agreement, and otherwise direct the Fiscal Agent to transfer an amount equal to the excess to the Improvement Fund, if the Project has not been completed as of the date of such transfer, or if the Project has been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Outstanding Bonds covered by the applicable reserve account in accordance with the Fiscal Agent Agreement; provided, that to the extent that such excess results from the prepayment of Special Taxes and redemption of Bonds, such amount shall be transferred to the Prepayment Account and applied to the corresponding redemption of Bonds.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and

premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Improvement Fund

Under the Fiscal Agent Agreement, there is established an Improvement Fund, which is to be held in trust by the Fiscal Agent and will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of the costs of the construction and acquisition of the Improvements in accordance with the Acquisition Agreement (as described herein). Interest earnings from the investment of amounts in the Improvement Fund will be retained in the Improvement Fund to be used for the purposes of the Improvement Fund.

Upon completion of the Improvements and payment to the Master Developer or other entities that are due reimbursement for Improvements, the Fiscal Agent will transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement, and the Improvement Fund will be closed.

Future Parity Bonds

The Resolution of Formation authorizes the issuance of up to \$81,000,000 of special tax bonds for Improvement Area No. 1, of which the 2021 Bonds represent the second series. The City expects that it will, by a Supplemental Agreement, authorize the issuance of one or more additional series of Bonds (previously defined as the “**Additional Bonds**”) payable from Special Taxes and secured by the Special Tax Revenues on a parity with the 2020 Bonds and the 2021 Bonds, as development progresses in Improvement Area No. 1 and upon compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

(i) There shall be deposited into a reserve account of the Reserve Fund, an amount at least equal to the Reserve Requirement with respect to such Additional Bonds.

(ii) After giving effect to the issuance of the Additional Bonds, for each Bond Year the Additional Bonds are Outstanding, projected Special Taxes Revenues, if levied at the maximum annual Special Tax rates per the Special Tax Formula, in each Fiscal Year are at least equal to 110% of Debt Service due in the Bond Year that begins in the corresponding Fiscal Year, as calculated by the special tax consultant to the City; provided however, for purposes of this calculation projected Special Taxes Revenues will not include Special Tax Revenues generated from the High Density Residential Parcels until they are a Developed Parcel (as such terms are defined in the Special Tax Formula) for the upcoming Fiscal Year.

(iii) After giving effect to the issuance of the Additional Bonds, the aggregate value of all parcels in Improvement Area No. 1 subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the Additional Bonds, as determined by an MAI appraisal, assessed valuations shown on the then current County tax roll, or by a combination of both methods, is at least 3 times

the sum of (1) the aggregate principal amount of all Bonds then Outstanding, plus (2) the aggregate principal amount of the Additional Bonds proposed to be issued, plus (3) the proportionate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in Improvement Area No. 1, plus (4) a portion of the aggregate principal amount of all bonds issued under the Act, other than Bonds then Outstanding and the Additional Bonds, payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within Improvement Area No. 1 (the “**Other Mello-Roos Bonds**”) equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within Improvement Area No. 1 subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which the Additional Bonds are issued, as determined by the City), based upon information from the most recent available Fiscal Year.

Additional Bonds may be issued for the purpose of refunding any outstanding Bonds without meeting the foregoing conditions so long as debt service on the refunding Bonds in each Bond Year is less than debt service on the Bonds refunded.

Nothing in the Fiscal Agent Agreement shall be interpreted to prohibit issuance of bonds or Additional Bonds secured on a subordinate basis to the Bonds.

In connection with the approval of development in Improvement Area No. 1, the City has agreed that payment of certain impact fees owed by the Master Developer and merchant builders in Improvement Area No. 1 will be deferred (referred to as the “Development Impact Fee Deferral” in the Special Tax Formula) to allow payment of the deferred fees after the 2021 Bonds have been fully paid. The City expects to receive payment for the deferred impact fees either through continued collection of Special Taxes or through the issuance of future bonds after the 2021 Bonds have matured. If the City chooses to issue bonds to pay deferred impact fees, the remaining authorization will be available to be utilized by the City as a means therefor.

DEBT SERVICE SCHEDULE

The annual debt service on the 2021 Bonds and 2020 Bonds, assuming no early redemptions other than mandatory sinking fund payments, is set forth below.

City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Special Tax Bonds Series 2021 & Series 2020 Annual Debt Service

Year Ending (Sept. 1)	2021 Bonds Principal	2021 Bonds Interest	2021 Bonds Total	2020 Bonds Total	Total Parity Bonds
2022	--	\$354,874.17	\$354,874.17 ⁽¹⁾	\$575,050.00	\$929,924.17
2023	\$85,000.00	497,100.00	582,100.00	584,000.00	1,166,100.00
2024	95,000.00	494,550.00	589,550.00	597,650.00	1,187,200.00
2025	110,000.00	491,700.00	601,700.00	610,850.00	1,212,550.00
2026	125,000.00	488,400.00	613,400.00	623,600.00	1,237,000.00
2027	145,000.00	483,400.00	628,400.00	635,000.00	1,263,400.00
2028	165,000.00	477,600.00	642,600.00	644,750.00	1,287,350.00
2029	185,000.00	471,000.00	656,000.00	658,750.00	1,314,750.00
2030	205,000.00	463,600.00	668,600.00	671,750.00	1,340,350.00
2031	225,000.00	455,400.00	680,400.00	688,750.00	1,369,150.00
2032	250,000.00	446,400.00	696,400.00	699,500.00	1,395,900.00
2033	270,000.00	436,400.00	706,400.00	714,250.00	1,420,650.00
2034	295,000.00	425,600.00	720,600.00	727,750.00	1,448,350.00
2035	320,000.00	413,800.00	733,800.00	745,000.00	1,478,800.00
2036	350,000.00	401,000.00	751,000.00	760,750.00	1,511,750.00
2037	380,000.00	387,000.00	767,000.00	775,000.00	1,542,000.00
2038	410,000.00	371,800.00	781,800.00	787,750.00	1,569,550.00
2039	440,000.00	355,400.00	795,400.00	804,000.00	1,599,400.00
2040	475,000.00	337,800.00	812,800.00	818,500.00	1,631,300.00
2041	510,000.00	318,800.00	828,800.00	836,250.00	1,665,050.00
2042	550,000.00	298,400.00	848,400.00	852,000.00	1,700,400.00
2043	585,000.00	276,400.00	861,400.00	870,750.00	1,732,150.00
2044	630,000.00	253,000.00	883,000.00	887,250.00	1,770,250.00
2045	670,000.00	227,800.00	897,800.00	906,500.00	1,804,300.00
2046	710,000.00	201,000.00	911,000.00	928,250.00	1,839,250.00
2047	760,000.00	172,600.00	932,600.00	942,250.00	1,874,850.00
2048	810,000.00	142,200.00	952,200.00	963,750.00	1,915,950.00
2049	860,000.00	109,800.00	969,800.00	982,250.00	1,952,050.00
2050	915,000.00	75,400.00	990,400.00	1,002,750.00	1,993,150.00
2051	970,000.00	38,800.00	1,008,800.00	--	1,008,800.00
Total	\$12,500,000.00	\$10,367,024.17	\$22,867,024.17	\$22,294,650.00	\$45,161,674.17

⁽¹⁾ To be paid from capitalized interest.

Source: Underwriter for 2021 Bonds; Fiscal Agent for 2020 Bonds.

THE CREEKVIEW SPECIFIC PLAN

The Creekview Specific Plan (“**Creekview Specific Plan**”) is the primary land use, policy and regulatory document used to guide development of land in Improvement Area No. 1 and the surrounding area. The Creekview Specific Plan establishes a development framework for land use, affordable housing, resource protection, circulation, utilities and services, implementation and design for approximately 461 acres in the northwest portion of the City projected to develop into approximately 2,011 single and multi-family residential units, of which land in Improvement Area No. 1 consists of 102.59 net developable acres planned for 807 taxable residential units as well as non-taxable residential and commercial uses. The plan area is bounded by Blue Oaks Boulevard to the south, the Fiddymment Ranch portion of the West Roseville Specific Plan to the east and the City’s Johnson Wildlife Area property to the west.

The intent of the Creekview Specific Plan is to promote the systematic and orderly development of the plan area. All subsequent development projects and related activities in the Creekview Specific Plan area are required to be consistent with the Creekview Specific Plan. The Creekview Specific Plan implements the goals and policies of the City of Roseville General Plan and augments these goals and policies by providing specific direction to reflect conditions unique to the project and plan area. The City’s General Plan serves as the long-term policy guide for the physical, economic and environmental growth of the City. The property within the District was included within the Creekview Specific Plan at adoption, and is a component of the Creekview Specific Plan. The full text of the Creekview Specific Plan is available on the City’s website.

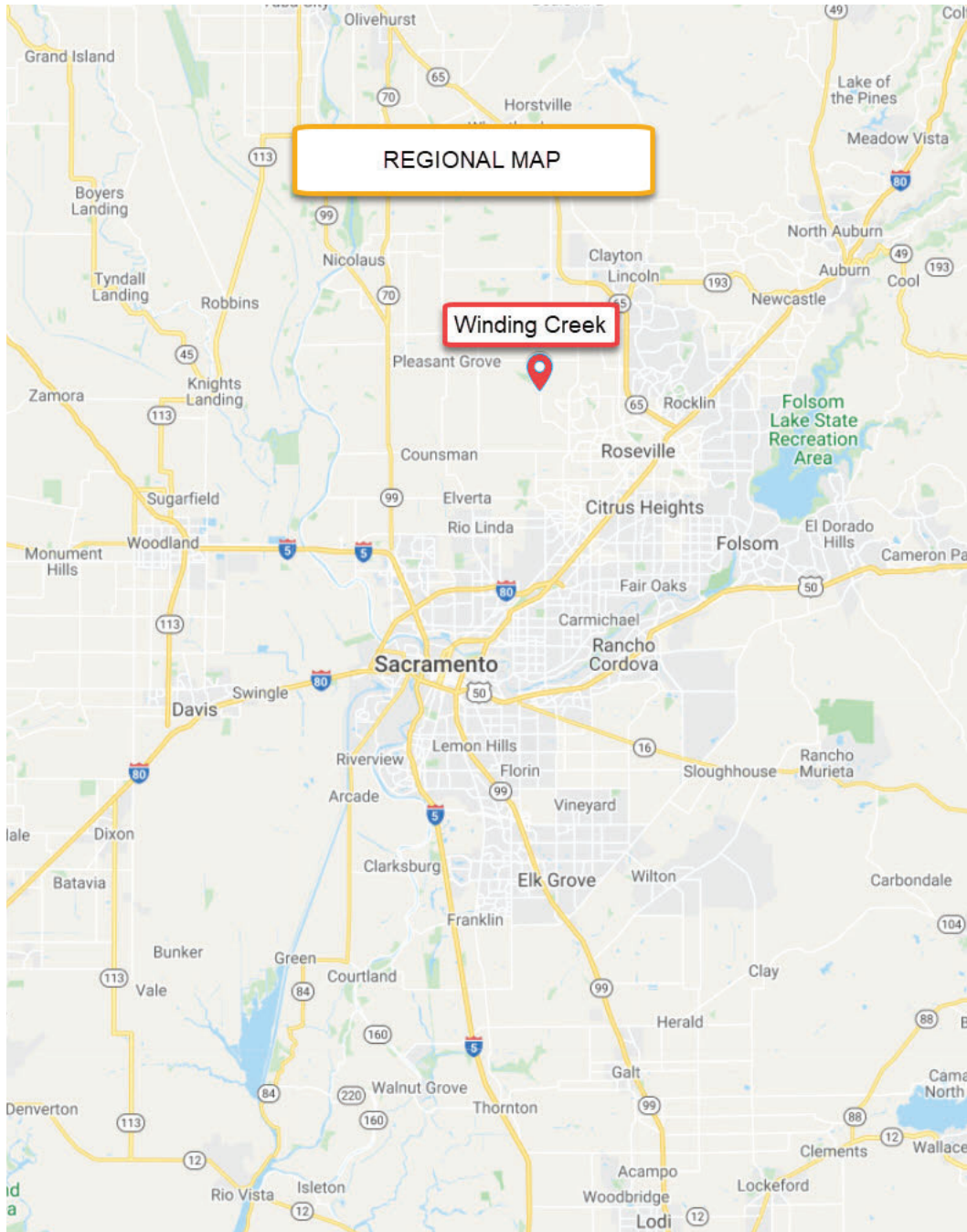
Land Use Concept. The Creekview Specific Plan is planned primarily as a residential community, while also providing recreation, open space, employment and educational opportunities. The primary elements that comprise the form of the Creekview Specific Plan land use plan include a commercial area, residential neighborhoods and park/open space areas, as described below.

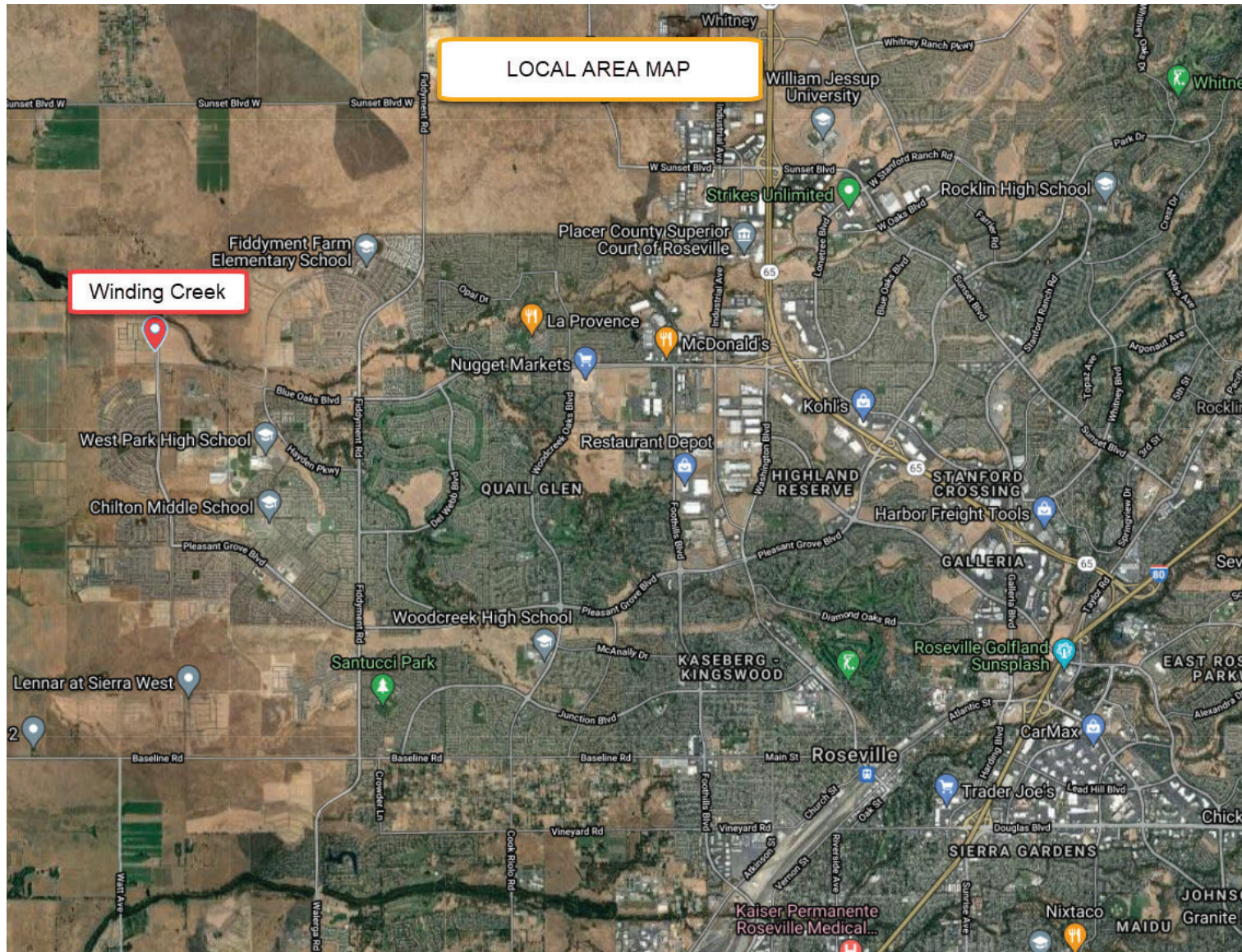
Blue Oaks/Westbrook Commercial – The intersection of Blue Oaks Boulevard and Westbrook Boulevard creates the plan area’s best opportunity for commercial uses, anticipated to consist of community commercial, business professional and related uses. These uses are anticipated to support approximately 190,000 square feet of commercial/business uses, including a grocery store, drug store, retail services, personal services and professional offices.

Residential Neighborhoods – A variety of housing styles similar to that found elsewhere in the City are planned. The neighborhoods are generally divided by the geography of the site into four irregularly-sized quadrants. Each quadrant has its own adjacent land uses, natural resources and circulation requirements.

Parks and Open Space – Approximately 30% of the plan area is planned for park and open spaces uses, which is equivalent to 28 acres of park and open space per 1,000 residents. Open space corridors provide for passive recreation opportunities, preservation of significant resources, viewsheds, potential floodwater conveyance and retention, resource mitigation, wildlife movement corridors, and can function to improve the interface between uses.

Maps. Maps showing the region and local area where Improvement Area No. 1 is located, as well as the boundaries of Improvement Area No. 1 and the Future Annexation Area follow.





PROPOSED BOUNDARY MAP
CITY OF ROSEVILLE
CREEKVIEW COMMUNITIES FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)

CITY OF ROSEVILLE • PLACER COUNTY • CALIFORNIA
BEING A PORTION OF SECTION 14, T.11 N., R.5 E., M.D.M.

CITY CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA THIS 3rd DAY OF October, 2019.

Sonia Orozco
SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

CITY CLERK'S MAP STATEMENT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE, AT A REGULAR MEETING THEREOF, HELD ON THE 2nd DAY OF October, 2019 BY ITS RESOLUTION NO. 19-422.

Sonia Orozco
SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

RECORDER'S STATEMENT

FILED THIS 11th DAY OF October, 2019, AT THE HOUR OF 10:30 O'CLOCK A.M. IN BOOK 3 OF MAPS OF COMMUNITY FACILITIES DISTRICT, AT PAGE 89 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

DOCUMENT NO. 2019-0079578

FEE: \$8.00

BY: *Ryan Ronco*
RYAN RONCO
COUNTY RECORDER
COUNTY OF PLACER

Deputy



PHILLIP ROAD

WESTBROOK
BOULEVARD



0 250 500 1000
SCALE: 1"=500'

LEGEND

- PROPOSED CFD BOUNDARY AND BOUNDARY OF IMPROVEMENT AREA NO. 1
- AREAS OF FUTURE ANNEXATION

Mackay & Somp
ENGINEERS PLANNERS SURVEYORS
1502 Eureka Road, Suite 100, Roseville, CA 95661 (916) 773-1189

SEPTEMBER 2019

SHEET 1 OF 1 18431.CFD



Improvement Area #1
(looking southeast)

IMPROVEMENT AREA NO. 1 PLANNED DEVELOPMENT

The information regarding development of the property contained under this caption has been provided by representatives of the Master Developer and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. See “SPECIAL RISK FACTORS” herein.

The Creekview Development

General. The land within Improvement Area No. 1, planned for 544 taxable single-family homes and 263 taxable apartment units, is part of a larger residential community referred to as the “Creekview Development” being developed by the Master Developer in the Creekview Specific Plan (herein, the “**Creekview Development**” or “**Property**” or “**Project**”). The Creekview Development is located north of Blue Oaks Boulevard and west of the Fiddymont Farm development, in the northwest part of the City.

The Creekview Development encompasses property currently within Improvement Area No. 1, as well as property identified as future annexation area for the District (the “**Future Annexation Area**”). The Creekview Specific Plan establishes a development framework for land use, affordable housing, resource protection, circulation, utilities and services, implementation and design for approximately 461.40 acres in the northwest portion of the City projected to develop into approximately 2,011 single and multi-family residential units. The residential portion of the project is planned to include 987 Low Density Residential units on 182.81 acres, 477 Medium Density Residential units on 51.20 acres and 547 High Density Residential units on 17.68 acres. In addition to the residential uses, the project is planned to include open space and parks (153.17 acres), public uses/infrastructure (40.32 acres), commercial (9.22 acres) and an elementary school site (7.0 acres).

Although land in the Future Annexation Area may annex into Improvement Area No. 1 or into a separate improvement area of the District in the future, the current expectation is that the Future Annexation Area will be annexed as a separate improvement area. Information on land in the Future Annexation Area is provided for informational purposes; **only the land in Improvement Area No. 1 is security for the Bonds.**

Planned Development in Improvement Area No. 1. The property in Improvement Area No. 1 consists of approximately 102.59 net developable acres, which is expected to be developed as a mix of Low Density Residential (“**LDR**”), Medium Density Residential (“**MDR**”), High Density Residential (“**HDR**”), and commercial, as shown in the following table.

Table 1
Property Ownership and Planned Development of Taxable Property
in Improvement Area No. 1
(as of October 1, 2021)

Phase	Village	Owner	Developer	Type of Units	No. of Taxable Units
1	C-10	Hearthstone CS Landbank	K. Hovnanian ⁽¹⁾	Low Density Residential	36
1	C-11	Meritage Homes	Meritage Homes	Low Density Residential	34
1	C-15	Meritage Homes	Meritage Homes	Low Density Residential	20
1	C-13	Hearthstone CS Landbank	K. Hovnanian ⁽¹⁾	Low Density Residential	50
1	C-14	Meritage Homes	Meritage Homes	Low Density Residential	20
1	C-23	D.R. Horton	D.R. Horton	Medium Density Residential	61
1	C-24	D.R. Horton	D.R. Horton	Medium Density Residential	<u>59</u>
				<i>Sub-Total (Phase 1)</i>	280
2	C-12	Meritage Homes	Meritage Homes	Low Density Residential	95
2	C-16	Master Developer	TBD ⁽²⁾	Low Density Residential	71
2	C-17	Master Developer	TBD ⁽³⁾	Low Density Residential	36
2	C-25	Master Developer	TBD ⁽⁴⁾	Medium Density Residential	<u>62</u>
				<i>Sub-Total (Phase 2)</i>	264
N/A	C-43	Master Developer	TBD ⁽⁵⁾	HDR (affordable rental units ¹)	0
N/A	C-41	Master Developer	TBD ⁽⁶⁾	HDR (market rate apartments)	127
N/A	C-42	Master Developer	TBD ⁽⁷⁾	HDR (market rate apartments)	136
N/A	C-70	Master Developer	TBD	Commercial	0
				<i>Sub-Total (Other)</i>	<u>263</u>
Total – Taxable Property in Improvement Area No. 1					807

(1) Villages C-10 and C-13 are owned by the Hearthstone CS Landbank, but are under option to be acquired pursuant to a takedown schedule by K. Hovnanian. See "MERCHANT BUILDER INFORMATION – K. Hovnanian – Hovnanian Option Agreement" herein.

(2) On October 26, 2021, Richmond American closed on the 71 lots in Village C-16.

(3) Under contract to K. Hovnanian and expected to close in November.

(4) Villages C-25 was acquired by the Hearthstone PI Landbank on October 21, 2021, and is under option to be acquired pursuant to a takedown schedule by D.R. Horton. See "MERCHANT BUILDER INFORMATION – D.R. Horton – Horton Option Agreement" herein.

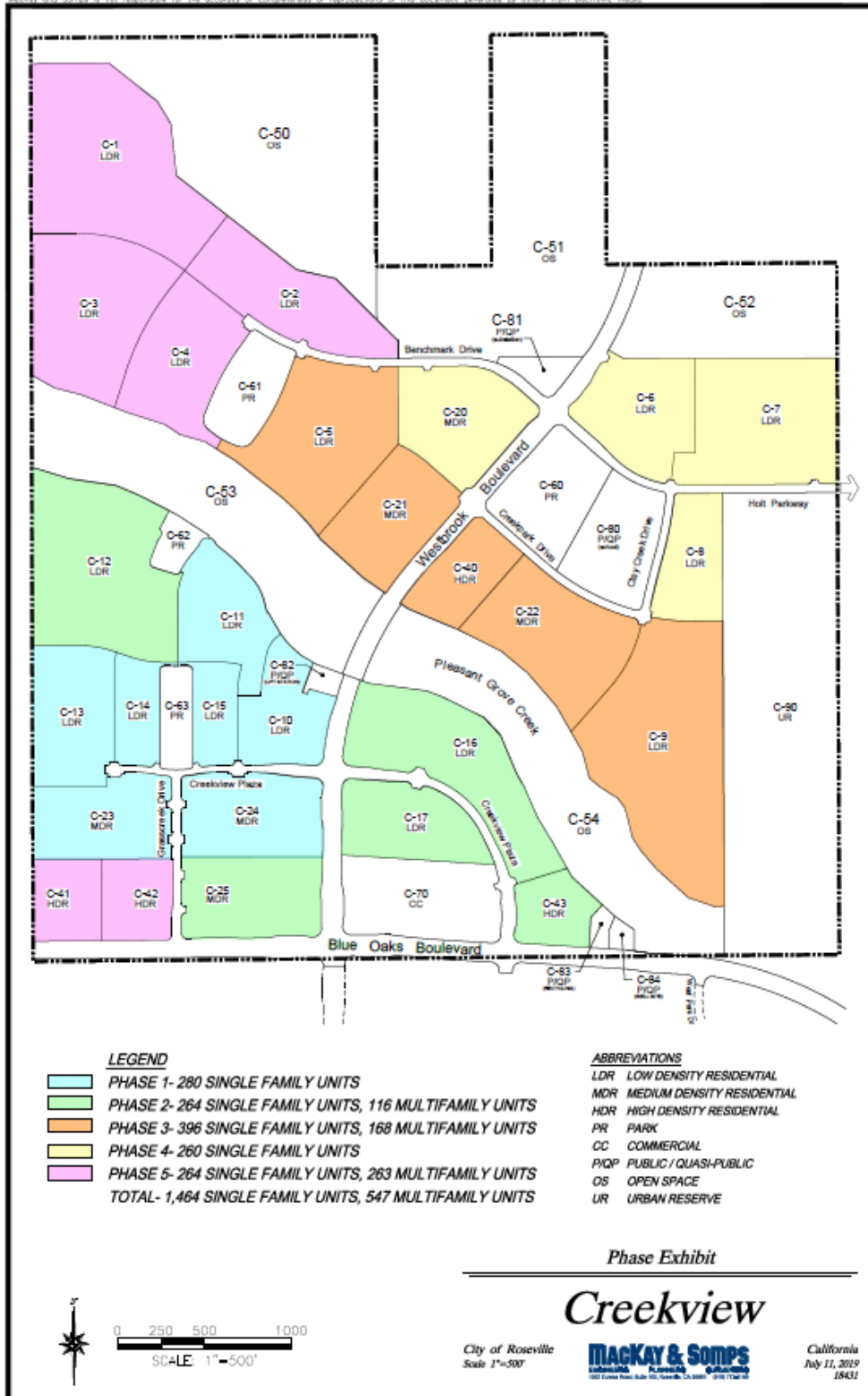
(5) There are 116 proposed apartments in Village C-43. All 116 rental units proposed for Village C-43 will be affordable housing units exempt from taxation. See "Development Agreement – Specific Plan and Development Agreement Amendments" herein.

(6) There are 127 proposed apartments in Village C-41, all of which are now taxable, market rate units. See "Development Agreement – Specific Plan and Development Agreement Amendments" herein.

(7) There are 136 proposed apartments in Village C-42, all of which are now taxable, market rate units. See "Development Agreement – Specific Plan and Development Agreement Amendments" herein.

Source: Master Developer.

Phasing of Planned Development. The phasing map on the following page shows each of the Villages planned for Improvement Area No. 1, as well as the Villages planned for future phases of the larger Creekview development project being undertaken by the Master Developer which are located outside of Improvement Area No. 1 and therefore do not provide security for the Bonds. See "– The Creekview Development" for additional details on the overall development project, of which the land in Improvement Area No. 1 forms a part, comprised of the area south of the creek.



The Master Developer is constructing backbone and in-tract infrastructure necessary to bring all of the property into finished lot condition. For the HDR property and the commercial property, the Master Developer currently intends to sell the land to apartment and commercial developers in the future. For the LDR and MDR property, the Master Developer has processed final maps to subdivide those parcels into 544 single-family residential lots. As shown in Table 1, the Master Developer will develop these 544 lots in two phases – Phase 1 (280 lots) and Phase 2 (264 lots).

Final Map Status. Final maps for the Phase 1 lots (280 lots) were approved by the Roseville City Council on October 7, 2020 and were recorded on November 5, 2020. Final maps for the Phase 2 lots (264 lots) were approved by the Roseville City Council and were recorded at various times. As of October 1, 2021, the property had the following mapping status:

Table 2
Phase 1 and Phase 2 Final Map Status – Improvement Area No. 1
As of October 1, 2021

Owner	Villages	Date of Final Map Recorded	Number of Lots
<u>Phase 1 (280 Lots):</u>			
Hearthstone CS Landbank/K. Hovnanian	C-10	November 5, 2020	36 Lots
Meritage	C-11	November 5, 2020	34 Lots
Hearthstone CS Landbank/K. Hovnanian	C-13	November 5, 2020	50 Lots
Meritage	C-14	November 5, 2020	20 Lots
Meritage	C-15	November 5, 2020	20 Lots
D.R. Horton	C-23	November 5, 2020	61 Lots
D.R. Horton	C-24	November 5, 2020	59 Lots
<u>Phase 2 (264 Lots):</u>			
Meritage	C-12	July 20, 2021	95 Lots
Master Developer ⁽¹⁾	C-25	July 23, 2021	62 Lots
Master Developer ⁽²⁾	C-16	August 17, 2021	71 Lots
Master Developer ⁽³⁾	C-17	August 17, 2021	<u>36 Lots</u>
Total			544 Lots

(1) Village C-25 was acquired by the Hearthstone PI Landbank on October 21, 2021.

(2) On October 26, 2021, Richmond American closed on the 71 lots in Village C-16.

(3) Under contract to K. Hovnanian and is expected to close in November 2021.

Source: Master Developer.

Closed Sales of Phase 1 Lots to Merchant Builders. Of the 280 Phase 1 lots planned for Improvement Area No. 1, all 280 lots received final map approval on November 5, 2020 and were sold to the following three merchant builders (each a “**Phase 1 Merchant Builder**” and, collectively, defined as the “**Phase 1 Merchant Builders**”): K. Hovnanian at Firefly at Winding Creek, LLC, a California limited liability company (“**K. Hovnanian**”); D.R. Horton CA2, Inc., a California corporation (“**D.R. Horton**”); and Meritage Homes of California, Inc., a California corporation (“**Meritage Homes**”). K. Hovnanian subsequently sold its 86 lots to Oaks at Winding Creek – Roseville, L.P., a Delaware limited partnership (“**Hearthstone CS Landbank**”), who is serving as the owner and landbank of the 86 lots and for which K. Hovnanian has an option to acquire the lots over time pursuant to a takedown schedule. See “**MERCHANT BUILDER INFORMATION – K. Hovnanian – Hovnanian Option Agreement**” herein.

Closed Sales of Phase 2 Lots to Merchant Builders. Of the 264 Phase 2 lots planned for Improvement Area No. 1, 228 lots received final map approval as shown in Table 1 and were sold to the following merchant builders (each, a **“Phase 2 Merchant Builder”** and, collectively, the **“Phase 2 Merchant Builders”**): Meritage Homes, with respect to 95 lots, Richmond American Homes of Maryland, Inc., a Maryland corporation (**“Richmond American”**) with respect to 71 lots, and D.R. Horton with respect to 62 lots. D.R. Horton subsequently sold its 62 lots to Wilds at Winding Creek – Roseville, L.P., a Delaware limited partnership (herein **“Hearthstone PI Landbank”**), who is serving as the owner and land bank of the 62 lots and for which D.R. Horton has an option to acquire such lots over time pursuant to a takedown schedule. See “MERCHANT BUILDER INFORMATION – D.R. Horton – Horton Option Agreement” herein.

Pending Sales of Phase 2 Lots to Merchant Builders. Final maps for the remaining 36 Phase 2 lots were recorded on August 17, 2021. The Master Developer has entered into a separate Purchase and Sale Agreement with the following merchant builder (the **“Expected Phase 2 Merchant Builder”**): K. Hovnanian at Firefly at Winding Creek, LLC (by way of assignment from K. Hovnanian Homes Northern California, Inc., a California corporation (**“K. Hovnanian Northern”**)) (the **“2021 PSA”**) with respect to 36 lots, pursuant to which the Expected Phase 2 Merchant Builder agrees to purchase the applicable number of lots, subject to certain terms and conditions. The terms and conditions of the 2021 PSA provides, in general, as follows:

- The Expected Phase 2 Merchant Builder had until a certain date to perform due diligence on the lots, after which time a deposit in the amount of 10% of the purchase price becomes non-refundable. The due diligence period for the Expected Phase 2 Merchant Builder expired on March 12, 2021 and its due diligence has been completed.
- The Master Developer must deliver the applicable lots in “finished lot” condition (meaning the final map has been recorded and the lots are graded with utilities stubbed to the lot line ready for service upon completion of the single-family residence) no later than November 19, 2021. The Master Developer anticipates that all of the lots in Phase 2 will be in finished lot condition ready for conveyance to the Expected Phase 2 Merchant Builder in November 2021.

Upon the delivery of the lots in finished lot condition, the remainder of the purchase price is due. The property under contract to the Expected Phase 2 Merchant Builder is shown in the following table:

Table 3
Lots Under Contract to the Expected Phase 2 Merchant Builder
As of October 26, 2021

Merchant Builder	Village(s)	Number of Lots	Expected Closing Date
K. Hovnanian ⁽¹⁾	C-17	36	November 2021

(1) On October 21, 2021, K. Hovnanian Northern assigned the 2021 PSA to K. Hovnanian, which will develop Village C-17 if it closes as expected; consequently, K. Hovnanian is shown as the merchant builder.
Source: Master Developer.

The 2021 PSA between the Master Developer and K. Hovnanian provides that K. Hovnanian (as the assignee from K. Hovnanian Northern) will acquire 36 lots from the Master Developer in finished lot condition, which lots are identified as Village C-17. The Master Developer

further understands that K. Hovnanian plans to build out these units in four (4) floor plans, and the homes are anticipated to have a square foot range of approximately 1,829 to 2,433 square feet and estimated base prices of \$565,000 to \$612,000.

If the Expected Phase 2 Merchant Builder acquires the lots as anticipated, and construction of production homes commences thereafter, the first home closings would likely occur in the Spring of 2022.

As of October 26, 2021, the Expected Phase 2 Merchant Builder has not closed on these lots, and there is no guarantee that these lots will be sold and closed to the Expected Phase 2 Merchant Builder or that, if the lots are sold and closed to the Expected Phase 2 Merchant Builder that such Expected Phase 2 Merchant Builder will complete homes on the lots and sell the lots to individual homeowners on the timeline described in this Official Statement or at all.

Future Sales of Phase 2 – 2 Multi-family sites. Land in Improvement Area No. 1 also includes land designated for 263 high-density-residential (HDR) subject to the Special Tax and 116 HDR units designated for affordable units (Village C-43 on land referred to by the Master Developer as a portion of Phase 5) and a commercial parcel (Village C-70) that are not subject to the Special Tax and provide no security for repayment of the Bonds. The Master Developer anticipates selling the 263 unit market rate apartment sites (C-41 and C-42) to a national apartment builder in 2021. The affordable multi-family sites (C-43) will be marketed to an affordable apartment builder in 2021. See “Development Agreement –*Specific Plan and Development Agreement Amendments*” below.

Development Agreement

General. The City entered into a Development Agreement, dated October 3, 2012, and First Amendment to Development Agreement, dated November 6, 2019 (collectively, the “**Development Agreement**”) with certain entities and individuals to which the Master Developer has subsequently succeeded with respect to the land owned by the Master Developer in the District. The Development Agreement’s purpose is to vest development rights, set forth infrastructure improvements and dedication requirements, secure the timing and methods for financing improvements, and specify other performance obligations as related to development in the Creekview Specific Plan area. All of the property in the District is subject to the requirements of the Development Agreement, as well as the Creekview Specific Plan. The Development Agreement was entered into in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through Article V, Chapter 19.84 of the City’s Zoning Ordinance No. 3014.

The Development Agreement is the primary implementation tool for the Creekview Specific Plan and creates a binding contract between the City and the parties thereto, and their assigned successors in interest, which sets forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the City and the Master Developer and its successors, including obligations related to development of the property in the District, with the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the Creekview Specific Plan entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties.

The Development Agreement expires on April 25, 2043, which is 30 years following the annexation of portions of the Creekview Specific Plan into the City. The Development Agreement runs with the property, and may be modified only by mutual consent of the parties, and in a manner consistent with the Creekview Specific Plan. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement, construction of homes within the District may occur upon City approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits.

Land use and development entitlements granted under the Development Agreement for property in the District are consistent with the Creekview Specific Plan.

Improvements. The Development Agreement sets forth the responsibility of the Master Developer and its successors for a portion of the costs of certain public improvements required for its development within the Creekview Specific Plan. See “– Backbone Infrastructure and Other Development Conditions” herein for additional details.

Affordable Units. There are affordable housing requirements applicable to property presently within Improvement Area No. 1. The original Development Agreement had an affordable housing requirement on Village C-25 (10 middle income units, which are taxable), Village C-41 (40 low income units and 40 very low income units, which are not taxable), and Village C-42 (40 low income units and 41 very low income units, which are not taxable). The Developer and the City recently recognized that the Development Agreement erroneously stated that the low income and very low income units are located in Village C-42 and Village C-43 (not C-41); originally, the parties anticipated amending the Development Agreement to substitute Village C-41 for Village C-43 in the affordable housing requirements, which is consistent with the development and financing plans set forth in this Official Statement. Instead, the parties reallocated the affordable units pursuant to a specific plan amendment. See “–*Specific Plan and Development Agreement Amendments*” below.

These affordable housing units are regulated by the City’s affordable housing requirements and are not subject to the special tax. Satisfaction of the affordable housing requirements applicable to Village C-43 is not a pre-condition for the Master Developer or any subsequent owner to obtain a final map or building permit with respect to any of the lots within Improvement Area No. 1 and, accordingly, the Master Developer does not believe the affordable housing requirements will impact the timing of development or sale of any those lots.

Specific Plan and Development Agreement Amendments. At the end of January 2021, the Master Developer submitted a series of documents to the City for consideration, including a proposed amendment to the Creekview Specific Plan and a proposed second amendment to the Development Agreement. The specific plan amendment was approved by the Planning Commission on July 22, 2021 and approved by the City Council on August 18, 2021. The second reading of the specific plan amendment was approved by the City Council on September 1, 2021. Following statutory appeal periods, it became effective on October 1, 2021. On October 8, 2021, the Second Amendment of Development Agreement was recorded with the Placer County Recorder’s Office. The specific plan amendment and the Second Amendment of the Development Agreement, among other things, did all of the following:

- Under the prior Creekview Specific Plan, the location of the 201 affordable housing units in the Project were planned to be constructed (i) on the following parcels located in the Future Annexation Area: Parcel C-20 (10 single family units) and Parcel C-22 (20 single family units); and (ii) on the following parcels located in

Improvement Area No. 1: Parcel C-25 (10 single family units), Parcel C-42 (80 rental units), and C-43 (81 rental units).

- The approved amended Creekview Specific Plan, and the Second Amendment of Development Agreement located the 201 affordable housing units in the Project as follows: (i) 85 rental units on Parcel C-40 located in the Future Annexation Area; and (ii) 116 rental units on Parcel C-43 in Improvement Area No. 1. The 116 rental units on Parcel C-43 are exempt from the Special Taxes. The previous affordable units in Improvement Area No. 1 that were no longer affordable will now be subject to the special tax rates for market rate units.

Backbone Infrastructure and Other Development Conditions. The Development Agreement requires satisfaction of various items as conditions of development of the Creekview Development. Set forth below is a table describing some of those conditions required for the Creekview Development that impact the property in Improvement Area No. 1 and the status of those conditions:

Table 4
Conditions of Development for Improvement Area No. 1
As of October 1, 2021

Item	Condition	Status (as of October 1, 2021)
CC&R's	A declaration of Conditions, Covenants and Restrictions (CC&R's), in a form approved by the City Attorney, shall be recorded on the entire property concurrently with the Final/Parcel Map.	CC&R's have been prepared and were approved by the City of Roseville concurrently with the Phase 1 small lot final maps on October 7, 2020. The CC&R's were recorded October 21, 2020.
Bonds	Prior to the recordation of a small lot residential subdivision map for the Property, Master Developer shall provide adequate assurances to City, either in the form of subdivision improvement bonds, issuance and sale of bonds by the CFD or other manner acceptable to the City, that adequate funds are available to finance the completion of all improvements to Arterial Roadways, and Collector Streets to serve the portion of the Property which is the subject of the small lot residential subdivision map; provided, however, Master Developer shall not be required to post security for the portion of the work associated with Road CIP improvements.	<u>Phase 1 Backbone Roads:</u> Subdivision improvement bonds have been reduced to warranty bonds for Blue Oaks Blvd Segments 1-3, Westbrook Blvd. Segment 1, and Westpark Drive. <u>Phase 1 Villages:</u> Subdivision Improvement bonds are in place for all villages (10,11,13,14,15,23,24) <u>Phase 2 Backbone Roads:</u> Warranty bonds are in place for Westbrook Segment 2 and Blue Oaks Segment 4. <u>Phase 2 Villages:</u> Subdivision Improvement Bonds are in place for villages (12,16,17,25). Additional bonds will be posted as required by the City prior to recordation of the small lot final maps for future phases.
Formation of Services CFD No. 2 and Annexation to Municipal Services CFD No. 3	Building permits may not be issued for the Property until a project-specific services CFD (CFD No. 2) is formed and the property annexes into the City's municipal services CFD (CFD No. 3). The CFDs will finance landscaping and open space maintenance for the project, and City-wide services.	Complete.
Bypass Channel	The Pleasant Grove Creek Bypass Channel must be completed prior to development of Improvement Area No. 1.	Complete.

Item	Condition	Status (as of October 1, 2021)
Arterial Roadway,s, Collector Streets, and Rights of Way	Master Developer shall construct backbone and in-tract roads.	Backbone roads for Phase 1 (Blue Oaks Blvd. from Hayden Parkway to Westbrook Blvd., Westpark Dr. from Philip Rd. to Blue Oaks Blvd., and Westbrook Dr. from Blue Oaks Blvd. to Lower Bank Drive) are 100% complete. Backbone roads for Phase 2 (Blue Oaks Blvd. from Westbrook Blvd. to Cloud Dance Dr. and Westbrook Blvd. from Lower Bank Drive to Pleasant Grove Creek) are 100% complete. In-tract roads for Phase 1 villages are 100% complete. In-tract roads for Phase 2 began in March, 2021 with completion expected in December 2021.
Sewer Facilities	Master Developer shall construct on-site sewer facilities.	On-site sewer facilities serving the Phase 1 backbone roads, the Phase 2 backbone roads, and the Phase 1 villages are complete. Construction for the on-site sewer facilities serving the Phase 2 villages began in March 2021 with completion anticipated in December 2021. Master Developer has constructed the necessary off-site sewer line on Westbrook Blvd., south of Blue Oaks.
Groundwater Well	Parcel C-84 must be dedicated to be used as a ground water well.	Completed. Parcel C-84 was irrevocably offered for dedication to the City on the Final Map of Creekview Phase 1 Large Lot Subdivision, recorded on June 1, 2020.
Water Facilities	Master Developer shall construct on-site water system facilities.	On-site water facilities serving the Phase 1 backbone roads, the Phase 2 backbone roads, and the Phase 1 villages are complete. Construction for the on-site water facilities serving the Phase 2 villages began in March 2021 with completion anticipated in December 2021. Master Developer has constructed the necessary waterlines in Blue Oaks Blvd. and Westpark Dr.
Recycled Water Facilities	Master Developer shall construct specified recycled water system facilities.	Recycled Water Facilities serving Improvement Area No. 1 have been constructed in Westpark Drive and Westbrook Blvd. as required to serve the Creekview Specific Plan.
Storm Drains	Master Developer shall construct storm drain mains and laterals in accordance with the Master Drainage Plan for each tributary shed and Phasing Plan and in accordance with the City's then current Improvement standards.	Storm drain facilities serving the Phase 1 backbone roads, the Phase 2 backbone roads, and the Phase 1 villages are complete. Construction for the storm drain facilities serving the Phase 2 villages began in March 2021 with completion anticipated in December 2021. Master Developer has constructed the necessary off-site storm drain lines serving Improvement Area No. 1 as required by the City.
On-Site Electric Facilities	Concurrently with the construction of the adjacent roadways and as specified in the Development Agreement, Master Developer agrees to construct, or finance the construction of, on-site 12kv electric distribution facilities as directed by the Electric Utility Director.	On-site Electric Facility construction serving Phase 1 is complete. On-site Electric Facilities serving Phase 2 is expected to be complete by December 2021.
Off-Site Electric Facilities	If the electric infrastructure is not installed to the boundary of the Plan Area prior to the start of construction of the first phase of the Specific Plan, Master Developer agrees to construct, or finance the construction of, off-site 12kv electric distribution facilities as directed by the Electric Utility Director.	Off-Site Utility construction for Blue Oaks Blvd., Westpark Drive, and Westbrook Drive is complete.

Item	Condition	Status (as of October 1, 2021)
Electric Substation Site	The Master Developer shall, prior to the issuance of the 923rd residential building permit or any combination of building permits within the Creekview Specific Plan, dedicate to City a 0.90 buildable acre site (parcel C-81) (including grading, construction of retaining walls, access roads, and power line corridor) net of easements, wetlands, riparian corridors and required setbacks for use as an electrical substation.	Delivery of the substation site is anticipated to occur concurrently with the construction of the backbone improvements in Phase 4 of the Future Annexation Area north of Pleasant Grove Creek prior to the issuance of the 923rd residential building permit. Will not impact building permits available for lots in Improvement Area No. 1.
Parks	Dedicate 16.3 acres of park land and 136.9 acres of open space land, and pay park fees at building permit.	In Improvement Area No. 1, parcels C-62 (1.5 acres) and C-63 (2.5 acres) were irrevocably offered for dedication to the City on the Final Map of Creekview Phase 1 Large Lot Subdivision, recorded June 1, 2020. All land for open space and backbone road improvements has been irrevocably offered for dedication to the City on the Final Map of Creekview Phase 1 Large Lot Subdivision. Additional land for landscaping and road improvements have been offered for dedication to the City as the Phase 1 Final Maps recorded in October 2020. Additional land for landscaping and road improvements were offered for dedication to the City when the Phase 2 Final Maps recorded in July and August of 2021. All park fees will be paid by the Merchant Builders at such time as a building permit is requested.
School Fees	Under a mitigation agreement with the Roseville City School District, the School District agreed to defer a portion of the school fees payable at building permit for the property in Improvement Area No. 1, with the deferred amount payable as a lump sum when the first building permits are pulled in the Future Annexation Area.	The Merchant Builders will pay the reduced school fees in connection with each request for building permits in Improvement Area No. 1. The deferred amounts will be payable by the Master Developer prior to the request for the first building permit in the Future Annexation Area.

Environmental Matters

Flood Hazard Map Information. According to the Federal Emergency Management Agency's flood insurance rate maps (Flood Area Panel Number 06061C0920H, with an effective date of November 2, 2018), most of the property in Improvement Area No. 1 is located within Flood Zone X, described as areas of minimal flooding (outside of the 100- and 500-year floodplains). However, 510 of the 544 single-family residential units were originally listed in Zone AE, which are subject to flood insurance. The Master Developer requested a Conditional Letter of Map Revision, which was issued by FEMA on July 17, 2017, which required special grading improvements to be made. Grading of the site was completed in September 2019, and a Letter of Map Revision ("LOMR") was approved by FEMA on July 10, 2020. With the LOMR, all of the property within Improvement Area No. 1 will be considered located within Flood Zone X, described as areas of minimal flooding (outside of the 100- and 500-year floodplains), and flood insurance is not required. The LOMR was deemed effective upon the expiration of the appeal period on November 23, 2020.

Wetland Conditions. According to the City's planning department, some jurisdictional wetlands will be affected by the development of the Project; however the impact has been mitigated by the Master Developer. No additional environmental permits are required to be obtained.

Seismic Conditions. None of the property expected to be developed as part of the Project (including land in Improvement Area No. 1) is located within a seismic special studies

zone, designated by the California State Division of Mines and Geology, in accordance with the Alquist-Priolo Special Study Zone Act of 1972.

Wildfire Zone. None of the property in Improvement Area No. 1 is within a very high fire hazard severity zone, as defined by CAL-FIRE.

Utilities. It is expected that utility service for the property in Improvement Area No. 1 will be provided by the following entities:

<u>Utility</u>	<u>Provider</u>
Water/Sewer	City of Roseville
Electricity	City of Roseville
Natural Gas	Pacific Gas & Electric
Data/Phone	Comcast/AT&T

THE MASTER DEVELOPER

The information regarding the ownership of the property contained under this caption has been provided by the Master Developer, and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Master Developer, any affiliate of the Master Developer, or any other subsequent property owners within Improvement Area No. 1 (including the Merchant Builders), and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure of the delinquent land within Improvement Area No. 1 securing the Bonds, but has no direct recourse to any other assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein.

General

Ownership Structure of Master Developer. The Master Developer is a Washington limited partnership with its primary development executive team having both regional and national development experience in residential, commercial, and municipal projects. Its general partner is Anthem United Creekview Management LLC, a Washington limited liability company ("**Anthem United**"), and its limited partners are: (1) Anthem United Homes, Inc. ("**Anthem United Homes**"), (2) Granite Bay Development LP, and (3) Sherwood Developments, LLC.

General Partner. Anthem United, together with its affiliates, including Anthem United Homes, is a land development and homebuilding company operating across western North America (Canada and the United States). Anthem United is currently involved with building approximately 14,600 homes in more than 60 communities across more than 5,000 acres of land. Headquartered in Vancouver BC, it also has offices in Calgary and Edmonton AB, and Roseville, California. Anthem United, as the general partner of the Master Developer, has full managerial control of the Master Developer.

Limited Partners. Anthem United Homes is a privately held affiliate of Anthem United responsible primarily for home-building operations undertaken by Anthem United entities. Its President is Eric Carlson. Granite Bay Development LP is privately held affiliate

of Anthem United. Eric Carlson is also its President. Sherwood Developments, LLC is privately held, and owned by Cameron Taylor. Its President is Cameron Taylor.

Relevant Experience of Master Developer and Affiliates. Examples of some of the Master Developer's (or its affiliate's) other projects include the following:

- Natomas Meadows (Sacramento, CA) – 630 single family detached finished lots, all of which were sold to D.R. Horton, Lennar Homes, Carson, and Woodside Homes.
- Promenade (West Sacramento, CA) – 222 single family detached finished lots, all of which were sold to Anthem United Homes.
- Fiddymment Ranch (Roseville, CA) - 419 single family detached finished lots, all of which were sold to JMC Homes and Taylor Morrison.

Master Developer Financing Plan

Estimated Cost of the Improvements. The Master Developer has expended over \$64.4 million dollars on improvements for the Creekview Development and intends to finish constructing site improvements and certain backbone infrastructure improvements in both Improvement Area No. 1 and the Future Annexation Area (collectively, the “**Improvements**”). The following table details the status of the Improvements to be constructed and the estimated costs associated with such Improvements.

Table 5
Master Developer's Estimated Costs of Improvements
As of October 1, 2021

Area	Improvement	Estimated Total Cost	Costs Spent as of 10/1/21	% of Completion	Remaining Costs
Improvement Area No. 1	Backbone Infrastructure	\$36,775,495	\$35,186,451	95.7%	\$1,589,044
	In-Tract Improvements	29,608,789	24,002,990	81.1%	5,605,799
	Subtotal – Improv. Area No. 1	\$66,384,284	\$59,189,441	89.2%	\$7,194,843
Future Annex. Area	Backbone Infrastructure	28,429,542	4,642,612	16.3%	23,786,930
	In-Tract Improvements	48,502,044	612,751	1.3%	47,889,293
	Subtotal – FAA	\$76,931,586	\$5,255,363	6.8%	\$71,676,223
TOTAL – Creekview Development		\$143,315,870	\$64,444,804	45.0%	\$78,871,066

Funding Sources. The Master Developer intends to use the following sources of funds to finance the Improvements for the Creekview Development:

- Equity from the partner-entities comprising the Master Developer (see “–The Master Developer,” above, for more information about these entities).
- Draws on a revolving construction loan (see “–*Revolving Construction Loan*” below).

- Sales of lots in Improvement Area No. 1 and the Future Annexation Area to merchant builders and other developers (see “–Pending Sales of Phase 2 Lots to Merchant Builders” herein).
- Proceeds of the Bonds (secured by Improvement Area No. 1) and bonds issued for land within the Future Annexation Area.
- Pay-as-you-go Special Taxes available to the Master Developer under the Acquisition Agreement (see “– *Acquisition Agreement*” below).

Revolving Construction Loan. In May, 2019, the Master Developer took out a revolving construction loan (the “**Construction Loan**”) from GCAM Creekview LLC, a Delaware limited liability company (the “**Lender**”). The Construction Loan may be drawn at various times, subject to various conditions and milestones, including loan-to-value ratios. The maximum amount of the Construction Loan is \$107,900,000. As of October 1, 2021, the Master Developer has drawn enough funds to cover the costs of the Improvements for Phases 1 and 2 in the amount of \$93,174,107. The Construction Loan may be applied only for the Improvements to Improvement Area No. 1 and Phase 3 (in the Future Annexation Area), but is secured by a deed of trust on all of the land owned by the Master Developer, including the land in both Improvement Area No. 1 and the Future Annexation Area. As property is sold to the Merchant Builders, the deed of trust will be released from the property sold if certain payments are made on the Construction Loan. After the release of property upon the sale to Merchant Builders, the loan tests in the Construction Loan are revised to account for the reduced security property. The Construction Loan requires monthly interest payments, and the full amount of the outstanding principal is due on January 31, 2022. The current balance, as of October 1, 2021, is \$20,502,872.

Acquisition Agreement. In connection with the formation of the District, the City and the Master Developer entered into a Funding, Construction and Acquisition Agreement (the “**Acquisition Agreement**”) which provides that the Master Developer will construct (or cause to be constructed or funded) the Improvements, and the City, upon completion of construction and acceptance (or through progress payments prior to completion of the entire Improvement), will purchase the Improvements or reimburse the Master Developer for expended amounts from the proceeds of the Bonds and/or Special Taxes on a pay-as-you-go basis. The Master Developer will be responsible for the portion of the cost of construction of the Improvements not paid with Bond proceeds.

The Rate and Method provides that the funding of Improvement costs can also be made from collections of the Special Tax available as the “pay-as-you-go” component of Special Taxes. The pay-as-you-go funding component is expected to provide for funding of the cost of a portion of the Improvements in excess of the amount provided from Bond proceeds (if such proceeds are not sufficient) through annual Special Tax collections in excess of the amount needed to pay the debt service. The City contemplates utilizing this funding mechanism during the time the Bonds are outstanding. Additionally, after the final maturity date of the Bonds and any additional bonds issued to reimburse developers for costs of the Improvements, the City expects to continue to levy Special Taxes for payment of the “Development Impact Fee Deferral” (as defined in the Rate and Method) which levy may secure future bonds issued after payment in full of the Bonds and any Additional Bonds issued under the Fiscal Agent Agreement.

Cash Flow Statement

The following table shows estimated cash flow sources and uses for the Master Developer related to the development of the land within Improvement Area No. 1 only.

Table 6
Master Developer's Proposed Financing Plan – Improvement Area No. 1
As of October 1, 2021

	<i>As of Oct. 1, 2021</i>	<i>Remainder 2021</i>	<i>2022</i>	<i>Total Through 2022</i>
Developer's Sources of Funds				
Owner Equity	\$40,674,900	\$0	\$0	\$40,674,900
Revolving LOC ⁽¹⁾	93,174,107	20,079,508	0	113,253,615
Village Lot Sales/Acreage Sales	45,840,356	22,873,000	0	68,713,356
CFD Proceeds	10,317,173	10,500,000	0	20,817,173
Recoveries ⁽²⁾	14,254,631	142,291	622,524	15,019,446
Total Sources	\$204,261,167	\$53,594,799	\$622,524	\$258,478,490
Developer's Uses of Funds				
Land Acquisition and Env'l	\$44,676,840	\$50,000	\$70,000	\$44,796,840
Backbone Infrastructure	35,186,451	1,186,124	402,920	36,775,495
In-Tract Improvements	24,002,990	2,561,606	3,044,193	29,608,789
Sales & Marketing	1,403,893	530,535	0	1,934,428
Planning & Consultants	5,913,235	1,879,808	0	7,793,043
Miscellaneous (overhead, etc.)	42,444	0	0	42,444
Loan Repayment (principal)	72,780,762	33,641,521	0	106,422,283
Loan Repayment (interest)	7,059,037	125,652	0	7,184,689
Total Uses	\$191,065,652	\$39,975,246	\$3,517,113	\$234,558,011
Annual Cash Flow (Sources – Uses)	\$13,195,515	\$13,619,553	(\$2,894,589)	\$23,920,479
Cumulative Cash Flow	\$13,195,515	\$26,815,068	\$23,920,479	\$23,920,479

(1) Only the amount of the revolving loan applied to Improvement Area No. 1 is shown in Table 6.

(2) Recoveries consist of reimbursements by the City of Roseville for any improvements completed by the Master Developer on behalf of other parties. The flow of funds is managed by the City of Roseville and the Master Developer submits reimbursement requests once the work is complete.

Notwithstanding the belief of the Master Developer that it will have sufficient funds to complete its planned development, no assurance can be given that sources of financing available to the Master Developer will be sufficient to complete such development as currently anticipated. While the Master Developer has made internal financing available in the past for similar activities, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Master Developer nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans or lines of credit. If and to the extent that internal financing, loan proceeds, lines of credit, or bond proceeds are inadequate to pay the costs to complete the Master Developer's planned development, there could be a shortfall in the funds required to complete such proposed development and portions of such development might not be completed.

MERCHANT BUILDER INFORMATION

The information regarding the ownership of the property contained under this caption has been provided by the respective Merchant Builders, and has not been independently confirmed or verified by the Underwriter or the City. Neither the Underwriter nor the City makes any representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Merchant Builders, or any other subsequent property owners within Improvement Area No. 1, and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure of the delinquent land within Improvement Area No. 1 securing the Bonds, but has no direct recourse to any other assets of any property owner or any affiliate thereof. As a result, other than as provided in this Official Statement, no financial statements or information is, or will be provided about the Merchant Builders or any other current or subsequent property owner. See "SPECIAL RISK FACTORS" herein.

D.R. Horton

Ownership. As previously defined in this Official Statement, "D.R. Horton" is D.R. Horton CA2, Inc., a California corporation (dba D.R. Horton, *America's Builder*, which is a subsidiary of D.R. Horton, Inc., a Delaware corporation ("**D.R. Horton, Inc.**"), a public company whose common stock is traded on the New York Stock Exchange under the symbol "DHI". Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 98 markets in 31 states under the names of D.R. Horton, *America's Builder*, Emerald Homes, Express Homes, and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the "**SEC**"). Such filings, particularly D.R. Horton, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2021, as filed by D.R. Horton, Inc. with the SEC on or about November 18, 2021, and its most recent Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the SEC on July 23, 2021, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including DR Horton, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of D.R. Horton, Inc.'s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton Inc.'s website at www.drhorton.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the Authority or the Underwriter. Neither D.R. Horton nor D.R. Horton, Inc. is obligated to advance funds for

construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. D.R. Horton plans to construct 182 single-family detached homes in Improvement Area No. 1 in a neighborhood known as “The Wilds at Winding Creek”. Of the 182 homes proposed to be constructed by D.R. Horton in Improvement Area No. 1, 120 homes comprise Villages C-23 and C-24 in Phase 1 and 62 homes comprise Village C-25 in Phase 2. Home construction is underway in Phase 1. D.R. Horton does not own the 62 lots in Village C-25 but is under option to acquire them from the Hearthstone PI Landbank over time pursuant to a takedown schedule. No assurance can be given that the acquisition of lots in Village C-25 will occur as expected. See “ – Horton Option Agreement” below

The proposed product mix for the 120 homes planned to be constructed by D.R. Horton within Phase 1 is set forth in the following tables.

**Village C-23
(as of October 1, 2021)**

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	1,547	16	\$472,990
Plan 2	1,678	15	489,990
Plan 3	1,811	15	511,900
Plan 4	1,969	15	523,990
Totals		61	

(1) Base sales prices are as of October 1, 2021. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

**Village C-24
(as of October 1, 2021)**

Floor Plan	Square Footage	Total Number of Planned Units⁽¹⁾	Projected Base Sales Price⁽²⁾
Plan 1	1,547	14	\$472,990
Plan 2	1,678	15	489,990
Plan 3	1,811	15	511,900
Plan 4	1,969	15	523,990
Totals		59	

(1) D.R. Horton has constructed one (1) model home in this Village.

(2) Base sales prices are as of October 1, 2021. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

D.R. Horton expects to construct 62 homes in Village C-25 as a continuation of The Wilds at Winding Creek project currently under construction by D.R. Horton in Villages C-23 and C-24 when and if the lots in Village C-25 are acquired by D.R. Horton from the Hearthstone PI Landbank pursuant to the takedown schedule. No assurance can be given that the acquisition of some or all of the lots in Village C-25 will occur as expected. See “ – Horton Option Agreement” below.

Status of Development. Within The Wilds at Winding Creek project, as of October 1, 2021, 35 completed homes had been conveyed to individual homebuyers, and D.R. Horton owned three completed homes (including one model), 41 homes under construction and 41 finished lots without any vertical home construction thereon. As of October 1, 2021, D.R. Horton had 11 homes in escrow, however, homes under contract may not result in closed escrows as sales contracts are subject to cancellation.

Set forth below is the status of construction by D.R. Horton within Villages C-23 and C-24, as of October 1, 2021:

**Villages C-23 and C-24
Status of Development – The Wilds at Winding Creek
(as of October 1, 2021)**

	<u>Village C-23</u>	<u>Village C-24</u>	<u>Total</u>
Closed to Homeowners	0	35	35
Completed Homes Owned by D.R. Horton	0	3	3
Homes Under Construction ⁽¹⁾	32	9	41
Finished Lots ⁽²⁾	29	12	41
Total Projected Units	61	59	120
Units under Contract to be Sold ⁽³⁾	3	8	11

(1) Under construction means that a building permit has been issued and vertical home construction is underway.

(2) Finished lots are lots without any vertical home construction.

(3) Units under contract to be sold are subject to cancellation.

D.R. Horton anticipates buildout of Villages C-23, C-24 and C-25 according to the following schedule:

- Village C-23: August 2022
- Village C-24: September 2022⁽¹⁾
- Village C-25: August 2023⁽²⁾

(1) Excluding the one model home in Village C-24, which is anticipated to be used to market homes expected to be constructed in Village C-25 acquired by the Hearthstone PI Landbank on October 21, 2021 and for which D.R. Horton has an option to acquire the lots over time pursuant to a takedown schedule.

(2) Assuming D.R. Horton acquires the lots in Village C-25 from the Hearthstone PI Landbank as expected, the anticipated buildout of Village C-25 and the one model home in Village C-24 is expected to occur in approximately August 2023.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. D.R. Horton reserves the right to change its development at any time without notice. Additionally,

homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”

Horton Option Agreement. On December 21, 2020, D.R. Horton entered into a Purchase and Sale Agreement and Initial Escrow Instructions (as amended, the “**Original Horton PSA**”) to acquire the 62 residential within Village C-25 within Improvement Area No. 1 (the “**C-25 Property**”) from the Master Developer. On October 21, 2021, concurrent with the execution of the Horton Option Agreement (described below), D.R. Horton and Wilds at Winding Creek – Roseville, L.P., a Delaware limited partnership (previously defined as “**Hearthstone PI Landbank**”) entered into an Assignment and Assumption Agreement, pursuant to which D.R. Horton assigned to the Hearthstone PI Landbank the right to acquire the C-25 Property, and all other rights of “Buyer” under the Original Horton PSA, and the Hearthstone PI Landbank acquired the C-25 Property from the Master Developer pursuant to the Original PSA. According to the Hearthstone PI Landbank, Hearthstone, Inc. is the general partner of Hearthstone Professionals—PI, L.P., which in turn is the manager of NP—HS Lot Option Joint Venture VII, LLC, which in turn is the sole member of NP—HS LOJV GP VII, LLC, which in turn is the general partner of the Hearthstone PI Landbank.

On October 21, 2021, the Hearthstone PI Landbank and D.R. Horton entered into an Option and Development Agreement (the “**Horton Option Agreement**”) regarding the C-25 Property, whereby D.R. Horton has the option but not the obligation to purchase residential lots in the C-25 Property from the Hearthstone PI Landbank pursuant to a takedown schedule.

Pursuant to the terms of the Horton Option Agreement, D.R. Horton has the exclusive right and option to purchase the C-25 Property in consideration for (a) payment of an initial deposit, which payment was made to the property seller as part of the acquisition price for the property; (b) the covenants of D.R. Horton to timely pay option payments under the Horton Option Agreement on a monthly basis in arrears; and (c) upon exercise of the option to acquire lots, the payment of the purchase price for each phase of lots acquired.

The lots are intended to be purchased in four phases, according to a takedown schedule (each a “Phase”). D.R. Horton may acquire lots ahead of schedule or purchase all remaining lots in a bulk purchase; provided, however, D.R. Horton may be obligated to pay a premium for the early acquisition of such lots under certain circumstances, depending on the facts at the time of the acquisition of the lots. The takedown schedule is as follows:

Takedown Schedule for the C-25 Property			
Phase	Acquisition Date (20 th day of the Month)	Lots Scheduled to be Acquired	Lots Actually Acquired by D.R. Horton
Phase 1	June 2022	17	0
Phase 2	September 2022	15	0
Phase 3	December 2022	15	0
Phase 4	March 2023	15	0
	Totals	62	0

D.R. Horton has the right under the Horton Option Agreement to extend the closing date on any Phase for three (3) one month periods, which will automatically extend the deadline date for all subsequent acquisitions.

The option under the Horton Option Agreement expires on the earlier of (i) March 20, 2023, subject to extensions and a 20-day cure period, or (ii) the date D.R. Horton has acquired

all of the lots in accordance with the Horton Option Agreement. The failure to timely acquire lots could result in the termination of the Horton Option Agreement, in which event D.R. Horton will no longer have a right to purchase any of the remaining lots.

According to the Hearthstone PI Landbank, in the event of any termination of the Horton Option Agreement, the Hearthstone PI Landbank would likely attempt to sell such lots to another merchant builder.

During the term of the Horton Option Agreement, D.R. Horton is obligated to pay all real property taxes on the C-25 Property.

Financing Plan. D.R. Horton intends to finance the development of Villages C-23 and C-24, and the acquisition and development of Village C-25, using internal sources (equity and home sales proceeds). Through October 1, 2021, D.R. Horton has expended approximately \$30.5 million on the development of Villages C-23 and C-24, including land acquisition, site development, home building, marketing and sales. D.R. Horton anticipates expending an additional \$14,580,266 to complete the development of Villages C-23 and C-24. D.R. Horton anticipates expending approximately \$25.2 million on the development of Village C-25, including land acquisition, site development, home building, marketing and sales.

No assurance can be given that amounts necessary to fund the planned land acquisition and development by D.R. Horton in Improvement Area No. 1 will be available when needed. Neither D.R. Horton nor any other entity or person is under any legal obligation of any kind to expend funds for the remaining land acquisition and development of the property as planned by D.R. Horton in the Improvement Area. Any contributions by D.R. Horton or any other entity or person to fund the costs of such land acquisition and development are entirely voluntary. D.R. Horton has no legal obligation to Bond holders to make any such funds available for land acquisition, construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond D.R. Horton's control, or a decision by D.R. Horton to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from D.R. Horton's parent company, is inadequate to pay the costs to complete the planned land acquisition and development by D.R. Horton within Improvement Area No. 1 and other financing by D.R. Horton is not put into place, there could be a shortfall in the funds required to complete the proposed land acquisition and development by D.R. Horton in Improvement Area No. 1 and the remaining portions of D.R. Horton's project in Improvement Area No. 1 may not be developed, including its acquisition of the property in Village C-25. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

COVID-19 Impact. The development of D.R. Horton's planned development within Improvement Area No. 1 may be subject to delays caused by the COVID-19 pandemic and related public health and governmental authorities' orders and actions. As the impacts caused by the outbreak evolve, there could be an adverse impact on the timing and costs of the planned development within Improvement Area No. 1. See "SPECIAL RISK FACTORS – COVID-19 Pandemic" herein.

D.R. Horton cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under any shelter in place orders) or whether any such effects would have a material adverse effect on its ability to develop and/or sell homes in Improvement Area No. 1.

K. Hovnanian

Ownership. K. Hovnanian at Firefly at Winding Creek, LLC, a California limited liability company (previously defined as “**K. Hovnanian**”) is a wholly-owned subsidiary of K. Hovnanian North, who is ultimately a wholly-owned subsidiary of Hovnanian Enterprises, Inc. (“**Hovnanian Enterprises**”). Hovnanian Enterprises is a diversified real estate company, publicly traded on the New York Stock Exchange under the symbol HOV. Hovnanian Enterprises is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC’s website at www.sec.gov.

For further information on Hovnanian Enterprises, see its internet homepage located at www.khov.com. The foregoing internet websites and references to filings with the SEC are included for reference only, and the information on these internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet sites. Neither K. Hovnanian nor Hovnanian Enterprises is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Assuming that K. Hovnanian acquires the lots in Villages C-10 and C-13 from the Hearthstone CS Landbank, the projected sales prices shown in the table below are as of October 1, 2021, and may differ from actual sales prices. Sales prices are subject to change, are all inclusive, and exclude any incentives and selling concessions or price reductions which may be offered.

Village C-10 (as of October 1, 2021)

Floor Plan	Square Footage	Total Number of Planned Units ⁽¹⁾	Projected Base Sales Price
Plan 1	1,829	9	\$613,490
Plan 2	2,037	9	\$629,490
Plan 3	2,213	9	\$638,490
Plan 4	2,433	9	\$663,490
Totals		36	

(1) K. Hovnanian has completed construction of 2 model homes located in this Village.

Village C-13
(as of October 1, 2021)

Floor Plan	Square Footage	Total Number of Planned Units⁽¹⁾	Projected Base Sales Price
Plan 1	1,829	12	\$613,490
Plan 2	2,037	12	\$629,490
Plan 3	2,213	13	\$638,490
Plan 4	2,433	13	\$663,490
Totals		50	

(1) K. Hovnanian has completed construction of 2 model homes located in these Villages.

Status of Development. Set forth below is the status of construction of the units in Villages C-10 and C-13 owned by or under option to by K. Hovnanian, as of October 1, 2021:

Villages C-10 and C-13
Status of Development
(as of October 1, 2021)

	<u>Village C-10</u>	<u>Village C-13</u>	<u>Total</u>
Closed to Homeowners	0	4	4
Completed Unclosed Homes (including 2 models)	2	0	2
Under Construction ⁽¹⁾	0	21	21
Finished Blue Top Lots	34	25	59
Total Projected Units	36	50	86
Units under Contract to be Sold ⁽²⁾	0	16	16

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun. Under the Hovnanian Option Agreement (defined below), K. Hovnanian is provided a license to construct homes on the lots that it intends to acquire pursuant to the takedown schedule. See “—Hovnanian Option Agreement” herein.

(2) Units under contract to be sold are subject to cancellation.

K. Hovnanian held a grand opening on March 27, 2021. As of October 1, 2021, K. Hovnanian had 21 homes with vertical construction underway, with 2 model homes complete and open. As of October 1, 2021, K. Hovnanian has sold and closed on 4 homes, and had entered into contract for the sale of 16 homes. Assuming that K. Hovnanian acquires the lots from the Hearthstone CS Landbank pursuant to the Hovnanian Option Agreement, K. Hovnanian anticipates buildout of Villages C-10 and C-13 according to the following schedule:

- Village C-10: April 2023
- Village C-13: October 2022

Hovnanian Option Agreement. On December 23, 2020, Oaks at Winding Creek – Roseville, L.P., a Delaware limited partnership (previously defined as “**Hearthstone CS Landbank**”) and K. Hovnanian entered into an Option and Development Agreement (the “**Hovnanian Option Agreement**”) regarding property that will contain 86 market-rate, single-

family lots in Villages C-10 and C-13 in Improvement Area No. 1 (the “**C-10/13 Property**”). Hearthstone, Inc. is the general partner of Hearthstone Professionals – CS, L.P., the managing member of Cal Hearthstone Public Builder Lot Option, LLC, the sole member of Cal Hearthstone PBLO GP, LLC, the general partner of the Hearthstone CS Landbank.

Pursuant to the terms of the Hovnanian Option Agreement, K. Hovnanian has the exclusive right and option to purchase the C-10/13 Property in consideration for (a) payment of an initial deposit, (b) the covenant of K. Hovnanian to timely pay option payments under the Hovnanian Option Agreement on a monthly basis in arrears, and (c) upon exercise of the option to acquire lots, the payment of the purchase price for each phase of lots acquired.

The lots are intended to be purchased in 22 phases according to the Takedown Schedule (each a “Phase”). K. Hovnanian may acquire lots ahead of schedule or purchase all remaining lots in a bulk purchase; provided, however, K. Hovnanian may be obligated to pay a premium for the early acquisition of such lots under certain circumstances, depending on the facts at the time of the acquisition of the lots. The Takedown Schedule is as follows:

Takedown Schedule for the C-10/13 Property		
Acquisition Date (20 th day of the Month)	Lots Scheduled to be Acquired	Lots Actually Acquired by K. Hovnanian
March 2021	2	2
June 2021	4	4
July 2021	4	4
August 2021	4	4
September 2021	4	4
October 2021	4	4
November 2021	4	--
December 2021	4	--
January 2022	4	--
February 2022	4	--
March 2022	4	--
April 2022	4	--
May 2022	6	--
June 2022	4	--
July 2022	4	--
August 2022	4	--
September 2022	4	--
October 2022	4	--
November 2022	4	--
December 2022	4	--
January 2023	4	--
February 2023	2	--
Totals	86	22

K. Hovnanian has the right under the Hovnanian Option Agreement to extend the closing date on any Phase for three (3) 30-day periods, which will automatically extend the deadline date for all subsequent acquisitions.

The Hovnanian Option Agreement expires on the earlier of (i) February 20, 2023 (subject to extension rights referenced above), or (ii) the date K. Hovnanian has acquired all of the Lots in accordance with the Hovnanian Option Agreement. The failure to timely acquire lots according to the Takedown Schedule could result in the termination of the Hovnanian Option Agreement, in which event K. Hovnanian will no longer have a right to purchase any of the remaining lots.

In the event of a termination of the Hovnanian Option Agreement, the Hearthstone CS Landbank will likely sell the remaining lots to another merchant builder.

Under the Hovnanian Option Agreement, K. Hovnanian is required to obtain the requisite governmental permits and approvals necessary to construct 86 finished lots on the C-10/13 Property and is required to construct all on-site and off-site improvements for a fixed-price according to schedules incorporated into the Hovnanian Option Agreement. The obligation of K. Hovnanian to construct 86 lots on the C-10/13 Property for a fixed-price is an obligation that is independent from their right to acquire lots. In other words, the obligation survives the expiration or termination of the Hovnanian Option Agreement.

During the term of the Hovnanian Option Agreement, K. Hovnanian is obligated to pay all real estate taxes on the C-10/13 Property.

Financing Plan. K. Hovnanian intends to finance the development of Villages C-10 and C-13 using internal sources (equity and home sales proceeds) and funds from a revolving credit facility from First Bank, a Missouri chartered bank (the “**First Bank Loan**”). The First Bank Loan is in the amount of \$4 million and matures on July 31, 2023. As property is acquired by K. Hovnanian from the Hearthstone CS Landbank, the property becomes security for the First Bank Loan by the recordation of a deed of trust in favor of First Bank. As lots are sold to homebuyers, a release price is paid per lot and the deed of trust is reconveyed on the lot sold. As of October 1, 2021, the First Bank Loan is in good standing.

By contrast, when Village C-17 is acquired, K. Hovnanian currently intends that it will not encumber Village C-17 with the lien of the deed of trust to secure repayment of the credit facility to First Bank.

Through October 1, 2021, K. Hovnanian has expended approximately \$6,709,000 on the development of Villages C-10 and C-13, including land acquisition (net of landbanking and financing), site development, home building, marketing and sales. K. Hovnanian anticipates expending an additional \$26,428,360 to complete the development of Villages C-10 and C-13 (assuming that it exercises the option to acquire the remaining lots from the Hearthstone CS Landbank pursuant to the Hovnanian Option Agreement).

Meritage

Ownership. As previously defined in this Official Statement, “Meritage” is Meritage Homes of California, Inc., a California corporation. Meritage is a subsidiary of Meritage Homes Corporation (“**Meritage Homes Corporation**”), a Maryland corporation. Meritage Homes Corporation is a homebuilder focused primarily on high-growth regions of the western and southern United States. Meritage Homes Corporation operates as a holding company, has no independent assets or operations, and is traded on the New York Stock Exchange (“**NYSE**”) under the ticker symbol MTH. Homebuilding, construction, development and sales activities are conducted through subsidiaries. As of December 31, 2020, Meritage Homes Corporation was actively selling homes in 195 communities, with base prices ranging from approximately \$191,000 to \$921,000. The company’s average sales price on both home closings and orders was approximately \$377,000 for the year ended December 31, 2020.

Meritage Homes Corporation is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements and other information with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Meritage Homes Corporation and its subsidiaries (e.g., see Meritage Homes Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 2, 2021 and Quarterly Report

on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the SEC on July 30, 2021) as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Meritage Homes Corporation. The address of such Internet website is www.sec.gov. All documents subsequently filed by Meritage Homes Corporation pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Meritage Homes Corporation's annual report, quarterly reports and current reports, including any amendments, will be available from Meritage Homes Corporation's website at www.meritagehomes.com.

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

Development Plan. Meritage plans to construct a total of 169 single-family detached homes in Improvement Area No. 1 in atwo neighborhoods known as "Trek at Winding Creek," planned for 74 single-family detached homes, and "Roam at Winding Creek" planned for 95 single-family detached homes.

The proposed product mix for the 74 homes planned to be constructed by Meritage within the Trek at Winding Creek neighborhood is set forth in the following tables.

**Village C-11
(as of October 1, 2021)**

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	1,628	4	\$605,950
Plan 2	1,740	5	615,950
Plan 3	1,910	5	625,950
Plan 4	2,320	5	645,950
Plan 5	2,541	5	662,950
Plan 6	2,771	5	680,950
Plan 7	2,948	5	695,950
Totals		34	

(1) Base sales prices are as of October 1, 2021. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Village C-14
(as of October 1, 2021)

Floor Plan	Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Plan 1	1,628	3	\$605,950
Plan 2	1,740	3	615,950
Plan 3	1,910	3	625,950
Plan 4	2,320	3	645,950
Plan 5	2,541	3	662,950
Plan 6	2,771	3	680,950
Plan 7	2,948	2	695,950
Totals		20	

(1) Base sales prices are as of October 1, 2021. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Village C-15
(as of October 1, 2021)

Floor Plan	Square Footage	Total Number of Planned Units⁽¹⁾	Projected Base Sales Price
Plan 1	1,628	3	\$605,950
Plan 2	1,740	3	615,950
Plan 3	1,910	3	625,950
Plan 4	2,320	3	645,950
Plan 5	2,541	3	662,950
Plan 6	2,771	3	680,950
Plan 7	2,948	2	695,950
Totals		20	

(1) Meritage has completed construction of 2 model homes located in this Village.

The proposed product mix for the 95 homes planned to be constructed by Meritage within the Roam at Winding Creek neighborhood is set forth in the following table.

Village C-12
(as of November 1, 2021)

Floor Plan	Square Footage	Total Number of Planned Units⁽¹⁾	Projected Base Sales Price
Plan 1	1,743	10	\$619,950
Plan 2	2,054	13	644,950
Plan 3	2,176	22	654,950
Plan 4	2,493	17	669,950
Plan 5	2,833	20	694,950
Plan 6	3,153	13	719,950
Totals		95	

(1) Base sales prices are estimated as of November 1, 2021. Initial base sales prices may be less than projected. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development - Trek at Winding Creek. Meritage held the grand opening of its Trek at Winding Creek project in April 2021. As of October 1, 2021, 17 homes had been conveyed to individual homebuyers and Meritage owned two completed model homes, 51 homes under construction and 4 finished lots without any vertical home construction thereon. As of October 1, 2021, Meritage had 33 homes in escrow, however, home under contract may not result in closed escrows as sales contracts are subject to cancellation.

Set forth below is the status of construction by Meritage within each village within the Trek at Winding Creek neighborhood as of October 1, 2021:

Villages C-11, C-14, and C-15
Status of Development – Trek at Winding Creek
(as of October 1, 2021)

	<u>Village C-11</u>	<u>Village C-14</u>	<u>Village C-15</u>	<u>Total</u>
Closed to Homeowners	0	17	0	17
Completed Homes Owned by Meritage (includes 2 models)	0	0	2	2
Homes Under Construction ⁽¹⁾	32	3	16	51
Finished Lots ⁽²⁾	2	0	2	4 ⁽³⁾
Total Projected Units	34	20	20	74
 Units under Contract to be Sold ⁽⁴⁾	 26	 3	 4	 33

(1) Under construction means that a building permit has been issued and vertical home construction has begun.

(2) Finished lots are lots without any vertical home construction.

(3) An additional 95 finished lots are within the recently acquired Village C-12 to be developed as the Roam at Winding Creek neighborhood described below.

(4) Units under contract to be sold are subject to cancellation.

Meritage anticipates buildout of Villages C-11, C14, and C-15 according to the following schedule:

- Village C-11: April 2022
- Village C-14: October 2021
- Village C-15: August 2022

Status of Development—Roam at Winding Creek. Meritage acquired the 95 lots within Village C-12 in August 2021 and held the grand opening of the Roam at Winding Creek neighborhood in November 2021. As of November 11, 2021, 20 homes were under construction (including 2 models) and the remaining 75 lots were in finished lot condition. As of November 11, 2021, Meritage had 2 homes in escrow, however, home under contract may not result in closed escrows as sales contracts are subject to cancellation. Meritage anticipates buildout of Village C-12 by April, 2023.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Meritage reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”

Financing Plan. Meritage intends to finance the development of its Trek at Winding Creek neighborhood within Villages C-11, C-14, and C-15 using internal sources (which may include funding from its parent company and home sales proceeds). Through October 1, 2021, Meritage has expended approximately \$13,356,832 on the development of Villages C-11, C14, and C-15, including land acquisition, site development, home building, marketing and sales. Meritage anticipates expending an additional \$15,909,193 to complete the development of Villages C-11, C14, and C-15.

Meritage intends to finance the development of its Roam at Winding Creek neighborhood within Village C-12 using internal sources (which may include funding from its parent company and home sales proceeds). Through November 1, 2021, Meritage has expended approximately \$21,190,147 on the development of Village C-12, including land acquisition, site development, home building, marketing and sales. Meritage anticipates expending an additional \$22,605,076 to complete the development of Village C-12.

No assurance can be given that amounts necessary to fund the planned development by Meritage in Improvement Area No. 1 will be available when needed. Neither Meritage nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Meritage in Improvement Area No. 1. Any contributions by Meritage or any other entity or person to fund the costs of such development are entirely voluntary. Meritage has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Meritage’s control, or a decision by Meritage to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Meritage’s parent company, is inadequate to pay the costs to complete the planned development by Meritage within Improvement Area No. 1 and other financing by Meritage is not put into place, there could be a shortfall in the funds required to

complete the proposed development by Meritage in Improvement Area No. 1 and the remaining portions of Meritage's project in Improvement Area No. 1 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

COVID-19 Impact. The development of Meritage's planned development within Improvement Area No. 1 may be subject to delays caused by the COVID-19 pandemic and related public health and governmental authorities' orders and actions. As the impacts caused by the outbreak evolve, there could be an adverse impact on the timing and costs of the planned development within Improvement Area No. 1. See "SPECIAL RISK FACTORS – COVID-19 Pandemic" herein.

Meritage cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under any shelter in place orders) or whether any such effects would have a material adverse effect on its ability to develop and/or sell homes in Improvement Area No. 1.

Richmond American

Ownership. Richmond American Homes of Maryland, Inc., a Maryland corporation (previously defined as "**Richmond American**"), is a subsidiary of M.D.C. Holdings, Inc., a Delaware corporation ("**MDC**"). MDC is a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol "MDC." Richmond American and its predecessor entities have been building homes in California since 1986. Richmond American's Sacramento Division, which is based in Roseville, California, is responsible for the development of Richmond American's property in the Improvement Area.

MDC has two primary operations: homebuilding and financial services. MDC's homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name "Richmond American Homes." MDC's financial services operations include subsidiary companies that provide mortgage financing, place title insurance and homeowner's insurance for Richmond American's homebuyers and provide general liability insurance for MDC subsidiaries and most of Richmond American's subcontractors.

MDC is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith is obligated to file reports, proxy statements and other information, including financial statements, with the SEC. Such filings, including particularly MDC's annual report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 2, 2021, and its quarterly report on Form 10-Q for the quarterly period ended September 30, 2021, as filed with the SEC on October 28, 2021, set forth certain data relative to such consolidated results of operations and financial position of MDC and its subsidiaries as of such dates. The SEC maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including MDC. The address of such internet website is www.sec.gov. All documents subsequently filed by MDC pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of MDC's annual report and related financial statements, prepared in accordance with generally accepted accounting standards, are also available from MDC on MDC's website at www.mdcholdings.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part

of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites, and such sites have not been reviewed by the City or the Underwriter. Neither Richmond American nor MDC is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Richmond American acquired the land within Village C-16 on October 26, 2021 and plans to construct 71 single-family detached homes in Village C-16 in a neighborhood known as “Windsong at Winding Creek.”

The proposed product mix for the 71 homes planned to be constructed by Richmond American within Village C-16 is set forth in the following table.

**Windsong at Winding Creek – Village C-16
(as of November 1, 2021)**

Floor Plan	Approx. Square Footage	Total Number of Planned Units	Projected Base Sales Price⁽¹⁾
Peridot	1,597	17	\$603,950
Emerald	2,096	18	\$641,950
Pearl	2,381	18	\$656,950
Moonstone	2,639	18	\$679,950
Total		71	

(1) Base sales prices are as of November 1, 2021. Base sales prices exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Status of Development. Richmond American began marketing its homes within the Windsong at Winding Creek project in Improvement Area No. 1 on October 30, 2021. As of November 1, 2021, Richmond American had entered into four (4) sales contracts with individual homebuyers. However, homes under contract may not result in closed escrows as sales contracts are subject to cancellation. Initial building permits for the models were issued on October 28, 2021, with model home construction expected to begin on November 15, 2021. Building permits for the first phase of production homes are expected to be issued in December 2021, with phase 1 home construction expected to commence soon thereafter. Richmond American anticipates buildout of Village C-16 by January, 2024.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Richmond American reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”

Financing Plan. Richmond American intends to finance the development of Village C-16 using internal sources (which may include home sales proceeds). Through November 1, 2021,

Richmond American has expended approximately \$11,375,000 on land acquisition costs, direct and indirect home construction costs (including all required fees), and marketing and sales costs (exclusive of corporate overhead allocation and internal financing repayment) related to its Windsong at Winding Creek project in Improvement Area No. 1. Richmond American anticipates expending an additional approximately \$26,750,000 in remaining direct and indirect home construction costs (including all required fees), and marketing and sales costs (exclusive of corporate overhead allocation and internal financing repayment) between November 1, 2021 and full build-out of the homes that are proposed to be constructed by it within Village C-16 in Improvement Area No. 1.

No assurance can be given that amounts necessary to fund the planned development by Richmond American in Improvement Area No. 1 will be available when needed. Neither Richmond American nor any other entity or person is under any legal obligation of any kind to expend funds for the development of the property as planned by Richmond American in Improvement Area No. 1. Any contributions by Richmond American or any other entity or person to fund the costs of such development are entirely voluntary. Richmond American has no legal obligation to Bond holders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Many factors beyond Richmond American's control, or a decision by Richmond American to alter its current plans, may cause the actual sources and uses to differ from the projections.

If and to the extent that internal funding, including but not limited to home sales revenues and corporate financing from Richmond American's parent company, is inadequate to pay the costs to complete the planned development by Richmond American within Improvement Area No. 1 and other financing by Richmond American is not put into place, there could be a shortfall in the funds required to complete the proposed development by Richmond American in Improvement Area No. 1 and the remaining portions of Richmond American's project in Improvement Area No. 1 may not be developed. See "SPECIAL RISK FACTORS – Property Values and Property Development" herein.

COVID-19 Impact. The development of Richmond American's planned development within Improvement Area No. 1 may be subject to delays caused by the COVID-19 pandemic and related public health and governmental authorities' orders and actions. As the impacts caused by the outbreak evolve, there could be an adverse impact on the timing and costs of the planned development within Improvement Area No. 1. See "SPECIAL RISK FACTORS – COVID-19 Pandemic" herein.

Richmond American cannot predict the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under any shelter in place orders) or whether any such effects would have a material adverse effect on its ability to develop and/or sell homes in Improvement Area No. 1.

VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1

The Appraisal

General. Integra Realty Resources, Sacramento, California (the “**Appraiser**”) prepared an appraisal report with a date of value of September 1, 2021 (the “**Appraisal**”). The Appraisal was prepared at the request of the City. The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Property Appraised. The appraised properties consist of all of the taxable property in the initial boundary of Improvement Area No. 1, which is developing into 807 taxable residential units (544 LDR/MDR units and 263 HDR market-rate units). Of these units, 375 LDR/MDR units have been transferred to the Merchant Builders and homebuilding and home sales are underway. A commercial parcel located within Improvement Area No. 1 (C-70) and Village C-43 is not part of the property appraised because they are not subject to the Special Tax. The appraised property includes two multi-family parcels.

Value Estimates. The Appraisal provides a market value of the appraised property as of the date of value (based on the hypothetical condition the improvements to be financed by the 2021 Bonds were in place as of the date of valuation). The valuation accounts for the impact of the lien of the Special Tax and represents the hypothetical market value (based on the hypothetical condition) of all the land in Improvement Area No. 1. The property appraised excludes property in Improvement Area No. 1 designated for public and quasi-public purposes.

The aggregate value estimate for the appraised properties as of the date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions and the hypothetical condition set forth in the Appraisal, and based on the ownership of the property as of that date, is \$108,982,000. For information on how the values were allocated among parcels and ownership, see APPENDIX B.

Hypothetical Condition. *The value estimate is subject to a hypothetical condition, defined as that which is contrary to what exists but is supposed for the purposes of analysis. For purposes of the hypothetical condition, the Appraiser assumed that certain proceeds of the 2021 Bonds are available to finance the completion of certain infrastructure improvements.*

Extraordinary Assumptions. The estimate of value set forth in the Appraisal is based on a number of extraordinary assumptions, including the following:

- According to the cost budget provided to the Appraiser, the Master Developer is obligated to complete significant infrastructure improvements benefitting both the land in Improvement Area No. 1, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard, Westpark Drive, Westbrook Boulevard and Creekpark Drive. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent of the Appraisal is to capture the increment of benefit associated with completion of the area wide improvements by the Master Developer; should such credits/reimbursements not be received by the Master Developer, the estimate of value would likely be negatively impacted.

- According to the cost budget provided to the Appraiser, the remaining infrastructure cost for Improvement Area No. 1 is \$2,643,386. However, the Master Developer is completing significant infrastructure improvements benefitting both the property in Improvement Area No. 1, but also the balance of the Creekview master planned community. The Appraiser assumed a cost sharing agreement would be put into place to allocate applicable costs and benefits among Improvement Area No. 1 and the other other properties, and further assumed the allocation would be pro rata. Considering the proportionate share of costs for Improvement Area No. 1, remaining infrastructure costs for such land were estimated at \$784,046, which was considered in the estimate of value. However, approximately \$4,500,000 in bond proceeds were projected to be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs were accounted for in the Appraiser's analysis. If the cost estimates or input factors were discernibly different than reported, the values in the Appraisal could be affected.

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value. For example, the Appraiser has assumed that there is no adverse soil conditions, toxic substances or other environmental hazards that would interfere or inhibit development of the appraised property. Should future conditions and events reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "APPENDIX B – THE APPRAISAL."

Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Exposure Time. Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the Appraisal. Based on the Appraiser's review of recent sales transactions for similar properties and its analysis of supply and demand in the local land market, the Appraiser's opinion was that the probable exposure time for the appraised property at the concluded market value stated previously is 12 months.

Marketing Time. Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As the Appraiser foresees no significant changes in market conditions in the near term, the Appraiser's opinion was that a reasonable marketing period for the appraised property in bulk is likely to be the same as the exposure time. Accordingly, the Appraiser estimated the marketing period at 12 months.

No assurance can be given that a sale of the property in bulk through foreclosure could be achieved or attained over an extended period of time; real estate is cyclical in nature, and it is impossible to accurately forecast and project specific demand over a particular period. See "SPECIAL RISK FACTORS – Property Values and Property Development."

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout Improvement Area No. 1; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2021 Bonds are outstanding in that the City has no control over the market value of the property within Improvement Area No. 1 or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See “–Overlapping Liens and Priority of Lien” below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see “SPECIAL RISK FACTORS” herein.

Value to Special Tax Burden Ratios

In comparing the value of the real property within Improvement Area No. 1 and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within Improvement Area No. 1 cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within Improvement Area No. 1 unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of Improvement Area No. 1 could, without the consent of the City and in certain cases without the consent of the owners of the land within Improvement Area No. 1, impose additional taxes or assessment liens on the land within Improvement Area No. 1. Property owners can also voluntarily add Property Assessed Clean Energy (PACE) assessment liens on their property to finance energy efficiency improvements. The lien created on the land within Improvement Area No. 1 through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Master Developer and subsequent merchant homebuilders, and home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within Improvement Area No. 1, however, will be subordinate to the lien of the Special Tax.

Appraised Value to Lien Ratios by Development Status and Land Use. The following table sets forth appraised value, maximum special facilities tax, allocable debt, and value to lien ratios by development status and land use in Improvement Area No. 1 as of September 1, 2021 (the Appraiser’s date of value), based on the assumptions detailed therein.

Table 7
City of Roseville
Creekview CFD 1 (Public Facilities) Improvement Area No. 1 - Series 2021 Bonds
Value to Lien Ratios – By Land Use and Development Status
CFD Debt Allocated by Projected Special Tax Levy

Development Status ⁽¹⁾⁽²⁾ / Land Use ⁽³⁾	No. of Parcels	Planned Units ⁽³⁾	Appraised Value ⁽⁴⁾	FY 2022-23 Maximum Tax ⁽⁵⁾	Projected FY 2022-23 Special Tax Levy ⁽⁶⁾⁽⁷⁾	Allocable Debt CFD Bonds ⁽⁸⁾⁽⁹⁾	% of Total CFD Bonded Debt ⁽⁹⁾	Overlapping Debt ⁽¹⁰⁾	Total Direct & Overlapping Debt	Average Value to Lien Ratio ⁽⁸⁾
<u>Phase 1 - Single Family</u>										
Homes Completed & Sold ⁽¹¹⁾	33	33	\$18,800,000	\$76,630	\$74,986	\$1,381,162	5.9%	\$83,999	\$1,465,161	12.83
Homes Completed	5	5	2,980,000	12,299	12,036	221,682	0.9%	12,920	234,602	12.70
<u>Homes Partially Completed ⁽¹²⁾</u>										
LDR	70	70	\$16,808,000	\$179,769	175,912	\$3,240,123	13.8%	\$186,543	\$3,426,666	4.91
MDR	44	44	9,460,000	89,184	87,270	1,607,430	6.9%	105,992	1,713,422	5.52
Subtotal	114	114	\$26,268,000	\$268,953	\$263,182	\$4,847,553	20.7%	\$292,535	\$5,140,088	5.11
<u>Finished Lots</u>										
LDR	68	68	\$10,064,000	\$174,632	\$170,886	\$3,147,548	13.5%	\$174,870	\$3,322,418	3.03
MDR	60	60	8,040,000	121,614	119,006	2,191,959	9.4%	144,534	2,336,493	3.44
Subtotal	128	128	\$18,104,000	\$296,246	\$289,892	\$5,339,507	22.8%	\$319,404	\$5,658,911	3.20
<u>Phase 2 - Single Family</u>										
Finished Lots - LDR	95	95	\$15,390,000	\$243,972	\$238,738	\$4,397,310	18.8%	\$30,075	\$4,427,385	3.48
<u>Final Map Lots ⁽¹³⁾</u>										
LDR	107	107	\$14,265,133	\$274,789	\$268,894	\$4,952,759	21.1%	\$31,872	\$4,984,631	2.86
MDR	62	62	7,352,047	125,668	122,972	2,265,027	9.7%	11,615	2,276,642	3.23
Subtotal - Final Map Lots	169	169	\$21,617,180	\$400,457	\$391,866	\$7,217,786	30.8%	\$43,487	\$7,261,273	2.98
<u>Master Developer - Undeveloped HDR ⁽⁸⁾</u>										
HDR (C-41 & C-42) ⁽¹³⁾⁽¹⁴⁾	2	263	\$5,822,820	\$181,414	\$0	\$0	0.0%	\$13,815	\$13,815	N/A
Total	546	807	\$108,982,000	\$1,479,971	\$1,270,700	\$23,405,000	100.0%	\$796,235	\$24,201,235	4.50

See Footnotes on Following Page

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- (1) Status of home construction as of September 1, 2021 per Appraiser.
 - (2) Status of recordation of final subdivision maps and undeveloped status of Large Lots approved for HDR uses as of September 1, 2021 per Master Developer.
 - (3) Land Use and planned number of residential units per the District's Special Tax Formula.
 - (4) Appraised Values as of September 1, 2021.
 - (5) Maximum Tax in this table refers to Maximum Annual Facilities Special Tax.
 - (6) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax
 - (7) The Projected FY 2022-23 Special Tax Levy shall be charged to the District's Developed Property only. Each of the District's 544 single family residential lots will be considered as Developed Property for the FY 2022-23 Special Tax levy.
 - (8) This table allocates the CFD Debt based upon each parcel's share of the District's Projected FY 2022-23 Special Tax Levy. Since the entire amount of the projected FY 2022-23 Special Tax Levy is expected to be charged only to the District's single family residential property while the District's less developed high density residential ("HDR") parcels are projected to receive no levy, no CFD Bonded Debt is allocated to the HDR parcels. The above Average Value to Lien Ratios are based upon CFD bonded debt and overlapping debt, except for Villages C-41 and C-42, which are shown as "N/A" since no CFD Bonded Debt is allocated to the HDR parcels.
 - (9) Represents the outstanding balance of the 2020 Bonds of \$10,905,000 together with the par amount of the 2021 Bonds.
 - (10) The overlapping debt liens of the District parcels as of October 1, 2021 as summarized under "Table 10 Direct and Overlapping Tax and Assessment Debt" from in the overlapping debt report prepared by California Municipal Statistics, Inc. No direct charges related to PACE liens were levied onto the District parcels in FY 2021-22.
 - (11) Represents homes within District sold to individual homeowners as of September 1, 2021 per Appraiser.
 - (12) A partially completed home represents a single family lot upon which a building permit has been issued together with construction towards the completion of either the structure's footings or more.
 - (13) The \$27,440,000 bulk appraised value of the Master Developer's properties has been allocated to the 169 single family lots and the 263 HDR units within Villages C-41 and C-42 based upon the appraiser's concluded value of \$31,008,000 of the properties prior to discounting. Therefore, the projected revenues from the sale of the multifamily properties expected to occur later in the absorption period were not considered.
 - (14) There are 127 proposed apartments in Village C-41 and 136 proposed apartments in Village C-42, all of which are now taxable, market rate units. There are also 116 proposed apartment rental units in Village C-43, all of which are now affordable housing units and exempt from the Special Tax. Parcels not subject to the Special Tax are excluded from these tables. See "Development Agreement – Specific Plan and Development Agreement Amendments" herein for the recent reallocation of affordable units within the Specific Plan.

Sources: Appraised Values and Bulk Value Allocation - Integra Realty Resources, Inc.; Development Status - Appraiser and Master Developer; Land Use and Number of Units - Special Tax Formula; Affordable Units - City Housing Department, PACE Liens Charges - County Tax Collector, Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services and Maximum Facilities Special Tax - Willdan Financial Services.

Table 8
City of Roseville
Creekview CFD 1 (Public Facilities) Improvement Area No. 1 - Series 2021 Bonds
Value to Lien Ratios by Ownership and Development Status as of September 1, 2021
CFD Debt Allocated by Projected Special Tax Levy

Ownership ⁽¹⁾ / Development Status ⁽²⁾ / Land Use ⁽³⁾	No. of Parcels	No. of Units ⁽³⁾	Appraised Value ⁽⁴⁾	FY 2022-23 Maximum Tax ⁽⁵⁾	Projected FY 2022-23 Special Tax Levy ⁽⁶⁾⁽⁷⁾	Allocable Debt CFD Bonds ⁽⁸⁾⁽⁹⁾	% of Total CFD Bonded Debt ⁽⁹⁾	Overlapping Debt ⁽¹⁰⁾	Total Direct & Overlapping Debt	Average Value to Lien Ratio ⁽⁸⁾
Individual Homeowners - Completed Homes ⁽¹¹⁾	33	33	\$18,800,000	\$76,630	\$74,986	\$1,381,162	5.9%	\$83,999	\$1,465,161	12.83
<u>Meritage Homes</u>										
Homes Completed	2	2	\$1,190,000	\$5,136	\$5,026	\$92,575	0.4%	\$5,368	\$97,943	12.15
Homes Partially Completed ⁽¹²⁾	58	58	14,036,000	148,951	145,756	2,684,673	11.4%	155,684	2,840,357	4.94
Finished Lots	95	95	15,390,000	243,972	238,738	4,397,310	18.8%	30,075	4,427,385	3.48
Subtotal	155	155	\$30,616,000	\$398,059	\$389,520	\$7,174,558	30.6%	\$191,127	\$7,365,685	4.16
<u>D.R. Horton</u>										
Homes Completed	1	1	\$530,000	\$2,027	\$1,984	\$36,533	0.2%	\$2,409	\$38,942	13.61
Homes Partially Completed ⁽¹²⁾	44	44	9,460,000	89,184	87,270	1,607,430	6.9%	105,991	1,713,421	5.52
Finished Lots	60	60	8,040,000	121,614	119,006	2,191,959	9.4%	144,534	2,336,493	3.44
Subtotal	105	105	\$18,030,000	\$212,825	\$208,260	\$3,835,922	16.5%	\$252,934	\$4,088,856	4.41
<u>K. Hovnanian Homes</u>										
Homes Completed	2	2	\$1,260,000	\$5,136	\$5,026	\$92,575	0.4%	\$5,143	\$97,718	12.89
Homes Partially Completed ⁽¹²⁾	12	12	2,772,000	30,818	30,156	555,449	2.4%	30,860	586,309	4.73
Finished Lots	68	68	10,064,000	174,632	170,886	3,147,548	13.4%	174,870	3,322,418	3.03
Subtotal	82	82	\$14,096,000	\$210,586	\$206,068	\$3,795,572	16.2%	\$210,873	\$4,006,445	3.52
<u>Master Developer - Final Map Lots ⁽¹³⁾</u>										
C-16 LDR ⁽¹⁴⁾	71	71	\$9,465,649	\$182,337	\$178,425	\$3,286,410	14.0%	\$20,756	\$3,307,166	2.86
C-17 LDR ⁽¹⁵⁾	36	36	4,799,484	92,452	90,469	1,666,349	7.1%	11,116	1,677,465	2.86
C-25 MDR ⁽¹⁴⁾	62	62	7,352,047	125,668	122,972	2,265,027	9.7%	11,615	2,276,642	3.23
Subtotal – Final Map Lots	169	169	\$21,617,180	\$400,457	\$391,866	\$7,217,786	30.8%	\$43,487	\$7,261,273	2.98
Master Developer - Undeveloped HDR ⁽⁸⁾⁽¹³⁾	2	263	\$5,822,820	\$181,414	\$0	\$0	0.0%	\$13,815	\$13,815	N/A
Total	546	807	\$108,982,000	\$1,479,971	\$1,270,700	\$23,405,000	100.0%	\$796,235	\$24,201,235	4.50

See Footnotes on Following Page

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- (1) Status of home construction as of September 1, 2021, per Appraiser.
 - (2) Status of recordation of final subdivision maps and undeveloped status of Large Lots approved for HDR uses as of September 1, 2021, per Master Developer.
 - (3) Land Use and planned number of taxable residential units per the District's Special Tax Formula.
 - (4) Appraised Values as of September 1, 2021.
 - (5) Maximum Tax in this table refers to the District's Maximum Annual Facilities Special Tax.
 - (6) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax.
 - (7) The Projected FY 2022-23 Special Tax Levy is expected to be charged to Developed Property only. Each of the District's 544 single family residential lots will be considered as Developed Property for the FY 2022-23 Special Tax levy.
 - (8) This table allocates CFD Debt based upon each parcel's share of the District's Projected FY 2022-23 Special Tax Levy. Since the entire amount of the projected FY 2022-23 Special Tax Levy is expected to be charged only to the District's single family residential property while the District's less developed high density residential ("HDR") parcels are projected to receive no levy, no CFD Bonded Debt is allocated to the HDR parcels. As such, "average value to lien ratio" of HDR parcels C-41 and C-42 are shown as "N/A".
 - (9) Represents the outstanding balance of the 2020 Bonds of \$10,905,000 together with the par amount of the 2021 Bonds.
 - (10) Represents the overlapping debt liens of the District parcels as of Oct 1, 2021 as summarized under "Table 10 Direct and Overlapping Tax and Assessment Debt" from the overlapping debt report prepared by California Municipal Statistics, Inc. No direct charges related to PACE were levied onto the District parcels in FY 2021-22.
 - (11) Represents homes within the District sold to individual homeowners as of September 1, 2021, per Appraiser.
 - (12) A partially completed home represents a single family lot upon which a building permit has been issued together with construction towards the completion of either the structure's footings or more.
 - (13) The \$27,440,000 bulk appraised value of the Master Developer held properties has been allocated to its 169 single family lots and 263 approved HDR units based upon the appraiser's concluded value of \$31,008,000 of these properties prior to discounting. Therefore, the projected revenues from the sale of the multifamily properties expected to occur later in the absorption period were not considered.
 - (14) According to the Master Developer; the 62 lots in Village C-25 were acquired by the Hearthstone PI Landbank; on October 21, 2021 and are under option by D.R. Horton. On October 26, 2021, Richmond American closed on the 71 lots in Village C-16. See "IMPROVEMENT AREA NO. 1 PLANNED DEVELOPMENT
 - (15) The 36 lots of C-17 are reported as being under contract with K. Hovnanian. See Table 3 for further information.

Sources: Ownership - Integra Realty Resources, Inc. and Master Developer; Appraised Values and Bulk Value Allocation - Integra Realty Resources, Inc.; Development Status - Appraiser and Master Developer; Land Use and Number of Units - Special Tax Formula; Affordable Unit Information - City Housing Department; Status of Closed Sales and Purchases Under Contracts - Master Developer; PACE Liens Charges - County Tax Collector, Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services and Maximum Facilities Special Tax - Willdan Financial Services.

Appraised Value to Lien Ratio Categories. The appraised value of all taxable property within Improvement Area No. 1 is \$108,982,000. The principal amount of direct and overlapping bonded debt in Improvement Area No. 1 (including the 2020 Bonds and the 2021 Bonds) is \$24,201,235. Consequently, the estimated value of the taxable property is approximately 4.50 times the principal amount of the direct and overlapping bonded debt. The following table sets forth the appraised value, maximum facilities special tax, and allocable debt by value to lien ratio range categories.

Table 9
City of Roseville
Creekview CFD 1 (Public Facilities) Improvement Area No. 1 - Series 2021 Bonds
Average Value to Lien Ratio Categories
CFD Debt Allocated by Projected Special Tax Levy

Average Value-to-Lien Ratio Category	Planned Units ⁽¹⁾	Appraised Value ⁽²⁾	FY 2022-23 Maximum Tax ⁽³⁾	Projected FY 2022-23 Special Tax Levy ⁽⁴⁾⁽⁵⁾	Allocable Debt CFD Bonds ⁽⁶⁾⁽⁷⁾	Percent of Allocated CFD Bonded Debt ⁽⁷⁾	Overlapping Debt ⁽⁸⁾	Total Direct & Overlapping Debt	Average Value-to-Lien Ratios ⁽⁷⁾
10:1 to 14.99:1	38	\$21,780,000	\$88,929	\$87,021	\$1,602,845	6.9%	\$96,919	\$1,699,764	12.81
5:1 to 5.99:1	44	9,460,000	89,184	87,270	1,607,430	6.9	105,991	1,713,421	5.52
4:1 to 4.99:1	70	16,808,000	179,769	175,912	3,240,123	13.8	186,543	3,426,666	4.91
3:1 to 3.99:1	285	40,846,047	665,887	651,602	12,001,843	51.3	361,095	12,362,938	3.30
2:1 to 2.99:1	107	14,265,133	274,789	268,895	4,952,759	21.2	31,872	4,984,631	2.86
N/A ⁽⁷⁾	263	5,822,820	181,413	0	0	0.0	13,815	13,815	N/A
Total	807	\$108,982,000	\$1,479,971	\$1,270,700	\$23,405,000	100.0%	\$796,235	\$24,201,235	4.50

(1) Planned number of taxable residential units per the District's Special Tax Formula.

(2) Appraised Values as of September 1, 2021. The \$27,440,000 bulk appraised value of the Master Developer's properties have been allocated to the 169 single family lots and 263 approved HDR units based upon the appraiser's concluded value of \$31,008,000 of these properties prior to discounting. Therefore, the projected revenues from the sale of the multifamily properties expected to occur later in the absorption period were not considered.

(3) Maximum Tax in this table refers to the District's Maximum Annual Facilities Special Tax.

(4) Special Tax and the Projected Special Tax Levy in this table refer to Special Facilities Tax.

(5) The Projected FY 2022-23 Special Tax Levy is expected to be charged to Developed Property only. Each of the District's 544 single family residential lots will be considered as Developed Property for the FY 2022-23 Special Tax levy.

(6) Represents the outstanding balance of the 2020 Bonds of \$10,905,000 together with the par amount of the 2021 Bonds.

(7) This table allocates CFD Debt based upon each parcel's share of the District's Projected FY 2022-23 Special Tax Levy. Since the entire amount of the projected FY 2022-23 Special Tax Levy is expected to be charged only to the District's single family residential property while the District's less developed high density residential ("HDR") parcels are projected to receive no levy, no CFD Bonded Debt is allocated to the HDR parcels. As such, "average value to lien ratio" of HDR parcels C-41 and C-42 are shown as "N/A".

(8) Represents the overlapping debt liens of the District parcels as of Oct 1, 2021 as summarized under "Table 10 Direct and Overlapping Tax and Assessment Debt" from the overlapping debt report prepared by California Municipal Statistics, Inc. No direct charges related to PACE liens were levied onto the District parcels in FY 2021-22.

Sources: Number of Planned Units - Special Tax Formula; Appraised Values and Bulk Value Allocation - Integra Realty Resources, Inc.; PACE Liens Charges - County Tax Collector; Overlapping Debt - California Municipal Statistics, Inc, as compiled by Willdan Financial Services and Maximum Special Tax - Willdan Financial Services.

No History of Special Tax Collections

Fiscal Year 2021-22 was the first year in which the Special Tax was levied in Improvement Area No. 1 due to the capitalization of interest from 2020 Bond proceeds for the Fiscal Year 2020-21 tax levy.

Overlapping Liens and Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within Improvement Area No. 1, and payment of the Special Tax is secured by a lien on certain real property within Improvement Area No. 1. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in Improvement Area No. 1. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within Improvement Area No. 1.

Set forth below is an overlapping debt table showing the existing direct and overlapping bonded debt payable with respect to property within Improvement Area No. 1. This table has been prepared by California Municipal Statistics Inc. as of the date indicated, and is included for general information purposes only. The City has not reviewed the data for completeness or accuracy and makes no representations in connection therewith. In addition to bonded debt, property in Improvement Area No. 1 is also subject to special taxes authorized to be levied on behalf of the City's Creekview Community Facilities District No. 2 (Public Services) and Community Facilities District No. 3 (Municipal Services) for municipal services, which districts provide for escalating annual special taxes on residential property.

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Table 10
City of Roseville
Creekview Community Facilities District No. 1 (Public Facilities)
Improvement Area No. 1
Summary of Overlapping Debt
As of October 1, 2021

2021-22 Assessed Valuation: \$34,706,620 (Land and Improvement)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/21</u>
Sierra Joint Community College District SFID No. 4 General Obligation Bonds	0.045%	\$70,521
Roseville Joint Union High School District General Obligation Bonds	0.100	116,357
Roseville Joint Union High School District SFID No. 1 General Obligation Bonds	0.928	591,711
Roseville City School District General Obligation Bonds	0.168	17,647
City of Roseville Creekview Community Facilities District No. 1, IA1	100.000	10,905,000⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$11,701,236

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Placer County Certificates of Participation	0.039%	\$7,332
Placer County Office of Education Certificates of Participation	0.039	186
Sierra Joint Community College District Certificates of Participation	0.030	461
Roseville City School District General Fund Obligations	0.168	4,000
Placer Mosquito and Vector Control District Certificates of Participation	0.039	823
City of Roseville Certificates of Participation	0.129	23,520
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$ 36,322

COMBINED TOTAL DEBT \$11,737,558 ⁽²⁾

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$10,905,000)	31.18%
Total Direct and Overlapping Tax and Assessment Debt.....	33.47%
Combined Total Debt	33.58%

(1) Excludes the 2021 Bonds to be sold.

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

Sources: *California Municipal Statistics, Inc;* as compiled by *Willdan Financial Services*.

There can be no assurance that the Master Developer, its affiliates or any subsequent owner will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities; however, no other special districts are currently contemplated by the City or the Master Developer.

Private liens, such as deeds of trust securing loans obtained by the Master Developer, may be placed upon property in Improvement Area No. 1 at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Estimated Tax Burden on Single-Family Home

Based on estimated sales prices for representative LDR and MDR homes from the “Ability to Pay” section of the Appraisal, the Special Tax Administrator has projected that the overall tax burden for the representative LDR and MDR homes planned for Improvement Area No. 1 would be approximately 1.64% to 1.60% for fiscal year 2021-22, as shown in the following table.

Table 11
City of Roseville
Creekview CFD 1 (Public Facilities) - Series 2021 Bonds
Projected Overall Tax Burden for Representative Single-Family Residential Parcels
(Fiscal Year 2021-22)

Net Taxable Value	Land Use Designations	
	MDR	LDR
Projected Assessed Value - Representative Homes ⁽¹⁾	\$482,000	\$685,000
Less: Homeowner's Exemption	(7,000)	(7,000)
Net Taxable Value	\$475,000	\$678,000

FY 2019/20 Ad Valorem Property Taxes	Rate		
Base Property Tax	1.000000%	\$4,750	\$6,780
Sierra Coll SFID #4 B&I 2018 Series A	0.002390	11	16
Sierra Coll SFID #4 B&I 2018 Series B	0.011452	54	78
Rsvl City Elem B&I 2002 Series A Non Refunding	0.005429	26	37
Rsvl City Elem B&I 2002 Series A&B Ref 2011	0.004275	20	29
Rsvl High B&I 1992	0.002787	13	19
Rsvl High B&I 2004 Series C Non Refunding	0.000997	5	7
Rsvl High B&I 2004 A,B & C Ref 2013	0.021381	102	145
Rsvl High B&I 2008 SFID #1 11A Non-Ref 2016B	0.002541	12	17
Rsvl High B&I 2008 SFID #1 11A Ref 2016B	0.004543	22	31
Rsvl High B&I 2008 SFID #1 Series 2017	0.009998	47	68
Rsvl High B&I 2008 SFID #1 Series 2018	0.016979	81	115
Rsvl High B&I 2008 SFID #1 Series 2019	0.002531	12	17
Rsvl High B&I 2016 Series A	0.003553	17	24
Rsvl High B&I 2016 Series B	0.005553	26	38
Rsvl High B&I 2016 Series C	0.000774	4	5
Total FY 2021-22 Ad Valorem Property Tax Rate ⁽²⁾	1.095183%	\$5,202	\$7,425

Parcel Charges, Special Taxes and Assessments ⁽³⁾	Charges	Charges
Placer Mosquito & Vector ⁽⁴⁾	\$6	\$6
City of Roseville, Creekview CFD No. 1 (Public Facilities) ⁽⁵⁾	1,987	2,518
City of Roseville, Creekview CFD No. 2 (Public Services) ⁽⁶⁾	446	522
City of Roseville CFD No. 3 (Municipal Services) ⁽⁷⁾	286	488
Total Parcel Charges, Assessments, and Special Taxes	\$2,725	\$3,534

Total Projected Taxes and Direct Charges	\$7,927	\$10,960
Total Effective Projected Tax Rate	1.64%	1.60%

(1) Values of Representative MDR and LDR Homes from the Ability to Pay section of the Appraisal Report.

(2) The Aggregate 2021-22 Ad Valorem Property Tax Rate for TRA 005-073. Subject to change in subsequent years.

(3) Direct Charges include Parcel Charges, Fee, Assessments and Special Taxes not determined by assessed value; amount assumes no optional PACE related Special Taxes.

(4) Equal to FY 2021-22 mosquito & vector charges applied to sample homes within District.

(5) Equal to the applicable Maximum Public Facilities Special Tax for FY 2021-22.

(6) Equal to the Maximum Public Services Special Tax for FY 2021-22.

(7) Equal to the Maximum Municipal Services Special Tax for FY 2021-22.

Sources: Aggregate FY 2021-22 Ad Valorem Tax Rate, TRA 005-073 - Placer County Resolution 2021-283; Individual Ad Valorem Tax Rates - 2021-22 County Property Tax Bill, APN 496-540020; Mosquito & Vector charges - Placer County Tax Collector; Projected Assessed Values of Representative Homes - Integra Realty Resources, Inc; Maximum Special Tax Rates, Roseville CFD Nos. 1, 2 and 3 - Willdan Financial Services

SPECIAL RISK FACTORS

The purchase of the 2021 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the 2021 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the 2021 Reserve Account of the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent, nor is the City obligated to advance funds to pay such debt service on the 2021 Bonds. The 2021 Bonds are not general obligations of the City but are limited obligations of the City, payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the 2021 Reserve Account of the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." Any tax for the payment of the 2021 Bonds will be limited to the Special Tax to be collected within Improvement Area No. 1.

Concentration of Ownership

Land in Improvement Area No. 1 is currently mostly owned by the Master Developer and the Merchant Builders. Homebuilder activities are underway, however no assurance can be given that the Merchant Builders will complete homes on the lots that they own and sell the lots to individual homeowners on the timeline projected in this Official Statement or at all. In addition, no assurance can be given that the Master Developer will complete the sale of additional lots to merchant builders and others on the timeline projected by the Master Developer in this Official Statement.

Owners of property are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2021 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of the Master Developer, any of the Merchant Builders or any other future owner of significant property subject to the Special Taxes in Improvement Area No. 1 to pay installments of Special Taxes when due could cause the depletion of amounts in the 2021 Reserve Account of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to timely pay debt service on the 2021 Bonds. In that event, there could be a delay or failure in payments on the 2021 Bonds. See "– Bankruptcy and Foreclosure Delays" below and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Appraised Values

The Appraisal summarized in APPENDIX B estimates the market value of the taxable property within Improvement Area No. 1. This market value is merely the present opinion of the Appraiser, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City

has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer as of the date of valuation, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, in addition to hypothetical conditions, as set forth in the Appraisal (see APPENDIX B hereto). Some of the improvements to be financed by the 2021 Bonds were not in place as of the date of inspection; thus, the value estimate is subject to a hypothetical condition (of such improvements being in place)

In addition, the opinion is a present opinion. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the appraised property in Improvement Area No. 1 could be sold in a foreclosure for the estimated market value contained in the Appraisal. Such sale is the primary remedy available to Bondowners if that property should become delinquent in the payment of Special Taxes.

Property Values and Property Development

The value of Taxable Parcels within Improvement Area No. 1 is a critical factor in determining the investment quality of the 2021 Bonds. If a property owner defaults in the payment of the Special Tax, the City may bring an action to foreclose on the delinquent property in an attempt to obtain funds with which to pay debt service on the 2021 Bonds. Land development and land values could be adversely affected by economic and other factors beyond the City's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination.

The Appraisal information included as APPENDIX B sets forth certain assumptions of the Appraiser in estimating the market value of the property within Improvement Area No. 1 as of the date indicated. No assurance can be given that the land values are accurate if these assumptions are incorrect or that the values will not decline in the future if one or more events, such as natural disasters or adverse economic conditions, occur. See "Appraised Values" above.

Neither the City nor the Underwriter has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the City is issuing the 2021 Bonds without regard to any such evaluation. Thus, the issuance of the 2021 Bonds in no way implies that the City or the Underwriter has evaluated these risks or the reasonableness of these risks.

The following is a discussion of specific risk factors that could affect the timing or scope of property development in Improvement Area No. 1 or the value of property in Improvement Area No. 1. See also “– Covid-19 Pandemic” below.

Land Development. Land values are influenced by the level of development in the area in many respects.

First, undeveloped or partially developed land is generally less valuable than developed land and provides less security to the owners of the 2021 Bonds should it be necessary for the City to foreclose on undeveloped or partially developed property due to the nonpayment of Special Taxes.

Second, failure to complete development on a timely basis could adversely affect the land values of those parcels that have been completed. Lower land values would result in less security for the payment of principal of and interest on the 2021 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See “VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1 – Value to Special Tax Burden Ratios.” No assurance can be given that the proposed development within Improvement Area No. 1 will be completed, and in assessing the investment quality of the 2021 Bonds, prospective purchasers should evaluate the risks of noncompletion.

Neither the Master Developer nor the Merchant Builders provide any assurances to the City that the project will be developed or that sources of financing that will actually be available will be sufficient to complete the currently projected development. Neither the Master Developer nor the Merchant Builders have any obligation to the City or to owners of the 2021 Bonds to complete the project overall or their particular developments therein.

Risks of Real Estate Investment Generally. Continuing development of land within Improvement Area No. 1 may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water or electricity shortages, and other similar factors. Development in Improvement Area No. 1 may also be affected by development in surrounding areas, which may compete with development in Improvement Area No. 1. In addition, land development operations are subject to comprehensive federal, state and local regulations, including environmental, land use, zoning and building requirements. There can be no assurance that proposed land development operations within Improvement Area No. 1 will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development, or future growth control initiatives. There can be no assurance that land development operations within Improvement Area No. 1 will not be adversely affected by these risks. See also “– COVID-19 Pandemic” below.

Natural Disasters. The value of the parcels in Improvement Area No. 1 in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in Improvement Area No. 1 and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding Improvement Area No. 1, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity, however, Improvement Area No. 1 is not located in a seismic special studies zone.

Other natural disasters could include, without limitation, landslides, floods, droughts, wildfires or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. Although the land in Improvement Area No. 1 is not in a high-

risk area (or a special fire hazard severity zone) for wildfires, landslides, floods, or tornadoes, natural disasters such as these are unpredictable and may occur anywhere throughout the State, with devastating consequences. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels may well depreciate.

Drought. California has been subject to droughts from time-to-time in the past. Although the City does not believe any future drought would impact development in Improvement Area No. 1, no assurances can be given in this regard.

The City employs a portfolio approach to its water supplies which includes the use of surface water, groundwater and recycled water. This portfolio approach is designed to provide a more reliable water supply. Surface water is the City's primary water supply which is delivered from the Folsom Reservoir under contracts with the Bureau of Reclamation and the Placer County Water Agency. The City also uses groundwater to supplement its surface water supplies during emergency and drought conditions. These ground water wells are designated to accommodate Aquifer Storage and Recovery ("**ASR**"). The City's ASR program allows for the storage of treated surface water in the groundwater basin through direct injection through the ASR wells. This water can be extracted later from the same wells for use during emergency or drought conditions. This water "banking" allows the City to use groundwater without significant impact to the ground water table when surface water supplies are limited. The City also uses recycled water generated from its wastewater treatment facilities for irrigation purposes in commercial landscaping, public rights-of way, parks and golf courses. The use of recycled water reduces the demand for treated water for these purposes and leaving more for domestic use. However, no assurance can be given that a future drought affecting homes in Improvement Area No. 1 would not result in decreased values.

The City indicates it has adequate surface water and groundwater supplies to satisfy the planned development of property in Improvement Area No. 1 in accordance with applicable law and regulations. However, in the event that the City's water supply is severely limited or cut off by virtue of future actions beyond its control resulting from ongoing or future drought conditions, development within Improvement Area No. 1 may be delayed or even stopped. The Development Agreement provides that should the City need to restrict development it must do so City-wide and cannot single out the Creekview property in restricting development activity. Any reduction or interruption in the water supply would also likely cause a reduction in the land value and thus a reduction in the security in the event of a need to foreclose on land within Improvement Area No. 1 following a delinquency in the payment of Special Taxes.

Legal Requirements. Other events that may affect the value of a parcel include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures. Development in Improvement Area No. 1 may also be adversely affected by the application of laws protecting endangered or threatened species.

Hazardous Substances. Any discovery of a hazardous substance detected on property within Improvement Area No. 1 would affect the marketability and the value of some or all of the property in Improvement Area No. 1. In that event, the owners and operators of a parcel within Improvement Area No. 1 may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as

“CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws. California laws with regard to hazardous substances are also applicable to property within Improvement Area No. 1 and are as stringent as the federal laws. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels be contaminated by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The values set forth in the Appraisal do not take into account the possible reduction in marketability and value of any of the parcels within Improvement Area No. 1 by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition on a parcel. Although the City is not aware that the owner (or operator) of any of the property within Improvement Area No. 1 has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels within Improvement Area No. 1 resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel within Improvement Area No. 1 that is realizable upon a foreclosure sale.

Endangered and Threatened Species. It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Although the Master Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within Improvement Area No. 1, other than any that are permitted by the entitlements already received (which allow for the impact of development and specify the mitigation required), the discovery of an endangered plant or animal could delay development of vacant property in Improvement Area No. 1 or reduce the value of undeveloped property.

Levy and Collection of Special Taxes

General. The principal source of payment of principal of and interest on the 2021 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area No. 1.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the Maximum Annual Facilities Special Tax rate authorized in the Special Tax Formula. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2021 Bonds.

In addition to the Maximum Annual Facilities Special Tax rate limitation in the Special Tax Formula, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a

consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2021 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax Formula is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2021 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “– Tax Delinquencies” below. There is currently no history of tax levies in Improvement Area No. 1.

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2021 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the 2021 Reserve Account of the Reserve Fund is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within Improvement Area No. 1. See “– FDIC/Federal Government Interests in Properties” below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

FDIC/Federal Government Interests in Properties

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

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within Improvement Area No. 1 but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2021 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency,

reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2021 Bonds. To the extent that property in Improvement Area No. 1 continues to be owned by a limited number of property owners, the chances are increased that the 2021 Reserve Account of the Reserve Fund established for the 2021 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the 2021 Reserve Account of the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2021 Bonds on a timely basis.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the 2021 Reserve Account of the Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the 2021 Reserve Account of the Reserve Fund for transfer to the Bond Fund to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2021 Bonds on a timely basis.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on that property. The court upheld the priority of unpaid *ad valorem* taxes imposed before the bankruptcy petition (the "pre-petition taxes"), but unpaid taxes imposed after the filing of the bankruptcy petition ("post-petition taxes") were declared to be unsecured "administrative expenses" of the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit's holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") passed by Congress during the

later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition" by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within Improvement Area No. 1 who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term "*ad valorem* taxes."

Parity Taxes and Special Assessments; Private Debt

The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within Improvement Area No. 1.

Property in Improvement Area No. 1 is currently subject to certain overlapping tax and assessment liens, as shown in the overlapping debt statement. Property in Improvement Area No. 1 is also subject to the special tax of two additional community facilities districts formed to fund services and known as the Creekview Community Facilities District No. 2 (Public Services) and the City's Community Facilities District No. 3 (Municipal Services). The property is not subject to any other special tax or assessment liens (other than the lien of the Special Tax). See "VALUE OF PROPERTY WITHIN IMPROVEMENT AREA NO. 1 – Estimated Tax Burden on Single Family Home."

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of taxable property and may be secured by a lien on a parity with the lien of the Special Tax

securing the 2021 Bonds. The principal of and interest on the 2021 Bonds are payable from the Special Tax authorized to be collected within Improvement Area No. 1, and payment of the Special Tax is secured by a lien on certain real property within Improvement Area No. 1. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in Improvement Area No. 1. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure if unpaid. The City, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within Improvement Area No. 1. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of taxable property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” above.

There can be no assurance that property owners within Improvement Area No. 1 will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities. This includes PACE assessments which homeowners can request be placed on their home for financing energy improvements. In addition to liens for special taxes or assessments to finance public improvements of benefit to land within Improvement Area No. 1, owners of property may obtain loans from banks or other private sources which loans may be secured by a lien on the parcels in Improvement Area No. 1. Such loans would increase amounts owed by the owner of such parcel with respect to development of its property in Improvement Area No. 1. However, the lien of such private loans would be subordinate to the lien of the Special Taxes.

Tax Delinquencies

Under provisions of the Act, the Special Taxes will be billed to the properties within Improvement Area No. 1 on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax payments in the future.

The annual Special Tax will be billed and collected in two installments payable without penalty by December 10 and April 10. In the event such Special Taxes are not timely paid, moneys available to pay debt service on the 2021 Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the 2021 Reserve Account of the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the 2021 Reserve Account of the Reserve Fund, if available, may be used to pay principal of and interest on the 2021 Bonds. If funds in the 2021 Reserve Account of the Reserve Fund for the 2021 Bonds are depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid to the 2021 Bond holders pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within

Improvement Area No. 1 at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the 2021 Reserve Account of the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which the City is obligated to follow, in the event of delinquency in the payment of Special Taxes. See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology” for a discussion of a limitation imposed by the Act applicable to Special Tax increases on residential property.

No Acceleration Provisions

The 2021 Bonds do not contain a provision allowing for the acceleration of the 2021 Bonds in the event of a payment default or other default under the terms of the 2021 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a 2021 Bond holder is given the right for the equal benefit and protection of all 2021 Bond holders similarly situated to pursue certain remedies. So long as the 2021 Bonds are in book-entry form, DTC will be the sole 2021 Bond holder and will be entitled to exercise all rights and remedies of 2021 Bond holders.

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State’s constitutional initiative process, and those measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, the County or other local districts to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of Improvement Area No. 1. See “–Property Values and Property Development – Land Development” above. See also “–Voter Initiatives” below.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2021 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act”. Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26

amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote.

The levy of the Special Taxes and the issuance of special tax bonds of the City for Improvement Area No. 1 were each authorized by not less than a two-thirds vote of the landowners within Improvement Area No. 1 who constituted the qualified electors at the time of such voted authorization. The District believes, therefore, that issuance of the 2021 Bonds does not require the conduct of further proceedings under the Mello-Roos Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on Improvement Area No. 1 can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Case Law Related to the Mello-Roos Act

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego. The CCFD is a financing district established under the City’s charter (the “Charter”) and was intended to function much like a community facilities district established under the Mello-Roos Act. The CCFD was comprised of all of the real property in the entire City. However, the CCFD special tax was to be levied only on properties in the CCFD that were improved with a hotel.

At the election to authorize the CCFD special tax, the CCFD proceedings limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel was located. Registered voters in the City of San Diego were not permitted to vote. This definition of the qualified electors of the CCFD was based on Section 53326(c) of the Mello-Roos Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed community facilities district whose property would be subject to the special tax.

The *San Diego* Court held that the CCFD special tax election did not comply with the City’s Charter and with applicable provisions of the California Constitution -- specifically Article XIII A, section 4 (“Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district....”) and Article XIII C, section 2(d) (“No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.”) -- because the electors in the CCFD election should have been the registered voters residing within the CCFD (the boundaries of which were coterminous with the boundaries of the City of San Diego).

As to the District (including Improvement Area No. 1), there were no registered voters within the District (including Improvement Area No. 1) at the time of the election to authorize the Special Taxes. Significantly, the *San Diego* Court expressly stated that it was not addressing the validity of a landowner election to impose special taxes on residential property pursuant to the Mello-Roos Act in situations where there are fewer than 12 registered voters. Therefore, by its terms, the *San Diego* Court’s holding does not apply to the special tax election held for Improvement Area No. 1.

Moreover, Sections 53341 and 53359 of the Act establish a limited period of time in which special taxes levied under the Mello-Roos Act may be challenged by a third party:

53341. Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to [the Mello-Roos Act] shall be commenced within 30 days after the special tax is approved by the voters....

53359. An action to determine the validity of bonds issued pursuant to [the Mello-Roos Act] or the validity of any special taxes levied pursuant to [the Mello-Roos Act] ... shall be commenced within 30 days after the voters approve the issuance of the bonds or the special tax ...

Section 53326(b) of the Mello-Roos Act defines the authorized voters for an election in which the special taxes will be levied on residential property: "Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax...."

Landowner voters approved the Special Taxes and the issuance of bonds for Improvement Area No. 1 in compliance with all applicable requirements of the Mello-Roos Act in 2018. Therefore, pursuant to Sections 53341 and 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired. Because the *San Diego* Court expressly stated that it did not consider the facts presented by Improvement Area No. 1 and because the period for challenging the Special Taxes has passed, the City believes the Special Taxes are valid and cannot be challenged.

Changes in Tax Law

H.R. 1 of the 115th U.S. Congress, known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "**Tax Act**"). The Tax Act makes significant changes to many aspects of the Code that could have an impact on future property development. The Tax Act reduces the amount of mortgage interest expense and state local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within Improvement Area No. 1 and could adversely affect the sale of homes by merchant builders that purchase lots from the Master Developer. However, neither the City nor the Master Developer can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in Improvement Area No. 1, the rate at which homes in Improvement Area No. 1 are sold to individual homeowners, or the ability or willingness of homeowners to pay special taxes or property taxes on Taxable Property within Improvement Area No. 1. The appraised values do not take into account any of the potential impacts of the Tax Act on home values or home sales in Improvement Area No. 1.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the 2021 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2021 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the dissemination agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Potential Early Redemption of Bonds from Prepayments

Property owners within Improvement Area No. 1, including the Master Developer, the merchant builders and individual homeowners, are permitted to prepay their Special Tax obligation at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds.

COVID-19 Pandemic

The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, are likely to result in negative impacts to the homebuilding operations and sales of homes within the District. In addition, no assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Tax Revenues by the City for the payment of the 2021 Bonds. Finally, stock and municipal bond markets in the U.S. and globally have seen significant volatility attributed to coronavirus concerns; there can be no assurances that these or other concerns that emerge later will not materially adversely impact the secondary market for the 2021 Bonds.

There can be no assurances that the spread of the virus and the related shelter in place order and social distancing requirements currently imposed by the State of California, or other State or local mandates and/or other responses intended to slow its spread will not materially adversely impact the pace of homesales or the willingness of owners of land in Improvement Area No. 1 to pay the Special Taxes securing the 2021 Bonds.

As a measure to assist certain taxpayers impacted by COVID 19, on May 6, 2020 the Governor of the State issued Executive Order N-61-20 which waives penalties and interest on property tax installments for residential property occupied by the taxpayer and certain other real property which is used for a small business, subject to certain filing requirements and proof of economic hardship due to COVID-19 or any local, state or federal response to COVID-19. The order applies to taxes not delinquent prior to March 4, 2020, and waives and forgives penalties and interest through May 6, 2021.

Negative impacts on the collection of Special Taxes could occur because Special Tax payments are deferred and could be further deferred, or some taxpayers may be unable to make their property and special tax payments. Additionally the value of property on future property tax rolls could be reduced, which will not be known until the tax roll is released. At this time, there is no way to provide an estimate of the impact that the pandemic could have on future property taxes.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIII A of the California Constitution, commonly known as “**Proposition 13**,” provides that each county will levy the maximum *ad valorem* property tax permitted by Proposition 13 and will distribute the proceeds to local agencies in accordance with an allocation formula based in part on pre-Proposition 13 *ad valorem* property tax rates levied by local agencies.

Article XIII A limits the maximum *ad valorem* tax on real property to 1% of “full cash value,” which is defined as the County Assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect increases of no more than 2% per year or decreases in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within Improvement Area No. 1.

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending “appropriations subject to limitation” in excess of the appropriations limits imposed. “Appropriations subject to limitation” are authorizations to spend “proceeds of taxes,” which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not “proceeds of taxes” such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

CONTINUING DISCLOSURE

The City

The City has covenanted for the benefit of owners of the 2021 Bonds to provide certain financial information and operating data relating to Improvement Area No. 1 by not later than seven months after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2020-21 fiscal year (due February 1, 2022) and to provide notices of the occurrence of certain enumerated events.

The City Annual Report and notices of listed events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the City is summarized in "APPENDIX E – FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

The City believes it currently is in material compliance with all of its continuing disclosure undertakings for the last five years. Notwithstanding the foregoing, in the last five years, the City has not in a timely manner filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying rates for such obligations, including up to 365 days late. However, the City has submitted all undisclosed significant event notices of changes in ratings occurring during the last five years on all currently outstanding obligations.

The Merchant Builders

General. Although not obligated parties under the Rule, each of the Merchant Builders has voluntarily covenanted for the benefit of owners of the 2021 Bonds to provide certain information and operating data relating to the property it or its affiliates owns in Improvement Area No. 1 by not later than May 1st and November 1st of each year, beginning with the report due May 1, 2022 (the "**Merchant Builder Periodic Reports**") and to provide notices of the occurrence of certain enumerated events. The obligation of the Merchant Builders to provide such information is in effect until such time as the Merchant Builders and its affiliates no longer own property in Improvement Area No. 1 collectively responsible for 20% or more of the Special Taxes. The undertaking of each Merchant Builder includes a provision that if a portion of the Merchant Builder's property in Improvement Area No. 1 that is collectively responsible for 20% or more of the Special Taxes is sold, the reporting obligation may be assumed by the new owner and the Merchant Builder's obligations with respect to such property will be terminated, or if not so assumed, the Merchant Builder is to report such required information on behalf of such property until terminated.

Meritage Prior Continuing Disclosure Compliance. Meritage's Northern California Division is the division that will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. Meritage has advised the City that, except as described in the following paragraph, based on a review of prior continuing disclosure obligations in Northern California, Meritage has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years.

However, in connection with a continuing disclosure obligation entered into with respect to the \$14,735,000 Improvement Area No. 1 of the City of Dixon Community Facilities District No. 2019-1 (Homestead) Special Tax Bonds, Series 2020, Meritage was late in filing its first periodic report due June 15, 2021. The oversight was discovered in August 2021, and Meritage promptly filed a curative report on August 23, 2021 or approximately two months after the due date. Identification of the above-described event does not constitute a representation by Meritage that such event was material.

D.R. Horton Prior Continuing Disclosure Compliance. D.R. Horton's Sacramento Division is the division which will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. D.R. Horton has advised the City that, based on a review of prior continuing disclosure obligations in Northern California, encompassing D.R. Horton's Sacramento and Bay Area Divisions, D.R. Horton has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notice of listed events with respect to community facilities district or assessment district financings in Northern California within the past five years.

Prior Compliance by K. Hovnanian. Although the Underwriter has concluded that K. Hovnanian is not an obligated person under Rule 15c2-12, K. Hovnanian has agreed, for the benefit of the Bondowners to enter into a Developer Continuing Disclosure Certificate covenanting to provide certain information regarding the development of its property and notice of certain enumerated events as they occur.

Other than as set forth in this paragraph, to the Actual Knowledge of K. Hovnanian, K. Hovnanian is not aware of any material failures by it within the past five years to comply with previous undertakings to provide continuing disclosure reports or notices of certain listed material events with respect to community facilities districts or assessment districts in California. In connection with a continuing disclosure undertaking with respect to bonds issued in 2015 by the City of Chino Community Facilities District No. 2003 3, Improvement Area No. 6, K. Hovnanian's Sonata at the Preserve, LLC ("**Sonata**"), an affiliate of K. Hovnanian, was late in filing an annual report due by March 1, 2016. Upon discovery of the late filing, Sonata filed a curative annual report on April 14, 2016.

UNDERWRITING

The 2021 Bonds were purchased through negotiation by Piper Sandler & Co., as underwriter (the "**Underwriter**"). The Underwriter agreed to purchase the 2021 Bonds at a price of \$13,740,761.65, which is the principal amount thereof (\$12,500,000.00) plus original issue premium of \$1,378,261.65 and less Underwriter's discount of \$137,500.00. The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the 2021 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

MUNICIPAL ADVISOR

The City has retained Hilltop Securities Inc., Encino, California, as registered municipal advisor (the “**Municipal Advisor**”) in connection with the issuance of the 2021 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the 2021 Bonds.

LEGAL OPINION

The validity of the 2021 Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, a Professional Law Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D to this Official Statement, and the final opinion will be made available to registered owners of the 2021 Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the 2021 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2021 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2021 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2021 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2021 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the

2021 Bonds who purchase the 2021 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2021 Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2021 Bond (said term being the shorter of the 2021 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2021 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2021 Bond is amortized each year over the term to maturity of the 2021 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2021 Bond premium is not deductible for federal income tax purposes. Owners of premium 2021 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2021 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2021 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2021 Bonds, or as to the consequences of owning or receiving interest on the 2021 Bonds, as of any future date. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2021 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2021 Bonds, the ownership, sale or disposition of the 2021 Bonds, or the amount, accrual or receipt of interest on the 2021 Bonds.

NO RATINGS

The City has not applied to a rating agency for the assignment of a rating to the 2021 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the 2021 Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2021 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the 2021 Bonds, or in any way contesting or affecting the validity or enforceability of the 2021 Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2021 Bonds or any action of the City contemplated by any of said documents.

EXECUTION

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council of the City, as the legislative body of the District.

CITY OF ROSEVILLE

By: /s/ Dennis Kauffman
Assistant City Manager/
Chief Financial Officer

NO LITIGATION

At the time of delivery of and payment for the 2021 Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2021 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the 2021 Bonds, or in any way contesting or affecting the validity or enforceability of the 2021 Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2021 Bonds or any action of the City contemplated by any of said documents.

EXECUTION

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council of the City, as the legislative body of the District.

CITY OF ROSEVILLE

By: 
Assistant City Manager/
Chief Financial Officer

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APPENDIX A
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

City of Roseville
Creekview Community Facilities District No.
1 (Public Facilities)
Placer County, California

**RATE, METHOD OF APPORTIONMENT, AND
MANNER OF COLLECTION OF SPECIAL TAX**

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Creekview Community Facilities District No. 1 (Public Facilities) (CFD) of the City of Roseville (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"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 or other Development Plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or reasonably estimated costs related to the administration of the CFD, including, but not limited to, these:

- a. Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise).
- c. Costs of remitting the Special Taxes to the Trustee.
- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof, of complying with arbitrage rebate requirements.
- f. Costs to the City, CFD, or any designee thereof, of complying with City, CFD, or obligated persons disclosure requirements.
- g. Costs associated with preparing Special Tax disclosure statements.

- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means a City official in the Finance Department, or their designee responsible for determining or overseeing the levy and collection of the Special Taxes.

"Affordable Housing Director" means, at any point in time, the person in the City who serves as head of the department that is in charge of the City's affordable housing program.

"Affordable Unit" means a Unit built on a Residential Use Parcel for which an Affordable Unit agreement has been entered into for the property designating the Unit as affordable. A Multifamily Parcel may have only a portion of the Units assigned as Affordable Units. The City Manager, or his or her designee, shall determine which Units are designated as Affordable Units and maintain an Affordable Unit listing, which shall contain all designated buildable parcels by tract and lot number, and in the case of Large Lot Parcels remaining before May 1 of the preceding Fiscal Year, the number of designated Affordable Units for each such Large Lot Parcel; all entries shall indicate the effective date of designation. The Affordable Unit listing also shall be updated to reflect those Units no longer qualifying as Affordable Units, also known as Market-Rate Units. The Affordable Unit listing, which shall contain all qualifying Affordable Units as of April 30, shall be made available to the Administrator by July 1 of each year for purposes of determining the Maximum Annual Special Tax for Parcels pursuant to **Section 4**.

"Annexation Parcels" means a Parcel or Parcels annexed to the CFD after formation. Parcels annexed into the CFD after formation shall be placed into a new Improvement Area and will not be included in Improvement Area No. 1. The Maximum Annual Special Tax will be assigned to Parcels in the Future Annexation Area using the provisions of **Section 4**. Annexation Parcels may be assigned a different Maximum Annual Special Tax Rate or Maximum Annual Special Tax per Parcel using a methodology different from the other Parcels in the CFD and shall be placed in an area designated as a separate zone or improvement area of the CFD, all of which shall be set forth in revised attachments hereto as needed, without further CFD proceedings.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these:

- a. Debt Service to be paid from Facilities Special Taxes.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.

- d. The amount needed to (1) cure any delinquencies in the payment of principal or interest on Bonds, which have occurred in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency of the amount to be available for the payment of principal or interest on Bonds, which are expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- e. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.
- f. Authorized Pay-As-You-Go Costs.
- g. During the Deferral Bonding Period, the amount needed to pay Development Impact Fee Deferrals not financed by Bonds.
- h. Less any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

"Annual Maintenance Costs" means, for any Fiscal Year, the total of these:

- a. Authorized Services costs to be paid from Maintenance Special Taxes.
- b. Administrative Expenses for such Fiscal Year.
- c. The amount needed to (1) cure any delinquencies in the payment of the Maintenance Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Maintenance Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Maintenance Costs in the current or any previous Fiscal Year.
- d. Less any available earnings on any reserve fund, Maintenance Special Tax funds or any other available revenues of the CFD or the City that may be used to fund Annual Maintenance Costs.

"Assessor's Parcel" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in preparing the tax roll.

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

"Assessor's Parcel Number" means the Parcel and Parcel Number as assigned by the County Assessor on the equalized tax roll.

"Assigned Maximum Annual Special Tax" means the maximum Facilities Special Tax or Maintenance Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, or at annexation, as shown in **Attachment 1**.

"Authorized Facilities" means those facilities and fees to be financed, as identified in the resolution forming the CFD.

"Authorized Services" means those services authorized to be funded, as defined in the resolution forming the CFD.

"Base Year" means the Fiscal Year beginning July 1, 2019, and ending June 30, 2020.

"Bond(s)" means any bond(s) issued by the City for the CFD under the Act and any other debt, as defined in the Act, the City incurs to further the CFD's purposes.

"Bond Indenture(s)" means the indenture(s), resolution(s), fiscal agent agreement(s), or other financing document(s) pursuant to which any Bonds are issued.

"Building Permit" means a permit issued by the City for the construction of a Residential Use or Nonresidential Use structure.

"Business Professional" means a Parcel or Parcels zoned to provide for office uses and other uses that are related to and supportive of office uses.

"CFD" means Creekview Community Facilities District No. 1 (Public Facilities) of the City of Roseville, Placer County, California, including all Improvement Areas therein.

"Chief Financial Officer" or **"CFO"** means the Chief Financial Officer of the City, or his/her designee.

"City" means the City of Roseville in Placer County, California.

"Community Commercial" means a Parcel or Parcels zoned to serve the principal retail shopping needs of the entire community by providing areas for shopping centers, and other retail and service uses.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Placer, California.

"Debt Service" means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

"Deferral Bonding Period" means the period after the Initial Bonding Period has ended and during which the City finances the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Deferral Bonding Period.

"Developed Parcel" means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Final Small Lot Subdivision Map was recorded before May 1 of the preceding Fiscal Year.

- b. For Multifamily Parcels: All Parcels for which a Building Permit for new construction of a Residential Use structure was issued before May 1 of the preceding Fiscal Year.
- c. For all Nonresidential Use Parcels: All Parcels for which a Building Permit for new construction of a Nonresidential Use structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“Development Agreement” means the Development Agreement By and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennet West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks – Roseville, LP, and Chuang relative to the Creekview Specific Plan dated November 28, 2012, and assigned to Anthem United Developments, LP on May 24, 2019, or as may be amended from time to time.

“Development Impact Fee Deferral” means the deferred payment of development impact fees due to the City or the South Placer Regional Transportation Authority (SPRTA) for Developed Parcels, using the approach and amounts identified in the Development Agreement, which may be amended from time to time.

“Development Plan” means a condominium plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels, Multifamily Parcels, and Nonresidential Parcels.

“Expected Land Use(s)” means, for each Improvement Area, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 3** of this RMA, or as to Annexation Parcels, the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at the time of annexation as identified in a subsequent attachment to RMA.

“Facilities Special Tax” means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes are shown in **Attachments 2 and 3**, or as to Annexation Parcels, as shown in a subsequent attachment to the RMA.

“Final Use Small Lot Parcel” means a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map.

“Final Small Lot Subdivision Map” means a recorded map designating the final Parcel subdivision for individual Single-Family Parcels.

“Fiscal Year” means the period starting July 1 and ending the following June 30.

“Full Prepayment” means the fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

“High Density Residential” means, per the Creekview Specific Plan, a land use designation that primarily accommodates attached housing, but depending on the unit type, could also include detached housing, within the density range of 13.0 or greater dwelling units per gross

developable acre. Typical housing product types include, but shall not be limited to, detached townhomes, courtyard townhomes/condominiums, garden-style apartments, and podium design apartments/condominiums.

"Improvement Area" means an area within the CFD with its own distinct geographic area in which the provisions of this RMA shall apply. If there are more than one Improvement Areas, each Improvement Area shall have its own distinct number that is different from any other Improvement Area.

"Improvement Area No. 1" means the area designated as such on **Map 1**. The area included in Improvement Area No. 1 will be included in the initial boundaries of the CFD.

"Initial Bonding Period" means the period in which Bonds are outstanding which financed Authorized Facilities costs or refunded prior Bonds other than the Development Impact Fee Deferral. Each Improvement Area of the CFD will have its own Initial Bonding Period.

"Large Lot Parcel" means a Parcel created by a Large Lot Subdivision Map.

"Large Lot Subdivision Map" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

"Low Density Residential" means, per the Creekview Specific Plan, a land use designation that supports single-family detached homes on conventional lots within the density range of up to 6.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard, alley-loaded, or clustered, single-family detached units.

"Maintenance Special Tax" means the Special Tax authorized to fund Annual Maintenance Costs. The Maintenance Special Tax will be levied and collected beginning with the Transition Year. Maintenance Special Taxes are shown in **Attachment 4**.

"Market-Rate Unit" means a Unit that is not an Affordable Unit.

"Maximum Annual Special Tax" means the greatest amount of Facilities Special Tax or Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, and 4**.

"Maximum Annual Facilities Special Tax" means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4**.

"Maximum Annual Maintenance Special Tax" means the greatest amount of Maintenance Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 2, 3, or 4**.

"Maximum Annual Special Tax Rate" means the maximum rate of Facilities Special Tax or Maintenance Special Tax charged per Unit or per Taxable Acre each Fiscal Year, as shown in **Attachments 2, 3, and 4**, as subsequently escalated by the Tax Escalation Factor.

"Maximum Annual Facilities Special Tax Revenue" means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

"Maximum Annual Maintenance Special Tax Revenue" means the greatest amount of Maintenance Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Maintenance Special Tax.

"Maximum Annual CFD Special Tax Revenue" means the sum of the Maximum Annual Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"Medium Density Residential" means, per the Creekview Specific Plan, a land use designation that accommodates both single-family detached homes and attached homes within the density range of 7.0 to 12.9 dwelling units per gross developable acre. Typical housing product types include, but shall not be limited to, standard or alley-loaded lots, courtyard lots, green court lots, auto courts, alley clusters, zero-lot lines, or z-shaped lots. In addition, duet/half-plex homes, townhomes, or condominiums may be accommodated in Medium Density Residential areas.

"Mixed Use Parcel" means a Parcel or Parcels designated for a combination of Residential Uses and Nonresidential Uses.

"Multifamily For-Rent" or **"Multifamily For-Rent Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor's Parcel Number.

"Multifamily For-Sale" or **"Multifamily For-Sale Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor's Parcel Number as is the case in residential condominium projects. Once designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

"Nonresidential Use" means a Taxable Parcel zoned for land uses other than Residential Uses which may include Business Professional, Community Commercial and Mixed Use.

"Original Parcel" means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

"Parcel" means any Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Partial Prepayment" means the partial fulfillment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

"Pay-As-You-Go Costs" means that portion of costs of acquisition, construction, and improvement of Authorized Facilities not financed by Bonds that are eligible for funding from the Facilities Special Tax.

"Prepayment" means the Full Prepayment or Partial Prepayment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 8**.

"Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Developed Parcels. For Small Lot Tentative Map Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Small Lot Tentative Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Undeveloped Parcels.

"Public Parcel" means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

"Remainder Parcel" means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

"Residential Use" means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments that would be included in the definitions of Low-Density Residential, Medium Density Residential or High Density Residential.

"RMA" means this Rate and Method of Apportionment, and Manner of Collection of Special Tax, as it may be amended from time to time in connection with Annexation Parcels or otherwise.

"Single-Family Parcel" means, in any Fiscal Year, all Parcels in the CFD for which a building permit was issued or may be issued for construction of a Unit that is a single-family residential, residential condominium, or townhouse Unit.

"Small Lot Tentative Map" means a map that is approved by the City for the purpose of showing the design of a proposed Subdivision, including the individual buildable lots expected in the Subdivision, as well as the conditions pertaining thereto. The Small Lot Tentative Map designation for this RMA is in reference only to the areas shown on the map on which Low-Density Residential and Medium-Density Residential uses would be permitted. A Small Lot Tentative Map is not based on a detailed survey of the property in the map and is not recorded at the County Recorder's Office to create legal lots.

"Small Lot Tentative Map Parcel" means, in any Fiscal Year, all Parcels included in a Small Lot Tentative Map that was approved before May 1 of the prior Fiscal Year that are planned for Low-Density Residential and Medium-Density Residential and which have not yet become a Developed Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Subdivision" or **"Subdivided"** means a division of a Parcel into two or more Parcels through Parcel reconfiguration, lot-line adjustments, or the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels.

"Successor Parcel" means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

"Tax Category" means the categories of taxable land uses shown in **Attachments 2, 3, and 4.**

"Tax Collection Schedule" means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Tax Escalation Factor" means a factor of 2 percent by which the Maximum Annual Facilities Special Tax, Maximum Annual Maintenance Special Tax and related Maximum Annual Special Tax Rates shall be increased annually until the Transition Event. After the Transition Event, the Maximum Annual Maintenance Special Tax may be increased up to 2 percent annually at the City's discretion. The Administrator should refer to Section 4a for application of the Tax Escalation Factor.

"Taxable Acreage" means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. An example might be that a Large Lot Parcel Map creates a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Annual Special Tax. Tax-Exempt Parcels include (a) Public Parcels, and (b) Parcels owned by the City, school districts, special districts, or the state or federal government. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of **Section 4.h.**

Certain privately-owned Parcels also may be exempt from the levy of Annual Special Taxes, including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the Administrator.

"Transition Event" means for Improvement Area No. 1, the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2084-85, and, for parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 1, the earlier of (a) after the Initial Bonding period for that Improvement Area, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area.

"Transition Year" means, for each Improvement Area separate from the other, the first Fiscal Year following the Fiscal Year in which the Transition Event occurred.

"Trustee" means a national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Small Lot Tentative Map Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

3. Duration of the Special Tax

Improvement Area No. 1

The Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) Fiscal Year 2084-85. The Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

Future Annexation Area Parcels

For parcels within the Future Annexation Area annexed into an Improvement Area other than Improvement Area No. 1, the Facilities Special Tax will be levied and collected until the earlier of (i) the Transition Year or (ii) sixty-five Fiscal Years following the first full Fiscal Year after the date of creation of such Improvement Area. The Maintenance Special Tax will be levied and collected beginning in the Transition Year. The Maintenance Special Tax will thereafter be collected in perpetuity.

4. Administrative Tasks for the Facilities Special Tax

The provisions of Section 4 shall apply to each Improvement Area on a stand-alone basis. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Annual Special Tax Escalation. Until the Transition Event, the Administrator shall increase the Maximum Annual Facilities Special Tax, the Maximum Annual Maintenance Special Tax and Maximum Annual Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year. After the Transition Event, the City, in its sole discretion, may determine whether to apply the Tax Escalation Factor to the Maximum Annual Maintenance Special Tax in any Fiscal Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 3** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel included in Improvement Area No. 1 at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD Formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel on a pro rata basis to all Assessor's Parcels in that Large Lot Parcel based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are

multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.

- c. Assignment of the Maximum Annual Facilities Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Facilities Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Facilities Special Tax per Unit or Acre shown in **Attachment 2** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum Annual Facilities Special Taxes. Annexation Parcels will be included in a new Improvement Area and not be annexed into Improvement Area No. 1. **Attachments 1 or 2** shall be amended, or a new attachment created, to include the new Improvement Area, the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Facilities Special Taxes are created, **Attachments 1, 2, and 3** should be amended to reflect the Maximum Annual Facilities Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Facilities Special Tax to Successor Parcels described in **Section 4.d**. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but otherwise shall not be required to pay any other charge, fee or catch-up special tax in connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.
- d. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
 1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels. The Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:
 - A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax

for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.d.A above to each Single-Family Parcel created by the Subdivision.

- C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable Units) equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
 - D. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
2. If Original or Successor Parcel Is Subdivided into Single-Family Parcels and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels and to the area(s) that will be Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign

the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.d.2.B above to each Single-Family Parcel created by the Subdivision.

- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, unless 100 percent of the Units are designated Affordable Units, (i) assign the Maximum Annual Facilities Special Tax for Affordable Units shown in **Attachment 2** to each Affordable Unit (if any) and, (ii) Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units that are not Affordable Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units (including Affordable Units) equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- E. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.d.2.B above is less than the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels **and** if 100 percent of the Single-Family Parcels created by Subdivision are designated as Affordable Units, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for each Affordable Unit until the sum of Maximum Annual Facilities Special Taxes from all Affordable Units on the new Single-Family Parcels created by the Subdivision equal the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- F. For the Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision, including Single-Family Parcels with Affordable Units. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.d.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.d.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

3. If an Original or Successor Parcel is Subdivided creating multiple land uses and Tax Categories or for any rezones of land uses on Original or Successor Parcels:
- A. Identify the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel that is being Subdivided or rezoned.
 - B. For each Taxable Parcel subject to rezone or created by Subdivision multiply the Maximum Annual Facilities Special Tax per Unit or per Acre by the number of Units or by the number of Acres by the appropriate Tax Category. For each Taxable Parcel created by Subdivision that includes Affordable Units, multiply the number of Affordable Units by the Tax per Unit for such Affordable Units.
 - C. Sum the Maximum Annual Facilities Special Tax for each Taxable Parcel and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel that is subject to rezone or is being Subdivided. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.
 - D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to rezone or that is being subdivided is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit or per Acre for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.
4. If Multifamily Residential Units are Constructed on an Original or Successor Parcel: If a Building Permit for Multifamily Residential—For Rent uses is issued for an Original or Successor Parcel, identify the Maximum Annual Facilities Special Tax for the Taxable Parcel in **Attachment 3**. Assign this amount as the Maximum Annual Facilities Special Tax for the Parcel.

If a Building Permit for Multifamily Residential—For Sale uses is issued for an Original or Successor Parcel, use the following procedure to assign the Maximum Annual Facilities Special Tax to Successor Parcels.

- A. Multiply the Maximum Annual Facilities Special Tax per Unit for High Density Residential Units from **Attachment 2** by the number of High Density Residential Units (excluding Affordable Units) created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Units created by the Building Permit.
- B. Multiply the Maximum Annual Facilities Special Tax per Unit High Density Residential Affordable Units from **Attachment 2** by the number of High Density Residential Affordable Units created by the Building Permit. Sum the Maximum Annual Facilities Special Taxes for all High Density Residential Affordable Units created by the Building Permit.

- C. Sum the results from **Section 4.d.4.A** and **Section 4.d.4.B.** and compare it to the Assigned Maximum Annual Facilities Special Tax of the Original or Successor Parcel with the issued Building Permit. If the sum of Maximum Annual Facilities Special Tax for each Taxable Parcel is greater than the Assigned Maximum Annual Facilities Special Tax for the Original Parcel, the Administrator shall apply the Maximum Annual Facilities Special Tax calculated above for each Taxable Parcel.
- D. If the Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel subject to the Building Permit is greater than the sum of Maximum Annual Facilities Special Tax for each Successor Parcel being created, increase Proportionately the Maximum Annual Facilities Special Tax per Unit for all Tax Categories on each Taxable Parcel such that the sum of Maximum Annual Facilities Special Tax for all Taxable Parcels equals the Assigned Maximum Annual Facilities Special Tax for the Original Parcel.
- e. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Facilities Special Tax per Unit based on their Tax Category as shown in **Attachment 2**, as adjusted by the Tax Escalation Factor so long as the Special Tax does not decrease on such a Unit.
- f. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 3** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units or Nonresidential Acreage is transferred from one Large Lot Parcel to another before recording a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the CFO, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachments 1, 2, or 3** of the Notice of Special Tax Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1, 2, or 3**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.
- g. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. The Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4 and 5** of the RMA.
- h. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code.

An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

5. Administrative Tasks for the Maintenance Special Tax

This section discusses the administrative tasks for the Maintenance Special Tax, which shall be applicable after the Transition Event.

Separately, the provisions of Section 5 shall apply to each Improvement Area. For each Improvement Area, tasks required of the Administrator are set forth below:

- a. Assignment of the Maximum Annual Maintenance Special Tax to Developed Parcels. After the Transition Event, the Administrator shall assign the Maximum Annual Maintenance Special Tax to all Developed Parcels using the Maximum Annual Special Tax Rates for the Maintenance Special Tax by Tax Category shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- b. Assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels. After the Transition Event, if Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the steps in **Section 4.d** to assign the Maximum Annual Maintenance Special Tax to new Successor Parcels. ***When applying Section 4.d after the Transition Event, the Administrator shall substitute Maintenance Special Tax for Facilities Special Tax and shall substitute Maximum Annual Maintenance Special Tax for Maximum Annual Facilities Special Tax.***
- c. Assignment of the Maximum Annual Maintenance Special Tax to Annexation Parcels. If Parcels are annexed to the CFD after formation, the Maximum Annual Maintenance Special Tax shall be assigned to these Annexation Parcels using the definitions in **Section 2** and the Maximum Annual Maintenance Special Tax per Unit or Acre shown in **Attachment 4** as adjusted by the Tax Escalation Factor applied by the Administrator, unless the Annexation Parcels are annexed with a new set of Maximum Annual Maintenance Special Taxes. **Attachment 1** may be amended, or a new attachment created, to include the Annexation Parcels and, if necessary, the applicable tax rates. If new Maximum Annual Maintenance Special Taxes are created, **Attachment 4** should be amended to reflect the Maximum Annual Maintenance Special Taxes for the Annexation Parcels. Once annexed, these annexed Parcels shall be considered Original and Successor Parcels and will be subject to the same procedures for assignment of the Maximum Annual Maintenance Special Tax to Successor Parcels described in this section. The owner of the Annexation Parcels shall be responsible for paying all costs associated with annexing the Annexation Parcels to the CFD, but otherwise shall not be required to pay any other charge, fee or catch-up special tax in

connection with or as a condition of such annexation unless otherwise agreed to by the owner of the Annexation Parcel in connection with the annexation.

- d. Affordable Units that Become Market-Rate Units. If, in any Fiscal Year, the City Manager, or his or her designee, determines that a Unit that previously had been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit listing by denoting the change in status of the Unit, together with the effective date thereof. For all Affordable Units that are converted to Market-Rate Units, such Units shall be assigned the Maximum Annual Maintenance Special Tax per Unit based on their Tax Category as shown in **Attachment 4**, as adjusted by the Tax Escalation Factor.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Maintenance Special Tax. The Maximum Annual Maintenance Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 5 and 6** of the RMA.
- f. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Maintenance Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the CFO.

6. Assignment of the Maximum Annual Special Tax

Separately for each Improvement Area, the Administrator shall assign the Maximum Annual Special Tax using the procedures identified below:

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
 - 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 - 2. Each Parcel to be classified as a Developed Parcel, a Small Lot Tentative Map Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.
- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.
- c. Assignment of the Maximum Annual Maintenance Special Tax to Taxable Parcels. Following the Transition Even, the Maximum Annual Maintenance Special Tax will be assigned to each

Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Sections 4** and **5**.

7. Calculating Annual Special Taxes

This section discusses the levy of the Facilities Special Tax and the Maintenance Special Tax. Collectively, these Special Taxes are included in the discussion of the assignment of the Maximum Annual Special Taxes. For the period following CFD formation until the Transition Event, the Maximum Annual Special Tax shall refer to the Facilities Special Tax. Beginning with the Transition Year, the Maximum Annual Special Tax shall refer to the Maintenance Special Tax.

Separately for each Improvement Area, the Administrator shall follow the special tax levy procedures described below.

The Administrator will compute the Annual Facilities Costs or Annual Maintenance Costs and determine the annual Special Tax levy for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4, 5, and 6**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process.

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:
 - Step 7.b.1. The Facilities Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Facilities Cost or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Developed Parcels, whichever is less.
 - Step 7.b.2. If additional revenue is needed after *Step 7.b.1.*, the Facilities Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed in *Step 7.b.1.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Small Lot Tentative Map Parcels. As necessary, the Facilities Special Tax shall be levied on Small Lot Tentative Map Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.
 - Step 7.b.3. If additional revenue is needed after *Step 7.b.2.*, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 7.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels. As necessary, the Facilities Special Tax shall be levied on Large Lot Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

- Step 7.b.4. If additional revenue is needed after *Step 7.b.3.*, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 7.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels. As necessary, the Facilities Special Tax shall be levied on Undeveloped Parcels for the entire portion of Annual Facilities Costs, excluding Pay-As-You-Go Costs.

Maintenance Special Tax Levy

- c. Beginning in the Transition Year, compute the Annual Maintenance Cost using the definition of Annual Maintenance Costs in **Section 2**.
- d. For all Taxable Parcels, calculate the Maintenance Special Tax levy for each using the following steps:
- Step 7.d.1. The Maintenance Special Tax shall be levied proportionately on all Developed Parcels up to the amount of Annual Maintenance Cost or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Developed Parcels, whichever is less.
- Step 7.d.2. If additional revenue is needed after *Step 7.d.1.*, the Maintenance Special Tax shall be levied proportionately on each Small Lot Tentative Map Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed in *Step 7.d.1.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Small Lot Tentative Map Parcels.
- Step 7.d.3. If additional revenue is needed after *Step 7.d.2.*, the Maintenance Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amount computed through *Step 7.d.2.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Large Lot Parcels.
- Step 7.d.4. If additional revenue is needed after *Step 7.d.3.*, the Maintenance Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Maintenance Special Tax levy in this step, when added to the levy amounts computed through *Step 7.d.3.*, equals the Annual Maintenance Costs, or up to 100 percent of the Maximum Annual Maintenance Special Tax Revenue for all Undeveloped Parcels.
- e. Levy on each Taxable Parcel the amount calculated above.
- f. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 10**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Special Tax assignments.

8. Prepayment of the Facilities Special Tax Obligation

Calculations of a Prepayment shall reflect the Improvement Area within which the Parcel seeking to prepay resides. A property owner may at any time prepay either 25 percent or 50 percent of the Full Prepayment, except that the City may allow a partial prepayment of any percentage up to 50 percent of the Full Prepayment to be made as a "buy down" of the rate for purposes of marketing the property by a builder or developer of land to be sold for Residential Use. In the event such a builder or developer has prepaid a portion of the Facilities Special Tax, the allowable 25 percent or 50 percent partial prepayment of the Facilities Special Tax that can be made by a subsequent owner shall be reduced by the amount so prepaid by the builder or developer. For example, if a builder made a partial prepayment of 15 percent, a subsequent owner could make another partial prepayment of 10 percent or 35 percent bringing the total sum or partial prepayments to 25 percent or 50 percent respectively of the Full Prepayment. Full Prepayment is permitted only for Nonresidential Use Parcels; Full Prepayment is not allowable for Residential Use Parcels.

Prepayments must be made in sufficient time to, in the City's opinion, have the Prepayment reflected in the following Fiscal Year's Special Tax levy.

Prepayment is permitted only under the following additional conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel at or before or at the time of Prepayment.
- Following Prepayment, amounts in any debt service reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110 percent annual Debt Service coverage based on Maximum Annual Special Tax Revenues in all years in which issued Bonds will be outstanding.
- The portion of the Prepayment for the Development Impact Fee Deferral shall only be used to pay for the Development Impact Fee Deferral whether it was or is to be funded through annual special tax payments or through bonded indebtedness.

When permitted, the Administrator shall calculate Prepayments using the following steps:

- a. The Full Prepayment amount shall be established by following the steps below:

Step 8.a.1: Determine the percentage of the Maximum Facilities Special Tax for the Taxable Parcel for which the Facilities Special Tax is to be prepaid using the provisions of **Sections 4, 5, and 6**. If the Parcel is not designated as a Developed Parcel, determine the applicable Facilities Special Tax for the Parcel assuming it is a Developed Parcel.

- Step 8.a.2: Increase the Maximum Facilities Special Tax by 2 percent per annum for the longer of (i) 30 years from the year in which the Parcel was first subject to the Facilities Special Tax as a Developed Parcel, or (ii) the end of the then-remaining Initial Bonding Period.
- Step 8.a.3: Using a discounted rate equal to the most current yield for the 30-Year Treasury Constant Maturity, calculate the net present value of the revenue stream determined *Step 8.a.2*. If this yield is no longer available, the Administrator will select a yield rate from the most comparable type of security.
- Step 8.a.4: Add to the amount calculated in *Step 8.a.3* interest on the Bonds being redeemed to the next redemption date.
- Step 8.a.5: Add to the amount calculated in *Step 8.a.4* a redemption premium on the Bonds being redeemed (if any) as identified in the Bond Indenture(s).
- Step 8.a.6: Add to the amount calculated in *Step 8.a.5* the Development Impact Fee Deferral amount applicable to the Parcel, as adjusted for inflation. If Bonds have been issued to finance the Development Impact Fee Deferral, follow *Steps 8.a.2* and *8.a.3*, using for *Step 8.a.2* the longer of (i) 30 years from the year in which the Parcel was first subject to the Facilities Special Tax during the Deferral Bonding Period, or (ii) the end of the then-remaining Deferral Bonding Period.
- Step 8.a.7: Add the administrative cost of processing the Prepayment to the amount calculated in *Step 8.a.6*.
- Step 8.a.8: The amount in *Step 8.a.7* is the amount of the Full Prepayment of the Maximum Annual Special Tax for the Taxable Parcel.

b. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to a maximum of 50 percent of the Full Prepayment amount determined in *Step 8.a.8*. When a Partial Prepayment is made, the full amount of Administrative fees and expenses determined in *Step 8.a.7* shall be included in the Partial Prepayment calculation. The Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Maximum Facilities Special Tax multiplied by one minus the percentage that has been prepaid.

9. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Special Tax assigned to a Parcel is in error may file a notice with the CFO appealing the levy of the Special Tax. The CFO then will promptly review the appeal and, if necessary, will meet with the applicant. If the CFO verifies that the tax should be modified or changed, the Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

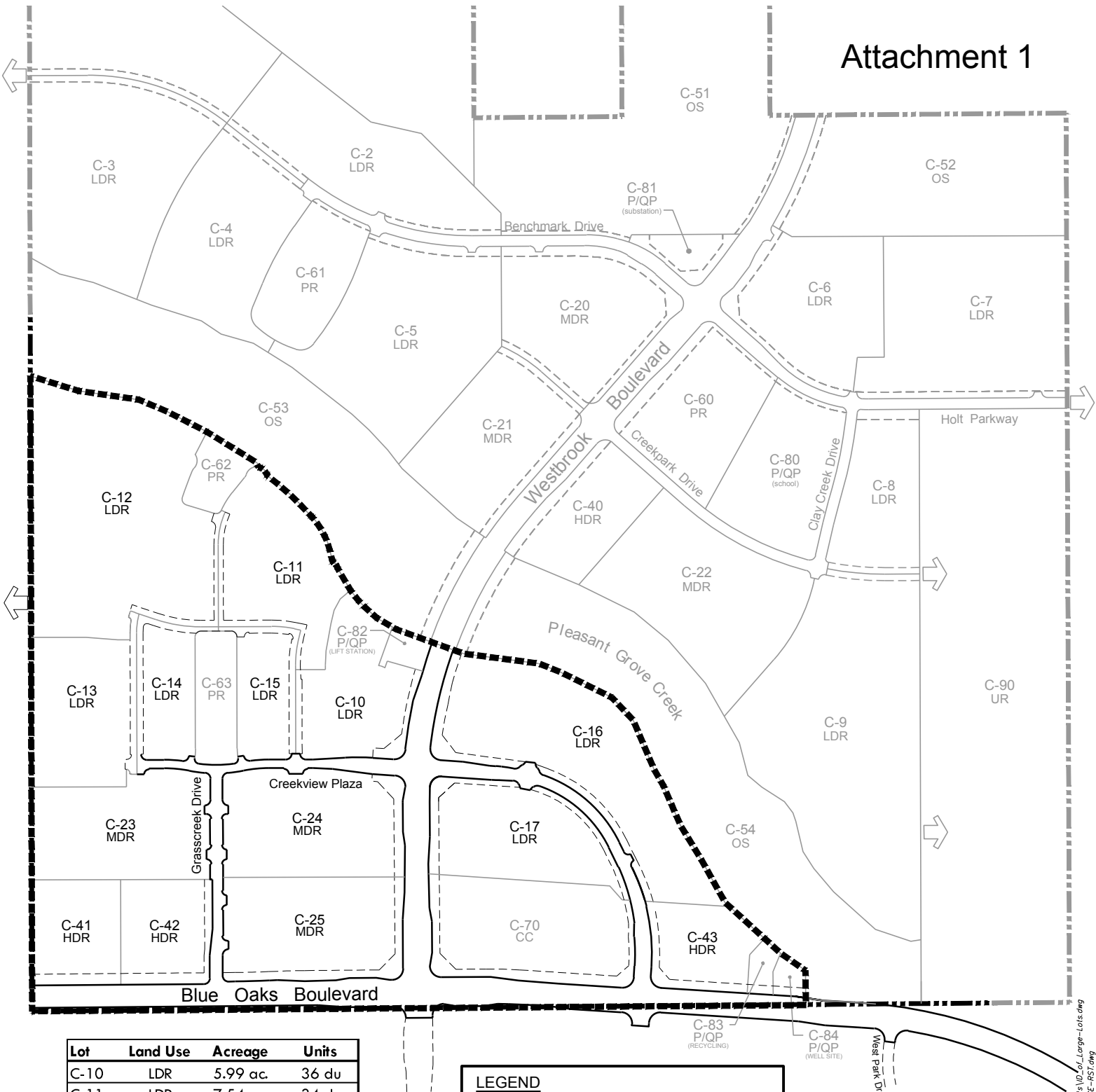
Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the CFO may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Special Tax Revenue.

10. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

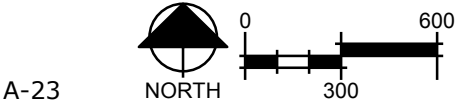


Lot	Land Use	Acreage	Units
C-10	LDR	5.99 ac.	36 du
C-11	LDR	7.54 ac.	34 du
C-12	LDR	18.72 ac.	95 du
C-13	LDR	7.20 ac.	50 du
C-14	LDR	3.72 ac.	20 du
C-15	LDR	3.59 ac.	20 du
C-16	LDR	12.93 ac.	71 du
C-17	LDR	6.92 ac.	36 du
C-23	MDR	8.13 ac.	61 du
C-24	MDR	8.12 ac.	59 du
C-25	MDR	7.25 ac.	62 du
C-41	HDR	4.27 ac.	127 du
C-42	HDR	4.33 ac.	136 du
C-43	HDR	3.88 ac.	116 du
Total		102.59 ac.	923 du

LEGEND

Proposed CFD Boundary

Creekview Community Facilities District #1
Identification of Large Lots



Attachment 2
Creekview CFD No. 1 (Public Infrastructure)
Maximum Annual Facilities Special Taxes by Tax Category
for the Base Year of FY 2019-20 (Improvement Area No. 1) [1]

Expected Land Uses (Tax Category)	Facilities Special Tax per Unit/Taxable Acre	
	Before Transition Event [1]	After Transition Event
Residential Uses	<u>per Unit</u>	<u>per Unit</u>
Low Density Residential (LDR)	\$2,420.00	\$0.00
Medium Density Residential (MDR)	\$1,910.00	\$0.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$650.00	\$0.00
High Density Residential (HDR) For-Rent [2]	\$650.00	\$0.00
Affordable Medium Density Residential	\$955.00	\$0.00
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<u>per Taxable Acre</u>	<u>per Taxable Acre</u>
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$11,900.00	\$0.00

att2

- [1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.
- [2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

Attachment 3

Creekview CFD No. 1 (Public Infrastructure)

Assigned Maximum Annual Facilities Special Taxes for Original Parcels for the Base Year of FY 2019-20 (Improvement Area No. 1) - 11-9-2021 Update

Large Lot Number [1]	Original Parcel(s)	Tax Category	Expected Land Uses		Planned Units per Acre	Assigned Maximum	Assigned	Assigned Maximum
			Acres	Planned Units		Annual Facilities Special Tax per Unit	Maximum Annual Facilities Special Tax per Taxable	Facilities Special Tax per Village
Improvement Area No. 1						[2] [3]	[2] [3]	[2] [3]
C-10	017-101-050	LDR	5.99	36	6.01	\$2,420	\$0	\$87,120
C-11	017-101-050	LDR	7.54	34	4.51	\$2,420	\$0	\$82,280
C-12	017-101-050	LDR	18.72	95	5.07	\$2,420	\$0	\$229,900
C-13	017-101-050	LDR	7.20	50	6.94	\$2,420	\$0	\$121,000
C-14	017-101-050	LDR	3.72	20	5.38	\$2,420	\$0	\$48,400
C-15	017-101-050	LDR	3.59	20	5.57	\$2,420	\$0	\$48,400
C-16	017-101-050	LDR	12.93	71	5.49	\$2,420	\$0	\$171,820
C-17	017-101-050	LDR	6.92	36	5.20	\$2,420	\$0	\$87,120
C-23	017-101-050	MDR	8.13	61	7.50	\$1,910	\$0	\$116,510
C-24	017-101-050	MDR	8.12	59	7.27	\$1,910	\$0	\$112,690
C-25	017-101-050	MDR	7.25	62	8.55	\$1,910	\$0	\$118,420
	017-101-050	MDR - Affordable		0		\$955	\$0	\$0
	Total C-25		7.25	62				\$118,420
C-41		HDR	4.27	127	29.74	\$650	\$0	\$82,550
	017-101-050	HDR - Affordable		0		\$0	\$0	\$0
	Total C-41		4.27	127				\$82,550
C-42		HDR	4.33	136	31.41	\$650	\$0	\$88,400
	017-101-050	HDR - Very Low Affordable		0		\$0	\$0	\$0
	Total C-42			136				\$88,400
C-43		HDR - Very Low Affordable	3.88	116	29.90	\$0	\$0	\$0
C-62	017-101-050	Park	1.54	n/a		\$0	\$0	\$0
C-63	017-101-050	Park	2.53	n/a		\$0	\$0	\$0
C-70	017-101-050	CC	9.22	n/a		\$0	\$0	\$0
C-82	017-101-050	PQP	0.65	n/a		\$0	\$0	\$0
C-83	017-101-050	PQP	0.59	n/a		\$0	\$0	\$0
C-84	017-101-050	PQP	0.51	n/a		\$0	\$0	\$0
LC-1	017-101-050		5.77			\$0	\$0	\$0
LC-2	017-101-050							
LC-3	017-101-050							
LC-4	017-101-050							
Totals			123.40	923				\$1,394,610

att3

[1] Indicates village identifier assigned by City in the Creekview Specific Plan.

[2] This amount may be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[3] If amended to include Annexation Parcels, the Maximum Annual Special Tax for Annexation Parcels would also be subject to the Tax Escalation Factor.

Attachment 4
Creekview CFD No. 1 (Public Infrastructure)
Maximum Annual Maintenance Special Taxes by Tax Category
for the Base Year of FY 2019-20 (Improvement Area No. 1) [1]

Expected Land Uses (Tax Category)	Maintenance Special Tax per Unit/Taxable Acre	
	Before	After
	Transition Event [1]	Transition Event [1]
Residential Uses	<u>per Unit</u>	<u>per Unit</u>
Low Density Residential (LDR)	\$0.00	\$1,210.00
Medium Density Residential (MDR)	\$0.00	\$955.00
High Density Residential (HDR) [2]		
High Density Residential (HDR) For-Sale [2]	\$0.00	\$325.00
High Density Residential (HDR) For-Rent [2]	\$0.00	\$325.00
Affordable Medium Density Residential	\$0.00	\$477.50
Affordable High Density Residential [2]	\$0.00	\$0.00
Very Low Affordable High Density Residential [2]	\$0.00	\$0.00
Nonresidential Uses [2]	<u>per Taxable Acre</u>	
Mixed Use (MU) [2]	\$0.00	\$0.00
Business Professional (BP) [2]	\$0.00	\$0.00
Community Commercial (CC) [2]	\$0.00	\$0.00
Undeveloped Property	\$0.00	\$0.00

att4

[1] This amount is subject to increase by the Tax Escalation Factor in each Fiscal Year following the Base Year as described in this RMA.

[2] If a Low Density Residential, Medium Density Residential or Affordable Medium Density Residential Parcel with a Special Tax is rezoned to a use with an identified Special Tax of \$0 in this attachment, the Special Tax would be assigned to the Parcel using the provisions of Section 4 of this RMA.

PROPOSED BOUNDARY MAP
CITY OF ROSEVILLE
CREEKVIEW COMMUNITIES FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)

CITY OF ROSEVILLE • PLACER COUNTY • CALIFORNIA
BEING A PORTION OF SECTION 14, T.11 N., R.5 E., M.D.M.

CITY CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA THIS ____ DAY OF ____ 2019.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

CITY CLERK'S MAP STATEMENT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE, AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____, 2019 BY ITS RESOLUTION NO. ____.

SONIA OROZCO, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

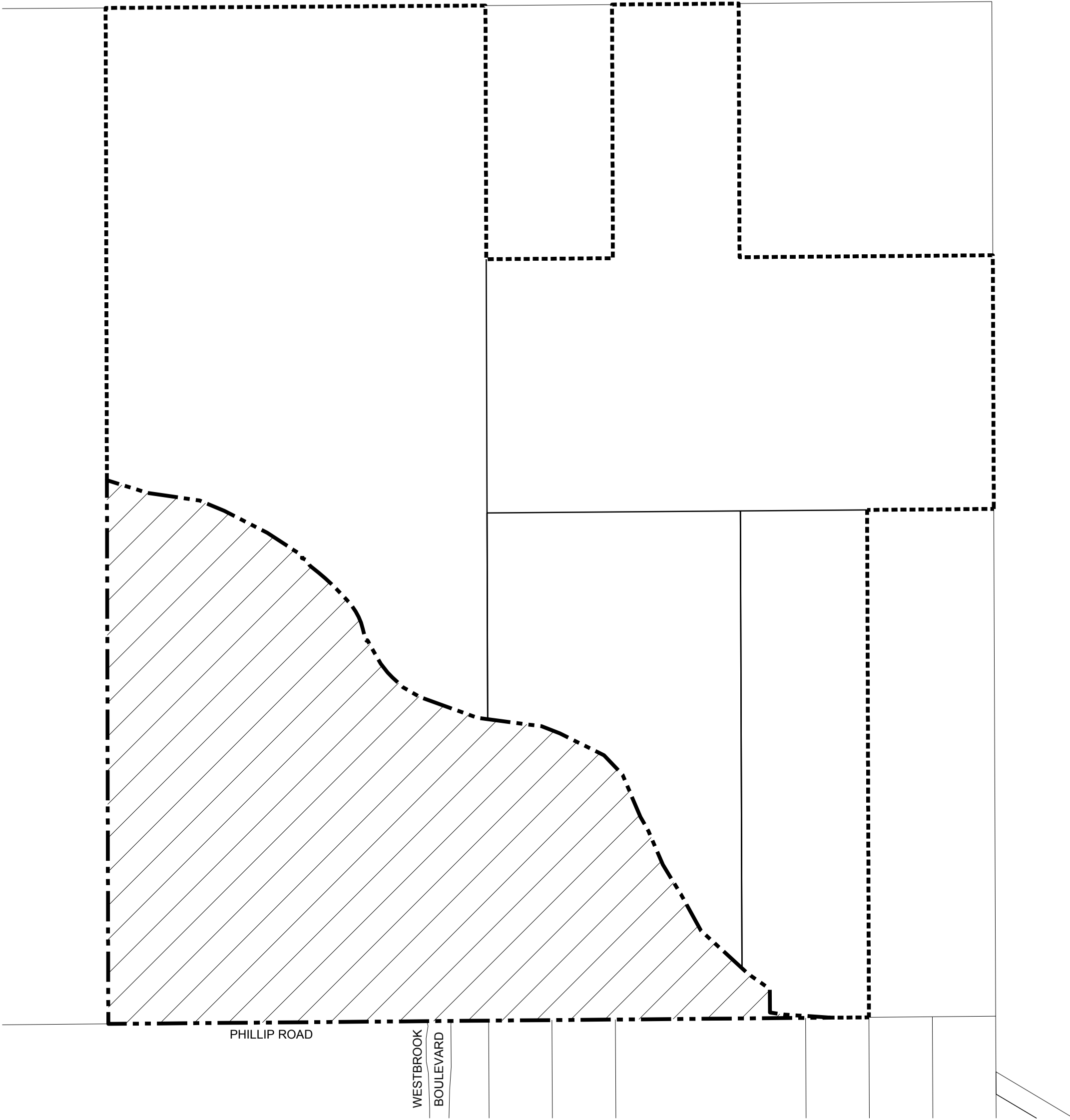
RECORDER'S STATEMENT

FILED THIS ____ DAY OF ____, 2019, AT THE HOUR OF __ O'CLOCK __ M. IN BOOK ____ OF MAPS OF COMMUNITY FACILITIES DISTRICT, AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

DOCUMENT NO. _____

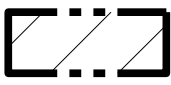
FEE: _____

BY: _____
RYAN RONCO
COUNTY RECORDER
COUNTY OF PLACER



0 250 500 1000
SCALE: 1"=500'

LEGEND

-  PROPOSED CFD BOUNDARY AND BOUNDARY OF IMPROVEMENT AREA NO. 1
-  AREAS OF FUTURE ANNEXATION

MACKay & Somps
ENGINEERS PLANNERS SURVEYORS
1552 Eureka Road, Suite 100, Roseville, CA 95661 (916) 773-1189

SEPTEMBER 2019
SHEET 1 OF 1 18431.CFD

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APPENDIX B
THE APPRAISAL

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Integra Realty Resources

Sacramento

Appraisal of Real Property

City of Roseville Creekview CFD No. 1, Improvement Area 1

Residential Subdivision

N/O Blue Oaks Blvd, E & W/O Westbrook Blvd

Roseville, Placer County, California 95747

Prepared For:

City of Roseville

Effective Date of the Appraisal:

September 1, 2021

Report Format:

Appraisal Report – Standard Format

IRR - Sacramento

File Number: 193-2021-0239





City of Roseville Creekview CFD No. 1, Improvement Area 1
N/O Blue Oaks Blvd, E & W/O Westbrook Blvd
Roseville, California



November 4, 2021

Mr. Dennis Kauffman
Chief Financial Officer
City of Roseville
311 Vernon St.
Roseville, CA 95678

SUBJECT: Market Value Appraisal
 City of Roseville Creekview CFD No. 1, Improvement Area 1
 N/O Blue Oaks Blvd, E & W/O Westbrook Blvd
 Roseville, Placer County, California 95747
 IRR - Sacramento File No. 193-2021-0239

Dear Mr. Kauffman:

Integra Realty Resources – Sacramento is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, by ownership, as well as the aggregate, or cumulative, value, subject to a hypothetical condition, of the fee simple interest in the City of Roseville Community Facilities District No. 1 (Creekview), Improvement Area 1 (CFD No. 1). The client for the assignment is the City of Roseville, and the intended use is for bond underwriting purposes.

The subject property represents the 102.59± acre project, marketed as Winding Creek, within the Creekview Specific Plan (“CSP”, “Specific Plan”). The Specific Plan is located in southwestern Placer County; specifically, it is bounded by the under construction extension of Blue Oaks Boulevard (along the Phillip Road alignment) within the West Roseville Specific Plan (WRSP) on the south, the Fiddymont Ranch portion of the WRSP to the east, the Amoruso Ranch Specific Plan to the north, and the City of Roseville’s Al Johnson Wildlife Area property to the west. The Specific Plan is planned for 1,464 single-family units, 547 multi-family units, 9.22± acres of commercial land, 15.8 acres of parks, 136.9 acres of open space, as well as a 7-acre school site and various public/quasi-public land uses. The Winding Creek master planned community is anticipated to be developed in five phases. The boundaries of Improvement Area No. 1 include Phases 1 and 2 and a portion of Phase 5 of the project, of which all entitlements are complete with final maps in place. Phase 1 lots

(280 SFR units) are fully developed and merchant builders are currently constructing production homes. Phase 2 lots (264 SFR units) are currently under development and are anticipated to be complete by November 2021. All four villages within Phase 2 of the project have recently transferred or are currently in contract to sell to merchant builders. Improvement Area No. 1 also includes two multifamily sites (in Phase 5), both of which are designated for 100% market rate units, which are subject to the lien of the special tax securing the CFD No. 1 Bonds.

We have been requested to provide the market value, by ownership, (subject to a hypothetical condition) of the property, as of the date of value, which accounts for the impact of the Lien of the Special Tax securing the City of Roseville CFD No. 1 Improvement Area No. 1 (Creekview) Bonds.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). This document is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2020-2021 edition of USPAP.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Any properties within the boundaries not subject to the Lien of the Special Tax securing the Bonds, including public and quasi-public land use sites, and one commercial parcel (C-70), are not a part of this appraisal. The subject property referenced herein will only pertain to the taxable parcels within Improvement Area No. 1.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate, or Cumulative, Value, subject to a hypothetical condition	Fee Simple	September 1, 2021	\$108,982,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard, Westpark Drive, Westbrook Boulevard and Creekpark Drive. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.
2. According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,643,386. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046. However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. If the cost estimates or input factors utilized herein are discernibly different than reported, the values contained herein could be affected.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to finance certain infrastructure improvements (\$4,500,000) with the remainder reimbursing for improvements already completed. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.
-

As of the date of value, the status of economic conditions is still changing, creating uncertainty in the markets. Our analysis of these and related issues is presented in the attached report. The value expressed herein represents our opinion based on the best available data as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time. Please refer to the *COVID-19 Impact on Valuation* section of the attached report.

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

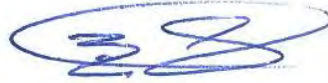
Respectfully submitted,

Mr. Dennis Kauffman
City of Roseville
November 4, 2021
Page 4

INTEGRA REALTY RESOURCES - SACRAMENTO



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Summary of Salient Facts and Conclusions

Property Name	City of Roseville Creekview CFD No. 1, Improvement Area 1
Address	N/O Blue Oaks Blvd, E & W/O Westbrook Blvd Roseville, Placer County, California 95747
Property Type	Land - Residential
Owner of Record	Anthem United Creekview Developments Limited Partnership, Meritage Homes, K. Hovnanian Homes, D.R. Horton, and individual homeowners
Land Area	102.59 acres
Zoning Designation	RS/DS, R3, OS, PR, P/QP, CC, Small lot residential, development standard overlay; attached housing; open space; parks & recreation; public/quasi-public; community commercial
Highest and Best Use	Single-family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	September 1, 2021
Date of the Report	November 4, 2021
Property Interest Appraised	Fee Simple

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate, or Cumulative, Value, subject to a hypothetical condition	Fee Simple	September 1, 2021	\$108,982,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the City of Roseville and its associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard, Westpark Drive, Westbrook Boulevard and Creekpark Drive. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.
2. According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,643,386. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046. However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. If the cost estimates or input factors utilized herein are discernibly different than reported, the values contained herein could be affected.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

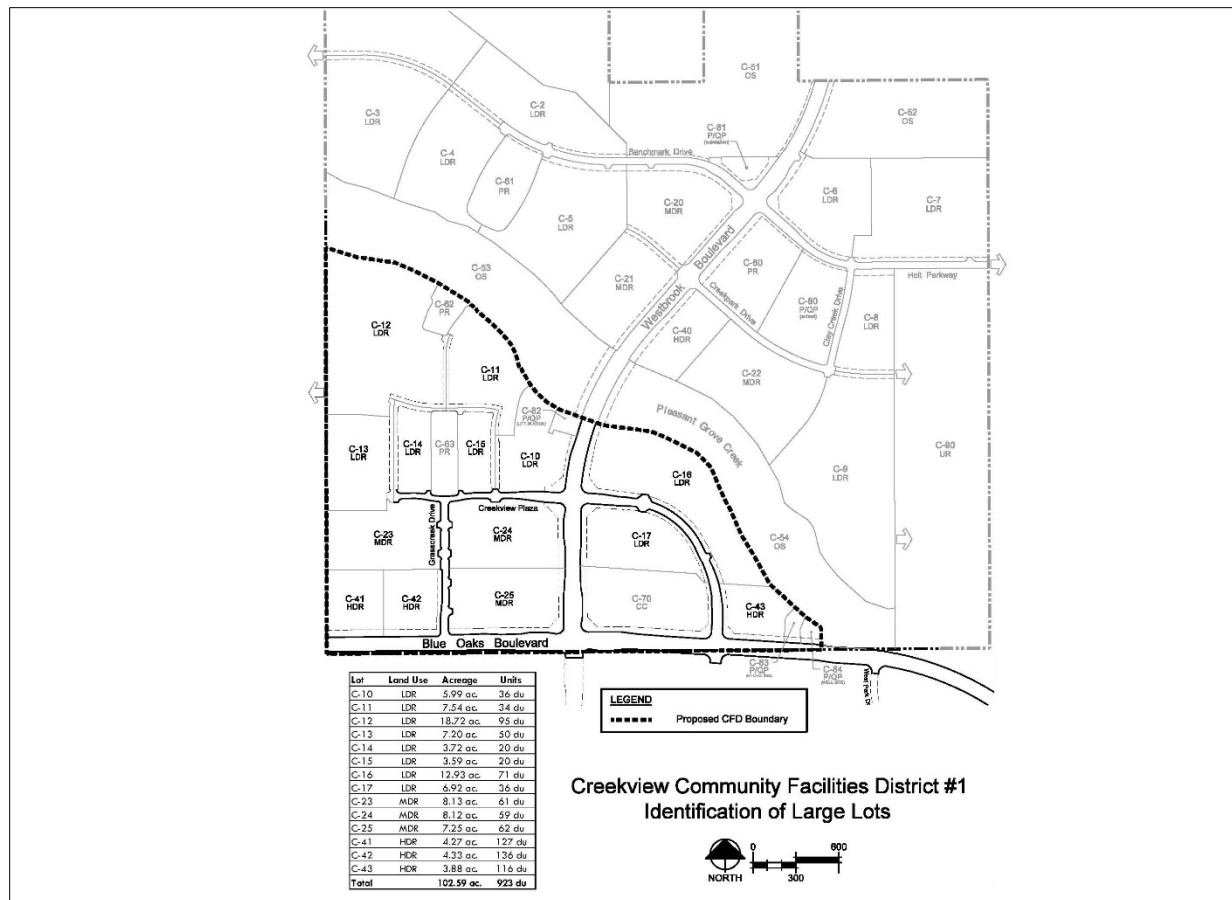
1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to finance certain infrastructure improvements (\$4,500,000) with the remainder reimbursing for improvements already completed. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

General Information

Identification of Subject

The subject property represents the 102.59± acre project, marketed as Winding Creek, within the Creekview Specific Plan (“CSP”, “Specific Plan”). The Specific Plan is located in southwestern Placer County; specifically, it is bounded by the under construction extension of Blue Oaks Boulevard (along the Phillip Road alignment) within the West Roseville Specific Plan (WRSP) on the south, the Fiddymont Ranch portion of the WRSP to the east, the Amoruso Ranch Specific Plan to the north, and the City of Roseville’s Al Johnson Wildlife Area property to the west. The Specific Plan is planned for 1,464 single-family units, 547 multi-family units, 9.22± acres of commercial land, 15.8 acres of parks, 136.9 acres of open space, as well as a 7-acre school site and various public/quasi-public land uses. The Winding Creek master planned community is anticipated to be developed in five phases. The boundaries of Improvement Area No. 1 include Phases 1 and 2 and a portion of Phase 5 of the project, of which all entitlements are complete with final maps in place. Phase 1 lots (280 SFR units) are fully developed and merchant builders are currently constructing production homes. Phase 2 lots (264 SFR units) are currently under development and are anticipated to be complete by November 2021. All four villages within Phase 2 of the project have recently transferred or are currently in contract to sell to merchant builders. Improvement Area No. 1 also includes two multifamily sites (in Phase 5), both of which are designated for 100% market rate units, which are subject to the lien of the special tax securing the CFD No. 1 Bonds.

A map of the project boundaries and breakdown is presented as follows:



Please note, for the purposes of this analysis, we will utilize the 102.59 acres referenced in the CFD boundary map presented above.

Strengths:

- Desirable regional location (south Placer County, Roseville)
- The housing market remains strong
- Appeal to a broad range of prospective buyers
- Good condition of surrounding homes and immediate path of growth
- Good transportation linkages with proximity to State Highway 65 and Interstate 80
- Diversity of product offerings

Weaknesses:

- Some backbone and in-tract work remains to be completed
- The increase in the number of competing, active subdivisions in West Roseville could impact overall absorption and pricing in the market in the near term

Opportunities:

- Housing shortage in the region may lead buyers to consider purchasing in the development
- Current shortage of developable lots within the region

Threats:

- Macroeconomic factors, and the possibility the economy becomes stagnant and the residential sector loses steam
- Market uncertainty from the recent Novel Coronavirus (COVID-19) outbreak
- Unforeseen delays

Property Identification

Property Name	City of Roseville Creekview CFD No. 1, Improvement Area 1
Address	N/O Blue Oaks Blvd, E & W/O Westbrook Blvd Roseville, California 95747
Owner of Record	Anthem United Creekview Developments Limited Partnership, Meritage Homes, K. Hovnanian Homes, D.R. Horton, and individual homeowners

Sale History

The entire Creekview project was acquired in several separate transactions dated between August 2018 and May 2019 and was between five separate ownership groups. The budget provided by the Developer identifies acquisition costs at \$34,134,263; however, this figure includes legal and closing costs associated with the different transactions. Guarded reliance will be placed on this cited acquisition cost in our analysis of the property.

The property was previously listed on the market in approximately 2016/2017; at that time, the project was being marketed for \$20,000 per single family lot (approximately \$29,820,000). Reportedly, the property received offers around \$18,000 per lot, which were not accepted. Reportedly, mitigation costs for the project were approximately \$12 million and infrastructure costs were approximately \$68 million for the entire project (\$30 million for Phase 1 alone). For these reasons, the project did not garner enough interest from local buyers, and it was eventually pulled from the market at the listing broker's suggestion. The ownership group reportedly modified the phasing plan and amended the development agreement. At the time, the property did not have access from Westbrook Boulevard (south). Given that the property is now accessible from Westbrook Boulevard, it likely mitigated the required infrastructure costs.

Additionally, there have been numerous bulk lot transactions to various merchant builders, most of which will be detailed in the Sales Comparison Approach of the appraisal, as well as completed single-family homes constructed and sold by merchant builders to individual homebuyers. Please refer to the valuation section for details of the most recent bulk lot sales within the subject property.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

There are currently several pending contracts for the various larger parcels with merchant builders, all of which appear reasonable and support our conclusions of lot value. Additionally, as will be discussed later in this report, the merchant builders (Meritage Homes, K. Hovnanian Homes and D.R. Horton) are currently marketing new homes for sale.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the aggregate, or cumulative, value, subject to a hypothetical condition of the fee simple interest in the property as of the effective date of the appraisal, September 1, 2021. The date of the report is November 4, 2021. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

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

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

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

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015))

Intended Use and User

The intended use of the appraisal is for bond underwriting purposes. The client and intended user is the City of Roseville and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than City of Roseville may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

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

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment for land-secured financing purposes.

Scope of Work

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

Valuation Methodology

This Appraisal Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the appraised property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history was verified by consulting public records. Zoning and entitlement information was collected from the City of Roseville Planning Department. The subject’s earthquake zones, flood zones and utilities were obtained from the respective agencies, and property tax information was obtained from the County of Placer Assessor’s Office on-line resources.

Data relating to the subject's neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

In this appraisal we determined the highest and best use of the subject property as though vacant based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the subject property is for near term single-family residential development (production homes), as well as near-term multifamily residential development.

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan marketed within each subdivision.

Next, we employed the sales comparison approach and Land residual analysis to estimate the market value of a benchmark lot category of the low density residential (LDR) lots. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value for this benchmark lot category was concluded. Then, as a support of reasonableness, a land residual analysis was utilized, which was reconciled with the sales comparison approach conclusion. For the subject's medium density lots, the sales comparison approach was used as the sole basis of valuation. Next, adjustments were applied to determine values for each residential larger parcel, based upon lot size differences that exist from the benchmark larger parcels. The conclusions of market value by lot size category will be applied to the various Villages transferred to merchant builders.

The sales comparison approach was also utilized to determine the value of the subject's multifamily sites.

The master developer still owns LDR and MDR lots, as well as the two multifamily (HDR) sites referenced above. Additionally, they remain obligated for the completion of additional infrastructure improvements; thus, the market value for the master developer held components involved the subdivision development method (a type of discounted cash flow analysis), which takes into consideration the revenue and expenses (including the completion of backbone infrastructure) associated with selling off the individual land components over a projected absorption period (also incorporating an appropriate discount rate to the cash flows).

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Eric Segal, MAI and Kari Tatton conducted an on-site inspection of the property on September 3, 2021. Kevin Ziegenmeyer, MAI, inspected the subject property on September 1, 2021.

Economic Analysis

Area Analysis – Placer County

Introduction

Placer County is part of the four-county Sacramento Metropolitan Area, along with the counties of Sacramento, Yolo and El Dorado. The county is located in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of Oregon, 100 miles northeast of San Francisco, 80 miles west of Lake Tahoe and 100 miles southwest of Reno. The southernmost part of Placer County consists of a valley commonly referred to as South Placer, while the remainder of the county is divided into the Gold Country, where parts of Auburn and Colfax are located, and the High Country, which encompasses Tahoe City and Kings Beach along Lake Tahoe. Placer's largest cities are Roseville, Rocklin and Lincoln. Elevations in the county range from 165 feet above sea level in Roseville to 10,000 feet above sea level in the Sierra Nevada Mountains.

Placer County is developed with a mix of urban and rural uses. The larger cities, namely Roseville and Rocklin, are mostly urban, while the smaller communities, such as Loomis, Newcastle and Colfax, have remained rural. Auburn and Lincoln both exhibit a combination of urban and rural settings. However, in recent years the city of Lincoln has experienced dramatic growth and development and has become one of the fastest-growing cities in California.

Population

Placer County has experienced population growth in recent years, primarily in the southern part of the county. The main origin for in-migration to the region are the Bay Area, other parts of the Sacramento region and Southern California. The state's population data indicate a strong pattern of movement by residents from the high-cost, high-density Bay Area to inland areas in Northern California.

The following table depicts the population change in Placer County and its component cities over the past five years.

Population Trends							
City	2016	2017	2018	2019	2020	2021	%/Yr
Auburn	14,083	14,162	14,265	14,353	14,372	14,433	0.5%
Colfax	2,097	2,113	2,131	2,139	2,154	2,172	0.7%
Lincoln	46,820	47,564	48,044	48,430	48,584	49,624	1.2%
Loomis	6,679	6,753	6,775	6,796	6,787	6,808	0.4%
Rocklin	61,725	64,274	66,476	68,869	69,702	70,469	2.8%
Roseville	132,627	135,300	137,824	141,097	143,493	146,875	2.1%
Unincorporated	112,276	113,092	113,357	113,661	113,923	114,613	0.4%
Total	376,307	383,258	388,872	395,345	399,015	404,994	1.5%

Source: California Department of Finance

Placer County has experienced an average annual growth rate of 1.5% over the past five years. The cities of Rocklin, Roseville and Lincoln are the fastest growing in the region. Loomis and the

unincorporated areas have had relatively little growth. Over the past decade, Placer County has been the fastest-growing county within the four-county Sacramento MSA (which also includes Sacramento, El Dorado and Yolo Counties). It is projected this trend will continue for the near future.

Employment & Economy

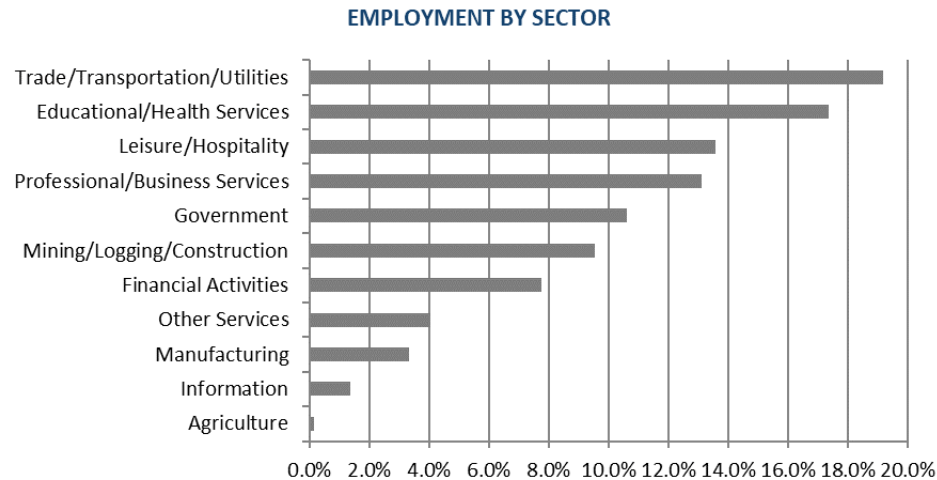
The California Employment Development Department has reported the following employment data for Placer County over the past five years.

Employment Trends						
	2015	2016	2017	2018	2019	2020
Labor Force	176,300	179,600	181,400	185,600	188,600	184,900
Employment	167,400	171,500	174,300	179,700	182,600	171,300
Job Growth	3,400	4,100	2,800	5,400	8,300	(8,400)
Unemployment Rate	5.0%	4.5%	3.9%	3.2%	3.2%	7.4%
Source: California Employment Development Department						

Most areas within the state and nation, including Placer County, saw declining unemployment rates from 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2019. However, this downward trend shifted as a result of the COVID-19 crisis. In an effort to lessen the spread and impact of the virus, statewide public health stay-at-home orders were issued by the governor on March 19, 2020, which directed residents to stay at home except to perform essential activities necessary for the health and safety of individuals and their families. These unprecedented measures left just "essential" businesses open. The closure of non-essential businesses has had a significant impact on employment, with some sectors of the workforce impacted more significantly than others.

The average annual unemployment rate in Placer County was 3.2% in 2019. The rate remained in the 3.1%-3.6% range during the first quarter 2020 but jumped to 13.2% in April 2020, with a gradual decrease over the subsequent months. The average unemployment rate for 2020 was 7.4%. The California Employment Development Department reported an unemployment rate of 5.3% in Placer County as of April 2021. This compares to the average rates of 8.1% for California and 5.7% for the nation.

Placer County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county. This information is as of December 2019, the most recent data available for Placer County separate from the Sacramento Metropolitan Area.



The area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade (19.2% of total employment); Educational and Health Services (17.4%); and Leisure and Hospitality (13.6%). It is noted that the Leisure and Hospitality sector has been the most significantly impacted by the coronavirus outbreak and containment efforts over the past 12 months. Although employment in this industry is slowly rebounding, it remains below its pre-pandemic levels.

Although many residents commute to employment centers in Sacramento, Placer County offers thousands of jobs and attracts workers from the local area as well as "reverse commuters" from Sacramento and residents of outlying areas such as Marysville/Yuba City to the north. The largest employers in the county, according to the Sacramento Business Journal, are highlighted as follows:

Largest Employers			
	Employer	Industry	Employees
1	Kaiser Permanente	Healthcare	6,356
2	Sutter Health	Healthcare	5,835
3	Thunder Valley Casino Resort*	Leisure/Hospitality	2,500
4	Sierra Joint Community College District	Education	2,149
5	Placer County	Government	2,137
6	Squaw Valley Alpine Meadows*	Leisure/Hospitality	2,130
7	PRIDE Industries	Professional/Business Services	1,291
8	Safeway	Grocery Store	1,242
9	Hewlett Packard Enterprise Co.	Electronics/Technology Manufacturing	1,200
10	City of Roseville	Government	1,162

Source: Sacramento Business Journal, The List: Placer County Employers, May 2021

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of

households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The U.S. Census Bureau estimates a median household income of \$89,691 for Placer County in 2019 dollars (most recent data available), which was higher than the state of California's median income of \$75,235.

Transportation

Interstate 80, State Highway 65 and State Highway 193 are the major routes traversing Placer County. Major urban arterials in the southern part of the county include Douglas Boulevard, Roseville Parkway, Pleasant Grove Boulevard, Foothills Boulevard, Sunrise Avenue, Auburn-Folsom Road, Sierra College Boulevard, Sunset Boulevard, Rocklin Road and Stanford Ranch Road.

In addition to roadways within the county limits, South Placer County enjoys proximity to many of the Sacramento region's freeways that provide access to the San Francisco Bay Area to the west, Central and Southern California to the south, Northern California and Oregon to the north, and Nevada to the east. Sacramento International Airport is situated about 10 miles west of the county border. The county is also home to a couple of small private airports. The region has good railroad service, including the transcontinental Union Pacific Railroad and Amtrak. The Capitol Corridor system provides high-speed commuter rail service from Roseville to San Jose and Placer County Transit provides seven fixed routes servicing areas from Colfax down to Watt Avenue in Sacramento.

Recreation & Community Services

Placer County has ample community services and recreational opportunities. The County, cities and various park districts operate numerous public parks, golf courses, aquatic centers, libraries and community centers. Many private golf courses are located in the region, and several ski resorts are located in the mountains. Within the county lies a portion of the Folsom Lake State Recreation Area, a boating, fishing, and swimming retreat.

In terms of higher education, Placer County is home to Sierra College in Rocklin, a two-year community college offering a wide range of day and evening classes serving over 25,000 students. Sierra College also has an extension campus located in the Vernon District in Roseville and two additional campuses – the Nevada County and Tahoe-Truckee campuses. In 2004, William Jessup University, a private Christian college, moved from San Jose to a new facility in Rocklin. Additional university campuses within the county include Brandman University, National University and University of Phoenix, all located in Roseville.

The region offers good health services, including hospitals and medical office facilities. Two hospitals are located in Roseville – the Sutter Roseville Medical Center and Kaiser Permanente. In addition to the hospital, construction has completed for a new state-of-the-art, 210,000 square foot Kaiser Permanente medical campus to replace their existing campus on Riverside Avenue. The city of Auburn is home to Sutter Auburn Faith Hospital, Sutter Medical Center-Auburn, UC Davis Medical Center, Foundation Medical Clinic and Heritage Medical Center Complex. The city of Lincoln contains medical offices/clinics operated by Sutter, UC Davis, Kaiser and Catholic Healthcare West. In addition to these institutional health care facilities, the county is home to a large and growing number of private physicians, dentists, clinics and other medical specialists.

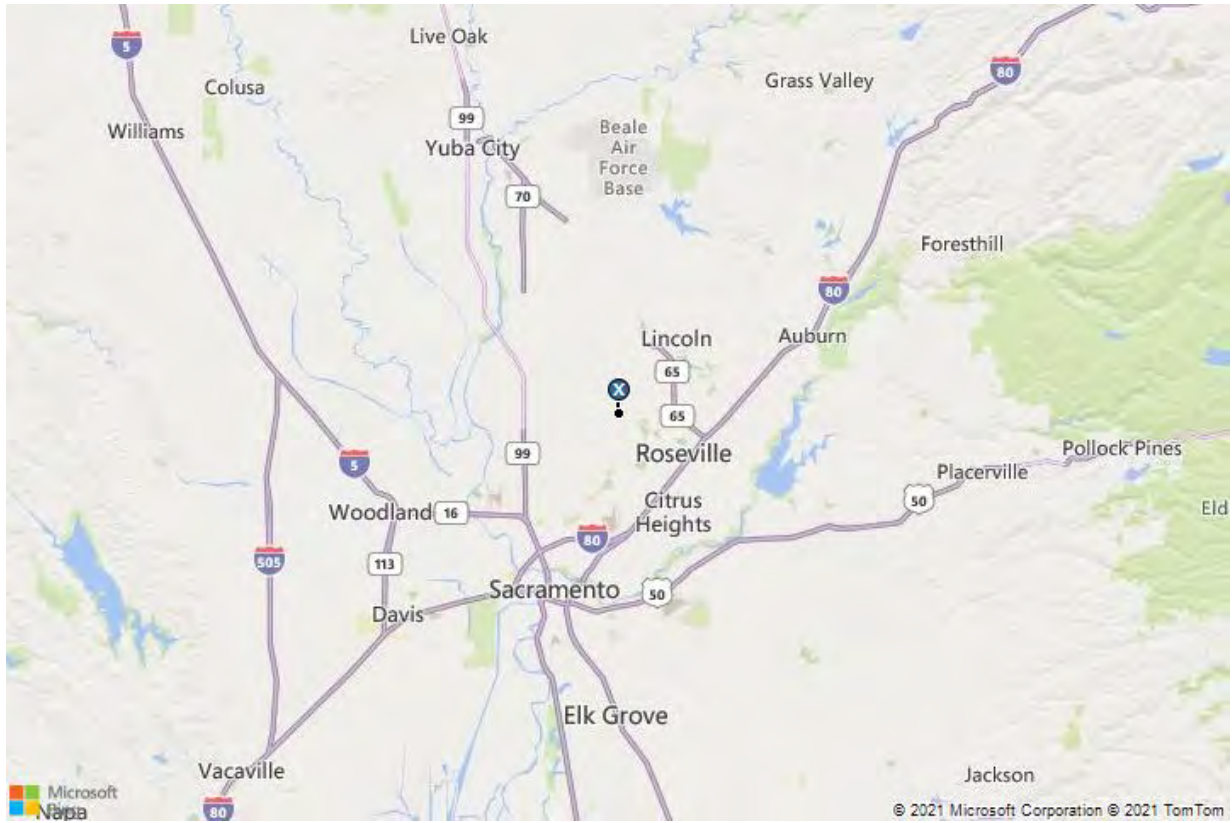
The city of Roseville is South Placer’s hub for fine dining and entertainment. Several upscale restaurants are situated along Eureka Road, Roseville Parkway and Galleria Boulevard. Roseville and Rocklin both offer two multi-screen movie theatres, and Auburn has one theatre. Shopping centers are widespread, the largest of which are the Galleria at Roseville, a regional shopping mall that opened in 2000 and was expanded in 2008-2009, and the Fountains at Roseville, an outdoor lifestyle center that opened in June 2008.

Conclusion

Placer County encompasses a diverse area, with growing cities, small towns and rural areas, and an abundance of open space. The cities of Roseville, Rocklin and Lincoln have experienced strong growth in population and development over the past several years. Placer County is one of the most affluent in the greater Sacramento region in terms of household income levels. The area has a number of positive attributes, including seismic stability, a well-educated work force, good transportation systems, relative affordability and availability of housing compared to the Bay Area, and an excellent level of community services.

In recent years, market and economic conditions have been strong, with unemployment rates falling to historical lows. However, employment conditions declined sharply in April 2020 following stay-at-home mandates and business closures in response to the COVID-19 pandemic. Market and economic conditions have since improved, but some uncertainty remains in the near term as policies aimed at financial relief and resuming business operations continue to be developed and implemented. The historical stability of the local economy bodes well for the long-term outlook for the region.

Area Map



Surrounding Area Analysis

Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the city of Roseville, Placer County, California. Specifically, the subject is situated in the West Roseville area. The subject's neighborhood boundaries can generally be described as Foothills Boulevard to the east, Baseline Road to the south, and the city limits of Roseville to the west and north.

Access and Linkages

The main surface streets in the neighborhood that will provide access to Creekview are Blue Oaks Boulevard (once the planned extension is complete) and Westbrook Boulevard (once the planned extension is complete). Blue Oaks Boulevard is an east-west major surface street that currently terminates at the western boundaries of Fiddymont Ranch, and in an easterly direction travels through West Roseville and the city of Rocklin. Blue Oaks Boulevard is also considered the primary means of access to State Highway 65, which is about 3.5 miles to the east of the subject property. Westbrook Boulevard is a north-south surface street that currently terminates at the northern boundaries of the Sierra Vista Specific Plan in a southerly direction and provides access to the Westpark master planned community in a northerly direction. Upon build out of the Creekview Specific Plan, Westbrook Boulevard will continue into the future extension of Holt Parkway to the north.

Other primary connectors in the neighborhood are Fiddymont Road, Pleasant Grove Boulevard, Woodcreek Boulevard and Foothills Boulevard. State Highway 65 is a north-south route that provides access to Lincoln, Wheatland and Yuba City to the north and Interstate 80 to the south. Interstate 80 is a primary east-west corridor for the Sacramento Metropolitan Area that intersects with State Highway 65 to the east of the subject property. In a southerly direction, Fiddymont Road connects to Baseline Road (another thoroughfare that eventually connects with Highway 99 in a westerly direction) and continues south (when it becomes Walerga Road) to the communities of Antelope and North Highlands. In a northerly direction, Fiddymont Road connects to areas of unincorporated Placer County and the outskirts of the city of Lincoln (where it terminates at Moore Road).

Traveling east, Interstate 80 provides access to the outlying portions of Placer County and continues toward Reno, Nevada. To the west, Interstate 80 connects the subject neighborhood to Sacramento's Central Business District (via Business 80/Capital City Freeway) before continuing on toward Davis and San Francisco.

Roseville Transit provides public transportation for the area, which features fixed bus routes, commuter services and ride sharing minivans. Free transfers are also provided for the Placer County Transit and Sacramento Regional Transit.

Demographics

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

Surrounding Area Demographics				
2021 Estimates	3-Mile Radius	5-Mile Radius	95747 (Roseville, CA)	Placer County, CA
Population 2010	15,288	51,113	52,112	348,432
Population 2021	24,537	66,209	67,434	402,773
Population 2026	25,930	69,844	71,172	421,090
Compound % Change 2010-2021	4.4%	2.4%	2.4%	1.3%
Compound % Change 2021-2026	1.1%	1.1%	1.1%	0.9%
Households 2010	6,353	18,664	18,979	132,627
Households 2021	9,890	23,988	24,436	154,777
Households 2026	10,505	25,291	25,792	162,359
Compound % Change 2010-2021	4.1%	2.3%	2.3%	1.4%
Compound % Change 2021-2026	1.2%	1.1%	1.1%	1.0%
Median Household Income 2021	\$108,197	\$113,891	\$113,998	\$95,620
Average Household Size	2.5	2.8	2.8	2.6
College Graduate %	46%	45%	44%	40%
Median Age	43	40	40	43
Owner Occupied %	83%	78%	78%	71%
Renter Occupied %	17%	22%	22%	29%
Median Owner Occupied Housing Value	\$553,488	\$545,572	\$545,376	\$563,277
Median Year Structure Built	2006	2002	2002	1994
Average Travel Time to Work in Minutes	32	31	31	30

Source: Envionics Analytics

As shown above, the current population within a 3-mile radius of the subject is 24,537, and the average household size is 2.5. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the subject's 95747 zip code overall, the population within a 3-mile radius is projected to grow at a similar rate.

Median household income is \$108,197, which is lower than the household income for the 95747 zip code. Residents within a 3-mile radius have a similar level of educational attainment to those of the 95747 zip code, and median owner occupied home values are also similar.

Land Uses

A map of land uses in the vicinity of the subject (identified with a yellow star) is provided as follows:



Community Uses

There are several community uses in the neighborhood, such as schools, churches, medical facilities, parks, and recreational and cultural facilities. The most prominent recreational facility in the neighborhood is Mahany Park, a regional park at the southwest quadrant of Woodcreek Oaks Boulevard and Pleasant Grove Boulevard. This facility offers a softball complex and the neighboring Roseville Aquatics Complex and Roseville Sports Center. There are several golf courses in the neighborhood, including the public Woodcreek Oaks Golf Club and Diamond Oaks Municipal Golf Course, as well as the private Sierra View Country Club and 27 holes in the Sun City Roseville development.

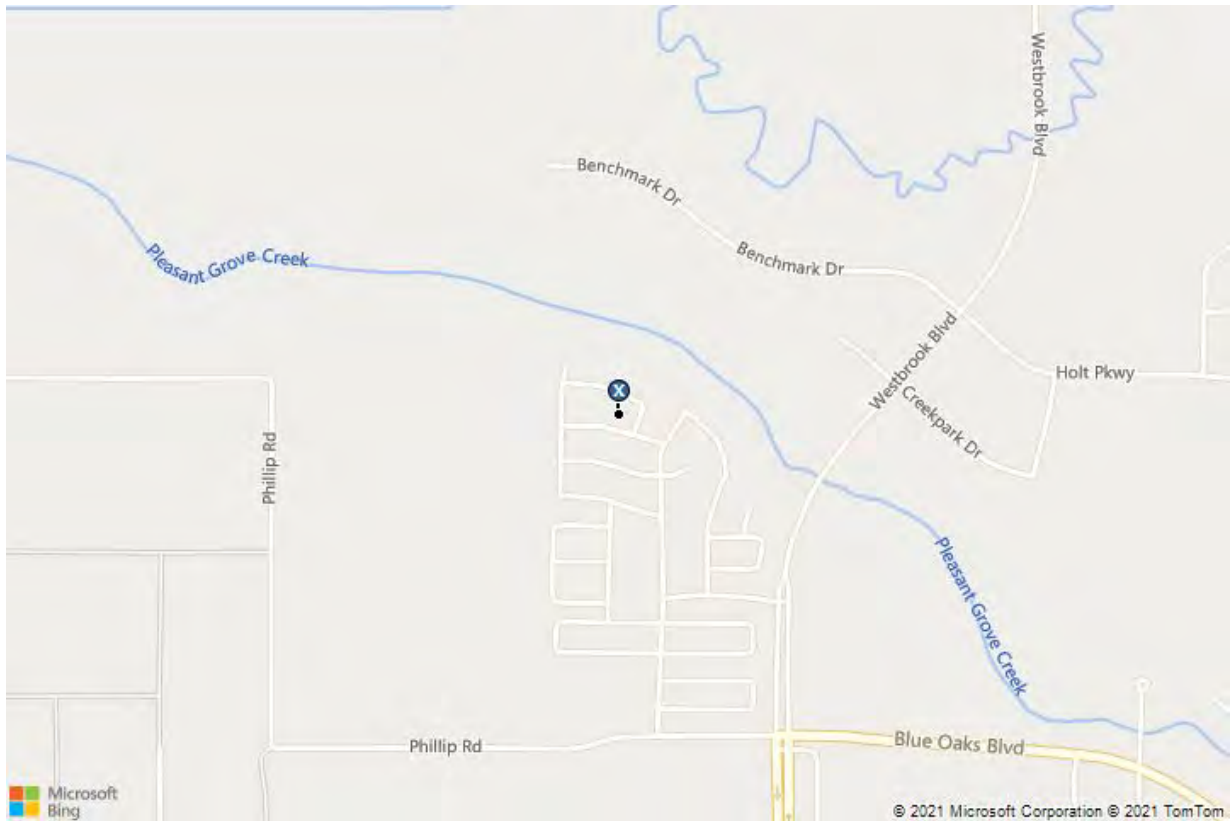
Woodcreek High School is located on the west line of Woodcreek Oaks Boulevard, south of Pleasant Grove Boulevard. The Placer County Fairgrounds is located at the intersection of Junction Boulevard and Washington Boulevard. WestPark High school, which is located less than one mile southeast of the subject, is currently under construction and originally planned to open for 9th and 10th grade students school year 2020-21.

There are two main hospitals in Roseville, both of which are located in east Roseville, just south of Interstate 80 – Kaiser Permanente, located at the northeast corner of Rocky Ridge Drive and Douglas Boulevard, and Sutter Roseville Medical Center on Roseville Parkway.

Conclusion

In conclusion, the subject is located in an expanding suburban area that should continue to experience adequate demand for various urban property uses. While the subject is located on the edge of its neighborhood, and within an expanding area, overall the neighborhood will offer a balanced mix of land uses. The area has good access to neighborhood thoroughfares. Households in the area have above-average income levels, and the community appeal is good. The characteristics of the neighborhood relative to other parts of the Sacramento region are desirable.

Surrounding Area Map



Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is the Creekview Specific Plan, within in the city of Roseville. The subject is adjacent to newer home construction and planned future development and is considered to have good transportation linkages. The neighborhood is characterized as a growing suburban area. Based on existing surrounding homes and new projects under development, the subject characteristics best support projects designed for entry level to move-up buyers as well as empty nesters looking to downsize.

Single-Family Building Permits

Single-family building permits for the city of Roseville as well as Placer County totals are shown in the following table.

Building Permits		
Year	City of Roseville	Placer County
2007	1,050	2,188
2008	676	1,393
2009	602	1,130
2010	635	1,087
2011	411	812
2012	663	1,189
2013	535	1,268
2014	645	1,636
2015	967	1,996
2016	862	2,107
2017	1,191	2,500
2018	808	1,884
2019	998	2,035
2020	1,264	2,632
2021 (June)	1,050	2,052

Source: SOCDs Building Permits Database

As shown by the preceding chart, building permit activity in Placer County was at a high point in 2007, followed by a dramatic decline during the recessionary period through 2011, when it resumed an upward climb since.

A generally similar pattern is observed for permit activity in the city of Roseville. Activity generally fell from 2007 into 2011, then increased into 2012, was generally stable/flat for a few years, and resumed an upward climb from 2013 into 2015, with a slight decline in 2016. Permit activity in 2017 and 2020

surpassed the previous high experienced in 2007, and is on pace to surpass it for the 2021 year as well.

New Home Pricing and Sales

The Gregory Group surveys active new home projects in California and Nevada. On the following page we present a table containing indicators for active single-family residential projects the subject's County for the past three years. The data include both attached and detached projects, but the vast majority of units are detached homes.

New Home Sales History								
Time Period	Average price	% Change Average Price	Average Home Size (SF)	Average Price/Avg SF	% Change Price/SF	Quarter Sold	Number of Projects	Sold Per Proj. Per Month
1Q 2016	\$490,226	--	2,675	\$183.26	--	428	49	2.91
2Q 2016	\$500,866	2.2%	2,700	\$185.51	1.2%	462	53	2.91
3Q 2016	\$512,573	2.3%	2,735	\$187.41	1.0%	352	53	2.21
4Q 2016	\$519,126	1.3%	2,737	\$189.67	1.2%	401	55	2.43
1Q 2017	\$520,325	0.2%	2,698	\$192.86	1.7%	493	59	2.79
2Q 2017	\$526,062	1.1%	2,688	\$195.71	1.5%	700	59	3.95
3Q 2017	\$513,858	-2.3%	2,610	\$196.88	0.6%	341	55	2.07
4Q 2017	\$519,636	1.1%	2,606	\$199.40	1.3%	332	56	1.98
1Q 2018	\$517,797	-0.4%	2,538	\$204.02	2.3%	520	60	2.89
2Q 2018	\$533,097	3.0%	2,566	\$207.75	1.8%	535	57	3.13
3Q 2018	\$546,323	2.5%	2,568	\$212.74	2.4%	373	50	2.49
4Q 2018	\$552,195	1.1%	2,570	\$214.86	1.0%	248	47	1.76
1Q 2019	\$558,717	1.2%	2,587	\$215.97	0.5%	399	47	2.83
2Q 2019	\$562,415	0.7%	2,559	\$219.78	1.8%	433	55	2.62
3Q 2019	\$561,823	-0.1%	2,533	\$221.80	0.9%	388	54	2.40
4Q 2019	\$551,303	-1.9%	2,477	\$222.57	0.3%	372	54	2.30
1Q 2020	\$557,958	1.2%	2,440	\$228.67	2.7%	510	50	3.40
2Q 2020	\$559,465	0.3%	2,437	\$229.57	0.4%	410	53	2.58
3Q 2020	\$561,708	0.4%	2,397	\$234.34	2.1%	727	64	3.79
4Q 2020	\$575,287	2.4%	2,378	\$241.92	3.2%	653	62	3.51
1Q 2021	\$617,645	7.4%	2,405	\$256.82	6.2%	989	63	5.23
2Q 2021	\$668,414	8.2%	2,413	\$277.01	7.9%	772	66	3.90

As shown by the table, new home pricing in Placer County has generally been in an upward trend over the past three years, albeit with some fluctuations. The highest sale price (net of incentives) in the data set - \$668,414 - was observed in the most recent quarter. The average price per square foot over the last three years was at a low point in First Quarter 2016 and has been on a gradual upward trend since then.

With regard to absorption of product, the range of the number of home sales per project per month over the last three years is 1.76 (Fourth Quarter 2018) to 5.23 (First Quarter 2021), with no particular noticeable pattern in the data set. Over the past year, absorption rates have ranged from 3.51 to 5.23 sales per month, and the average absorption over the past year has been 4.11 sales per month, or approximately 12.32 sales per quarter.

Active New Home Projects Pricing and Absorption

According to the Gregory Group, there are currently 34 active projects in Roseville, all of which are detached product. The projects are summarized in the following table as of Second Quarter 2021.

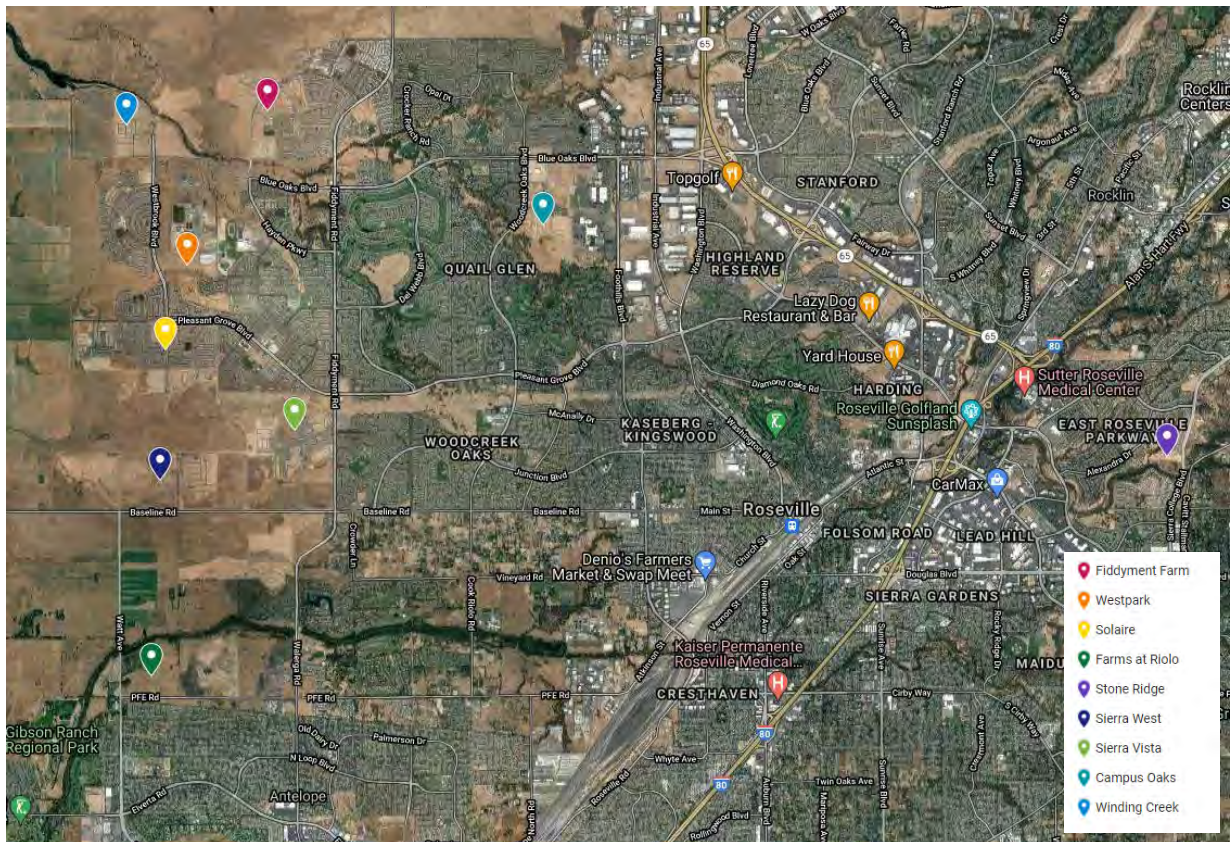
Active Projects											
Project	Master Plan	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Typical Lot Size	Units Planned	Units Offered	Units Sold	Units Unsold
Andorra	Sierra West	Roseville	Lennar Homes	\$612,740	2,276	\$269	6,300	101	35	31	4
Apollo	Solaire	Roseville	Taylor Morrison Homes	\$673,657	2,555	\$264	5,000	60	46	40	6
Aspire at Solaire	Solaire	Roseville	K. Hovnanian Homes	\$621,240	2,152	\$289	3,825	174	122	122	0
Balboa	Fiddymment Farm	Roseville	D.R. Horton	\$420,500	1,366	\$308	2,400	127	13	13	0
Belle Maison	Campus Oaks	Roseville	Lennar Homes	\$565,240	1,916	\$295	2,400	132	41	36	5
Calipso	Solaire	Roseville	Taylor Morrison Homes	\$695,323	2,494	\$279	5,500	46	26	26	0
Corvara	Fiddymment Farm	Roseville	Lennar Homes	\$655,240	2,469	\$265	4,000	134	134	133	1
Corvara II	Campus Oaks	Roseville	Lennar Homes	\$677,240	2,469	\$274	4,000	112	25	25	0
Eclipse Heritage*	Solaire	Roseville	Lennar Homes	\$741,323	2,627	\$282	6,000	156	155	154	1
Fairbrook	Fiddymment Farm	Roseville	JMC Homes	\$600,657	1,950	\$308	5,000	115	20	16	4
Farms at Riolo Mariposa	--	Roseville	Homes by Towne	\$516,483	2,189	\$236	7,000	107	90	90	0
Fieldstone	Fiddymment Farm	Roseville	Richmond American Homes	\$625,450	2,172	\$288	4,500	60	59	59	0
Firefly†	Winding Creek	Roseville	K. Hovnanian Homes	\$605,084	2,128	\$284	3,600	86	18	18	0
Illumination	Solaire	Roseville	Tri Pointe Homes	\$569,990	2,021	\$282	3,000	110	22	17	5
Larissa Heritage*	Solaire	Roseville	Lennar Homes	\$607,740	2,111	\$288	5,000	162	139	137	2
Lumiere	Sierra West	Roseville	Lennar Homes	\$702,990	2,745	\$256	6,300	101	38	38	0
Meadowbrook	Fiddymment Farm	Roseville	JMC Homes	\$774,990	3,081	\$252	6,500	80	21	21	0
Meribel	Sierra West	Roseville	Lennar Homes	\$739,323	2,947	\$251	6,300	98	39	37	2
Meridian Heritage*	Solaire	Roseville	Lennar Homes	\$526,490	1,546	\$341	4,500	175	157	155	2
Monarch	Fiddymment Farm	Roseville	Taylor Morrison Homes	\$617,333	2,468	\$250	5,775	94	94	94	0
Monument Village	Sierra Vista	Roseville	JMC Homes	\$559,990	2,100	\$267	4,500	187	155	155	0
Morgan Ranch	--	Roseville	Homes by Towne	\$654,009	3,024	\$216	10,000	61	60	59	1
Novara	Fiddymment Farm	Roseville	Lennar Homes	\$617,740	2,046	\$302	5,250	134	51	48	3
Palisade Village	Sierra Vista	Roseville	JMC Homes	\$517,990	1,737	\$298	3,600	157	140	140	0
Pavia	Fiddymment Farm	Roseville	Lennar Homes	\$641,740	2,276	\$282	5,250	97	52	49	3
Pinnacle Village	Sierra Vista	Roseville	JMC Homes	\$701,990	2,674	\$263	7,150	127	122	122	0
Radiance	Solaire	Roseville	Tri Pointe Homes	\$623,990	2,397	\$260	4,000	103	21	14	7
Sagedbrook	Fiddymment Farm	Roseville	JMC Homes	\$694,990	2,339	\$297	5,500	122	16	15	1
Sausalito Walk	Campus Oaks	Roseville	Lennar Homes	\$528,740	1,583	\$334	2,400	101	55	55	0
Sentinel Village	Sierra Vista	Roseville	JMC Homes	\$649,990	1,961	\$331	5,775	132	110	110	0
St. Moritz	Sierra West	Roseville	Lennar Homes	\$661,990	2,567	\$258	5,250	143	35	32	3
The Wilds†	Winding Creek	Roseville	D.R. Horton	\$502,667	1,775	\$283	3,600	120	30	30	0
Trek†	Winding Creek	Roseville	Meritage Homes	\$620,664	2,265	\$274	5,000	74	32	32	0
Verrando	Solaire	Roseville	Beazer Homes	\$636,323	2,198	\$290	4,050	76	19	8	11
Minimum				\$420,500	1,366	\$216	2,400				
Maximum				\$774,990	3,081	\$341	10,000				
Average				\$622,407	2,254	\$280	4,948				

*Age-restricted project

†Part of the subject property

Source: The Gregory Group

The locations of the master planned communities are shown on the following map.



Active Projects – West Roseville

Directly competing areas to the subject would include all communities (excluding the age-restricted projects) within West Roseville, including: Campus Oaks, Fiddymont Farm, Solaire, Sierra Vista, Sierra West and WestPark.

Absorption												
Project	Master Plan	Builder	Avg. Home Price (2Q 21 Only)	Avg. Home Size (2Q 21 Only)	Lot Size (SF)	2Q 2021	1Q 2021	4Q 2020	3Q 2020	12-Month Total	Average Per Quarter	Average Per Month
Andorra	Sierra West	Lennar Homes	\$562,990	2,276	5,000	15	11	5	0	31	7.8	2.6
Apollo	Solaire	Taylor Morrison	\$611,667	2,555	5,000	18	22	--	--	40	20.0	6.7
Aspire at Solaire	Solaire	K. Hovnanian Homes	\$560,240	2,152	3,825	23	44	11	24	102	25.5	8.5
Balboa	Fiddymment Farm	D.R. Horton	\$420,500	1,366	2,400	13	--	--	--	13	13.0	4.3
Belle Maison	Campus Oaks	Lennar Homes	\$565,240	1,916	2,400	14	17	5	--	36	12.0	4.0
Calipso	Solaire	Taylor Morrison	\$633,333	2,494	5,775	13	13	--	--	26	13.0	4.3
Corvara	Fiddymment Farm	Lennar Homes	\$631,240	2,469	4,000	7	9	20	8	44	11.0	3.7
Corvara II	Campus Oaks	Lennar Homes	\$677,240	2,469	4,000	12	--	--	--	12	12.0	4.0
Fairbrook	Fiddymment Farm	JMC Homes	\$600,657	1,950	5,000	16	--	--	--	16	16.0	5.3
Fieldstone	Fiddymment Farm	Richmond American Homes	\$610,450	2,172	4,500	4	0	14	27	45	11.3	3.8
Firefly	Winding Creek	K. Hovnanian Homes	\$605,084	2,128	3,600	12	6	--	--	18	9.0	3.0
Illumination	Solaire	Tri Pointe Homes	\$533,990	2,021	3,375	12	5	--	--	17	8.5	2.8
Lumiere	Sierra West	Lennar Homes	\$662,240	2,745	5,000	12	18	8	0	38	9.5	3.2
Meadowbrook	Fiddymment Farm	Lennar Homes	\$702,990	2,745	6,300	21	--	--	--	21	21.0	7.0
Meribel	Sierra West	Lennar Homes	\$694,990	2,947	5,000	10	12	12	3	37	9.3	3.1
Monarch	Fiddymment Farm	Taylor Morrison Homes	\$617,333	2,468	5,775	2	36	20	22	80	20.0	6.7
Monument Village	Sierra Vista	JMC Homes	\$550,500	2,100	4,500	17	--	--	--	17	17.0	5.7
Novara	Fiddymment Farm	Lennar Homes	\$526,740	2,046	5,250	8	10	20	10	48	12.0	4.0
Palisade Village	Sierra Vista	JMC Homes	\$483,990	1,737	3,600	21	27	14	17	79	19.8	6.6
Pavia	Fiddymment Farm	Lennar Homes	\$555,240	2,276	5,250	9	13	19	8	49	12.3	4.1
Pinnacle Village	Sierra Vista	JMC Homes	\$675,990	2,674	7,150	14	20	19	10	63	15.8	5.3
Radiance	Solaire	Tri Pointe Homes	\$577,990	2,397	3,375	10	4	--	--	14	7.0	2.3
Sagebrook	Fiddymment Farm	JMC Homes	\$694,990	2,339	5,500	15	--	--	--	15	15.0	5.0
Sausalito Walk	Campus Oaks	Lennar Homes	\$528,740	1,583	2,400	5	20	16	13	54	13.5	4.5
Sentinel Village	Sierra Vista	JMC Homes	\$606,657	1,961	5,775	13	22	24	22	81	20.3	6.8
St. Moritz	Sierra West	Lennar Homes	\$639,990	2,567	5,000	10	18	4	0	32	8.0	2.7
The Wilds	Winding Creek	D.R. Horton	\$502,000	1,758	3,600	25	5	--	--	30	15.0	5.0
Trek	Winding Creek	Meritage Homes	\$584,664	2,265	5,000	21	11	--	--	32	16.0	5.3
Verrando	Solaire	Beazer Homes	\$636,323	2,198	4,050	8	--	--	--	8	8.0	2.7
Total						380	343	211	164			
No. of Active Projects						29	22	15	14			
Quarterly Pro-Rata						13.1	15.6	14.1	11.7			
Monthly Pro-Rata						4.4	5.2	4.7	3.9			
									4.5	Average Monthly Pro-Rata		

Resale Pricing

The following table shows historical resale data for more recently built homes (2015 and newer) in West Roseville. We restricted our search to lot sizes with less than 10,000 square feet.

Resales									
Address	Sale Date	Living Area		Sale Price			Year Built	Days on	
		(SF)	Sale Price	Last List Price	/SF	Sale/List		Market	Lot Size
6009 Barnside Pl	8/26/2021	4,000	\$1,040,000	\$1,000,000	\$260	104.0%	2015	13	8,137
417 Sambre Pl	8/26/2021	1,438	\$510,000	\$510,000	\$355	100.0%	2021	9	4,596
1899 Verrazona Dr	8/25/2021	1,486	\$550,000	\$554,000	\$370	99.3%	2015	14	4,065
5057 Nantucket St	8/25/2021	3,092	\$825,000	\$815,000	\$267	101.2%	2018	5	7,932
2000 Mannington Pl	8/24/2021	1,318	\$485,000	\$475,000	\$368	102.1%	2016	6	2,914
8017 Concerto Way	8/23/2021	2,606	\$750,000	\$725,000	\$288	103.4%	2018	5	7,675
8233 Fort Collins Way	8/20/2021	3,544	\$965,000	\$917,000	\$272	105.2%	2015	38	9,030
6184 Shimmer Falls Dr	8/18/2021	1,645	\$548,750	\$520,000	\$334	105.5%	2021	6	4,500
7184 Castle Rock Way	8/18/2021	3,544	\$790,000	\$739,000	\$223	106.9%	2017	36	7,100
6025 Belfast Way	8/17/2021	2,186	\$699,600	\$642,000	\$320	109.0%	2019	0	6,064
3000 Ivy Creek Ln	8/16/2021	1,845	\$550,000	\$539,000	\$298	102.0%	2017	8	2,797
2385 Overjoy Ln	8/16/2021	2,466	\$675,000	\$655,000	\$274	103.1%	2020	3	6,843
2321 Flagstaff Way	8/16/2021	2,511	\$745,000	\$689,000	\$297	108.1%	2016	12	6,024
3009 Meeker Way	8/13/2021	2,323	\$825,000	\$799,990	\$355	103.1%	2018	9	7,993
4017 Fairgrove Ln	8/13/2021	1,990	\$605,000	\$600,000	\$304	100.8%	2019	14	3,920
3064 Stonington Dr	8/11/2021	4,000	\$970,000	\$948,888	\$243	102.2%	2018	7	7,414
3089 Bramblewood Way	8/11/2021	1,754	\$661,000	\$655,990	\$377	100.8%	2021	4	5,776
5080 Southbury Dr	8/10/2021	2,530	\$730,000	\$700,000	\$289	104.3%	2017	4	6,599
2001 Ballet Way	8/9/2021	1,951	\$610,000	\$615,000	\$313	99.2%	2021	27	5,497
7008 Greenford Way	8/9/2021	2,843	\$740,000	\$739,000	\$260	100.1%	2015	15	5,001
5161 Creekhollow Way	8/6/2021	2,001	\$600,000	\$580,000	\$300	103.4%	2019	2	4,966
7025 Sandwich Pl	8/5/2021	2,018	\$680,000	\$650,000	\$337	104.6%	2017	1	5,985
4008 Hydra Cir	8/4/2021	2,391	\$650,000	\$629,500	\$272	103.3%	2019	4	5,001
3097 Quincy Ave	8/3/2021	2,018	\$630,000	\$640,000	\$312	98.4%	2017	13	5,754
1045 Essington Ln	8/2/2021	1,467	\$510,000	\$508,000	\$348	100.4%	2018	2	2,579
3048 Jaffrey St	7/31/2021	2,039	\$690,000	\$659,000	\$338	104.7%	2020	4	6,299
1040 Oakbriar Cir	7/30/2021	1,845	\$565,000	\$560,000	\$306	100.9%	2018	11	3,049
4001 Knots St	7/27/2021	1,892	\$555,000	\$535,000	\$293	103.7%	2020	47	4,430
9217 Rioja St	7/27/2021	1,300	\$532,125	\$499,990	\$409	106.4%	2016	5	3,376
1096 Makeway St	7/23/2021	1,686	\$615,000	\$595,000	\$365	103.4%	2017	8	7,671
1057 Provence Village Dr	7/23/2021	2,013	\$535,000	\$530,000	\$266	100.9%	2019	8	3,676
1424 Volonne Dr	7/21/2021	1,373	\$485,000	\$469,000	\$353	103.4%	2015	1	3,210
6145 Parkminster Way	7/21/2021	2,530	\$720,000	\$715,000	\$285	100.7%	2018	14	6,460
4017 Gossamer St	7/20/2021	1,435	\$515,000	\$515,000	\$359	100.0%	2020	19	4,343
3057 Village Center Dr	7/20/2021	1,658	\$530,000	\$488,000	\$320	108.6%	2015	5	2,622
1417 Volonne Dr	7/19/2021	1,645	\$577,000	\$565,000	\$351	102.1%	2015	14	4,326
1328 Grand Junction Way	7/19/2021	2,744	\$735,000	\$715,000	\$268	102.8%	2016	5	7,410
5065 Nantucket St	7/16/2021	3,121	\$825,000	\$809,000	\$264	102.0%	2018	7	6,299
6577 Garland Way	7/16/2021	2,161	\$700,000	\$699,990	\$324	100.0%	2017	2	6,761
7129 Greenford Way	7/16/2021	3,113	\$775,000	\$740,000	\$249	104.7%	2016	4	5,249
1089 Dennington Pl	7/15/2021	2,218	\$561,000	\$509,000	\$253	110.2%	2015	5	2,622
309 Basilica Ct	7/15/2021	2,338	\$650,000	\$624,999	\$278	104.0%	2016	5	4,604
1321 Oakbriar Cir	7/15/2021	1,601	\$570,000	\$552,000	\$356	103.3%	2018	7	4,334
4008 Chuckwagon Way	7/13/2021	3,105	\$775,000	\$769,000	\$250	100.8%	2015	1	7,758
4009 Wellfleet Dr	7/12/2021	2,765	\$825,000	\$710,900	\$298	116.1%	2018	6	7,758
1441 Volonne Dr	7/9/2021	1,577	\$530,000	\$520,000	\$336	101.9%	2016	27	4,587
1136 Oakbriar Cir	7/7/2021	1,601	\$565,000	\$519,900	\$353	108.7%	2016	11	2,871
6000 Belfast Way	7/2/2021	2,186	\$642,000	\$640,000	\$294	100.3%	2019	14	6,090
1137 Makeway St	7/1/2021	1,886	\$600,000	\$590,000	\$318	101.7%	2016	11	5,942
Total Sales	49	2,220	\$661,561	\$640,350	\$309	103.3%	2017	10	5,427
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

As shown by the data, MLS reports that there have been 49 re-sales in West Roseville since July 1, 2021. Most homes have closed at or near the asking price (most above asking), and the time on the market has averaged 10 days. These statistics point to a red-hot re-sale market which is likely not sustainable.

Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$482,000 for the MDR lots, and \$685,000 for the LDR lots, based on the indicators from the competing projects and the current projects being marketed at the subject. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 3.00%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance).

As alluded to above, property tax payments are accounted for in the analysis. Ad valorem taxes are 1.051252% of assessed value.

The most significant direct levy payments are related to the proposed CFD bond: the Creekview CFD No. 1. According to the RMA, prepared by EPS (dated September 5, 2019), annual special tax levy rates for a typical lot in CFD No. 1 (as of the 2021/22 tax year) will be \$2,518 per home/year (or \$210 per home/month) for LDR lots and \$1,987 per home/year (or \$166 per home/month) for MDR lots. Additional special taxes associated with the Creekview services tax, typical monthly payments of \$105 and \$83 for the LDR and MDR lots, respectively, are also considered. Please note, we have not taken into account the yearly escalator.

The following tables show the estimates of the annual household income that would be required to afford typically priced homes within the District.

Income Required - MDR Lots	
Home Price	\$482,000
Loan % of Price (Loan to Value)	80%
Loan Amount	\$385,600
Interest Rate	3.00%
Mortgage Payment	\$1,626
Ad Valorem Taxes	\$422
Bond Payments	
CFD No. 1	\$166
CFD Services	\$83
Property Insurance	\$80
Total Monthly Obligation	\$2,377
Mortgage Payment % of Income	40%
Monthly Income	\$5,942
Annual Income	\$71,301

Income Required - LDR Lots

Home Price	\$685,000
Loan % of Price (Loan to Value)	80%
Loan Amount	\$548,000
Interest Rate	3.00%
Mortgage Payment	\$2,310
Ad Valorem Taxes	\$600
Bond Payments	
CFD No. 1	\$210
CFD Services	\$105
Property Insurance	\$114
Total Monthly Obligation	\$3,339
Mortgage Payment % of Income	40%
Monthly Income	\$8,348
Annual Income	\$100,181

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

Household Ability - \$482,000

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	12,232	6.7%	0.0%	0	0.0%
\$15,000 - \$24,999	11,377	6.3%	0.0%	0	0.0%
\$25,000 - \$34,999	12,069	6.6%	0.0%	0	0.0%
\$35,000 - \$49,999	18,206	10.0%	0.0%	0	0.0%
\$50,000 - \$74,999	29,071	16.0%	14.8%	4,301	2.4%
\$75,000 - \$99,999	24,388	13.4%	100.0%	24,388	13.4%
\$100,000 - \$149,999	35,204	19.4%	100.0%	35,204	19.4%
\$150,000 - \$199,999	17,546	9.7%	100.0%	17,546	9.7%
\$200,000 +	<u>21,650</u>	<u>11.9%</u>	100.0%	<u>21,650</u>	<u>11.9%</u>
	181,743	100.0%		103,089	56.7%

Household Ability - \$685,000

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	12,232	6.7%	0.0%	0	0.0%
\$15,000 - \$24,999	11,377	6.3%	0.0%	0	0.0%
\$25,000 - \$34,999	12,069	6.6%	0.0%	0	0.0%
\$35,000 - \$49,999	18,206	10.0%	0.0%	0	0.0%
\$50,000 - \$74,999	29,071	16.0%	0.0%	0	0.0%
\$75,000 - \$99,999	24,388	13.4%	0.0%	0	0.0%
\$100,000 - \$149,999	35,204	19.4%	97.6%	34,373	18.9%
\$150,000 - \$199,999	17,546	9.7%	100.0%	17,546	9.7%
\$200,000 +	<u>21,650</u>	<u>11.9%</u>	100.0%	<u>21,650</u>	<u>11.9%</u>
	181,743	100.0%		73,569	40.5%

Conclusions

We have summarized some of the key points from this section as follows:

- Building permit activity for single-family residences in Roseville reached a peak in 2007, then fell precipitously during the recessionary period, but has been increasing in more recent years and surpassed the previous high in 2017 and, again, in 2020.
- New home pricing in Roseville has been in a general increasing pattern over the last four years, albeit with a few quarterly dips. The most recent period indicates the highest new home pricing observed over the last four years.
- According to the Gregory Group, there are currently 34 active new home projects in Roseville. This is among the highest levels of active projects observed since the past expansionary period.
- Absorption rates within new home projects in West Roseville have ranged from 3.9 to 5.2 sales per month over the past year, with an average of 4.5 sales per month.
- Re-sale homes in West Roseville are transferring at or near the asking price (most above), and the exposure period has averaged 10 days, both indicators of an extremely active market.
- Overall, demand for new homes in the subject's market area remains strong despite market uncertainty/interruption in other market sectors due to the ongoing COVID-19 pandemic.

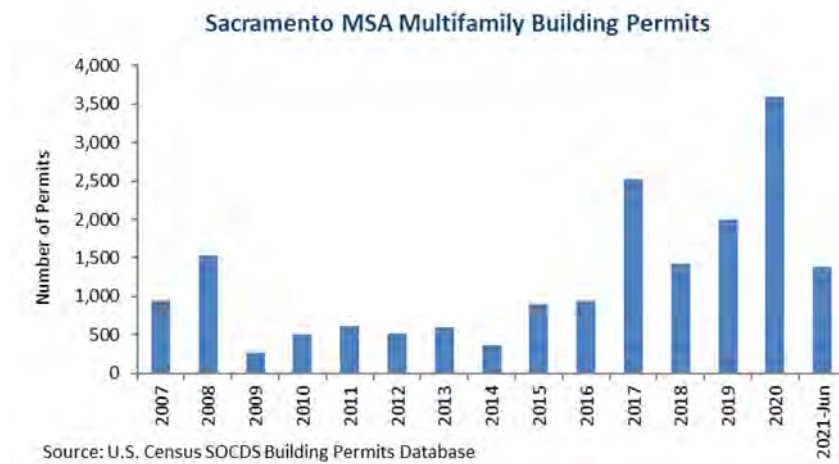
Multifamily Market Analysis

Despite the disruption to the economy from the worldwide pandemic, the Sacramento multifamily market continued to show healthy market fundamentals during 2020 and through the first half of 2021, building on the growth of the prior few years. Demand increased during the pandemic downturn, and overall vacancy further decreased. Remote working policies brought about by the pandemic have prompted an exodus from the Bay Area and the Sacramento market has received a significant influx of residents. As a result, single family home prices have escalated and inventory levels declined, forcing many to turn to renting for housing.

The year 2021 began with historically low vacancy levels and positive rent growth. In recent years, the Sacramento Metro has been among the top markets in the nation for annual rent growth. This trend is expected to continue as occupancy continues to increase and with relatively low new additions to inventory. Market participants indicate the number of new units being delivered still remains well below the level that would be required to bring the market to equilibrium. While new construction has been active, it remains well below most major U.S. markets. The metro added over 1,400 new units in 2020, marking the third consecutive year with deliveries over 1,000 units. Most new construction has been concentrated in the Downtown market and several high-end submarkets. New construction is at a historical high with over 4,000 units currently under construction.

New Construction

The following chart indicates the number of multifamily building permits issued over the last 14 years in the four-county Sacramento MSA (Sacramento, El Dorado, Placer and Yolo Counties). These figures include for-rent apartments and for-sale condominiums of projects containing at least five units.



Permit activity for multifamily projects was low during the recovery years of 2010 through 2014, but increased beginning in 2015 to the present, as developers began responding to improving market conditions, particularly very low vacancy. Information from the U.S. Census indicates 2,521 permits were issued in 2017, 1,425 permits issued in 2018; 1,995 permits issued in 2019 and 3,587 permits issued in 2020. As of the second quarter 2021, 1,378 permits had been issued.

Third party research reports indicate that the year 2018 was the strongest in terms of new construction in the preceding 12 years. By the end of 2018, there were 2,032 units under construction, twice as many units as there were at the end of 2017. In total, it is estimated 1,324 units were delivered in 2018. Market participants indicate the number of new units being delivered still remains well below the level that would be required to bring the market to equilibrium. The following information was extracted from local research reports.

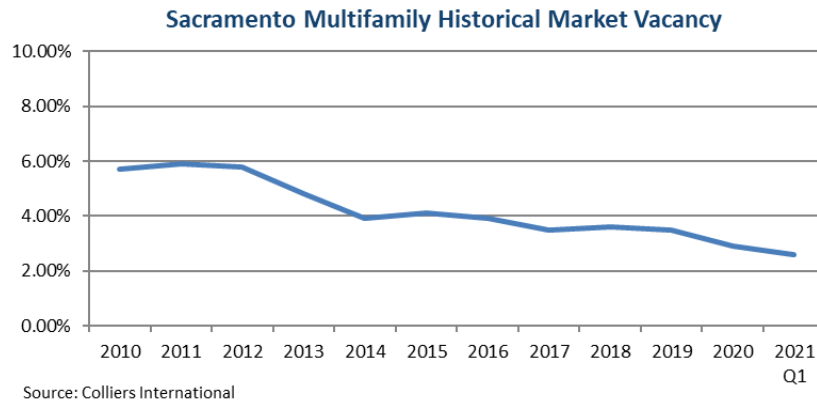
- Costar data indicates 1,598 units were delivered in 2019 and 1,432 units in 2020. The data shows 4,305 units were under construction as of July 2021.
- Kidder Mathews reports indicate 1,232 units were delivered in 2019, 950 units delivered in 2020 and 4,859 units were under construction as of the second quarter 2021.
- Colliers International estimates 839 units were delivered in 2019 and 1,480 units delivered in 2020. As of the first quarter 2021, it is estimated 4,616 units are under construction. Second quarter data was not available as of the date of this report.

A summary of significant apartment projects recently completed or under construction is highlighted in the following table.

Apartment Projects New Construction			
Project	Submarket	Number of Units	Status
Recently Completed			
The Press / 1723 20th Street	Midtown	277	Completed Q1 2020
H16	Downtown Sacramento	95	Completed Q1 2020
The Foundry / Mill Street	West Sacramento	69	Completed Q1 2020
Mesa at Laguna Ridge / 10371 Bruceville Road	Laguna / Elk Grove	180	Completed Q2 2020
Talavera Ridge / 2796 Broadstone Pkwy	Folsom	293	Completed Q3 2020
Onyx Apartments / 1818 X Street	Central Sacramento	41	Completed Q3 2020
Alira / 4100 Innovator Drive	Natomas	293	Completed Q3 2020
The Core Natomas	Natomas	300	Completed Q4 2020
The Strand / Lighthouse Drive & Douglas St	West Sacramento	408	Completed Q2 2021
Under Construction			
Element 79 / 4387 Town Center Dr	El Dorado Hills	250	Delivery Q3 2021
The Frederic / 601 Capitol Mall	Central Sacramento	162	Delivery Q3 2021
Ryder on Olive / 1133 Olive Drive (Student Housing)	Davis	131	Delivery Q3 2021
Eleanor Apts / 501 16th Street	Central Sacramento	95	Delivery Q4 2021
Sierra Gateway / 5401 Sierra College Blvd		195	Delivery Q4 2021
The Mansion / 700 16th Street	Central Sacramento	190	Delivery Q1 2022
401 Broadway Street	Central Sacramento	72	Delivery Q1 2022
Sacramento Commons / 5th-6th & N-P Streets	Central Sacramento	436	Delivery Q1 2022
The West / 805 S River Road	West Sacramento	286	Delivery Q1 2022
Aurora / 2220 Cemo Circle	Rancho Cordova	162	Delivery Q1 2022
Parkway Apartments / 1105 Blue Ravine Road	Folsom	72	Delivery Q1 2022
The Easley / 1567 Bartlett Lane	North Sacramento	405	Delivery Q2 2022
Maven on Broadway / 2570 3rd Street	Central Sacramento	444	Delivery Q2 2022
The Kind Project / 429 F Street	West Sacramento	148	Delivery Q2 2022
17 Central / 1631 K Street	Central Sacramento	111	Delivery Q2 2022
The A.J. at The Railyards / 703 N 7th Street	Central Sacramento	345	Delivery Q4 2022
Cathedral Square / 1030 J Street	Central Sacramento	153	Delivery Q4 2022
1717 S Street	Central Sacramento	159	Delivery Q1 2023
Source: Costar; Kidder Mathews Real Estate Market Review; Colliers International Research and Forecast Report			

Vacancy

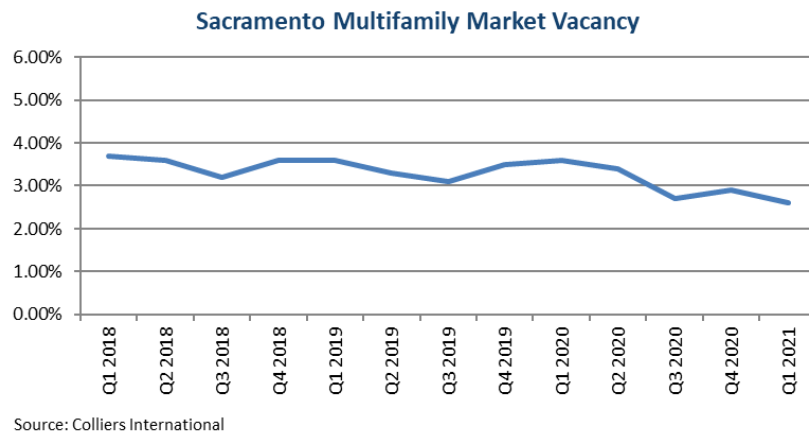
Historically speaking, the regional apartment market has maintained relatively low vacancy. Over the last decade, after peaking in the 7% range in 2009, the region's average vacancy rate steadily declined through 2013 and then remained relatively flat near 4% through 2016. By mid-2017, the vacancy rate decreased to 3.5% and remained in the low to mid 3% range until the third quarter 2020, when it declined to below 3%. Historical average vacancy over the past decade is illustrated below.



This analysis relies on data published in quarterly reports by Colliers International. As of the date of this report, the second quarter 2021 report had not yet been released.

As of the first quarter 2021, overall vacancy was 2.6%, down 30 basis points from the previous quarter and down 100 basis points year-over-year. Despite the recent upward spike in unemployment, vacancies have not been significantly impacted by the pandemic, which is due in part to a temporary moratorium on evictions in California until June 30, 2021. Colliers International reported the third quarter 2020 occupancy of 97.3% was the highest on record at that time and it has increased further since then. Significant population increase as Bay Area residents have relocated to the Sacramento region have contributed to the strong demand.

The following chart shows the region's average apartment vacancy rate over the past three years.



Rental Rates

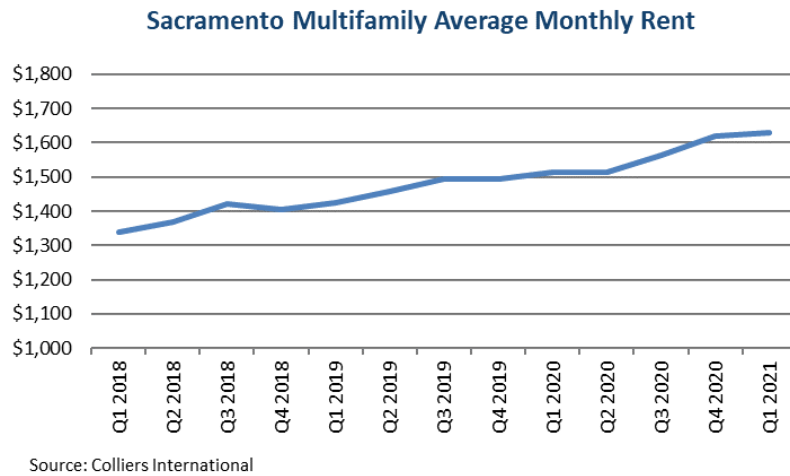
In recent years, the Sacramento Metro has been among the top markets in the nation for annual rent growth. Information extracted from the U.S. Multifamily Figures report published by CBRE for the second quarter 2021 indicates the Sacramento Metro area, with a growth of 12.6% year-over-year, ranked sixth in the nation for annual rent growth, as indicated in the following chart.



Source: CBRE Q2 2021 U.S. Multifamily Figures

The influx of population into the Sacramento metro during the pandemic and resulting demand for apartment units has driven this growth in rental rates. The first quarter 2021 research report prepared by Colliers International for the Sacramento multifamily market states “Sacramento’s apartment rents have been one of the highest rent growth markets nationally over the last year. Sacramento consistently ranks as one of the top areas nationally for working from home and this ongoing shift in population will continue to support high occupancy rates and rising rents moving forward.”

Rental rates have been steadily rising since 2009, with steeper increases from 2013 to 2017 and more moderate increases since then. The average monthly rental rate as of the first quarter 2021 was \$1,628 per unit/month, up from \$1,619 per unit/month the previous quarter, and up from \$1,514 per unit/month a year ago. The following chart provides a summary of the historical average monthly apartment rental rates.



It is noted future rent growth may be impacted by the enactment of rent control laws. On October 8, 2019, Governor Gavin Newsom signed Assembly Bill (AB) 1482, the Tenant Protection Act of 2019, making California the third state to enact a statewide rent control measure impacting residential rental housing. The bill is retroactively effective as of March 15, 2019 and will extend until January 1, 2030. Properties that are affected by this bill include any property containing at least two non-owner-occupied rental units built 15 or more years ago. The bill prohibits an owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate for a dwelling or unit more than 5% plus the percentage change in the cost of living (regional Consumer Price Index from April 1 of the prior year, to April 1 of the current year), or 10%, whichever is lower.

Submarket Data

The following table highlights the average monthly rental rates and vacancy for the Sacramento area submarkets as of the first quarter 2021, all of which have continued to record strong occupancy and rent levels.

Sacramento Multifamily Market Summary			
Submarket	Inventory	Rental Rates	Vacancy
Arden / Arcade	14,726	\$1,373	3.0%
Carmichael	9,049	\$1,309	2.0%
Central Sacramento	17,199	\$1,838	6.3%
Citrus Heights	7,197	\$1,478	1.8%
Davis	10,087	\$1,978	7.8%
Folsom / Orangevale / Fair Oaks	14,146	\$1,826	2.9%
N Sacramento / North Highlands	10,197	\$1,487	1.9%
Natomas	13,132	\$1,713	2.3%
Rancho Cordova / East Sacramento	12,730	\$1,481	2.2%
Roseville / Rocklin	17,557	\$1,875	2.2%
South Sacramento	20,770	\$1,634	2.0%
Woodland / West Sacramento	8,060	\$1,424	2.3%
Sacramento Market Total	154,850	\$1,628	2.6%
Source: Colliers International. Sacramento Multifamily Market Report, Q1 2021			

According to the report, during the first quarter 2021, the Davis and Central Sacramento submarkets recorded the highest average vacancies at 7.8% and 6.3%, respectively. The Davis submarket has historically had among the lowest average vacancy in the market due to the University presence, but occupancy has declined since the onset of the pandemic and subsequent closure of the in-person learning. The remaining submarkets each had overall vacancy ranging from 1.8% to 3.0%. Rental rates increased in each submarket year-over-year except Central Sacramento and Davis, where the average rates declined 2.9% and 0.6%, respectively. The highest year-over-year rental rate increases were in the Natomas (10.3% increase); Roseville/Rocklin (9.9% increase); Folsom/Orangevale/Fair Oaks (9.6% increase); Citrus Heights (9.1% increase); and North Sacramento/North Highlands (9.0% increase) submarkets. The average annual rate of change in the monthly rental rate, according to Colliers International data, was 7.3%.

In the Downtown/Central Sacramento submarket, steady demand from young professionals desiring to live in Sacramento's urban core fueled new development in recent years. Various multifamily projects are underway or planned in the Downtown and Midtown areas, both in the form of new construction as well as renovation of existing buildings. Colliers International data indicates as of the first quarter 2021, there were 2,323 units under construction in the Central Sacramento submarket; CoStar research reports indicate there are 2,227 units under construction in the Downtown Sacramento submarket as of the second quarter 2021.

Sales Activity

Sales activity for apartments in the region has been strong for several years. Volume totaled \$1.87 billion in apartment sales during 2018, the highest on record. The year 2019 recorded \$1.34 billion of sales volume.

According to Colliers International research data, sales volume of \$228.6 million was reported for the first quarter 2020, which was higher than the first quarter 2019 and did not fully reflect the effects of COVID-19. Second quarter saw 13 transactions close, totaling \$180.7 million, among the lowest recorded volume since early 2017. Sales activity resumed in the third quarter with volume of \$215.5 million from 24 transactions and the fourth quarter had over \$473 million in sales volume. The year ended with \$1.18 billion in annual sales volume from 107 transactions, marking the sixth consecutive year of sales volume over \$1 billion. The average price per unit was \$208,017 and the average capitalization rate was 5.5%. Apartment capitalization rates have trended downward over the past decade, but have been moderating in recent years, with the average in the mid 5% range.

During the first quarter 2021, sales volume of \$191 million was reported and quarterly volume is expected to increase as the year progresses. Notable recent sales transactions are summarized as follows.

Sacramento Area Notable Sales Transactions

Project	Number of Units	Submarket	Sale Price	Price / Unit
Apex on the River / 8719 Woodman Way	144	East Sacramento	\$31,000,000	\$215,278
The Woods / 6413 Tupelo Drive	124	Citrus Heights	\$25,350,000	\$204,435
Sierra Square / 8059 Targa Circle	110	Citrus Heights	\$22,730,000	\$206,636
McClellan Court / 3430-3448 Freedom Park	143	North Highlands	\$71,000,000	\$496,503
Shiloh Arms / 4009 23rd Ave	106	South Sacramento	\$15,100,000	\$142,453
The Quarter / 4939 Marconi Ave	88	Arden/Arcade	\$11,730,000	\$133,295
Sun Valley Apartments / 4719 50th Ave	128	South Sacramento	\$12,125,000	\$94,727

Source: Costar, Colliers International

Conclusion

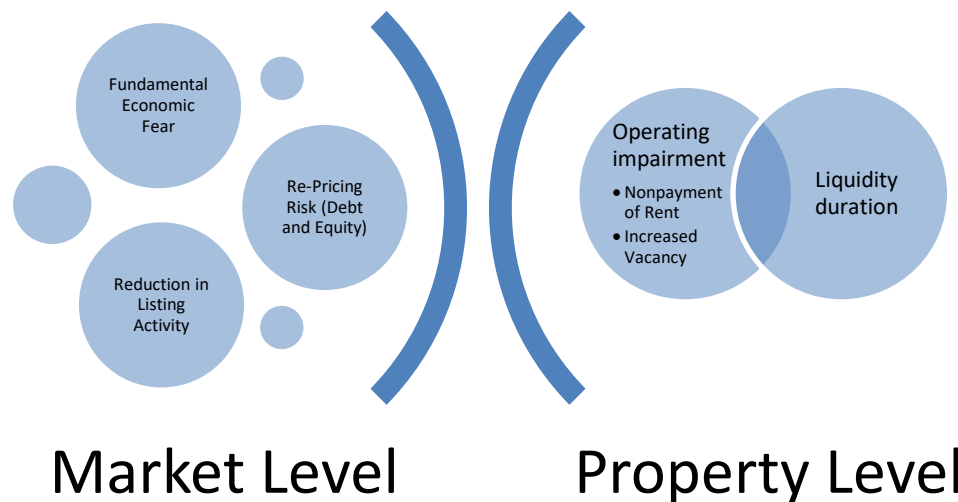
Over the past several years, the Sacramento apartment market has been among the strongest in the nation, fueled by significant population growth, moderate job growth and very low unemployment. The market had been expanding with significant new construction activity, positive rental rate growth and vacancy rates below equilibrium. After a brief pause in activity following the onset of the pandemic, the apartment market continued building on already robust market conditions, bolstered by an increase in regional population.

Recovery in the economy and job gains will also contribute to sustained strong market fundamentals. On June 15, 2021, the governor of California issued an executive order to fully reopen the economy, terminating previous actions related to physical distancing, business closures and capacity limitations.

The Sacramento market benefits from current and projected demand for apartment units as renters relocate from the more densely populated and higher-priced urban Bay Area markets. Near-term demand is expected to remain elevated, with newly delivered units leasing quickly, vacancy levels remaining low and asking rents continuing to increase.

COVID-19 Impact On Valuation

Transaction indicators are the best measure of any impact on values due to COVID-19. Given the unique nature and recency of this event, there is limited activity for non-residential real estate from which to draw benchmark comparisons based on transactional data. As the nation begins the return to normalcy, more transactional data is expected. Until more transaction data available, market and property specific empirical data can be gleaned to assist in estimating current value. In the initial phases of the pandemic, early emerging trends included:



On April 6, 2021, Governor Newsom indicated that, as of June 15, all industries across the state can return to usual operations with common-sense risk reduction measures such as masking and vaccinations, citing the efforts by Californians to date have allowed the state to fully reopen safely in order to move beyond the Blueprint (Blueprint for a Safer Economy).

Since March 2021, the Blueprint has been adjusted due to reducing transmission of COVID-19. These strategies include:

- Reopening and expanding the capacity of outdoor sectors;
- Adding the Vaccine Equity Benchmarks to adjust the case rate thresholds for Blueprint tiers;
- Allowing increased capacity or numbers of persons allowed, including indoors, with proof of testing or vaccination;
- Developing guidance or minimum standards to ensure equity, privacy, and ethical practices are integral in the deployment of vaccination and testing verification methods;

- Focusing on equity allocations and implementation plans to improve vaccination coverage in our least advantaged and hardest-hit communities;

California fully reopened the economy on June 15, 2021; as such, the state moved beyond the Blueprint for a Safer Economy. The reopening allows for the following:

- All sectors listed in the current [Blueprint Activities and Business Tiers Chart](#) may return to usual operations in compliance with statewide agency guidelines and standards with limited public health restrictions, such as masking, testing, and testing or vaccination verification requirements for large-scale higher-risk events. In addition, the following restrictions apply (via a narrow public health order):
 - o Unless testing or vaccination status is verified for all attendees, conventions will be capped at 5,000 persons until October 1.
 - o International convention attendees will only be allowed if fully vaccinated.
- Schools and institutions of higher education should conduct full-time, in person instruction, in compliance with emergency temporary standards and public health guidelines.
- Workplaces promote policies that reduce risk, including improved indoor ventilation, and mask wearing in indoor and other high-risk settings as well as remote work when possible without impacting business operations.
- Californians and travelers will be subject to any current travel restrictions.

Impact by Property Type, Class & Location

Below is a graph from Greenstreet Advisors plotting the sensitivity (and risk) associated with various property types with the negative impact on value being greater for those assets with greater sensitivity. Those assets relating to essential business operations (grocery, medical, distribution) are less affected than for example lodging and malls where social distancing is challenging.



Market Segmentation Analysis – Single-Family Residential Development

To assess the current sentiment of market participants, we have completed a market survey of land developers, merchant builders, land brokers and developer consultants throughout California participating in ongoing residential developments.

Conversations with market participants during the early months after the announcement of the declared pandemic included an array of responses, but the overall sentiment was the impacts of the COVID-19 pandemic is an interruption in “business as usual,” as many municipalities statewide developed varying restrictions on development.

Interviews with merchant builders with new home communities marketed towards entry-level homebuyers reported initially the interruption in sales pace was limited. Early on, there were instances of cancellations. However, overall closing activity remained at levels similar to the pace of sales prior to the pandemic. This was in large part due to the merchant builders’ ability to market new home communities from an on-line platform and “by appointment only.” Conversely, new home communities with product lines targeting move-up homebuyers initially reported more disruption. Currently, merchant builders targeting the full array of new homebuyers (entry level to move-up homes) report robust sales, in terms of both pricing and pace. Several merchant builders report they are regulating the pace of sales in an effort to manage buyer expectations (due to problems delivering homes above a pace of 4-units per month). This also enables them to escalate pricing upon each new phase release, maximizing profits.

With respect to developable residential land, in the midst of some stagnation in the global and national economy and many segments of the commercial market, several merchant builders remain focused on their supply of buildable residential lots over the next 12 to 36 months. Thus, recent evidence demonstrates ongoing interest in a future supply of single-family residential lots in primary market areas, with sales occurring, post COVID-19 pandemic, at price points commensurate with pre-pandemic prices.

Property Analysis

Land Description and Analysis

Land Description

Land Area	102.59 acres
Source of Land Area	CFD Boundary Map
Primary Street Frontage	N/O Blue Oaks Blvd, E & W/O Westbrook Blvd
Secondary Street Frontage	Westbrook
Shape	Irregular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	60243
Date	November 2, 2018
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Zoning; Other Regulations

Zoning Jurisdiction	City of Roseville
Zoning Designation	RS/DS, R3, OS, PR, P/QP, CC
Description	Small lot residential, development standard overlay; attached housing; open space; parks & recreation; public/quasi-public; community commercial
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Other Land Use Regulations	None reported or observed

Utilities

Service	Provider
Water	City of Roseville
Sewer	City of Roseville
Electricity	Roseville Electric
Natural Gas	PG&E
Local Phone	Comcast, AT&T

Environmental Hazards

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

Zoning

Zoning information for the appraised property is presented as follows:

Zoning:	R3/DS – Attached Housing/Development Standards
Purpose:	The Attached Housing district is intended for multiple-family housing. The types of land use intended for the R3 zoning district include apartments, condominiums, town homes and similar or related compatible uses. The development standard (DS) district is an overlay district which allows modification of the specified development standards in general zone districts including any or all of the following development standards: 1) minimum lot size, 2) minimum lot depth, 3) maximum lot depth, 4) minimum yard setbacks, 5) maximum coverage, 6) minimum usable open space, 7) maximum building height, 8) principal building types, 9) minimum landscaping setbacks and 10) minimum parking ratios.
Zoning:	RS/DS – Small Lot Residential/Development Standards
Purpose:	The small lot residential district is intended to allow either attached or detached single-family dwellings, and similar and related compatible uses.

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

Entitlements

A summary of the current legal (entitlements) status of the appraised property is shown in the following table.

Entitlements	
<i>Phase 1</i>	
Completed Single-Family Homes without Assessed Values	38
Partially Completed Single Family Homes (Under Construction)	114
Finished Single-Family Lots	128
<i>Phase 2</i>	
Finished Single-Family Lots	95
Undeveloped LDR Lots	107
Undeveloped MDR Lots	62
<i>Phase 5 (portion)</i>	
Multi-family Residential Units	263
Total	807

All entitlements for single family lots in Phase 1 are complete; final maps were recorded in November 2020. The final maps for Phase 2 lots were recorded in August 2021.

Easements, Encroachments and Restrictions

We have reviewed preliminary title reports prepared by First American Title Company dated May 23, 2019 and May 24, 2019 and a title insurance policy (APN: 017-101-014) prepared by First American Title Insurance Company dated August 23, 2019. The reports identify exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Mitigation

According to the master developer, all environmental mitigation requirements have been satisfied.

Off-site Improvements

As of the date of inspection, a substantial portion of the off-site improvements (streets, curbs, gutters, sidewalks, streetlights) were in place along Blue Oaks and Westbrook Boulevards. As the interior access roads are completed, these off-site improvements will be required as part of the site work.

Backbone Infrastructure

According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,094,699. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046 ($\$2,094,699 \times 37.43\%$). However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. The remaining bond proceeds from this proposed bond issuance are intended to reimburse certain infrastructure costs already completed.

In-Tract Development Costs

According to the provided budgets, in-tract costs were reported at \$45,391 to \$95,320 per lot for the LDR category lots and \$31,391 to \$38,706 per MDR lot, which are generally consistent with our observations in the market. Each village is in varying stages of completeness and remaining in-tract

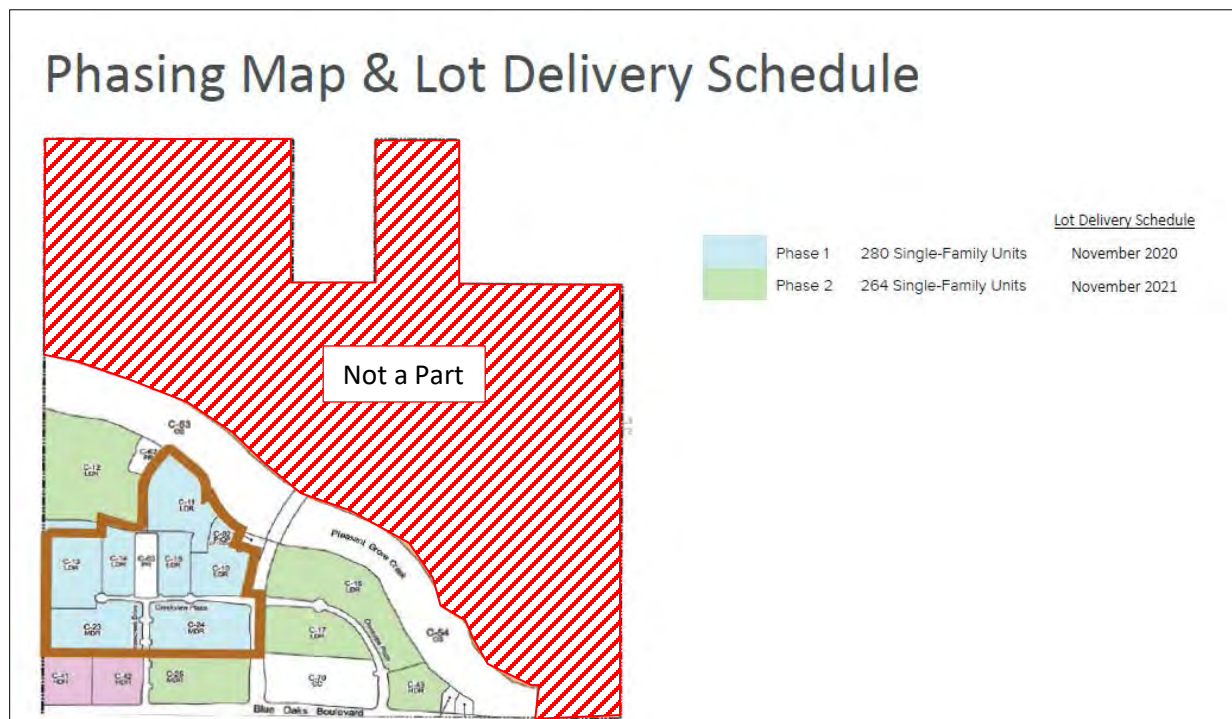
costs differ. The total remaining costs for all in-tracts is \$5,430,749, which includes some lingering costs for Phase 1 lots. As previously mentioned, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. After accounting for remaining backbone infrastructure costs, there is approximately \$3,715,954 (\$4,500,000 - \$784,046) in proceeds that can be applied to in-tract development costs. As such, we will only account for \$1,714,795 in remaining in-tract development costs (\$5,430,749 - \$3,715,954).

Permits and Fees

According to information provided, permits and fees due at building permit average \$82,700 per LDR lot, and \$81,200 per MDR lot, which will be used in our analysis.

Timeline

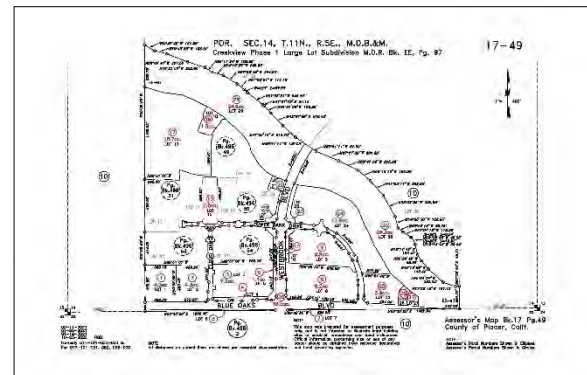
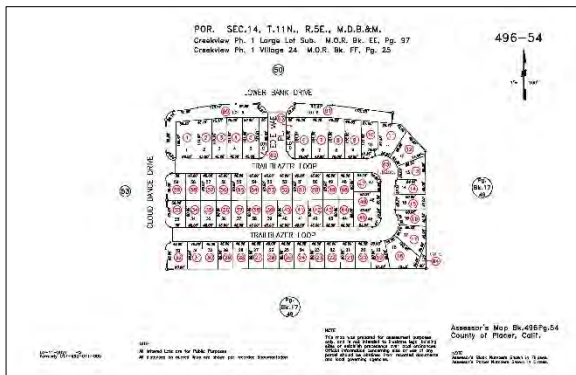
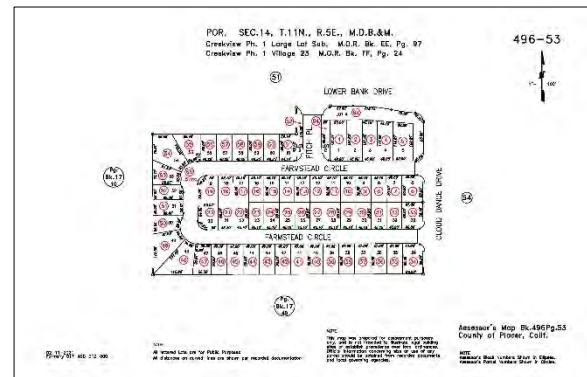
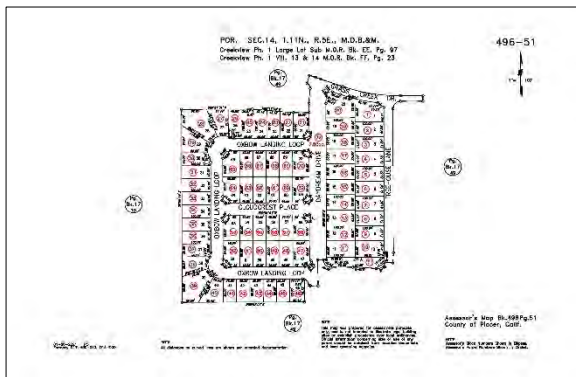
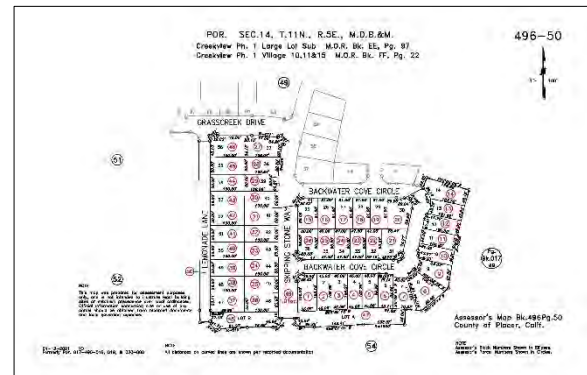
The following map illustrates the phases of the project and includes the Developer's anticipated delivery of the SFR lots.



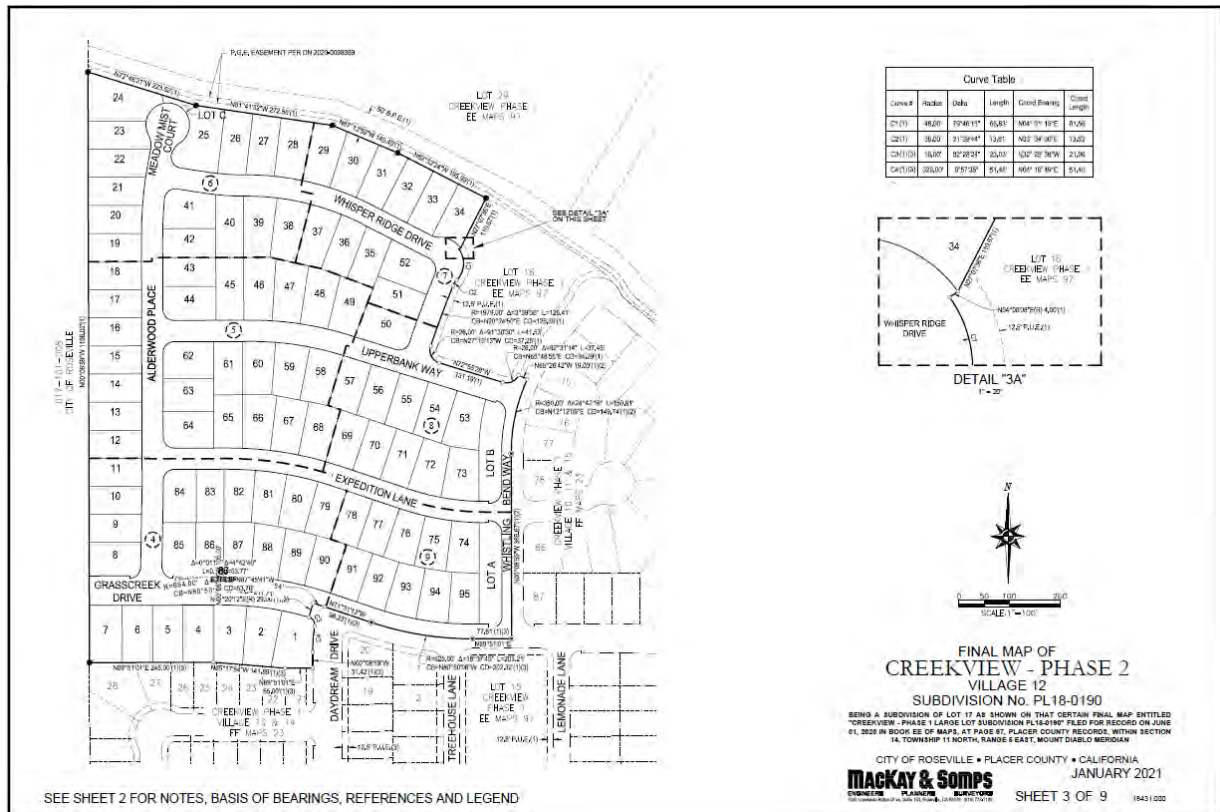
Conclusion of Site Analysis

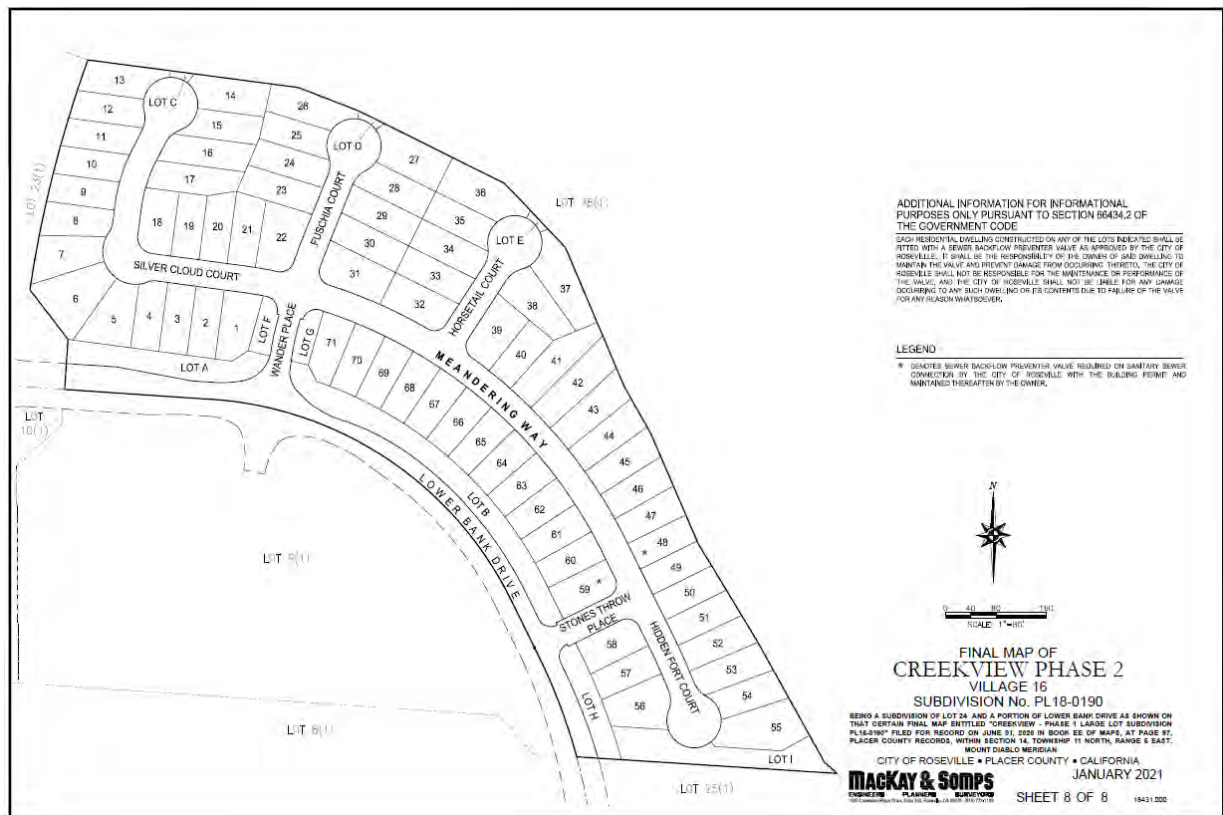
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

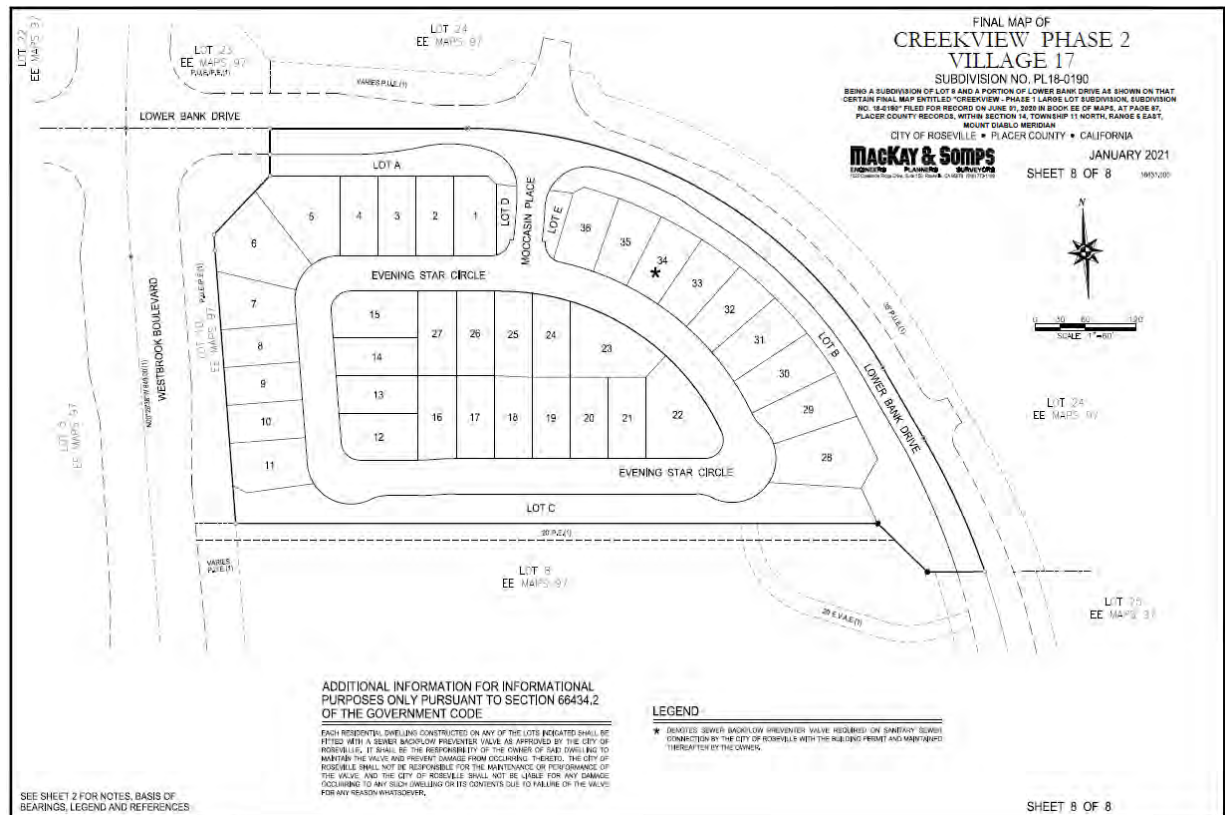
Assessor's Parcel Maps

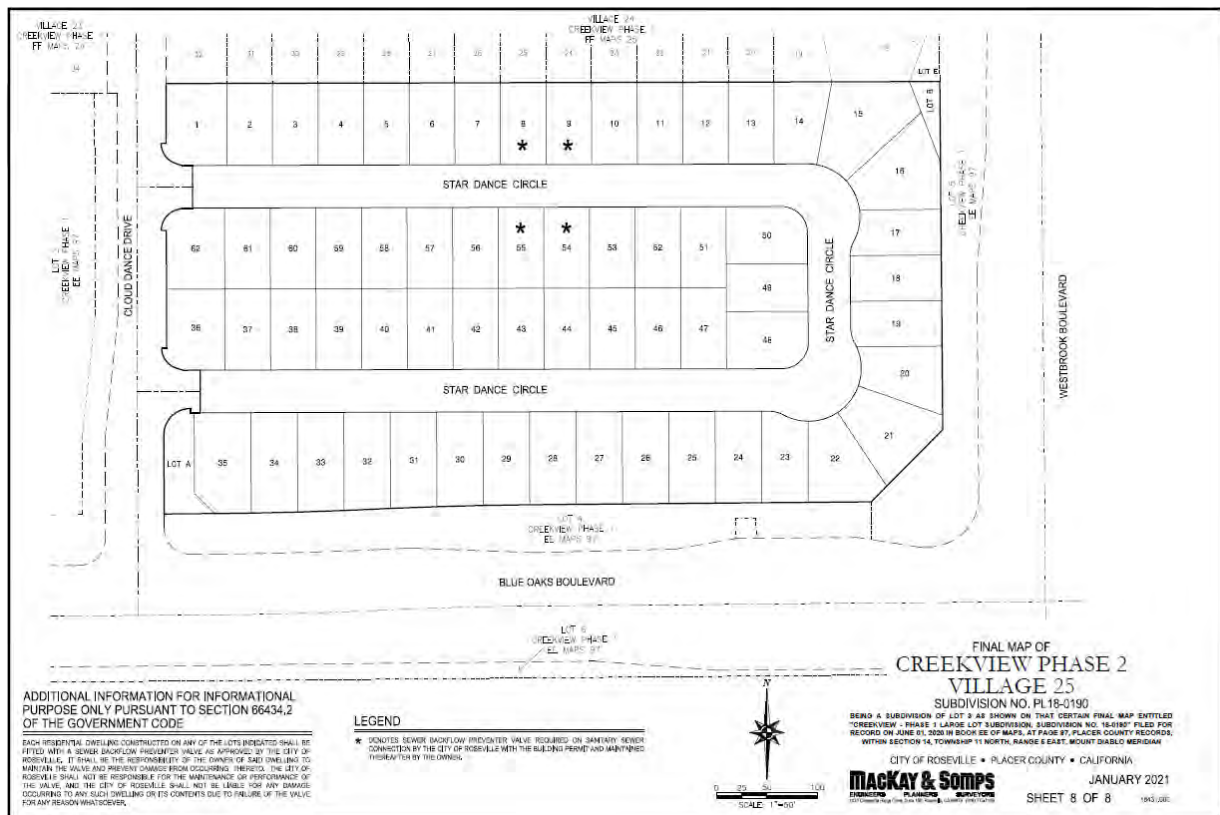


Tentative Maps (Phase 2)









Aerial

Source: GoogleMaps; boundary lines are approximate; aerial not representative of current development.



























Real Estate Taxes

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

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

According to the Placer County Treasurer-Tax Collector's Office, the appraised property has a cumulative annual tax rate of 1.051252% based on assessed value.

Special Assessments

The appraised property is situated within the boundaries of the City of Roseville Creekview Community Facilities District No. 1.

According to the RMA, prepared by EPS (dated September 5, 2019), the annual total maximum special tax payments for the various components as of the 2021/22 tax year, are as follows:

City of Roseville Creekview CFD No. 1

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$2,518
MDR	\$1,987
MDR (affordable)	\$994
HDR	\$676

Creekview (Services)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,259
MDR	\$994
MDR (affordable)	\$497
HDR	\$338

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the "Transition Event" which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee

Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2084-85.

Highest and Best Use

Process

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

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

Highest and Best Use As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single- and multi-family residential development. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designations, which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely. Additionally, the above land uses are consistent with the City of Roseville General Plan and the Creekview Specific Plan.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single- and multi-family development); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

The physical characteristics of the appraised properties support development. The Winding Creek project has good access and project roadways connect the various lots within the development. Public utilities are available to support development. The subject is not located in an adverse earthquake or flood zone. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in adjacent areas of West Roseville (Fiddymont Farm and WestPark) provides support that soils are likely adequate for development. In summary, residential uses are considered physically possible.

Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots in South Placer County for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished lots are transferring for prices that exceed

the sum of unimproved lots and site development costs, which indicates completion of site development is financially feasible.

The apartment market is currently regarded as one of the best performing property investment sectors, and market conditions have improved over the past few years in the subject's market area. Inventory in the subject's neighborhood is low, and rental rates and sale prices have been increasing in recent years, indicating that there is good demand for multifamily residential development. Based on the factors previously discussed, and the pace of new multifamily development in the subject's market area, multifamily residential development of the subject property may also be financially feasible.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, is for near term single- and multi-family residential development.

Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject as improved exceeds its value as vacant less demolition. The highest and best use of the subject as improved is for completion of remaining site work and single- and multi-family home construction.

Probable Buyers

The probable buyers of the various components of the subject are as follows:

- Multifamily parcels: Multifamily developer
- Improved and unimproved lots: merchant builders

Valuation

Valuation Methodology

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

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

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

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

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

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

Market Valuation – Floor Plans

The market values of the subject's floor plans are estimated in this section. The base price pertains to the typical lot size within each project. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

This approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), *"The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time."* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

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

In our analysis, we will estimate the market value of the smallest floor plan offered within each subdivision in CFD No. 1, as of the date of value, September 1, 2021, to apply to those lots with completed single-family homes *without* a complete assessed improvement value. The objective of the analyses is to estimate the base price of the smallest floor plan, net of incentives, upgrades and lot premiums.

A summary of the projects within the boundaries of CFD No. 1 is provided on the following pages.

Trek at Winding Creek by Meritage Homes

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price
1	1,628	1	3	2	2	\$593,950
2	1,740	1	3	2	2	\$603,950
3	1,910	1	4	2	2	\$613,950
4	2,320	2	4	3	3	\$633,950
5	2,541	2	4	3	2	\$650,950
6	2,771	2	4	3	2	\$668,950
7	2,948	2	5	3	2	\$683,950

The Wilds at Winding Creek by D.R. Horton

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price
1	1,547	2	3	2.5	2	\$482,000
2	1,678	2	4	2.5	2	\$496,000
3	1,811	2	4	2.5	2	\$509,000
4	1,969	2	4	2.5	2	\$526,000

Firefly at Winding Creek by K. Hovnanian Homes

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Base Price
1	1,829	2	3	2.5	2	\$613,490
2	2,037	2	3	2.5	2	\$629,490
3	2,213	2	4	3	2	\$638,490
4	2,433	2	4	3.5	3	\$663,490

A not-less-than value based on each project's smallest floor plan will be appraised and assigned to each completed model within the CFD. The floor plans to be appraised are summarized in the following table.

Floor Plan Summary

Project	Living Area (SF)	Room Count			Garage	Typical Lot Size
		Bedroom	Bathroom	Stories		
Trek	1,628	3	2	One	2 Car	5,000
The Wilds	1,547	3	2.5	Two	2 Car	3,600
Firefly	1,829	3	2.5	Two	2 Car	4,050

The comparable sales are summarized in the following table.

Sales Summary										
No.	Location	Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)	Year Built	Garage	Stories
1	6272 Mystic Way	Pending	\$643,827	1,720	4	2.0	5,624	2021	2 Car	One
2	6184 Shimmer Falls	Aug-21	\$549,000	1,645	3	2.0	4,500	2021	2 Car	One
3	2616 Provincetown Way	Jun-21	\$670,000	1,720	4	2.0	5,060	2021	2 Car	One
4	6057 Belfast Way	May-21	\$590,000	1,686	3	2.0	5,127	2019	2 Car	One
5	5565 Whisper Wind Way	May-21	\$570,000	1,645	3	2.0	5,092	2019	2 Car	One
6	700 Swallowtail Ct.	Mar-21	\$500,000	1,405	3	2.0	4,887	2020	2 Car	One
7	916 Cosmic Court	Mar-21	\$571,620	1,829	3	2.5	4,535	2021	2 Car	Two

Discussion of Adjustments

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

Adjustment Factor	Accounts For	Comments
Total Consideration	The appraised properties are analyzed based on the total consideration of home price and the assumption of bonds, if any. Bond debt has a direct impact on the amount for which the end product will sell.	While an analysis of the market suggests the full impact of the Lien is not captured in the market (e.g., a homebuyer is not willing to pay the equivalent of the outstanding Lien in the purchase price of a home, all else being equal), there is, nonetheless, a difference in value attributable to the difference in Bond encumbrance. All of the comparables are encumbered by bonds; thus, to account for any differences, we have calculated the annual tax payments over a typical holding period of 7 years, with a 4.5% interest (yield) rate.
Upgrades and Incentives	The objective of the analysis is to estimate the base value per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.	Incentives and upgrades included in the sales have been considered and adjusted for in this analysis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.

Adjustment Factor	Accounts For	Comments
Market Conditions (Date of Sale, Phase Adjustment)	The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.	According to information published by The Gregory Group, and as shown previously within the <i>Residential Market</i> section of this appraisal, new home pricing has been significantly increasing in the subject's market area during the past few quarters. Base prices at the subject property have increased appreciably over the past 12 months, likely due to increased demand from Bay Area buyers, a shortage of available inventory, historically low interest rates and the rising costs of lumber. Average increases across the subject's floor plans range from 1-8% based on contract dates from 3-9 months prior. As such, upward adjustments are applied accordingly for earlier contract/sale dates and respective increase in base pricing.
Location	Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.	All of the comparables are located in similar areas of West Roseville; however, some of the comparables are located within the Center Joint Unified School District (CJUSD), while the subject is located within the Roseville City School District (RCSD) and Roseville Joint Union High School District (RJUSD), which, all else being equal, is considered superior. As such, upward adjustments are applied to Comparables 2, 6 and 7.

Adjustment Factor	Accounts For	Comments
Community Appeal	In addition to market location adjustments, we consider community appeal adjustments. Even within a specific market location, often specific community characteristics influence sale prices. Often, prices on one street may be significantly higher or lower than the next, despite similar home characteristics. Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.	All of the comparables are located within similar areas of the city of Roseville, and no adjustments are required.
Lot Size	The lot size adjustment pertains to the differences between the subject's average lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.	Considering the average lot size adjustment factors indicated by the comparable sales utilized in this analysis, lot size adjustment factor of \$8/SF is considered reasonable for the subject's residential lots. This figure is supported by our observations of sales in the subject's market area.
Lot Premiums/ Discounts	Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered.	Appropriate adjustments are applied based upon information provided by the builders with regard to lot discounts on specific sales.

Design and Appeal	Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.	All of the comparables are similar to the subject in regard to design and appeal.
Quality of Construction	Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality.	Most of the comparable sales feature similar construction quality and do not require adjustments. However, slight adjustments are made to those comparables with upgrades and/or superior quality finishes.
Age/Condition	When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.	We have applied a similar adjustment factor to the estimated effective age of the comparable sales.
Functional Utility	Ability to adequately provide for its intended purpose.	The appraised properties and comparables represent traditional detached single-family residential construction on similar lot size categories as the subject. Adjustments for this factor do not apply.

Room Count

For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.

Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$5,000 per fixture (or half-bath) and is supported by cost estimates for an average quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$5,000 per fixture, or half-bath, is supported. Consequently, a factor of \$10,000 per full bath is also applied in our analysis.

Unit Size/Living Area	Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.	The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$50 to upwards of \$100 per square foot. Considering the information cited above, a factor of \$75 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.
Number of Stories	For similar size units, the differences between the number of stories is a buyer preference. One buyer might prefer a single-story versus a two-story unit.	In current market conditions, single story floor plans typically demand a slight premium. As such, an adjustment of 1% is applied for story differences.
Parking/Garage	Number of garage spaces	The subject's floor plans and all of the comparables offer two-car garages. No adjustments are required for this element of comparison.
Landscaping	Included landscaping	The subject and most of the comparables include only front yard landscaping; Comparables 4 and 6 had established backyard landscaping at the time of sale and receives downward adjustments.

Adjustment Grids

The following pages include grids reflecting the aforementioned adjustments.

Trek by Meritage Homes									
Project Information	Subject Property	Comparable 2	Comparable 3	Comparable 1	Comparable 4				
Project Name	Trek	Moument Village	Fieldstone	Fieldstone					
Plan	Plan 1	Residence 4	Peridot	Peridot	Resale				
Address/Lot Number		6184 Shimmer Falls	2616 Provincetown Way	6272 Mystic Way	6057 Belfast Way				
City/Area	Roseville	Roseville	Roseville	Roseville	Roseville				
Price	N/Ap	\$549,000	\$670,000	\$643,827	\$590,000				
Price Per SF	N/Ap	\$333.74	\$389.53	\$374.32	\$349.94				
Special Taxes	\$14,838	\$11,037	\$15,345	\$15,345	\$10,984				
Adjustment		(\$3,801)	\$507	\$507	(\$3,854)				
Data Source		MLS	MLS	MLS	MLS				
Incentives	N/Ap	No	No	No	No				
Upgrades	Base	Upgrades	Upgrades	Upgrades	Upgrades				
Effective Base Sales Price		\$545,199	\$670,507	\$644,334	\$586,146				
Adjustments:	Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)
Property Rights	Fee Simple	Similar		Similar		Similar		Similar	
Financing Terms	Cash Equivalent	Similar		Similar		Similar		Similar	
Conditions of Sale	Market	Market		Market		Market		Market	
Market Conditions									
Date of Sale	MV 9/1/2021	8/16/2021		6/29/2021	\$6,705	Pending		5/28/2021	\$17,584
Project Location	Roseville	Roseville (CIUSD)	\$16,356	Roseville		Roseville		Roseville	
Community Appeal	Average	Similar		Similar		Similar		Similar	
Lot Size	\$8.00	5,000	\$4,000	5,060	(\$480)	5,624	(\$4,989)	5,127	(\$1,016)
Lot Premium	N/Ap	Similar		None		None		None	
Design and Appeal	Average	Similar		Similar		Similar		Similar	
Quality of Construction	Good	Similar		Similar		Similar		Sl. Superior	(\$17,584)
Age (Total/Effective)	New	Similar		Similar		Similar		2 yrs	\$11,723
Condition	Good/New	Similar		Similar		Similar		Similar	
Functional Utility	Average	Similar		Similar		Similar		Similar	
Room Count									
Bedrooms	3	3		4		4		3	
Baths	\$10,000	2	\$0	2	\$0	2	\$0	2	\$0
Living Area (SF)	\$75.00	1,628	(\$1,275)	1,720	(\$6,900)	1,720	(\$6,900)	1,686	(\$4,350)
Number of Stories	One	One		One		One		One	
Heating/Cooling	Central/Forced	Similar		Similar		Similar		Similar	
Garage	2 Car	2 Car		2 Car		2 Car		2 Car	
Landscaping	Front	Similar		Similar		Similar		Front/Back	(\$10,000)
Pool/Spa	None	Similar		Similar		Similar		Similar	
Patios/Decks	Patio	Similar		Similar		Similar		Similar	
Fencing	Rear	Similar		Similar		Similar		Similar	
Fireplace(s)	None	Similar		Similar		Similar		Similar	
Kitchen Equipment	Average	Similar		Similar		Similar		Similar	
Other	None	Solar	(\$15,000)	Similar		Similar		Similar	
Gross Adjustments			\$36,631		\$14,085		\$11,889		\$62,258
Net Adjustments			\$4,081		(\$675)		(\$11,889)		(\$3,643)
Adjusted Retail Value			\$549,280		\$669,832		\$632,445		\$582,503
Concluded Retail Value	\$595,000								
Indicated Value Per SF	\$365.48								

The Wilds by D.R. Horton							
Project Information		Subject Property	Comparable 2	Comparable 6		Comparable 5	
Project Name		The Wilds	Moument Village		Palisade Village		
Plan		Plan 1	Residence 4		Residence 3 (Model)		Resale
Address/Lot Number			6184 Shimmer Falls		700 Swallowtail Ct.		5565 Whisper Wind Way
City/Area		Roseville	Roseville		Roseville		Roseville
Price		N/Ap		\$549,000		\$500,000	\$570,000
Price Per SF		N/Ap	\$333.74		\$355.87		\$346.50
Special Taxes		\$11,709		\$11,037		\$9,811	\$11,031
Adjustment				(\$672)		(\$1,897)	(\$678)
Data Source			MLS		MLS		MLS
Incentives		N/Ap	No	\$0	No	\$0	No
Upgrades		Base	Upgrades	\$0	Upgrades	\$0	Upgrades
Effective Base Sales Price				\$548,328		\$498,103	\$569,322
Adjustments:	Factor	Description	+/(-)	Description	+/(-)	Description	+/(-)
Property Rights		Fee Simple	Similar	Similar		Similar	
Financing Terms		Cash Equivelant	Similar	Similar		Similar	
Conditions of Sale		Market	Market	Market		Market	
Market Conditions							
Date of Sale		MV 9/1/2021	8/16/2021	3/15/2021	\$39,848	5/28/2021	\$17,080
Project Location		Roseville	Roseville (CJUSD)	\$16,450	Roseville (CJUSD)	\$14,943	Roseville
Community Appeal		Average	Similar	Similar		Similar	
Lot Size	\$8.00	3,600	4,500	(\$7,200)	4,887	(\$10,299)	5,092
Lot Premium		N/Ap	Similar	None		None	
Design and Appeal		Average	Similar	Similar		Similar	
Quality of Construction		Good	Similar	Superior	(\$24,905)	Sl. Superior	(\$28,466)
Age (Total/Effective)		New	Similar	Similar		2 yrs	\$11,386
Condition		Good/New	Similar	Similar		Similar	
Functional Utility		Average	Similar	Similar		Similar	
Room Count							
Bedrooms		3	3	3		3	
Baths	\$10,000	2.5	2	\$5,000	2	\$5,000	2
Living Area (SF)	\$75.00	1,547	1,645	(\$7,350)	1,405	\$10,650	1,645
Number of Stories		Two	One	(\$5,483)	One	(\$4,981)	One
Heating/Cooling		Central/Forced	Similar	Similar		Similar	
Garage		2 Car	2 Car		2 Car		2 Car
Landscaping		Front	Similar	Front/Back	(\$10,000)	Similar	
Pool/Spa		None	Similar	Similar		Similar	
Patios/Decks		Patio	Similar	Similar		Similar	
Fencing		Rear	Similar	Similar		Similar	
Fireplace(s)		None	Similar	Similar		Similar	
Kitchen Equipment		Average	Similar	Similar		Similar	
Other		None	Solar	(\$15,000)	Similar	Similar	
Gross Adjustments				\$56,483		\$120,627	\$86,913
Net Adjustments				(\$13,583)		\$20,256	(\$19,981)
Adjusted Retail Value				\$534,745		\$518,358	\$549,342
Concluded Retail Value		\$530,000					
Indicated Value Per SF		\$342.60					

Firefly by K. Hovnanian Homes							
Project Information	Subject Property	Comparable 7		Comparable 3		Comparable 1	
Project Name	Firefly	Aspire I		Fieldstone		Fieldstone	
Plan	Plan 1	Gardenia		Peridot		Peridot	
Address/Lot Number		916 Cosmic Court		2616 Provincetown Way		6272 Mystic Way	
City/Area	Roseville	Roseville		Roseville		Roseville	
Price	N/Ap		\$571,620		\$670,000		\$643,827
Price Per SF	N/Ap	\$312.53		\$389.53		\$374.32	
Special Taxes	\$14,838		\$8,857		\$15,345		\$15,345
Adjustment			(\$5,981)		\$507		\$507
Data Source		MLS		MLS		MLS	
Incentives	N/Ap	No	\$0	No	\$0	No	\$0
Upgrades	Base	Upgrades	(\$37,130)	Upgrades	\$0	Upgrades	\$0
Effective Base Sales Price			\$528,509		\$670,507		\$644,334
Adjustments:	Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)
Property Rights		Fee Simple	Similar	Similar		Similar	
Financing Terms		Cash Equivalent	Similar	Similar		Similar	
Conditions of Sale		Market		Market		Market	
Market Conditions							
Date of Sale	MV 9/1/2021	3/11/2021	\$42,281	6/29/2021	\$6,705	Pending	
Project Location	Roseville	Roseville (CJUSD)	\$15,855	Roseville		Roseville	
Community Appeal	Average	Similar		Similar		Similar	
Lot Size	\$8.00 4,050	4,535		5,060	(\$8,080)	5,624	(\$12,589)
Lot Premium	N/Ap	Yes	(\$10,000)	None		None	
Design and Appeal	Average	Similar		Similar		Similar	
Quality of Construction	Good	Similar		Similar		Similar	
Age (Total/Effective)	New	Similar		Similar		Similar	
Condition	Good/New	Similar		Similar		Similar	
Functional Utility	Average	Similar		Similar		Similar	
Room Count							
Bedrooms	3	3		4		4	
Baths	\$10,000 2.5	2.5	\$0	2	\$5,000	2	\$5,000
Living Area (SF)	\$75.00 1,829	1,829	\$0	1,720	\$8,175	1,720	\$8,175
Number of Stories	Two	Two		One	(\$6,705)	One	(\$6,443)
Heating/Cooling	Central/Forced	Similar		Similar		Similar	
Garage	2 Car	2 Car		2 Car		2 Car	
Landscaping	Front	Similar		Similar		Similar	
Pool/Spa	None	Similar		Similar		Similar	
Patios/Decks	Patio	Similar		Similar		Similar	
Fencing	Rear	Similar		Similar		Similar	
Fireplace(s)	None	Similar		Similar		Similar	
Kitchen Equipment	Average	Similar		Similar		Similar	
Other	None	Similar		Similar		Similar	
Gross Adjustments			\$68,136		\$34,665		\$32,207
Net Adjustments			\$48,136		\$5,095		(\$5,857)
Adjusted Retail Value			\$576,645		\$675,602		\$638,477
Concluded Retail Value		\$630,000					
Indicated Value Per SF		\$344.45					

Conclusion of Home Values

Based on the analysis herein, the market value conclusions for the homes are summarized in the following table.

Base Floor Plan Conclusions					
Floor Plan	Living Area (SF)	Room Count		Typical Lot Size (SF)	Conclusion of Value
		Bedroom	Bathroom		
Trek	1,628	3	2	5,000	\$595,000
The Wilds	1,547	3	2.5	3,600	\$530,000
Firefly	1,829	3	2.5	4,050	\$630,000

Market Valuation – Single-Family Lots

Benchmark Lot Valuation

In the benchmark lot analysis, we will assign two benchmark larger parcels, one for the low-density residential (LDR) lots and one for the medium density residential (MDR) lots.

The typical lot sizes of the LDR lots range from 4,050 to 5,500 square feet with an average size of 4,706 square feet. With regard to lot count, the larger parcels have lot counts that range from 20 to 95 lots, with an average of 45 lots. Given this discussion, our benchmark LDR lot selection is **Parcel C-16**, which contains 71 lots with a typical lot size of 4,500 square feet.

The typical lot sizes of the MDR lots is 3,600 square feet. With regard to lot count, the parcels have lot counts that range from 59 to 61 lots.

LDR Lot Analysis

In this section of the report, we will utilize the sales comparison approach and the land residual analysis to estimate the market value of the LDR lot category. The estimate of value assumes the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer.

Sales Comparison Approach (LDR)

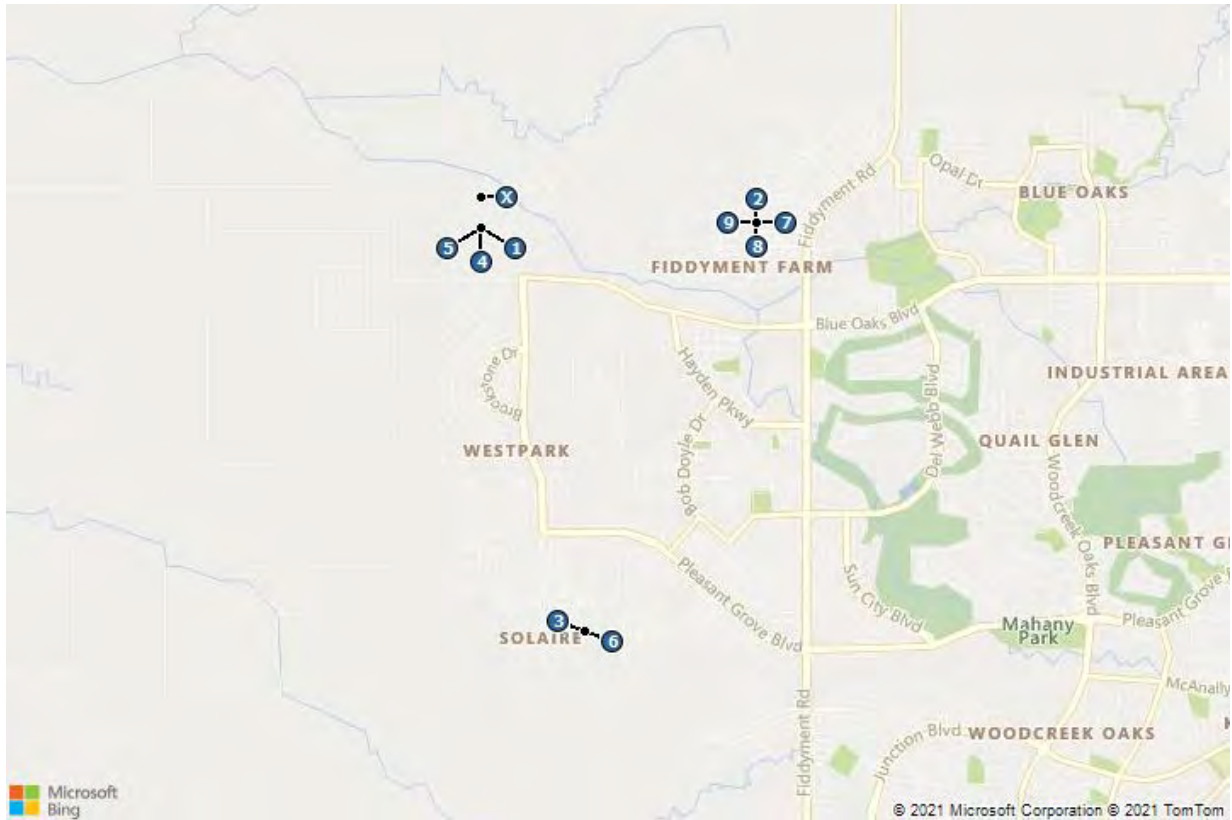
This approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate*, 14th Edition (Chicago: Appraisal Institute, 2013), “*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*” The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

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

On the following page, we have arrayed comparable sales that have occurred in West Roseville. The summary table is accompanied by a map and followed by details of each comparable. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs and profit applied to the unimproved transactions).

Summary of Comparable Land Sales - LDR Lots							
No.	Name/Address	Sale Date; Status	Sale Price; PV of Spec. Tax/Lot	Typical Lot Size	Number of Lots	\$/	Site Dev. Costs/Lot; Permits & Fees/Lot
1	Winding Creek Parcel C-12 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Tax ID: 017-490-017 Grantor: Anthem United Creekview Development, LP. Grantee: Meritage Homes of California, Inc. Document ID: 2021.103031 <i>Comments: This comparable represents the sale of 95 finished lots with a typical lot size of 5,500 square feet. Permits & fees average \$82,223 per lot and annual special assessments are \$2,518 per lot.</i>	Aug-21 Closed	\$14,725,000 \$34,660	5,500	95	\$155,000	\$0 \$82,223
2	Fiddymment Ranch, Village F-10A (ptn.) N/O Holt Pky., W/O N. Hayden Pky. Roseville Tax ID: Grantor: JEN California 15, LLC. Grantee: JMC Homes Document ID: <i>Comments: This comparable represents the sale of 50 finished lots (55'x110') in phase 3 of Fiddymment Farms. Permits & Fees are \$78,594/lot and annual special assessments are \$1,864/lot. This transaction represents a two phase takedown; the remaining 61 lots within the village are projected to transfer in January 2022 for \$5,000 more/lot.</i>	Mar-21 Closed	\$7,000,000 \$25,658	6,050	50	\$140,000	\$0 \$78,594
3	Westpark-Federico Parcel FD-4 W/O Market St., S/O Earl Rush Dr. Roseville Tax ID: 498-020-010 Grantor: Solaire Community Builders, LLC. Grantee: K. Hovnanian Homes Document ID: <i>Comments: This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CIJUSD.</i>	Feb-21 Closed	\$2,000,000 \$25,272	4,500	33	\$60,606	\$62,437 \$62,148
4	Winding Creek Parcels C-11, C-14 & C-15 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Tax ID: 017-496-049, -050 (ptn.), -051 (ptn.) Grantor: Anthem United Creekview Development, LP. Grantee: Meritage Homes <i>Comments: This comparable represents the sale of 74 finished LDR lots with a typical lot size of 5,000 square feet (50'x100'). Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot. Meritage is constructing Trek at Winding Creek, which offers floor plans ranging in size from 1,628 to 2,948 square feet.</i>	Nov-20 Closed	\$8,658,000 \$33,311	5,000	74	\$117,000	\$0 \$82,223
5	Winding Creek Parcels C-10 & C-13 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Tax ID: 170-101-050 (ptn.) Grantor: Anthem United Creekview Development, LP. Grantee: K. Hovnanian Homes Document ID: <i>Comments: This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.</i>	Dec-20 Closed	\$9,640,000 \$33,311	4,050	86	\$112,093	\$0 \$82,223
6	Westpark-Federico Parcels FD-22A E/O Westbrook Blvd., N/O Earl Rush Dr. Roseville Tax ID: 498-020-005 Grantor: Solaire Community Builders, LLC. Grantee: Solaire-Roseville LP. (Beazer Homes) <i>Comments: This sale represents the sale of 76 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$80,948/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the RIJHSD/RCSD.</i>	Aug-20 Closed	\$5,396,000 \$25,272	4,500	76	\$71,000	\$62,437 \$80,948
7	Fiddymment Ranch, Villages F-11A1 & F-11A3 (ptn.) S/O Hayden Pky, W/O Fiddymment Rd Roseville Tax ID: 492-011-004 & -006 (ptn.) Grantor: ATC Realty One, LLC. Grantee: Richmond American Homes of Maryland <i>Comments: This comparable represents the sale of 73 finished lots (45'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot. The project is being marketed as Fieldstone at Fiddymment and is offering floor plans ranging in size from 1,590 - 2,630 square feet with pricing from \$441,950 - \$508,950.</i>	Feb-20 Closed	\$8,979,000 \$25,162	4,725	73	\$123,000	\$0 \$66,973
8	Fiddymment Ranch, Village F-12 S/O Hayden Pky, W/O Fiddymment Rd Roseville Tax ID: 492-011-002 & -003 Grantor: ATC Realty One, LLC. Grantee: Lennar Homes of CA, Inc. <i>Comments: This comparable represents the sale of 97 finished lots (50'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot.</i>	Feb-20 Closed	\$13,095,000 \$25,162	5,250 0.01	97 4.9	\$135,000	\$0 \$66,973
9	Fiddymment Ranch, Villages F-11A2 & F-11A3 (ptn.) S/O Hayden Pky, W/O Fiddymment Rd Roseville Tax ID: 492-011-005 & -006 (ptn.) Grantor: ATC Realty One, LLC. Grantee: Lennar Homes of CA, Inc. Document ID: 19820 <i>Comments: This comparable represents the sale of 102 finished lots (45'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot.</i>	Feb-20 Closed	\$12,750,000 \$25,162	4,725	102	\$125,000	\$0 \$66,973
Subject City of Roseville Creekview CFD No. 1, Improvement Area 1 Roseville, CA				4,500	71		

Comparable Land Sales Map





Sale 1
Winding Creek Parcel C-12



Sale 2
Fiddlyment Ranch, Village F-10A (ptn.)



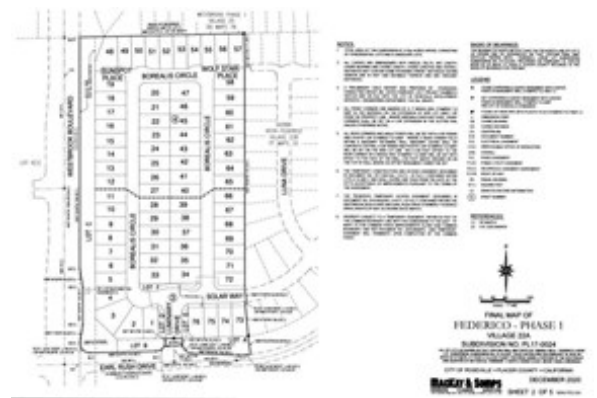
Sale 3
Westpark-Federico Parcel FD-4



Sale 4
Winding Creek Parcels C-11, C-14 & C-15



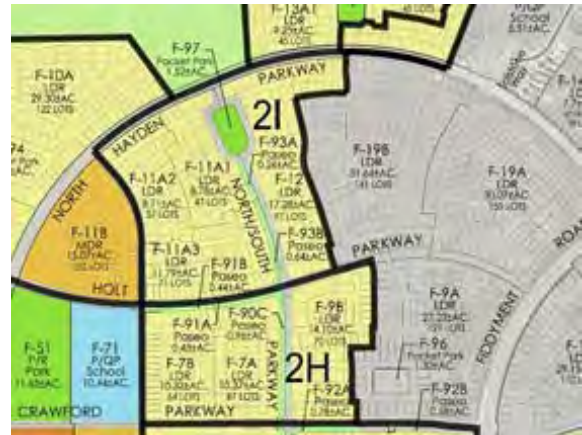
Sale 5
Winding Creek Parcels C-10 & C-13



Sale 6
Westpark-Federico Parcel FD-22A



Sale 7
Fiddymont Ranch, Villages F-11A1 & F-11A3 (ptn.)



Sale 8
Fiddymont Ranch, Village F-12



Sale 9
Fiddymont Ranch, Villages F-11A2 & F-11A3 (ptn.)

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

This analysis relies on qualitative adjustments, with adjustments being characterized as being slightly superior/inferior, superior/inferior, or significantly superior/inferior, where approximate percent adjustments would be assigned as follows:

Qualitative Adjustment Summary

Adjustment	Identification	General Percent of	
		Adjustment Ranges	
Sig. Inferior	+++	11%	to 20+%
Inferior	++	6%	to 10%
Sl. Inferior	+	1%	to 5%
Similar		0%	
Sl. Superior	-	-1%	to -5%
Superior	--	-6%	to -10%
Sig. Superior	---	-11%	to -20+%

While we present percentage adjustments in the above table for comparison purposes, they are based on qualitative judgment rather than empirical research as there is not sufficient data to develop a sound quantitative estimate.

As a result of the limited data present in the market, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. Additionally, many of the adjustments are subjective and reflect the premiums and discounts a typical buyer would most likely assign for differing attributes between the comparables and the subject property.

Our rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Adjustments are considered for the following factors, in the sequence shown below.

Loaded Lot Analysis

Prior to the application of adjustments, the following items are added to the per lot sale price.

Loaded Lot Analysis

Remaining Site Dev. Cost	We apply adjustments for remaining site development costs (if any).
Permits and Fees	Permits and fees due upon building permit are included on a dollar-for-dollar basis, all of which are presumed to be an obligation of the merchant builder.
Bond Encumbrance PV	All of the comparables transferred with the assumption of bonds; consequently, in order to reflect an estimate of the total consideration of each sale, the present value of the special taxes or the assessment lien are considered. Bond encumbrances are estimated utilizing a 4.50% interest (yield) rate for a standard term of 30 years (though many Districts allow for extensions beyond the initial (typical) 30-year term). For purposes of analysis, annual escalators are not taken into account.

Loaded Lot Adjustments									
	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8	Comparable 9
Lot Price	\$155,000	\$140,000	\$60,606	\$117,000	\$112,093	\$71,000	\$123,000	\$135,000	\$125,000
Remaining Site Development Costs	\$0	\$0	\$62,437	\$0	\$0	\$62,437	\$0	\$0	\$0
Permits & Fees	\$82,223	\$78,594	\$62,148	\$82,223	\$82,223	\$80,948	\$66,973	\$66,973	\$66,973
Special Taxes/Assessment Lien	\$34,660	\$25,658	\$25,272	\$33,311	\$33,311	\$25,272	\$25,162	\$25,162	\$25,162
Loaded Lot Price After Bonds	\$271,883	\$244,252	\$210,463	\$232,534	\$227,627	\$239,657	\$215,135	\$227,135	\$217,135
Loaded Lot Adjustment	\$116,883	\$104,252	\$149,857	\$115,534	\$115,534	\$168,657	\$92,135	\$92,135	\$92,135

Adjustment Factor	Accounts For	Comments
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments are warranted for this element of comparison.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Most of the comparables transferred during a period of stability in residential land prices, and no adjustments for market conditions are warranted. However, upward adjustments are made to Comparables 7 through 9 to account for continued appreciation in land prices.

Adjustment Factor	Accounts For	Comments
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	Overall community appeal is considered good. As observed by the number of transactions within the past 24 months, South Placer County is a highly desirable submarket for single-family residential lots. The subject and all of the comparables are located within similar areas of West Roseville and do not require adjustment.
Number of Lots	Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot.	Typically, variances in per lot prices, all else being equal, are not observed in transactions between 50 and 250 lots. All of the comparable represent fairly similar sized transactions and do not require adjustments.
Lot Size	Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size.	Comparables 1, 2 and 8 have larger lot sizes relative to the subject's benchmark lot size of 4,500 square feet and are adjusted downward.

Adjustment Factor	Accounts For	Comments
Lot Premiums/ Discounts	Primary physical factors that affect desirability of lots.	Comparable 1 is adjusted downward given the number of lots that back up to the adjacent open and park spaces. None of the remaining comparables benefit from view or significant open space premiums and do not require adjustments.
School District	The market has demonstrated preference for certain school districts, which are reflected within home sale prices.	The subject lots and most of the comparables are located within the Roseville City School District (RCSD) and Roseville Joint Union High School District (RJUSD), which all else being equal is considered superior to the Center Joint Unified School District (CJUSD). As such, we have applied an upward adjustment to Comparable 3.

The following table summarizes the adjustments we make to the comparable sales.

Land Sales Adjustment Grid - LDR Lots										
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8	Comparable 9
Name	City of Roseville Creekview CFD No. 1, Improvement Area 1	Winding Creek Parcel C-12	Fiddymont Ranch, Village F-10A (ptn.)	Westpark-Federico Parcel FD-4	Winding Creek Parcels C-11, C-14 & C-15	Winding Creek Parcels C-10 & C-13	Westpark-Federico Parcels FD-22A	Fiddymont Ranch, Villages F-11A1 & F-11A3 (ptn.)	Fiddymont Ranch, Village F-12	Fiddymont Ranch, Villages F-11A2 & F-11A3 (ptn.)
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
Sale Date		Aug-21	Mar-21	Feb-21	Nov-20	Dec-20	Aug-20	Feb-20	Feb-20	Feb-20
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$14,725,000	\$7,000,000	\$2,000,000	\$8,658,000	\$9,640,000	\$5,396,000	\$8,979,000	\$13,095,000	\$12,750,000
Effective Sale Price		\$14,725,000	\$7,000,000	\$2,000,000	\$8,658,000	\$9,640,000	\$5,396,000	\$8,979,000	\$13,095,000	\$12,750,000
Number of Lots	71	95	50	33	74	86	76	73	97	102
Price per Lot	–	\$155,000	\$140,000	\$60,606	\$117,000	\$112,093	\$71,000	\$123,000	\$135,000	\$125,000
Loaded Lot Adjustment	–	\$116,883	\$104,252	\$149,857	\$115,534	\$115,534	\$168,657	\$92,135	\$92,135	\$92,135
Price per Lot		\$271,883	\$244,252	\$210,463	\$232,534	\$227,627	\$239,657	\$215,135	\$227,135	\$217,135
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		=	=	=	=	=	=	=	=	=
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		=	=	=	=	=	=	=	=	=
Conditions of Sale		Market	Market	Market	Market	Market	Market	Market	Market	Market
Adjustment		=	=	=	=	=	=	=	=	=
Market Conditions	9/1/2021	Aug-21	Mar-21	Feb-21	Nov-20	Dec-20	Aug-20	Feb-20	Feb-20	Feb-20
Adjustment		=	=	=	=	=	=	<i>Sl. Inferior</i>	<i>Sl. Inferior</i>	<i>Sl. Inferior</i>
Location/Community Appeal	W. Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville
Adjustment		=	=	=	=	=	=	=	=	=
Number of Lots	71	95	50	33	74	86	76	73	97	102
Adjustment		=	=	=	=	=	=	=	=	=
Lot Size (Typical)	4,500	5,500	6,050	4,500	5,000	4,050	4,500	4,725	5,250	4,725
Adjustment		<i>Sl. Superior</i>	<i>Sl. Superior</i>	=	=	=	=	=	<i>Sl. Superior</i>	=
Lot Premiums/Discounts	Average	Abv. Avg.	Average	Average	Average	Average	Average	Average	Average	Average
Adjustment		=	=	=	=	=	=	=	=	=
School District	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	CJUSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD
Adjustment		=	=	<i>Sl. Inferior</i>	=	=	=	=	=	=
Overall Adjustment		Superior	Sl. Superior	Sl. Inferior	Similar	Similar	Similar	Sl. Inferior	Similar	Sl. Inferior

Land Value Conclusion

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the LDR lot category of the subject property. After accounting for remaining site development costs, permits and fees and special taxes, the data set reflects an unadjusted (loaded lot price) range of \$210,463 to \$271,883 per lot.

Based upon the analysis presented, a ranking of the subject and the comparable sales is in the table below:

Bulk Lot Ranking Summary			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 1	Aug-21	\$271,883	Superior
Comparable 2	Mar-21	\$244,252	Sl. Superior
Comparable 6	Aug-20	\$239,657	Similar
Subject Property	--	\$235,000	--
Comparable 4	Nov-20	\$232,534	Similar
Comparable 5	Dec-20	\$227,627	Similar
Comparable 8	Feb-20	\$227,135	Similar
Comparable 9	Feb-20	\$217,135	Sl. Inferior
Comparable 7	Feb-20	\$215,135	Sl. Inferior
Comparable 3	Feb-21	\$210,463	Sl. Inferior

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparable 1, generally similar to Comparables 3, 4, 5, and 7 and higher than the balance of the data set. A loaded lot indicator of \$235,000 per lot is concluded for the benchmark village (C-16) of the subject property. As previously mentioned, the fees due at building permit are estimated to be about \$82,700 per LDR lot. As such, our conclusion of finished lot value for the benchmark village is as follows:

Lot Value Conclusion	
Concluded Loaded Lot Value	\$235,000
Less: Permits & Fees	(\$82,700)
Indicated Lot Value (Rd.)	\$152,000

Land Residual Analysis

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

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

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

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

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

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

Revenue

The projected sales price for the average home within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses. The benchmark lot category has a typical lot size of 4,500 square feet. Based on the Residential Market section of this report, we estimate a typical average-sized home on the subject would contain approximately 2,200 square feet and would have a corresponding base price of \$600,000. These estimates will be utilized in the analysis. In addition to this amount, a model recapture is also considered. Based on the product lines offered, four model homes are utilized to market the homes within each neighborhood, with upgrade costs of \$75,000 per model. A model recapture of 25% is considered reasonable and reflected in this analysis. No lot premiums are anticipated for the subject property. The estimate of total revenue by (provided in the table below) does not reflect market appreciation during the sellout, which is discussed on the following page.

Revenue Summary					
Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	71	2,200	\$273	\$600,000	\$42,600,000
Model Recapture					<u>\$75,000</u>
Total	71	2,200 (weighted avg.)		\$601,056 (avg.)	\$42,675,000 (without appreciation)

Changes in Market Conditions (Price Increases or Decreases)

The subject's market area has experienced market appreciation in home prices; however, most market participants do not anticipate continued appreciation over the course of the development period. Further, under current market conditions (local and national), it is unlikely for near term home price appreciation for the subject homes. For these reasons, this analysis does not trend prices during the disposition period.

Closing Projections

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. Based on information presented in the residential market analysis section, as well as the subject's location and physical features, we estimate the subject property could achieve absorption rates of 12 sales per quarter. With sales beginning in Period 1, the subject's lots sell out in Period 6, with Period 7 needed to complete construction and close escrow.

Expense Projections

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

Subdivision Budgets														
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue
Regional	2020	81	Average	1,974	5,775	N/Av	2.5%	\$80.00	\$16.00	20%	\$83,788	\$81,336	N/Av	N/Av
Local	2020	51	Average	2,106	6,955	3.3%	4.0%	\$91.50	\$10.07	11%	\$122,885	\$66,000	\$38,500	20.0%
National	2020	14	Average	2,165	3,500	N/Av	3.2%	\$95.00	\$11.02	12%	N/Av	\$68,214	N/Av	N/Av
Regional	2020	112	Average	2,060	6,300	4.6%	4.1%	\$80.23	N/Av	10%	\$86,830	\$63,400	\$108,380	13.20%
Regional	2020	145	Average	1,834	5,500	N/Av	N/Av	\$60.00	N/Av	N/Av	N/Av	\$62,500	N/Av	8.0%
Regional	2020	46	Average	2,289	6,600	N/Av	N/Av	\$66.49	N/Av	N/Av	N/Av	\$31,200	N/Av	N/Av
Local	2019	61	Good	1,972	2,500	N/Av	N/Av	\$86.15	N/Av	N/Av	N/Av	\$40,898	N/Av	N/Av
National	2019	121	Average	2,000	5,775	1.5%	2.6%	\$74.00	\$10.06	14%	\$73,047	\$67,278	N/Av	18.8%
Regional	2019	159	Average	1,478	1,800	N/Av	4.6%	\$94.78	\$8.20	9%	\$53,581	\$46,506	\$149,964	12.6%
Regional	2019	71	Average	1,989	3,250	N/Av	N/Av	\$92.65	N/Av	18%	\$60,754	\$55,714	N/Av	N/Av
Local	2019	52	Good	2,604	7,000	N/Av	3.3%	\$93.92	N/Av	22%	\$40,178	\$40,229	N/Av	12.6%
Local	2019	24	Good	3,021	8,500	5.8%	4.0%	\$94.20	\$8.21	9%	\$99,800	\$81,463	\$102,340	17.6%
Regional	2019	84	Average	2,349	5,500	4.0%	2.6%	\$90.21	N/Av	14%	N/Av	\$46,576	\$106,667	12.6%
Local	2019	48	Average	2,545	7,006	2.1%	5.7%	\$88.47	\$18.81	21%	\$63,645	\$72,300	\$133,333	6.8%
Regional	2018	88	Average	2,421	4,250	N/Av	N/Av	\$81.15	N/Av	N/Av	\$43,843	\$68,879	N/Av	N/Av
Regional	2018	112	Average	N/Av	4,800	5.0%	5.0%	\$85.00	N/Av	N/Av	\$50,000	\$67,000	\$40,000	15.0%
Local	2018	35	Average	2,371	7,500	N/Av	N/Av	\$77.00	N/Av	N/Av	N/Av	\$50,613	N/Av	N/Av
Regional	2018	16	Good	2,765	8,800	N/Av	N/Av	\$83.88	N/Av	N/Av	N/Av	\$57,097	N/Av	N/Av
Regional	2018	46	Good	1,946	2,900	N/Av	N/Av	\$105.00	N/Av	N/Av	N/Av	\$28,370	N/Av	N/Av
Regional	2018	60	Average	2,179	4,775	N/Av	N/Av	\$61.52	N/Av	N/Av	\$61,030	\$65,149	N/Av	N/Av
Regional	2018	83	Average	1,728	2,200	N/Av	N/Av	\$69.50	N/Av	N/Av	\$63,568	\$68,864	N/Av	N/Av
Local	2018	44	Average	2,114	5,450	N/Av	N/Av	\$86.00	N/Av	N/Av	\$68,524	\$39,525	N/Av	N/Av
Regional	2017	147	Average	2,100	2,500	N/Av	N/Av	\$73.00	N/Av	N/Av	\$35,000	\$44,000	\$80,000	N/Av
Regional	2017	44	Average	2,171	5,450	5.0%	5.0%	\$84.85	\$5.08	6%	\$68,524	\$33,323	N/Av	N/Av
Local	2017	46	Average	1,874	4,500	N/Av	N/Av	\$90.33	\$12.75	14%	\$51,807	\$23,332	N/Av	N/Av
Regional	2017	94	Average	2,188	2,975	5.0%	6.2%	\$80.54	\$8.55	11%	N/Av	\$35,000	\$41,512	10.1%
Regional	2017	18	Average	2,736	8,365	3.0%	1.0%	\$72.91	\$10.94	15%	\$158,111	\$96,282	\$80,000	35.0%
National	2017	38	Average	2,078	6,775	N/Av	N/Av	\$62.70	N/Av	N/Av	N/Av	\$46,822	N/Av	N/Av

General and Administrative

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

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.051252%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Additionally, the subject will be encumbered by Special Taxes associated with the City of Roseville CFD No. 1 (Creekview) as well as CFD No. 2, which are taken into consideration in this analysis. The assigned special tax rates for the 2021/22 tax year are provided below.

City of Roseville Creekview CFD No. 1

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$2,518
MDR	\$1,987
MDR (affordable)	\$994
HDR	\$676

Creekview (Services)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,259
MDR	\$994
MDR (affordable)	\$497
HDR	\$338

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the “Transition Event” which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2084-85.

Permits and Fees

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. As noted, permits and fees due at building permit are reported to average \$82,700 per LDR lot.

Direct and Indirect Construction Costs

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

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the product line under development, a direct cost estimate of \$80 per square foot is applied to the 2,200 square foot home.

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

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies

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

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

Summary

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

Revenue Summary					
Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	71	2,200	\$273	\$600,000	\$42,600,000
Model Recapture					<u>\$75,000</u>
Total	71	2,200 (weighted avg.)		\$601,056 (avg.)	\$42,675,000 (without appreciation)
Expenses Summary					
General and Administrative		4.0% of total revenue			
Marketing and Sales		6.0% of total revenue			
Ad Valorem Taxes					
1.0513% - Tax Rate (based on residual land value)				\$113,851	
÷ Total Number of Units			71	\$1,604 /lot	
Special Taxes		per month		\$210 /lot	
Estimated Permits and Fees at Building Permit/Occupancy					
Net (Average) Permits and Fees/Unit			\$82,700		
x Number of Units			<u>71</u>		
Construction Costs	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension</u>	<u>Indirects</u>
Typical Floor Plan	2,200	71	\$80.00	\$12,496,000	\$1,874,400
Average Direct Construction Costs				\$176,000	
Indirect Costs		15% of Direct Costs		\$26,400	
Model Complex				\$300,000	

Developer's Incentive and Discount Rate

Developer's Incentive

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

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

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

The prior table at the beginning of the Expense Projections discussion includes survey results for profit expectations of active home builders in the region.

Based on the preceding discussion and developer surveys, we have concluded an estimate of 14% for developer's incentive.

Discount Rate (Cost of Funds)

A discount rate will be employed to convert future cash flows to present value, thus reflecting the time value of money. An appropriate discount rate should reflect the cost of funds under current market conditions. For a cost of funds index, we will use the 11th District Cost of Funds Index (COFI), which is a standard financial index widely used in U.S. capital markets as a benchmark for adjustable-rate loans. Lenders use such an index to adjust interest rates as economic conditions change. Lenders add a certain number of percentage points, or margin, to the index to establish interest rates. The 11th District COFI was 0.28% as of August 2021. A typical margin used by banks is about 250 to 350 basis points, or 2.5% to 3.5% not including additional points or fees. We will employ a discount rate (cost of funds) of 5.50% in the land residual analysis.

Conclusion

The land residual analysis is presented as follows:

Land Residual Analysis								
Revenue and Sales Summary								
Period (Quarter/3 months):	1	2	3	4	5	6	7	Total
Sales	12	12	12	12	12	11	0	71
Close of Escrow (COE)	0	12	12	12	12	12	11	71
Unsold Inventory	59	47	35	23	11	0	0	
Total Sales	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 6,611,620	\$ -	\$ 42,675,000
Total Sales Revenue	\$ -	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 7,212,676	\$ 6,611,620	\$ 42,675,000
Expenses and Cash Flow Summary								
Period (Quarter/3 months):	1	2	3	4	5	6	7	Total
General and Administrative	\$ (243,857)	\$ (243,857)	\$ (243,857)	\$ (243,857)	\$ (243,857)	\$ (243,857)	\$ (243,857)	\$ (1,707,000)
Marketing and Sales	\$ -	\$ (432,761)	\$ (432,761)	\$ (432,761)	\$ (432,761)	\$ (432,761)	\$ (396,697)	\$ (2,560,500)
Ad Valorem Real Estate Taxes	\$ (28,463)	\$ (23,652)	\$ (18,841)	\$ (14,031)	\$ (9,405)	\$ (4,498)	\$ -	\$ (98,890)
Special Assessments	\$ (44,690)	\$ (37,137)	\$ (29,584)	\$ (22,030)	\$ (14,767)	\$ (7,062)	\$ -	\$ (155,271)
Direct Construction Costs	\$ (1,056,000)	\$ (2,112,000)	\$ (2,112,000)	\$ (2,112,000)	\$ (2,112,000)	\$ (2,024,000)	\$ (968,000)	\$ (12,496,000)
Model Upgrade Costs	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Indirect Construction Costs	\$ (158,400)	\$ (316,800)	\$ (316,800)	\$ (316,800)	\$ (316,800)	\$ (303,600)	\$ (145,200)	\$ (1,874,400)
Building Permits	\$ (992,400)	\$ (992,400)	\$ (992,400)	\$ (992,400)	\$ (992,400)	\$ (909,700)	\$ -	\$ (5,871,700)
Total Expenses	<u>\$ (2,823,810)</u>	<u>\$ (4,158,607)</u>	<u>\$ (4,146,243)</u>	<u>\$ (4,133,879)</u>	<u>\$ (4,121,989)</u>	<u>\$ (3,925,478)</u>	<u>\$ (1,753,754)</u>	<u>\$ (25,063,760)</u>
Net Income Before Developer's Incentive	\$ (2,823,810)	\$ 3,054,069	\$ 3,066,433	\$ 3,078,797	\$ 3,090,687	\$ 3,287,198	\$ 4,857,865	\$ 17,611,240
Total Developer's Incentive (Profit)	<u>14.00%</u> \$ -	\$ 1,009,775	\$ 1,009,775	\$ 1,009,775	\$ 1,009,775	\$ 1,009,775	\$ 925,627	\$ 5,974,500
Net Income (Before Discounting)	\$ (2,823,810)	\$ 2,044,295	\$ 2,056,658	\$ 2,069,022	\$ 2,080,912	\$ 2,277,423	\$ 3,932,239	\$ 11,636,740
Present Value Factor								
Discount Rate (Cost of Borrowed Funds)	<u>5.00%</u>	<u>0.98765</u>	<u>0.97546</u>	<u>0.96342</u>	<u>0.95152</u>	<u>0.93978</u>	<u>0.92817</u>	<u>0.91672</u>
Discounted Cash Flow	\$ (2,788,948)	\$ 1,994,130	\$ 1,981,422	\$ 1,968,725	\$ 1,955,594	\$ 2,113,847	\$ 3,604,746	\$ 10,829,516
Net Present Value	\$ 10,829,516							
Conclusion of Value by Discounted Cash Flow Analysis (Rd)								\$ 10,830,000
								Per Lot \$ 153,000

Reconciliation of Benchmark Lot Value (LDR)

For the LDR lot category, the sales comparison approach indicated \$152,000 per finished lot, while the land residual analysis yielded a value of \$153,000 per finished lot, a difference of less than 1%. Both methods are credible and supported; however, given the quantity and quality of comparables utilized in the Sales Comparison Approach, we will place primary emphasis on this approach. As such, our conclusion of value is **\$152,000 per finished lot for the benchmark LDR category**.

Similar to the LDR lot category, considering the quantity and quality of MDR lot sales in the market, we will exclusively utilize the Sales Comparison Approach to derive an estimate of benchmark lot value for the subject's MDR lots.

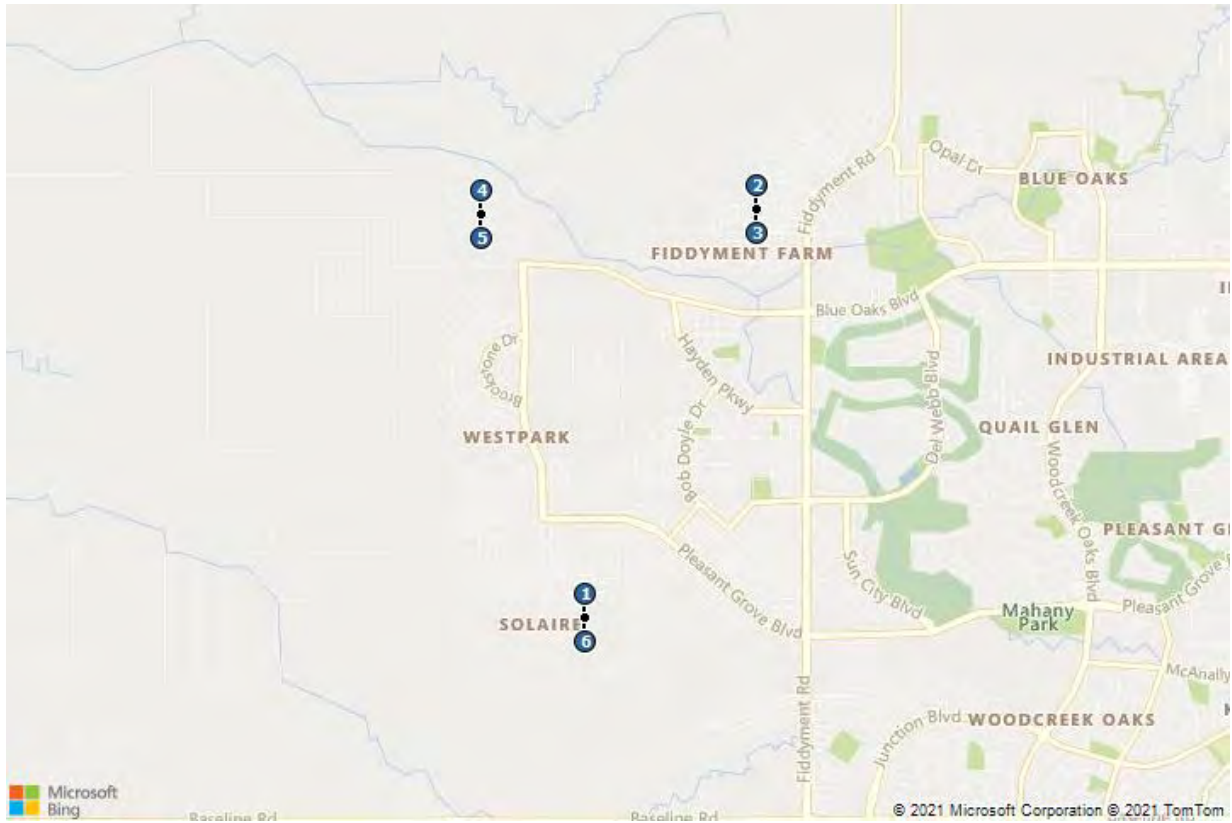
Sales Comparison Approach (MDR)

In the following table, we have arrayed comparable small lot sales that have occurred in West Roseville. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs and profit applied to the unimproved transactions). Please refer to the discussion of applicable adjustments presented in the previous LDR lot analysis.

Summary of Comparable Land Sales - MDR Lots

No.	Name/Address	Sale Date; Status	Sale Price; PV of Spec. Tax/Lot	Typical Lot Size	Number of Lots	\$/Lot	Site Dev. Costs/Lot; Permits & Fees/Lot
1	Westpark-Federico Parcel FD-4 W/O Market St., S/O Earl Rush Dr. Roseville Placer County CA <i>Comments: This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the CJUSD.</i>	Feb-21 Closed	\$2,000,000 \$29,906	4,500	33	\$60,606	\$62,437 \$62,148
2	Fiddymment Ranch, Village F-11B NEQ of Holt Pky, & N. Hayden Pky. Roseville Placer County CA <i>Comments: This comparable represents the sale of 152 finished lots (43'x57') in phase 3 of Fiddymment Farms. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. Reportedly, the builder is constructing a 152-unit rental project with homes ranging in size from 1,357 to 1,589 square feet.</i>	Jan-21 Closed	\$15,200,000	2,451	152	\$100,000	\$0 \$69,529
3	Fiddymment Ranch, Village F-8B (ptn.) S/O Crawford Pky, E/O N. Hayden Pky. Roseville Placer County CA <i>Comments: This comparable represents the sale of 66 finished lots (33'x71') in phase 3 of Fiddymment Farms. These represent alley-loaded lots. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. This transaction represents a two part phased takedown; the next takedown is for 61 lots and is anticipated to close in June 2021.</i>	Dec-20 Closed	\$6,930,000	2,343	66	\$105,000	\$0 \$69,529
4	Winding Creek Parcels C-10 & C-13 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.</i>	Nov-20 Closed	\$9,675,000	4,050	86	\$112,500	\$0 \$82,223
5	Winding Creek Parcels C-23 & C-24 W/O Westbrook Blvd., N/O Blue Oaks Blvd. Roseville Placer County CA <i>Comments: This comparable represents the sale of 120 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$77,026 per lot and annual special assessments are \$1,910 per lot. DR Horton is constructing The Wilds at Winding Creek which will offer plans ranging in size from 1,547 to 1,969 square feet.</i>	Nov-20 Closed	\$12,600,000	3,600	120	\$105,000	\$0 \$77,026
6	Westpark-Federico Parcels FD-20A W/O Westbrook Blvd., N/O Earl Rush Dr. Roseville Placer County CA <i>Comments: This sale represents the sale of 110 MDR paper lots, with a typical lot size of 3,375 square feet, in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$74,656/lot and development costs are approximately \$48,530/lot. Annual special taxes are \$1,632/lot. These lots are located within the RUJHSD/RCSO.</i>	Jul-20 Closed	\$5,775,000	3,375	110	\$52,500	\$48,530 \$74,656
Subject City of Roseville Creekview CFD No. 1, Improvement Area 1 Roseville, CA				3,600	59		

Comparable Land Sales Map



Land Sales Adjustment Grid - MDR Lots

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	City of Roseville Creekview CFD No. 1, Improvement Area 1	Westpark-Federico Parcel FD-4	Fiddymont Ranch, Village F-11B	Fiddymont Ranch, Village F-8B (ptn.)	Winding Creek Parcels C-10 & C-13	Winding Creek Parcels C-23 & C-24	Westpark-Federico Parcels FD-20A
Address	N/O Blue Oaks Blvd, E & W/O Westbrook Blvd Roseville	W/O Market St., S/O Earl Rush Dr.	NEQ of Holt Pky, & N. Hayden Pky.	S/O Crawford Pky, E/O N. Hayden Pky.	W/O Westbrook Blvd., N/O Blue Oaks Blvd.	W/O Westbrook Blvd., N/O Blue Oaks Blvd.	W/O Westbrook Blvd., N/O Earl Rush Dr. Roseville
City	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville	Roseville
Sale Date		Feb-21	Jan-21	Dec-20	Nov-20	Nov-20	Jul-20
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,000,000	\$15,200,000	\$6,930,000	\$9,675,000	\$12,600,000	\$5,775,000
Number of Lots	59	33	152	66	86	120	110
Price per Lot	—	\$60,606	\$100,000	\$105,000	\$112,500	\$105,000	\$52,500
Loaded Lot Adjustment	—	\$154,491	\$92,904	\$92,904	\$121,642	\$108,138	\$149,769
Price per Lot		\$215,097	\$192,904	\$197,904	\$234,142	\$213,138	\$202,269
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		=	=	=	=	=	=
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		=	=	=	=	=	=
Conditions of Sale		Market	Market	Market	Market	Market	Market
Adjustment		=	=	=	=	=	=
Market Conditions	9/1/2021	Feb-21	Jan-21	Dec-20	Nov-20	Nov-20	Jul-20
Adjustment		=	=	=	=	=	<i>Sl. Inferior</i>
Location/Community Appeal	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville	West Roseville
Adjustment		=	=	=	=	=	=
Number of Lots	59	33	152	66	86	120	110
Adjustment		=	=	=	=	=	=
Lot Size (Typical)	3,600	4,500	2,451	2,343	4,050	3,600	3,375
Adjustment		<i>Sl. Superior</i>	<i>Inferior</i>	<i>Inferior</i>	<i>Sl. Superior</i>	=	=
Lot Premiums/Discounts	Average	Average	Average	Average	Average	Average	Average
Adjustment		=	=	=	=	=	=
School District	RUSD/RJHSD	CJUSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD	RUSD/RJHSD
Adjustment		<i>Sl. Inferior</i>	=	=	=	=	=
Overall Adjustment		Similar	Inferior	Inferior	Sl. Superior	Similar	Sl. Inferior

Land Value Conclusion

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the single-family residential lot category of the subject property. After accounting for remaining site development costs, permits and fees and special taxes, the data set reflects an unadjusted (loaded lot price) range of \$192,904 to \$234,142 per lot.

Based upon the analysis presented, a ranking of the subject and the comparable sales is in the table below:

Bulk Lot Ranking Summary			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 4	Nov-20	\$234,142	Sl. Superior
Comparable 1	Feb-21	\$215,097	Similar
Subject Property	--	\$215,000	--
Comparable 5	Nov-20	\$213,138	Similar
Comparable 6	Jul-20	\$202,269	Sl. Inferior
Comparable 3	Dec-20	\$197,904	Sl. Inferior
Comparable 2	Jan-21	\$192,904	Sl. Inferior

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparable 4, generally similar to Comparables 1 and 5 and higher than the balance of the data set. As such, a loaded lot indicator of \$215,000 per lot is concluded for the subject's MDR benchmark lot. As previously mentioned, the fees due at building permit average \$81,200 per lot. As such, our conclusion of improved lot value for the benchmark village is as follows:

Lot Value Conclusion	
Concluded Loaded Lot Value	\$215,000
Less: Permits & Fees	(\$81,200)
Indicated Lot Value (Rd.)	\$134,000

The remaining in-tract and offsite (infrastructure) development costs will be accounted for in the subdivision development method (discounted cash flow), presented later in this report.

Lot Value Conclusions

In this section of the report we will present the conclusion, by larger parcel designation, of the single-family residential lot component of the subject property. As a starting point we will use the benchmark lot valuations previously presented. To value the residential lot holdings, we will use the pertinent benchmark lot value. The results will be summed to arrive at the total single-family residential lot revenue.

Benchmark Lot Values

We have set two benchmark lot values based on lot size/density. As discussed earlier in the report, the benchmark parcel selected was C-16 for the LDR lots (typical lot size of 4,500 square feet). The benchmark lot conclusions of value, as shown in the previous section, are \$152,000 per lot for the LDR lots and \$134,000 per lot for the MDR lots.

Lot Size Adjustment

We have estimated a lot size adjustment factor of \$10.00 per square foot for lots greater than and smaller than the benchmark lots, consistent with our market observations.

Residential Lot Revenue

Based on the preceding analysis and discussions, estimates of market value for the varying lot size categories comprising the District is presented in the following table.

Residential Lot Component								
Larger Parcel Designation	Phase	Marchant Builder	Project	Typical Lot Size	Land Use	Benchmark Value	Lot Size Adjustment	Adjusted Lot Value (Rd.)
C-10	1	K. Hovnanian	Firefly	4,050	LDR	\$152,000	(\$4,500)	\$148,000
C-11	1	Meritage Homes	Trek	5,500	LDR	\$152,000	\$10,000	\$162,000
C-12	2	Meritage Homes	N/Av	5,500	LDR	\$152,000	\$10,000	\$162,000
C-13	1	K. Hovnanian	Firefly	4,050	LDR	\$152,000	(\$4,500)	\$148,000
C-14	1	Meritage Homes	Trek	5,000	LDR	\$152,000	\$5,000	\$157,000
C-15	1	Meritage Homes	Trek	5,000	LDR	\$152,000	\$5,000	\$157,000
C-16	2	Richmond American†	N/Av	4,500	LDR	\$152,000	\$0	\$152,000
C-17	2	K. Hovnanian†	N/Av	4,050	LDR	\$152,000	(\$4,500)	\$148,000
C-23	1	D.R. Horton	The Wilds	3,600	MDR	\$134,000	\$0	\$134,000
C-24	1	D.R. Horton	The Wilds	3,600	MDR	\$134,000	\$0	\$134,000
C-25	2	D.R. Horton†	N/Av	3,600	MDR	\$134,000	\$0	\$134,000
							Total	
†Under Contract								

Multifamily Land Valuation

Introduction

The subject's multifamily sites are summarized as follows.

HDR Parcels

Larger parcel designation	Phase	Acreage	Units	Density (Units/Acre)	Affordability Requirements
C-41	5	4.27	127	29.7	100% market rate
C-42	5	<u>4.33</u>	<u>136</u>	31.4	100% market rate
Total		8.60	263		

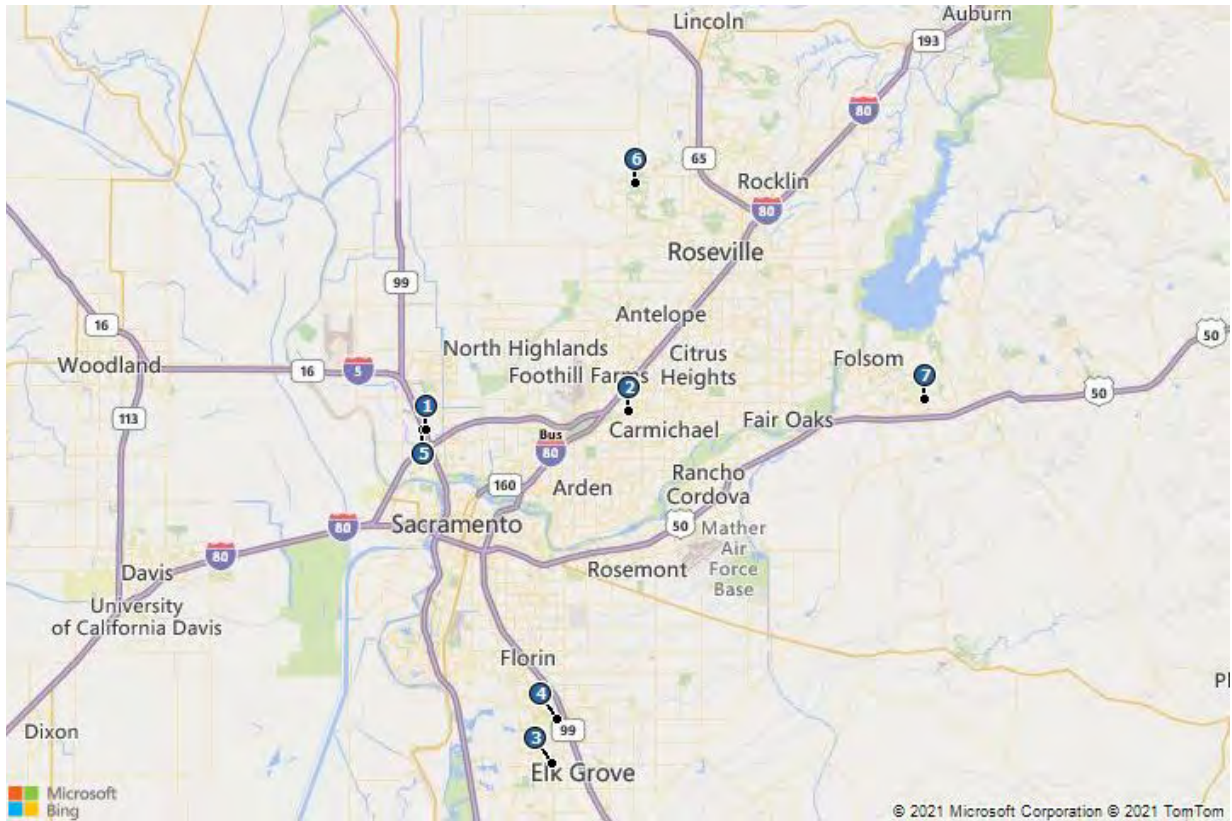
In the analysis of Parcels C-41 and C-42, we will exclusively utilize the sales comparison approach to value.

Sales Comparison Approach – Parcels C-41 and C-42

An array of multifamily land sales in the region is presented in the following table, along with a location map, an adjustment grid, and our conclusion of value via the sales comparison approach.

Summary of Comparable Land Sales - Multi-family Land								
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	No. of Units	Zoning	\$/SF Land	\$/Unit
1	3701 E. Commerce Way Sacramento Sacramento County CA	Jul-21 Closed	\$5,714,201	424,274 9.74	270	Employment Center, Planned Unit Development	\$13.47	\$21,164
<i>Comments: This comparable was purchased for the construction of a 270-unit multi-family residential project. Upon completion, the improvements will have a mix of studio, one- and two-bedroom floorplans with associated amenities (club house, fitness center, game room, swimming pool, hot tub) and is slated to be complete by August 10, 2022.</i>								
2	4600 Orange Grove Ave. Sacramento Sacramento County CA	Mar-21 Closed	\$1,110,000	88,427 2.03	45	Multifamily Residential	\$12.55	\$24,667
<i>Comments: This comparable represents the sale of multifamily land with entitlements in place for 45 units, or 22.2 units per acre.</i>								
3	9142 Bruceville Rd Elk Grove Sacramento County CA	Oct-19 Closed	\$2,300,000	363,726 8.35	125	RD-15	\$6.32	\$18,400
<i>Comments: The listing broker reported there was a lot line adjustment of the 6 contiguous parcels, but the total land area that sold remained 8.35 acres. The property was zoned RD-15 allowing for 15 units per acre, but it is anticipated that the City will allow a higher density. The property was not approved for a specific plan at the time of sale. The property was in rough grade condition and had never previously been developed. The buyer will develop multifamily units on the property. The property has 2 separate points of egress and ingress on Bruceville Road. According to the listing broker the property was on the market for 40 days, with a 10 day close. It is the brokers opinion if left on the market for longer they would have received additional, higher offers.</i>								
4	8373 Bruceville Road 8373 Bruceville Rd. Sacramento Sacramento County CA	Apr-19 Closed	\$5,000,000	377,665 8.67	312	Multi-Family Residential	\$13.24	\$16,026
<i>Comments: This is the sale of vacant residential multifamily land with the potential to develop 36 units per acre. All of the off-site improvement are in place. The property is located adjacent to Cosumnes River College.</i>								
5	Duckhorn Pine Apartments Duckhorn Dr. Sacramento Sacramento County CA	Dec-18 Closed	\$6,239,000	637,718 14.64	368	Employment Center		\$16,954
<i>Comments: This comparable represents the sale of 3 contiguous parcels located along the east line of Duckhorn Drive, west of Interstate 5 within the North Natomas submarket. The property has been approved for the development of 368 apartment units and the buyer intends to construct a 16 building project identified as the Duckhorn Pine Apartments. The cost to finish off-site improvements (including utilities) was reported at \$0.50 psf.</i>								
6	1900 Blue Oaks Blvd Roseville Placer County CA	Jun-17 Closed	\$8,500,000	522,720 12.00	300	Attached Housing District	\$11.94	\$28,333
<i>Comments: This sale consists of 12.00 acres of multifamily land in Roseville. The buyer acquired the property in June 2017 for \$28,333 per unit, plus the assumption of bonds in the amount of \$3,833 per unit. The buyer plans to construct 300 units and the project (identified as Avia) will consist of 15 apartment buildings, a pool, clubhouse and playground. The project has all approvals in place and is anticipated to take approximately 22 months to complete.</i>								
7	Broadstone Parkway Multifamily Site SWC Broadstone Parkway and Cavitt Drive Folsom Sacramento County CA	Apr-16 Closed	\$7,250,000	500,069 11.48	293	Residential - Multi- Family, Broadstone Specific Plan	\$14.50	\$24,744
<i>Comments: This site is located at the South West Corner of Broadstone Parkway and Cavitt Drive to the East of E. Bidwell Street. The property is proposed for a 293 unit market rate apartment project called Talavera Ridge.</i>								
City of Roseville Creekview CFD No. 1, Improvement Area 1 Roseville, CA				4.27 / 4.33	127 / 136	Attached Housing		

Comparable Land Sales Map – Multi-family Land



Analysis and Adjustment of Sales

The comparable multifamily residential land transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. A discussion involving each of these factors is presented as follows:

Adjustment Factor	Accounts For	Comments
Present Value of Bonds	Bond debt has a direct impact on the amount for which the end product will sell.	In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual assessment to reflect the total consideration with each transaction.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All of the comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	All of the comparable transactions were arms-length and do not require a conditions of sale adjustment.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	In evaluating market conditions, changes between the comparable sales date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. Until the recent COVID-19 pandemic, there were continued signs of improvement over the past several years. Comparables 3 through 7 are adjusted upward to account for the improvement in market conditions for multifamily land since the dates of these transactions. No other adjustments are applied.

Adjustment Factor	Accounts For	Comments
Location	Market or submarket area influences on sale price; surrounding land use influences.	The subject property is located in West Roseville, which is considered a good location for the regional area. All of the comparables located within relatively similar areas of the Sacramento region with regards to surrounding development and property values and do not require adjustments.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	The subject property has average visibility/accessibility, which is also the case for most of the comparable sales. Comparables 6 and 7 exhibit slightly superior visibility/accessibility with proximity to supporting commercial services and are adjusted downward. No other adjustments are warranted.
Density	All else being equal, properties that allow for lower density development sell for less per unit than those that allow for higher density development.	The subject property's HDR sites are approved for 29.7 (C-41) and 31.4 (C-42) units per acre. Most of the comparable sales have similar densities and do not require adjustments. However, Comparable 3 is approved for an inferior 15 units per acre and receives an upward adjustment.
Site Utility	Primary physical factors that affect the utility of a site for its highest and best use.	The subject's HDR sites exhibit average site utility, with functional shapes, generally level topography and no major impediments to development, similar to the comparables. No adjustments are required in this category.

Adjustment Factor	Accounts For	Comments
Off-site Improvements	Access roads, sidewalks and curbs, sewers, and utility lines which add value to the entire development.	Comparables 1, 3 and 5 transferred with off-site work still needing to be completed; as such, an upward adjustment is applied to this comparable. The remaining comparables transferred with all off-site improvements in place and no adjustments are applied.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Multi-family Land								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Name	City of Roseville Creekview CFD No. 1, Improvement Area 1	3701 E. Commerce Way	4600 Orange Grove Ave.	9142 Bruceville Rd	8373 Bruceville Road	Duckhorn Pine Apartments	1900 Blue Oaks Blvd	Broadstone Parkway Multifamily Site
Address	N/O Blue Oaks Blvd, E & W/O Westbrook Blvd	3701 E. Commerce Way	4600 Orange Grove Ave.	9142 Bruceville Rd.	8373 Bruceville Rd.	Duckhorn Dr.	1900 Blue Oaks Blvd.	SWC Broadstone Parkway and Cavitt Drive
City	Roseville	Sacramento	Sacramento	Elk Grove	Sacramento	Sacramento	Roseville	Folsom
County	Placer	Sacramento	Sacramento	Sacramento	Sacramento	Sacramento	Placer	Sacramento
Sale Date		Jul-21	Mar-21	Oct-19	Apr-19	Dec-18	Jun-17	Apr-16
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$5,714,201	\$1,110,000	\$2,300,000	\$5,000,000	\$6,239,000	\$8,500,000	\$7,250,000
Expenditures After Sale		\$0	\$0	\$0	\$0	\$318,859	\$0	\$0
PV of Bonds	\$1,228,182	\$0	\$0	\$12,646	\$1,517,113	\$7,810	\$1,149,955	\$0
Effective Sale Price		\$5,714,201	\$1,110,000	\$2,312,646	\$6,517,113	\$6,565,669	\$9,649,955	\$7,250,000
Acres	4.27 / 4.33	9.74	2.03	8.35	8.67	14.64	12.00	11.48
Number of Units	127 / 136	270	45	125	312	368	300	293
Price per Unit		\$21,164	\$24,667	\$18,501	\$20,888	\$17,841	\$32,167	\$24,744
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		=	=	=	=	=	=	=
Financing Terms		Cash to seller	Cash to seller -	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment		=	=	=	=	=	=	=
Conditions of Sale		Market	Market	Market	Market	Market	Market	Market
Adjustment		=	=	=	=	=	=	=
Market Conditions	9/1/2021	Jul-21	Mar-21	Oct-19	Apr-19	Dec-18	Jun-17	Apr-16
Adjustment		=	=	Sl. Inferior	Sl. Inferior	Sl. Inferior	Sl. Inferior	Inferior
Location	W. Roseville	Sacramento	Sacramento	Elk Grove	Elk Grove	Natomas	W. Roseville	Folsom
Adjustment		=	=	=	=	=	=	=
Access/Exposure	Average	Average	Average	Average	Average	Average	Abv. Average	Abv. Average
Adjustment		=	=	=	=	=	Sl. Superior	Sl. Superior
Density (Units/Acre)	29.7 / 31.4	27.7	22.2	15.0	36.0	25.1	25.0	25.5
Adjustment		=	=	Inferior	=	=	=	=
Site Utility	Average	Average	Average	Average	Average	Average	Average	Average
Adjustment		=	=	=	=	=	=	=
Off-Site Improvements	All to Site	Partial	Similar	Partial	Similar	Partial	Similar	Similar
Adjustment	(assumed)	Inferior	=	Inferior	=	Inferior	=	=
Overall Adjustment		Sl. Inferior	Similar	Inferior	Sl. Inferior	Inferior	Sl. Superior	Similar

Land Value Conclusion – Multi-family Land

After accounting for bonds, the unadjusted sale prices of the comparable sales ranged from \$17,841 to \$32,167 per unit. Given the analysis on the preceding pages, a ranking of the subject property and the comparable sales is presented in the following chart.

Multi-family Sales Ranking			
Property	Sale Date	\$/ Unit (Unadjusted)	Net Adjustment
Comparable 6	Jun-17	\$32,167	Sl. Superior
Subject Property	--	\$25,000	--
Comparable 7	Apr-16	\$24,744	Similar
Comparable 2	Mar-21	\$24,667	Similar
Comparable 1	Jul-21	\$21,164	Sl. Inferior
Comparable 4	Apr-19	\$20,888	Sl. Inferior
Comparable 3	Oct-19	\$18,501	Inferior
Comparable 5	Dec-18	\$17,841	Inferior

The market values of Parcels C-41 and C-42 are estimated to be lower than the value indicator of Comparable 6, generally similar to Comparables 2 and 7 and higher than the balance of the data set. Given the preceding discussion, our conclusions of value via the sales comparison approach for Parcels C-41 and C-42 are as follows:

Land Value Conclusion - C-41	
Indicated Value per Unit	\$25,000
Subject Units	127
Indicated Value	\$3,175,000
Rounded	\$3,180,000

Land Value Conclusion - C-42	
Indicated Value per Unit	\$25,000
Subject Units	136
Indicated Value	\$3,400,000
Rounded	\$3,400,000

Market Valuation by Ownership

Introduction

The appraised properties represent certain components of the Winding Creek master planned community. In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties in order to provide a market value of the appraised properties by ownership and parcel. A summary of the various ownership group holdings is provided in the following table.

Owners of Record						
Owner	Multifamily Units	Finished Lots	Partially Completed Homes	Completed Homes	Unimproved Lots	Totals
Individual Homeowners	--	--	--	33	--	33
D.R. Horton	--	60	44	1	--	105
Meritage	--	95	58	2	--	155
K. Hovnanian	--	68	12	2	--	82
Anthem United Creekview Developments, L.P.	<u>263</u>	--	--	--	<u>169</u>	<u>432</u>
Totals	263	223	114	38	169	807

The appraised properties consist of 169 unimproved residential lots, 223 finished residential lots, 114 homes under construction, and two multifamily (high density residential) parcels. There are also 38 completed (including model homes) single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

In light of the fact the merchant builders have a number of lot(s) that could sell in bulk to one buyer within 12 months, no additional discounting is necessary beyond the market value, in bulk, of the various single-family residential lot categories previously estimated.

As previously noted, since the majority of the undeveloped land within the District is held by a single owner, the master developer, Anthem United Developments, L.P., the market value of this ownership interest will involve the subdivision development method (a type of discounted cash flow analysis), which takes into consideration the revenue and expenses (including the completion of in-tract and backbone infrastructure) associated with selling off the individual larger parcels over an estimated absorption period (also incorporating an appropriate discount rate to the cash flows).

Based on the previous analysis, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the City of Roseville Community Facilities District No. 1 (Creekview) Bonds, as of September 1, 2021, for the properties not held by the master developer are estimated in the following table.

Values by Ownership			
Entity	Lots/Parcels	Value per Lot/Home	Market Value
Individual Owners			
Completed Homes without AVs			
Firefly	4	\$630,000	\$2,520,000
Trek	14	\$595,000	\$8,330,000
The Wilds	<u>15</u>	\$530,000	<u>\$7,950,000</u>
<i>Total</i>	33		\$18,800,000
D.R. Horton			
Completed Homes without AVs	1	\$530,000	\$530,000
Homes Under Construction	44	\$215,000	\$9,460,000
Finished Lots	<u>60</u>	\$134,000	<u>\$8,040,000</u>
<i>Total</i>	105		\$18,030,000
Meritage			
Completed Homes without AVs	2	\$595,000	\$1,190,000
Homes Under Construction	58	\$242,000	\$14,036,000
Finished Lots	<u>95</u>	\$162,000	<u>\$15,390,000</u>
<i>Total</i>	155		\$30,616,000
K. Hovnanian			
Completed Homes without AVs	2	\$630,000	\$1,260,000
Homes Under Construction	12	\$231,000	\$2,772,000
Finished Lots	<u>68</u>	\$148,000	<u>\$10,064,000</u>
<i>Total</i>	82		\$14,096,000

Anthem United Creekview Developments, L.P. Ownership

In this section, the market value, in bulk, of this largest landowner will be estimated. Due to the number of components, a discounted cash flow analysis (subdivision development method) is the most appropriate technique of arriving at the bulk market value for this ownership.

Discounted Cash Flow Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

The four main components of a discounted cash flow analysis are listed as follows:

Revenue – the gross income is based on the individual component values.

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

Expenses – the expenses associated with the sell-off are calculated in this section – including infrastructure costs, administration, marketing and commission costs, as well as taxes and special taxes.

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

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

Revenue

The revenue component associated with the subject includes the concluded LDR and MDR lot value for the different typical lot sizes within the development, as well as the HDR land value. The value conclusion is based on the lots in a finished condition; as such, our analysis will address the expenses required to deliver these components in finished condition. The revenue is summarized in the following table.

Total Project Revenue		
Land Component	Not of Lots/Units	Total Revenue
LDR Lots	107	\$16,120,000
MDR Lots	62	\$8,308,000
HDR Units (C-41 & C-42)	<u>263</u>	\$6,580,000
Total	432	\$31,008,000

Additionally, outside of the expected CFD proceeds, the Developer also receives recoveries for constructing improvements that benefit others (adjacent projects, the City of Roseville, etc.). The mechanism for triggering reimbursement is different for every segment of improvements but will come in the form of cash or fee credits. These recoveries are accounted for commensurate with the timeline presented in the Developer's budget.

Absorption

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region. In developing an appropriate absorption period for the disposition of the parcels, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period.

In attempting to estimate the exposure time that would be required for the disposition of the lots comprising the subject, both historical exposure times and projected economic conditions have been considered. A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the various land use components comprising the subject properties. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, or large land holding, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project – most often associated with large residential developments.

In light of the strength of the residential market in the West Roseville area, but also considering the remaining backbone infrastructure requirements, it is anticipated the disposition of the subject components could occur within one year, especially given the contracts already in place.

With regard to the market rate multifamily land component (C-41 and C-42), given their position along the main thoroughfare, they are expected to receive adequate interest. Additionally, the Developer is reportedly in talks with two different apartment builders and building permits are anticipated to be pulled sometime in the second quarter of 2022. As such, we anticipate the multifamily parcels will sell in Periods 3 and 4 of the analysis.

Expense Projections

Changes in Expenses (Expense Increases or Decreases)

Market participants widely expect expenses to increase either from inflation or labor increases (as workers become less willing to accept lower pay as more sources of work become available). General and administrative and marketing and sale expenses are calculated in this section as a fixed percentage of revenue. Property tax expenses are trended upward, as will be discussed in a later section.

General and Administrative

The general and administrative expense category covers the various administrative costs associated with managing the overall development. This would include management, legal and accounting fees and other professional services common to a development project. For purposes of this analysis, we have estimated this expense at 2% of the total gross sale proceeds. This expense is spread evenly over the entire sellout period.

Marketing and Sale

The costs associated with marketing, commissions and closing costs relative to the disposition of the subject's components are estimated at 2% of the total gross sale proceeds. Although this rate is somewhat negotiable, it is consistent with current industry trends. Larger transactions, such as the subject, typically have a lower sales commission as a percentage of sale price.

Backbone Infrastructure

According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,094,699. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046 ($\$2,094,699 \times 37.43\%$). However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. The remaining bond proceeds from this proposed bond issuance are intended to reimburse certain infrastructure costs already completed.

Remaining In-Tract Development Costs

According to the provided budgets, in-tract costs were reported at \$45,391 to \$95,320 per lot for the LDR category lots and \$31,391 to \$38,706 per MDR lot, which are generally consistent with our observations in the market. Each village is in varying stages of completeness and remaining in-tract costs differ. The total remaining costs for all in-tracts is \$5,430,749, which includes some lingering costs for Phase 1 lots. As previously mentioned, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. After accounting for remaining backbone infrastructure costs, there is approximately \$3,715,954 ($\$4,500,000 - \$784,046$) in proceeds

that can be applied to in-tract development costs. As such, we will only account for \$1,714,795 in remaining in-tract development costs (\$5,430,749 - \$3,715,954).

Property Taxes (Ad Valorem and Special Taxes)

This appraisal is predicated on, and assumes, a sale of the appraised property in bulk. Interim ad valorem real estate taxes are based on a tax rate of 1.051252%. This rate is applied to the estimated market value (in bulk) and divided by the total number of lots to yield an estimate of ad valorem taxes/lot/year. The ad valorem taxes are appreciated by 2% per year and the total tax expense is gradually reduced over the absorption period, as the land components are sold off.

For the reader's reference, the ad valorem tax table shown in the analysis reflects annual taxes per residential lot/unit. First, we estimated the total aggregate revenue allocation between the LDR, MDR, and HDR components, then we multiplied each allocation percentage by the total tax obligation, and then divided this number by the number of lots/units to arrive at estimates of annual tax obligations for each component. Ad valorem taxes are expected to decrease as lots are sold, as they are paid on total existing inventory.

According to the RMA, prepared by EPS (dated September 5, 2019), the annual total maximum special tax payments for the 2021/22 tax year for the various components are as follows:

City of Roseville Creekview CFD No. 1

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$2,518
MDR	\$1,987
MDR (affordable)	\$994
HDR	\$676

Creekview (Services)

Proposed Land Use	Special Tax Per Lot/Unit/Acre
LDR	\$1,259
MDR	\$994
MDR (affordable)	\$497
HDR	\$338

Both special tax categories have an annual maximum escalation of 2% per year. Please note, the Services special tax is not levied until the "Transition Event" which is the earlier of (a) after the Initial Bonding period, the Fiscal Year in which the Administrator determines the Development Impact Fee Deferral, and any eligible Pay-As-You-Go Costs have been repaid in full to the City and City determines funding is no longer needed for Annual Facilities Costs, or (b) Fiscal Year 2084-85.

Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey^[1], discount rates for land development projects ranged from 10.00% to 25.00%, with an average of 16.70% during the Second Quarter 2021, which is 110 basis points higher than the average reported in the Fourth Quarter 2020, the last time the survey was conducted and 150 basis points higher than a year ago. Without entitlements in place, certain investors will increase the discount rate of 188 basis points. These rates are free-and-clear of financing, are inclusive of developer’s profit, and assume entitlements are in place.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer’s profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer’s profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

“2020 revealed that where people work and where people live can be very far apart,” says a development land participant. This philosophy is a driving force behind a resurgence of new-home construction in the United States. In the nonresidential sector, each segment reported year-over-year declines in spending as of March 2021. Over the next 12 months, surveyed investors are most optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +5.8%. This average is better than where it was six months ago (+4.9%), as well as a year ago (-6.9%). (Second Quarter 2021)

[1] PwC Real Estate Investor Survey, PricewaterhouseCoopers, 2nd Quarter 2021, Volume 34, Number 2.

For 2021, most *Emerging Trends* respondents (53.0%) believe that debt capital for development and redevelopment will be undersupplied. This percentage is more than twice the figure from last year's report and is likely due to the uncertainty tied to the pandemic. Interestingly, the percentage of respondents that feel debt capital for such projects will be "in balance" drops this year to 35.0% – down from 57.0% in 2020. (Fourth Quarter 2020)

Amid the COVID-19 crisis, participants in the national development land market are looking to reduce leverage, lessen their holding costs, and preserve cash flow. "These are highly uncertain times, and we are moving in a direction no one thought we'd be headed a few months ago," shares a participant. Although some investors are looking to acquire distressed properties, it is difficult to ascertain pricing amid such uncertainty. For now, most investors are content to wait on the sidelines for a clearer path to emerge before they formulate new strategies for the rest of 2020 and beyond. (Second Quarter 2020)

While investors are more optimistic about development opportunities for the year ahead in the apartment, office, warehouse, and even retail sectors, they are less enthusiastic about the hotel sector, where the annual score drops from 3.21 to 2.94 (on a scale of 1 being abysmal and 5 being excellent). (Fourth Quarter 2019)

Over the next 12 months, surveyed investors hold mixed opinions regarding value trends for the national development land market. Their expectations range from -5.0% to +10.0% with an average expected value change of +3.2%. This average is slightly below where it was six months ago (+3.8%), but ahead of the rate from a year ago (+1.2%). (Second Quarter 2019)

Looking ahead over the next 12 months, surveyed investors forecast property values in the national development land market to either increase as much as 10.0% or decrease as much as 5.0%. Their average expected appreciation rate is 3.8% – just above the rate of 3.5% six months ago. (Fourth Quarter 2018)

Compared to investors' responses six months ago, a greater sense of caution is evident among our participants due to heightened uncertainty as it related to the current political environment, capital markets, and the industry's position in the real estate cycle... "the further path of interest rates and inflation, the longevity of the current cycle [*are we near the peak?*], and the high degree of uncertainty with regard to the overall stability of the decision makers in the federal government. (Second Quarter 2018)

The largest increase over the past year occurs for the retail sector, where the rating rises from 2.42 to 2.55. The retail sector's development rating took a big hit between 2016 and 2017 and it appears that developers are now becoming more comfortable with this sector's evolution. Ironically, the only two sectors to see their development ratings decline this year, albeit slightly, are apartments and industrial, where concerns of oversupply issues have been expressed... Single-family development also gets a nod, as well as senior housing, where favorable demographics, compelling returns, greater liquidity, rising transparency, and mounting understanding of the benefits for residents appeal to investors... (Fourth Quarter 2017)

Project Yield Rate Survey	
Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Second Quarter 2021 (updated semi-annually)	Range of 10.0% to 25.0%, with an average of 16.7%, on an unleveraged basis, for land development (national average)
National Builder	20% to 25% for entitled lots
Regional Builder	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
National Builder	18% minimum, 20% target
Developer	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Developer	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
Land Management Company	20% to 30% IRR for land development deals on an unleveraged basis
Land Developer	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Land Developer	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled land
Real Estate Consulting Firm	Low 20% range yield rate required to attract capital to longer-term land holdings
Land Developer	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%.
Regional Builder	10% discount rate excluding profit for single-family subdivisions
National Builder	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Regional Builder	15% to 20% IRR
Regional Builder	No less than 20% IRR for land development, either entitled or unentitled
Land Developer	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Regional Builder	No less than 30% when typical entitlement risk exists

There are several positive attributes associated with the subject property that we consider in our selection of a discount rate, including (but not necessarily limited to):

- Location within the West Roseville area, which is one of the most desirable communities for new home construction and new home purchases in the Sacramento region;
- Entitlement status of the subject property with final maps in place;
- Recent momentum in bulk lot purchases by regional and/or national builders in the West Roseville area
- The subject's Phase 2 lots are all under contract to different merchant builders

Even though much of the entitlement risk and the extent of the development and mitigation costs have been mitigated and quantified, there is risk associated with estimating the timing that the subject components will be sold off. In addition, there is risk associated with unforeseen factors such as broad economic declines and job losses as well as competition from other projects proximate to the subject. With respect to developable residential land, in the midst of some stagnation in the global

and national economy and many segments of the commercial market, several merchant builders remain focused on their supply of buildable residential lots over the next 12 to 36 months. Thus, recent evidence demonstrates ongoing interest in a future supply of single-family residential lots in primary market areas, with sales occurring, post COVID-19 pandemic, at price points commensurate with pre-pandemic prices. Considering these factors, and the positive and negative characteristics previously described, an internal rate of return of **10%** is estimated for the entire subject.

Conclusion

The discounted cash flow analysis (subdivision development method) is presented on the following page.

Subdivision Development Method													
Inputs													
Number of MDR Lots		62		Ad Valorem Tax Table									
Total MDR Revenue		\$8,308,000		Annual Increase in Property Taxes 2%									
Total MDR Revenue per Lot		\$134,000		First Year Annual Taxes/MDR Lot \$1,247									
				First Year Annual Taxes/LDR Lot \$1,402									
				First Year Annual Taxes per HDR Unit \$233									
Number of LDR Lots		107											
Total LDR Revenue		\$16,120,000											
Total LDR Revenue per Lot		\$150,654											
Number of HDR Units		263											
Total HDR Value		\$6,580,000											
Total HDR Value per Unit		\$25,019											
General & Administrative		2.0%											
Marketing and Commissions		2.0%											
Remaining In-Tract Costs		\$5,430,749											
Remaining Backbone Infrastructure		\$784,046											
Estimated Bond Proceeds		\$4,500,000											
Revenue, Expenses and Valuation													
MDR Revenue		Period (3 mos)		1		2		3		4		Total	
Sales (Lots):				62		0		0		0		62	
End of Period Inventory				0		0		0		0		0	
Total Period Inventory				62		0		0		0		0	
MDR Revenue		\$		8,308,000		\$ -		\$ -		\$ -		\$ 8,308,000	
LDR Revenue													
Sales (Lots):				107		0		0		0		107	
End of Period Inventory				0		0		0		0		0	
Total Period Inventory				107		0		0		0		0	
LDR Revenue		\$		16,120,000		\$ -		\$ -		\$ -		\$ 16,120,000	
HDR Revenue													
Sales (Units):				0		0		127		136		263	
End of Period Inventory				263		263		136		0		0	
Total Period Inventory				263		263		263		136		0	
HDR Revenue		\$		-		\$ -		\$ 3,177,414		\$ 3,402,586		\$ 6,580,000	
Total Sales Revenue		\$		24,428,000		\$ -		\$ 3,177,414		\$ 3,402,586		\$ 31,008,000	
Recoveries		\$		644,504		\$ 137,685		\$ -		\$ -		\$ 782,189	
Total Aggregate Revenue		\$		25,072,504		\$ 137,685		\$ 3,177,414		\$ 3,402,586		\$ 31,790,189	
Expenses													
All Categories													
General & Administrative		\$		(155,040)		\$ (155,040)		\$ (155,040)		\$ (155,040)		\$ (620,160)	
Marketing/Commissions		\$		(488,560)		\$ -		\$ (63,548)		\$ (68,052)		\$ (620,160)	
In-Tract Costs				60%		40%		0%		0%		100%	
		\$		(1,028,877)		\$ (685,918)		\$ -		\$ -		\$ (1,714,795)	
Backbone Infrastructure		\$		-		\$ -		\$ -		\$ -		\$ -	
MDR Only													
Ad Valorem Taxes		\$		(19,322)		\$ -		\$ -		\$ -		\$ (19,322)	
Creekview CFD#1		\$		(30,801)		\$ -		\$ -		\$ -		\$ (30,801)	
LDR Only													
Ad Valorem Taxes		\$		(37,491)		\$ -		\$ -		\$ -		\$ (37,491)	
Creekview CFD#1		\$		(67,350)		\$ -		\$ -		\$ -		\$ (67,350)	
HDR Units													
Ad Valorem Taxes		\$		(15,303)		\$ (15,609)		\$ (15,921)		\$ (8,398)		\$ (55,232)	
Creekview CFD#1		\$		(44,464)		\$ (44,464)		\$ (44,464)		\$ (22,993)		\$ (156,385)	
Total Expenses		\$		(1,887,208)		\$ (901,031)		\$ (278,974)		\$ (254,482)		\$ (3,321,696)	
Net Income		\$		23,185,296		\$ (763,346)		\$ 2,898,441		\$ 3,148,103		\$ 28,468,493	
Internal Rate of Return		10.00%		0.97561		0.95181		0.92860		0.90595			
Discounted Cash Flow		\$		22,619,801		\$ (726,564)		\$ 2,691,490		\$ 2,852,026		\$ 27,436,753	
Net Present Value		\$		27,436,753									
Conclusion of Value by Discounted Cash Flow Analysis (Rd.)												\$ 27,440,000	

Based on the previous analyses, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the City of Roseville Creekview Community Facilities District No. 1 Improvement Area 1 Bonds, as of the date of value, September 1, 2021, are presented in the following table.

Value by Ownership	
Entity	Total Market Value
Individual Homeowners	\$18,800,000
D.R. Horton	\$18,030,000
Meritage	\$30,616,000
K. Hovnanian	\$14,096,000
Anthem United Creekview Developments, L.P.	\$27,440,000
Total	\$108,982,000

The estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of the CFD are not marketed concurrently, which would suggest a market under duress.

Final Opinion of Value

As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised properties, in accordance with the assumptions and conditions set forth in the attached document, as of September 1, 2021, is as follows:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate, or Cumulative, Value, subject to a hypothetical condition	Fee Simple	September 1, 2021	\$108,982,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard, Westpark Drive, Westbrook Boulevard and Creekpark Drive. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.
2. According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,643,386. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046. However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. If the cost estimates or input factors utilized herein are discernibly different than reported, the values contained herein could be affected.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to finance certain infrastructure improvements (\$4,500,000) with the remainder reimbursing for improvements already completed. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based

on a survey of market participants, a transfer of land properties in the region typically occurs within **12** months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within **12** months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at **12** months or less.

Certification

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

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



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



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



Kari Tatton
 Certified General Real Estate Appraiser
 California Certificate # 3002218

Assumptions and Limiting Conditions

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

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

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

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

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

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

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

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. According to the cost budget provided, the Developer is obligated to complete significant infrastructure improvements benefitting both the subject property, as well as adjacent projects in Fiddymont Farms, Westpark and the Amoruso Specific Plan. Such development includes improvements to Blue Oaks Boulevard, Westpark Drive, Westbrook Boulevard and Creekpark Drive. Completion of these improvements will generate City credits and/or reimbursements from future developers. The intent herein is to capture the increment of benefit associated with completion of the area wide improvements by the Developer. Should such credits/reimbursements not be received by the Developer, the estimate of value herein will likely be negatively impacted.
2. According to the cost budget provided, the subject's remaining infrastructure cost for Improvement Area No. 1 (Phases 1, 2 and a portion of Phase 5) is \$2,643,386. However, the master developer is completing significant backbone infrastructure serving not only the subject property [Improvement Area No. 1 (Phases 1 and 2 and a portion of Phase 5)], but also the balance of the Creekview master planned community [Future Annexation Area (Phases 3, 4 and a portion of Phase 5)]. As the subject of this appraisal comprises only Improvement Area No. 1, it is presumed a cost sharing agreement would be recorded with the balance of the development in the Future Annexation Area. Thus, since the balance of the infrastructure costs to be completed will also benefit the Future Annexation Area, the proportionate cost, and related benefit, of the infrastructure improvements to service the subject property and balance of the master planned community will be considered in the valuation of Phases 1, 2 and a portion of Phase 5 (Improvement Area No. 1) on a pro rata basis, along with consideration of costs incurred to date. According to the master developer, of the approximately \$64,556,203 in total common infrastructure costs, 37.43% is the responsibility of Phases 1, 2 and a portion of Phase 5; the cost reduction attributable to a cost sharing agreement with the Future Annexation Area is approximately \$40,392,816, with the subject property responsible for \$24,163,387. Considering the subject's proportionate share of costs incurred to date, remaining infrastructure costs pertaining to Improvement Area No. 1 are estimated to be \$784,046. However, approximately \$4,500,000 in bond proceeds will be used to offset remaining backbone and in-tract development costs. As such, no remaining backbone infrastructure costs will be accounted for in our analysis. If the cost estimates or input factors utilized herein are discernibly different than reported, the values contained herein could be affected.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the Appraisal that certain proceeds from the Bonds are available to finance certain infrastructure improvements (\$4,500,000) with the remainder reimbursing for improvements already completed. The estimate of market value, by ownership, accounts for the impact of the proposed Lien of the Special Taxes securing the Bonds.
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Addendum A

Appraiser Qualifications

Kevin Ziegenmeyer, MAI

Experience

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

Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2023

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

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Suite 1
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Kevin Ziegenmeyer, MAI

Education (Cont'd)

Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

Integra Realty Resources
San Francisco

San Francisco, CA 95765

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irr.com





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

Kevin K. Ziegenmeyer

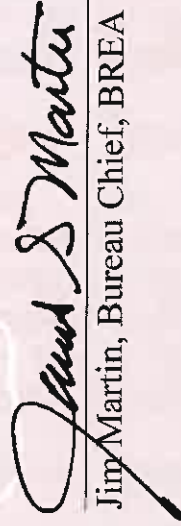
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2019
Date Expires: June 4, 2021


Jim Martin, Bureau Chief, BREA

3045137

Eric Segal, MAI

Experience

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

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General, AG026558, Expires February 2023

Nevada, Certified General, A.0207666-CG, Expires January 2023

Washington, Certified General, 20100611, Expires June 2021

Arizona, Certified General, CGA - 1006422, Expires January 2022

Education

Academic:

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

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

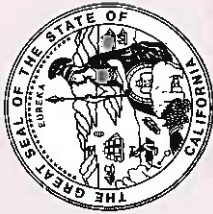
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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2021
Date Expires: February 18, 2023



Loretta Dillon, Deputy Bureau Chief, BREA

3055248

Kari Tatton

Experience

Ms. Tatton is a Certified General real estate appraiser. After completing her bachelor's degree at California State University, Sacramento, Ms. Tatton began her career in real estate in March 2011, and has been writing narrative appraisal reports for a variety of commercial properties including office, retail, industrial, multifamily housing, land and special-purpose properties including self-storage facilities, religious facilities, schools and auto dealerships. She specializes in the appraisal of residential master planned communities and subdivisions, as well as Mello-Roos and Assessment Districts for land-secured municipal financings.

Licenses

California, Certified General Real Estate, 3002218, Expires June 2020

Education

Academic:

Bachelor of Arts in Interior Design (Concentration in Interior Architecture)
California State University, Sacramento

Appraisal and Real Estate Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

Site Valuation & Cost Approach

General Market Analysis & Highest and Best Use

Sales Comparison Approach

Income Capitalization Approach Part I

Income Capitalization Approach Part II

General Appraiser Report Writing and Case Studies

Appraisal of Fast Food Facilities

Appraising Small Apartment Properties

Appraisal of Land Subject to Ground Leases

Appraising Automobile Dealerships

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

Kari M. Tatton

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

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: 3002218

Effective Date: June 2, 2018
Date Expires: June 1, 2020


Jim Martin, Bureau Chief, BREA

3040303

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's*

profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project through to completion.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

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

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value

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

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

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

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Addendum C

Preliminary Title Reports

Updated



First American Title

First American Title Company

1001 Galaxy Way, Suite 101

Concord, CA 94520

California Department of Insurance License No. 151

Order Number: 0192-5957080 (ML)

Title Officer: Mike Lucero
Phone: (831)424-0317
Fax No.: (866)493-5440
E-Mail: mlucero@firstam.com
Owner: Anthem United Creekview Developments LTD
Property: , CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 23, 2019 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, A WASHINGTON LIMITED PARTNERSHIP

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2019-2020, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement for pole line and incidental purposes, recorded July 17, 1929 as Book 272, Page 247 of Official Records.
In Favor of: Pacific Gas and Electric
Affects: As described therein

The location of the easement cannot be determined from record information.

4. The effect of a document entitled "Report on Minor Land Division", recorded March 5, 1990 as Book 3841, Page 538 of Official Records.

(a) Payment for fees for the overcrowding of schools upon application for valid building sites.

5. An easement for highway purposes and incidental purposes, recorded March 5, 1990 as Book 3841, Page 544 of Official Records.

In Favor of: County of Placer
Affects: As described therein

6. The terms and provisions contained in the document entitled "Development Agreement by and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC< Soule Investments, LLC, Bennett West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks - Roseville, LP and Chuang Relative to the Creekview Specific Plan" recorded November 28, 2012 as Instrument No. 2012-0113752 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded March 13, 2019 as Instrument No. 2019-0015249 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded May 24, 2019 as Instrument No. 2019-0034780 of Official Records.

7. A Deed of Trust to secure an original indebtedness of \$107,900,000.00 recorded May 24, 2019 as Instrument No. 2019-0034783 of Official Records.

Dated: May 24, 2019
Trustor: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership
Trustee: First American Title Insurance Company, a Nebraska corporation
Beneficiary: GCAM Creekview LLC, a Delaware limited liability company
Affects: The land and other property.

The above deed of trust states that it is a construction deed of trust.

The above deed of trust states that it secures an equity line/revolving line of credit.

Notes:

a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, we will require all of the following prior to the recordation of any documents or the issuance of any policy of title insurance:

- i. Original note and deed of trust.
- ii. Payoff demand statement signed by all present beneficiaries.
- iii. Request for reconveyance signed by all present beneficiaries.

b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.

c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company

A document entitled "Assignment of Leases, Rents and Purchase Agreements" recorded May 24, 2019 as Instrument No. 2019-34784 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.

8. Any statutory lien for labor or materials arising by reason of a work of improvement, as disclosed by a document recorded May 24, 2019 as Instrument No. 2019-0034783 of Official Records.

9. A financing statement recorded May 24, 2019 as Instrument No. 2019-0034785 of Official Records.
Debtor: Anthem United Creekview Developments Limited Partnership
Secured party: GCAM Creekview LLC

Affects: The land and other property.
10. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
11. Any claim that any portion of the land is below the ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline or riverbank.
12. A public easement for boating, fishing, swimming, or other recreational uses in and under Pleasant Grove Creek and including a public right of access to the water..
13. Any claim that any portion of the land is or was formerly tidelands or submerged lands.
14. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.
15. Water rights, claims or title to water, whether or not shown by the public records.
16. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

17. With respect to ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, a Washington limited partnership:
 - a. That a certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) be recorded in the public records;
 - b. A full copy of the partnership agreement and any amendments;
 - c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 - d. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2018-2019.

First Installment:	\$4,760.41, PAID
Penalty:	\$0.00
Second Installment:	\$4,760.41, PAID
Penalty:	\$0.00
Tax Rate Area:	005073
A. P. No.:	017-101-007-000

2. The property covered by this report is vacant land.
3. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded May 24, 2019 as Instrument No. 2019-0034776 of Official Records.

From: Phillip Road Land, LLC, a California limited liability company, as to an undivided 50% interest ("Phillip Road"), Soule Investments, LLC, a California limited liability company, as to an undivided 25% interest ("Soule"), and J & K D Enterprises, LLC, a California limited liability company, as to an undivided 25% interest ("J&KD") all as tenants in common

To: Anthem United Creekview Developments Limited Partnership, a Washington limited liability company

4. It appears that a work of improvement is in progress or recently completed on the land. The Company will require various documents and information, including but not limited to a completed mechanics' lien risk analysis, construction contract(s), lien waivers, loan agreement, disbursement information, executed indemnity agreement and current financial information from proposed indemnitors, in order to determine whether mechanics' lien insurance can be issued. Other requirements may be made following the review of such documents and information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

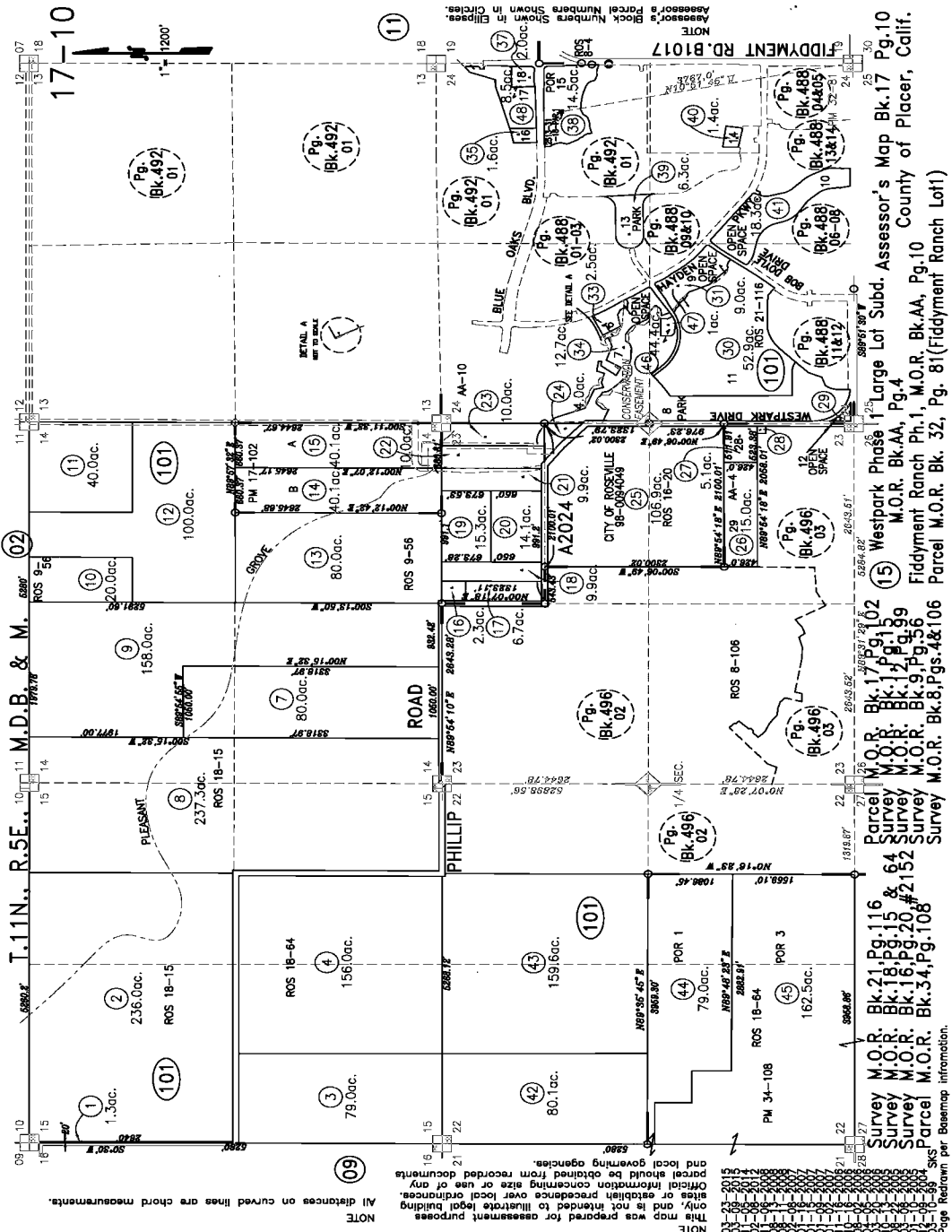
LEGAL DESCRIPTION

Real property in the City of Roseville , County of Placer, State of California, described as follows:

ALL THAT PORTION OF THE WEST ONE-HALF (W1/2) OF SECTION 14, TOWNSHIP 11 NORTH, RANGE 5 EAST, M.D.B & M., PLACER COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE EAST ONE-HALF (E1/2) OF THE WEST ONE-HALF (W1/2) OF THE SOUTHWEST ONE-QUARTER (SW1/4) OF SAID SECTION 14; THENCE FROM SAID POINT OF BEGINNING NORTHERLY ALONG THE WEST LINE OF SAID EAST ONE-HALF (E1/2) OF THE WEST ONE-HALF (W1/2) OF THE SOUTHWEST ONE-QUARTER (SW1/4) AND THE WEST LINE OF THE EAST ONE-HALF (E1/2) OF THE WEST ONE-HALF (W1/2) OF THE NORTHWEST ONE-QUARTER (NW1/4) OF SAID SECTION 14, NORTH 00 DEG. 15' 32" EAST, 3318.97 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTH LINE OF SAID SOUTHWEST ONE-QUARTER (SW1/4) OF SECTION 14, NORTH 89 DEG. 54' 55" EAST, 1050.00 FEET; THENCE ALONG A LINE PARALLEL WITH THE ABOVE MENTIONED WEST LINE OF THE EAST ONE-HALF (E1/2) OF THE WEST ONE-HALF (W1/2) OF THE SOUTHWEST ONE-QUARTER (SW1/4), SOUTH 00 DEG. 15' 32" WEST, 3318.97 FEET TO A POINT IN SAID SOUTH LINE OF THE SOUTHWEST ONE-QUARTER (SW1/4); THENCE ALONG SAID SOUTH LINE SOUTH 89 DEG. 54' 55" WEST, 1050.00 FEET TO THE POINT OF BEGINNING.

APN: 017-101-007-000



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public, records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
- This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 - 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 - 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
 - 5. Failure to pay value for Your Title.
 - 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
 - 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
 - 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 - 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:
For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet. In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site. There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



First American Title

First American Title Company

1001 Galaxy Way, Suite 101

Concord, CA 94520

California Department of Insurance License No. 151

Order Number: 0192-5957061 (ML)

Title Officer: Mike Lucero
Phone: (831)424-0317
Fax No.: (866)493-5440
E-Mail: mlucero@firstam.com
Owner: Anthem United Creekview Developments LTD
Property: , CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 24, 2019 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, A WASHINGTON LIMITED PARTNERSHIP

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2019-2020, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement for a single line of poles, wires, guys, crossarms, braces and incidental purposes, recorded July 17, 1929 as Book 272, Page 247 of Official Records.
In Favor of: Pacific Gas and Electric Company
Affects: As described therein

The location of the easement cannot be determined from record information.

4. An easement for a line of poles, crossarms, braces, anchors, guys, wires and incidental purposes, recorded June 23, 1971 as Book 1357, Page 417 of Official Records.
In Favor of: Pacific Gas and Electric Company
Affects: As described therein

5. The Effect of a Report on Minor Subdivision, wherein, among other things, there are special provisions for the payment of fees to relieve the overcrowding of Schools serving the Area.

Subdivision No.: P-75146

Recorded: March 5, 1990, in Book 3841, Page 538, Official Records.

6. An easement for a road and incidental purposes, recorded March 5, 1990 as Book 3841, Page 544 of Official Records.

In Favor of: County of Placer

Affects: As described therein

7. The terms and provisions contained in the document entitled "Development Agreement by and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennett West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks - Roseville, LP and Chuang Relative to the Creekview Specific Plan" recorded November 28, 2012 as Instrument No. 2012-0113752 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded March 13, 2019 as Instrument No. 2019-0015249 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded May 24, 2019 as Instrument No. 2019-0034779 of Official Records.

8. A Deed of Trust to secure an original indebtedness of \$107,900,000.00 recorded May 24, 2019 as Instrument No. 2019-0034783 of Official Records.

Dated: May 24, 2019

Trustor: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

Trustee: First American Title Insurance Company, a Nebraska corporation

Beneficiary: GCAM Creekview LLC, a Delaware limited liability company

Affects: The land and other property.

Notes:

a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, we will require all of the following prior to the recordation of any documents or the issuance of any policy of title insurance:

i. Original note and deed of trust.

ii. Payoff demand statement signed by all present beneficiaries.

iii. Request for reconveyance signed by all present beneficiaries.

b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.

c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company

The above deed of trust states that it is a construction deed of trust.

The above deed of trust states that it secures an equity line/revolving line of credit.

A document entitled "Assignment of Leases, Rents and Purchase Agreements" recorded May 24, 2019 as Instrument No. 2019-0034784 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded May 24, 2019 as Instrument No. 2019-0034783 of Official Records.

9. Any statutory lien for labor or materials arising by reason of a work of improvement, as disclosed by a document recorded May 24, 2019 as Instrument No. 2019-0034783 of Official Records.
10. A financing statement recorded May 24, 2019 as Instrument No. 2019-0034785 of Official Records.
Debtor: Anthem United Creekview Developments Limited Partnership
Secured party: GCAM Creekview LLC

Affects: The land and other property.
11. Any claim that any portion of the land is below the ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline or riverbank.
12. Any rights, interests, or easements in favor of the public, which exist or are claimed to exist over any portion of said land covered by water, including a public right of access to the water.
13. Any claim that any portion of the land is or was formerly tidelands or submerged lands.
14. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
15. Water rights, claims or title to water, whether or not shown by the public records.
16. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.
17. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

18. With respect to ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, a Washington limited partnership:
 - a. That a certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) be recorded in the public records;
 - b. A full copy of the partnership agreement and any amendments;
 - c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 - d. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2018-2019.

First Installment:	\$12,882.69, PAID
Penalty:	\$0.00
Second Installment:	\$12,882.69, PAID
Penalty:	\$0.00
Tax Rate Area:	005073
A. P. No.:	017-101-009-000

2. The property covered by this report is vacant land.

3. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded May 24, 2019 as Instrument No. 2019-0034775 of Official Records
From: Phillips Road 160 Investors, a California limited partnership
To: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

4. It appears that a work of improvement is in progress or recently completed on the land. The Company will require various documents and information, including but not limited to a completed mechanics' lien risk analysis, construction contract(s), lien waivers, loan agreement, disbursement information, executed indemnity agreement and current financial information from proposed indemnitors, in order to determine whether mechanics' lien insurance can be issued. Other requirements may be made following the review of such documents and information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

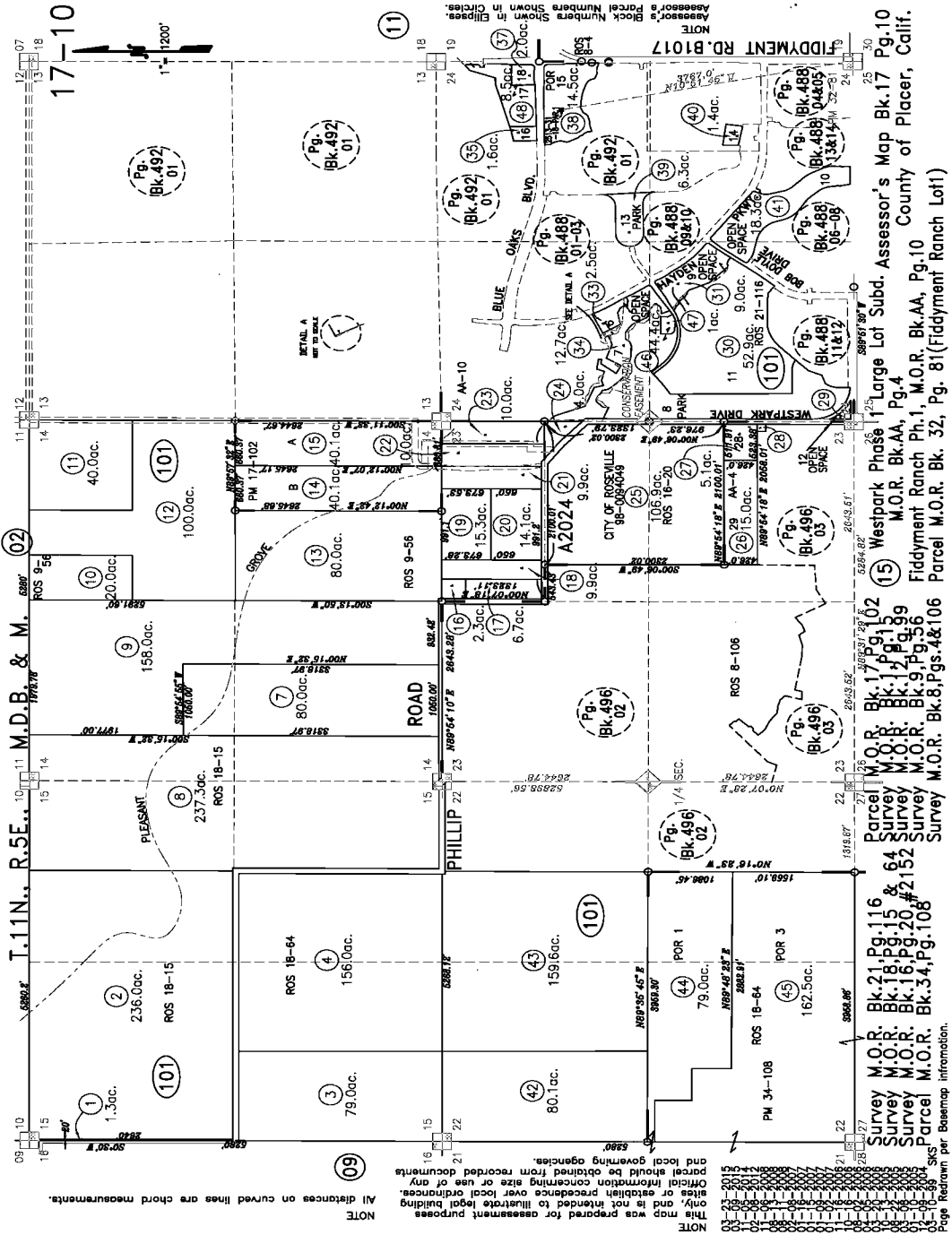
LEGAL DESCRIPTION

Real property in the City of Roseville , County of Placer, State of California, described as follows:

ALL THAT PORTION OF THE WEST ONE-HALF (W $\frac{1}{2}$) OF SECTION 14, TOWNSHIP 11 NORTH, RANGE 5 EAST, M.D.B.&M., PLACER COUNTY CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 14, BEING ALSO THE SOUTHEAST CORNER OF THE LANDS HEREIN DESCRIBED; THENCE ALONG THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER (SW $\frac{1}{4}$) OF SAID SECTION, SOUTH 89 DEGREES 54 MINUTES 55 SECONDS WEST 932.42 FEET, TO A POINT FROM WHICH THE SOUTHWEST CORNER OF THE EAST ONE-HALF (E $\frac{1}{2}$) OF THE WEST ONE-HALF (W $\frac{1}{2}$) OF THE SOUTHWEST ONE-QUARTER (SW $\frac{1}{4}$) OF SAID SECTION 14, BEARS SOUTH 89 DEGREES 54 MINUTES 55 SECONDS WEST, 1,050.00 FEET; THENCE ALONG A LINE PARALLEL WITH THE WEST LINE OF SAID EAST ONE-HALF (E $\frac{1}{2}$) OF THE WEST ONE-HALF (W $\frac{1}{2}$) OF THE SOUTHWEST ONE-QUARTER (SW $\frac{1}{4}$), NORTH 00 DEGREES 15 MINUTES 32 SECONDS EAST, 3,318.97 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTH LINE OF SAID SOUTHWEST ONE-QUARTER (SW $\frac{1}{4}$), SOUTH 89 DEGREES 54 MINUTES 55 SECONDS WEST 1,050.00 FEET TO A POINT IN THE WEST LINE OF THE EAST ONE-HALF (E $\frac{1}{2}$) OF THE WEST ONE-HALF (W $\frac{1}{2}$) OF SAID SECTION 14; THENCE NORTHERLY ALONG SAID WEST LINE NORTH 00 DEGREES 15 MINUTES 32 SECONDS EAST 1,977.00 FEET TO A POINT IN THE NORTH LINE OF SAID SECTION 14; THENCE ALONG SAID NORTH LINE SOUTH 89 DEGREES 57 MINUTES 31 SECONDS EAST 1,979.78 FEET TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION; THENCE SOUTHERLY ALONG THE NORTH-SOUTH ONE-QUARTER LINE OF SAID SECTION SOUTH 00 DEGREES 13 MINUTES 50 SECONDS WEST, 5,291.60 FEET TO THE POINT OF BEGINNING.

APN: 017-101-009-000



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public, records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
- This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 - 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 - 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
 - 5. Failure to pay value for Your Title.
 - 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
 - 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
 - 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 - 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:
For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
- (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- 6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
- 7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
- 6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet. In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site. There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



First American Title

First American Title Company

1001 Galaxy Way, Suite 101

Concord, CA 94520

California Department of Insurance License No. 151

Order Number: 0192-5957118 (ML)

Title Officer: Mike Lucero
Phone: (831)424-0317
Fax No.: (866)493-5440
E-Mail: mlucero@firstam.com
Owner: Anthem United Creekview Developments LTD
Property: , CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 24, 2019 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, A WASHINGTON LIMITED PARTNERSHIP

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee as to Parcel(s) ONE, an easement as to Parcel(s) TWO.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2019-2020, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement for ingress, egress and utility purposes and incidental purposes, recorded September 14, 1981 as Book 2431, Page 645 of Official Records.
In Favor of: James E. Jones and Venita A. Jones, husband and wife
Affects: As described therein
4. The terms and provisions contained in the document entitled "Development Agreement by and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC< Soule Investments, LLC, Bennett West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks - Roseville, LP and Chuang Relative to the Creekview Specific Plan" recorded November 28, 2012 as Instrument No. 2012-0113752 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded March 13, 2019 as Instrument No. 2019-0015249 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded May 24, 2019 as Instrument No. 2019-34782 of Official Records.

5. A Deed of Trust to secure an original indebtedness of \$107,900,000.00 recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.
- Dated: May 24, 2019
- Trustor: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership
- Trustee: First American Title Insurance Company, a Nebraska corporation
- Beneficiary: GCAM Creekview LLC, a Delaware limited liability company
- Affects: The land and other property.

The above deed of trust states that it is a construction deed of trust.

The above deed of trust states that it secures an equity line/revolving line of credit.

Notes:

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, we will require all of the following prior to the recordation of any documents or the issuance of any policy of title insurance:
- i. Original note and deed of trust.
 - ii. Payoff demand statement signed by all present beneficiaries.
 - iii. Request for reconveyance signed by all present beneficiaries.
- b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.
- c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company

A document entitled "Assignment of Leases, Rents and Purchase Agreements" recorded May 24, 2019 as Instrument No. 2019-34784 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.

6. Any statutory lien for labor or materials arising by reason of a work of improvement, as disclosed by a document recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.
7. A financing statement recorded May 24, 2019 as Instrument No. 2019-34785 of Official Records.
- Debtor: Anthem United Creekview Developments Limited Partnership
- Secured party: GCAM Creekview LLC
- Affects: The land and other property.
8. Any easements and/or servitudes affecting easement parcel(s) Two herein described.
9. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.

10. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
11. Water rights, claims or title to water, whether or not shown by the public records.
12. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

13. With respect to Anthem United Creekview Developments Limited Partnership, a limited partnership:
 - a. That a certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) be recorded in the public records;
 - b. A full copy of the partnership agreement and any amendments;
 - c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 - d. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2018-2019.

First Installment:	\$13,950.68, PAID
Penalty:	\$0.00
Second Installment:	\$13,950.68, PAID
Penalty:	\$0.00
Tax Rate Area:	005073
A. P. No.:	017-101-012-000

2. The property covered by this report is vacant land.
3. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded May 24, 2019 as Instrument No. 2019-34778 of Official Records.

From: Blue Oaks-Roseville, LP, a Washington limited partnership
To: Anthem United Creekview Developments Limited Partnership, a
Washington limited partnership

4. It appears that a work of improvement is in progress or recently completed on the land. The Company will require various documents and information, including but not limited to a completed mechanics' lien risk analysis, construction contract(s), lien waivers, loan agreement, disbursement information, executed indemnity agreement and current financial information from proposed indemnitors, in order to determine whether mechanics' lien insurance can be issued. Other requirements may be made following the review of such documents and information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Roseville , County of Placer, State of California, described as follows:

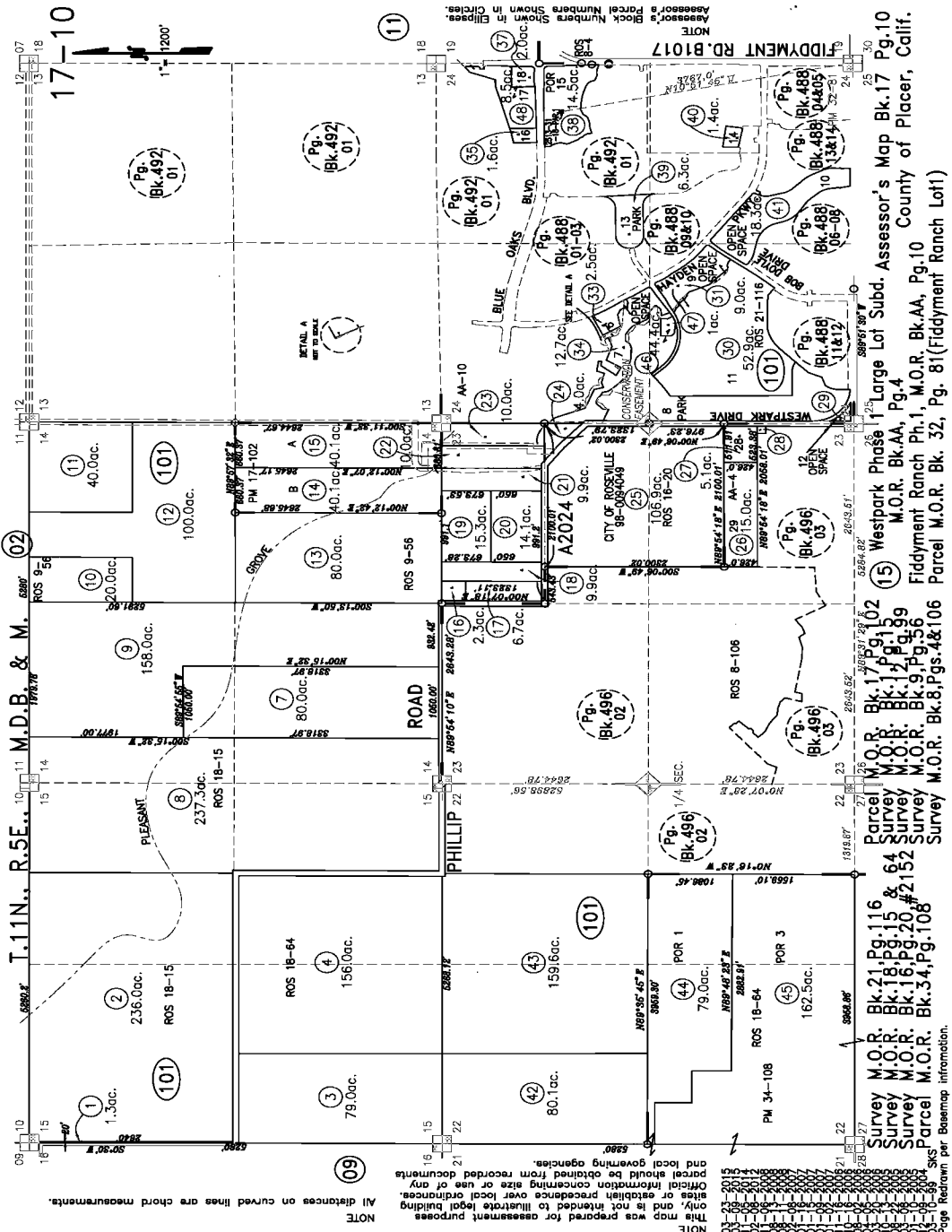
PARCEL ONE:

THE SOUTH HALF OF THE NORTHEAST QUARTER AND THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14, TOWNSHIP 11 NORTH, RANGE 5 EAST, M. D. B. & M.

PARCEL TWO:

AN EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITY PURPOSES OVER A STRIP OF LAND 30 FEET WIDE, THE WESTERLY LINE OF WHICH IS COTERMINOUS WITH THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 14, AND FOR ACCESS THERETO, A NON-EXCLUSIVE EASEMENT OVER A STRIP OF LAND 30 FEET WIDE, RUNNING SOUTHWEST FROM THE EAST-WEST CENTERLINE OF SAID SECTION 14, OF A MINIMUM LENGTH TO INTERSECT THE EAST LINE OF THE ABOVE -DESCRIBED 30 FOOT NORTH-SOUTH EASEMENT.

APN: 017-101-012-000



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public, records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
- 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
- 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:]

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet. In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site. There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



First American Title

First American Title Company

1001 Galaxy Way, Suite 101

Concord, CA 94520

California Department of Insurance License No. 151

Order Number: 0192-5957098 (ML)

Title Officer: Mike Lucero
Phone: (831)424-0317
Fax No.: (866)493-5440
E-Mail: mlucero@firstam.com
Owner: Anthem United Creekview Developments LTD
Property: , CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 24, 2019 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

ANTHEM UNITED CREEKVIEW DEVELOPMENTS LIMITED PARTNERSHIP, A WASHINGTON LIMITED PARTNERSHIP

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee as to Parcel(s) ONE, an easement as to Parcel(s) TWO.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2019-2020, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement for poleline and incidental purposes, recorded July 31, 1929 as Book 274, Page 69 of Official Records.
In Favor of: Pacific Gas and Electric
Affects: As described therein
4. An easement for ingress, egress and utility purposes and incidental purposes, recorded September 14, 1981 as Book 2431, Page 645, as Instrument No. 35702 of Official Records.
In Favor of: James E. Jones and Venita A. Jones, husband and wife
Affects: As described therein
5. The terms and provisions contained in the document entitled "Development Agreement by and Between the City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennett West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks - Roseville, LP, and Chuang Relative to the Creekview Specific Plan" recorded November 28, 2012 as Instrument No. 2012-0113752 of Official Records.

The terms and provisions contained in the document entitled "Assignment of Development Agreement" recorded May 24, 2019 as Instrument No. 2019-34781 of Official Records.

6. A Deed of Trust to secure an original indebtedness of \$107,900,000.00 recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.
- Dated: May 24, 2019
- Trustor: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership
- Trustee: First American Title Insurance Company, a Nebraska corporation
- Beneficiary: GCAM Creekview LLC, a Delaware limited liability company
- Affects: The land and other property.

The above deed of trust states that it is a construction deed of trust.

The above deed of trust states that it secures an equity line/revolving line of credit.

Notes:

- a. If this deed of trust is to be eliminated in the policy or policies contemplated by this report/commitment, we will require all of the following prior to the recordation of any documents or the issuance of any policy of title insurance:
- i. Original note and deed of trust.
 - ii. Payoff demand statement signed by all present beneficiaries.
 - iii. Request for reconveyance signed by all present beneficiaries.
- b. If the payoff demand statement or the request for reconveyance is to be signed by a servicer, we will also require a full copy of the loan servicing agreement executed by all present beneficiaries.
- c. If any of the beneficial interest is presently held by trustees under a trust agreement, we will require a certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company

A document entitled "Assignment of Leases, Rents and Purchase Agreements" recorded May 24, 2019 as Instrument No. 2019-34784 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.

7. Any statutory lien for labor or materials arising by reason of a work of improvement, as disclosed by a document recorded May 24, 2019 as Instrument No. 2019-34783 of Official Records.
8. A financing statement recorded May 24, 2019 as Instrument No. 2019-34785 of Official Records.
- Debtor: Anthem United Creekview Developments Limited Partnership
- Secured party: GCAM Creekview LLC
- Affects: The land and other property.
9. Any easements and/or servitudes affecting easement parcel(s) Two herein described.
10. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.

11. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.
12. Any claim that any portion of the land is below the ordinary high water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline or riverbank.
13. A public easement for boating, fishing, swimming, or other recreational uses in and under Pleasant Grove Creek and including a public right of access to the water.
14. Any claim that any portion of the land is or was formerly tidelands or submerged lands.
15. Water rights, claims or title to water, whether or not shown by the public records.
16. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

17. With respect to Anthem United Creekview Developments Limited Partnership, a limited partnership:
 - a. That a certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) be recorded in the public records;
 - b. A full copy of the partnership agreement and any amendments;
 - c. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 - d. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. General and special taxes and assessments for the fiscal year 2018-2019.

First Installment:	\$4,637.58, PAID
Penalty:	\$0.00
Second Installment:	\$4,637.58, PAID
Penalty:	\$0.00
Tax Rate Area:	005073
A. P. No.:	017-101-013-000

2. The property covered by this report is vacant land.
3. According to the public records, there has been no conveyance of the land within a period of twenty four months prior to the date of this report, except as follows:

A document recorded May 24, 2019 as Instrument No. 2019-34777 OF OFFICIAL RECORDS

From: Bennett West Roseville, LLC, a California limited liability and Decou West Roseville, LLC, a California limited liability company

To: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

4. It appears that a work of improvement is in progress or recently completed on the land. The Company will require various documents and information, including but not limited to a completed mechanics' lien risk analysis, construction contract(s), lien waivers, loan agreement, disbursement information, executed indemnity agreement and current financial information from proposed indemnitors, in order to determine whether mechanics' lien insurance can be issued. Other requirements may be made following the review of such documents and information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of Roseville , County of Placer, State of California, described as follows:

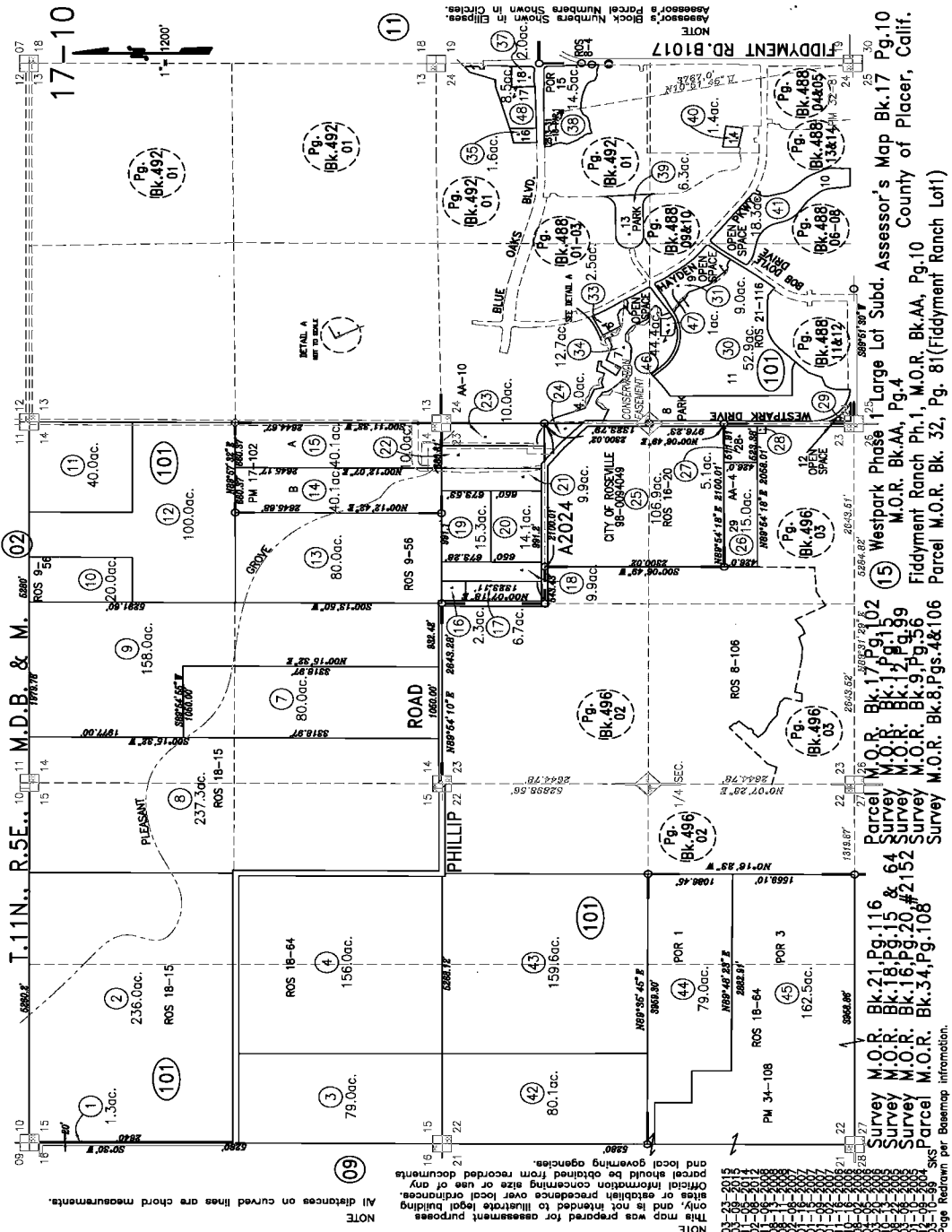
PARCEL ONE:

THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 11 NORTH, RANGE 5 EAST, MDB&M.

PARCEL TWO:

AN EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITY PURPOSES OVER A STRIP OF LAND THIRTY (30) FEET IN WIDTH, THE WESTERLY LINE OF WHICH IS COTERMINOUS WITH THE WEST LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 14, AND FOR ACCESS THERETO, A NON-EXCLUSIVE EASEMENT OVER A STRIP OF LAND THIRTY (30) FEET WIDE RUNNING NORTHWEST FROM THE EAST-WEST CENTERLINE OF SAID SECTION 14, A MINIMUM LENGTH TO INTERSECT THE EAST LINE OF THE ABOVE DESCRIBED THIRTY (30) FOOT NORTH-SOUTH EASEMENT.

APN: 017-101-013-000



NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public, records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;

- d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
- This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
 - 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
 - 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
 - 5. Failure to pay value for Your Title.
 - 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
 - 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
 - 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 - 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:
For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.
The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$10,000
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000 (whichever is less)	\$25,000
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500 (whichever is less)	\$5,000

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

- (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
 5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: [The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. [Variable exceptions such as taxes, easements, CC&R's, etc. shown here.]

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the

Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a Nebraska corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental

police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in

Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
- (i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
- (ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs,

attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
- (i) the Amount of Insurance; or
- (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
- (i) the Amount of Insurance shall be increased by 10%, and
- (ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.
- If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at 1 First American Way, Santa Ana, CA 92707, Attn: Claims Department.

POLICY OF TITLE INSURANCE



SCHEDULE A

First American Title Insurance Company

Name and Address of Title Insurance Company:

First American Title Insurance Company

1 First American Way

Santa Ana, CA 92707

File No.: **0131-622883ala**

Policy No.: **0131-622883ala**

Address Reference: APN 017-101-014, Roseville, CA

Amount of Insurance: \$3,000,000.00

Premium: \$2,100.00

Date of Policy: August 23, 2018 at 2:34 PM

1. Name of Insured:

Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

2. The estate or interest in the Land that is insured by this policy is:

A Fee.

3. Title is vested in:

Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

4. The Land referred to in this policy is described as follows:

Real property in the City of Roseville, County of Placer, State of California, described as follows:

PARCEL ONE:

PARCEL "B" OF PARCEL MAP NO. 73578 FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF PLACER COUNTY, CALIFORNIA ON DECEMBER 10, 1980 IN BOOK 17 OF PARCEL MAPS AT PAGE 102.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT FOR ROAD PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE LAND SHOWN AND DESIGNATED AS AREA "K" ON PARCEL MAP NO. 73578 FILED FOR RECORD IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA ON DECEMBER 10, 1980 IN BOOK 17 OF PARCEL MAPS AT PAGE 102.

PARCEL THREE:

A NON-EXCLUSIVE EASEMENT FOR ROAD PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF LAND AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF EASEMENT", DATED JULY 27, 1978 AND RECORDED AUGUST 8, 1978 IN BOOK 2010, PAGE 88, OFFICIAL RECORDS.

PARCEL FOUR:

A NON-EXCLUSIVE EASEMENT FOR ROAD AND UTILITY PURPOSES OVER, UNDER AND ACROSS THAT PORTION OF LAND AS CONTAINED IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF EASEMENT", DATED SEPTEMBER 24, 1980 AND RECORDED SEPTEMBER 26, 1980 IN BOOK 2304, PAGE 381 OFFICIAL RECORDS.

APN: 017-101-014

SCHEDULE B

File No.: **0131-622883ala**

Policy No.: **0131-622883ala**

EXCEPTIONS FROM COVERAGE

This Policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. General and special taxes and assessments for the fiscal year 2018-2019, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. An easement for pole lines, crossarms, braces and incidental purposes, recorded July 31, 1929 in Book 274, Page 69 of Official Records.

In Favor of: Pacific Gas and Electric Company
Affects: As described therein
4. The Terms, Provisions and Easement(s) contained in the document entitled "Grant of Easement" recorded August 8, 1978 as Instrument No. 33128 in Book 2010, Page 88 of Official Records.
5. The Terms, Provisions and Easement(s) contained in the document entitled "Grant of Easement" recorded September 26, 1980 as Instrument No. 36580 in Book 2304, Page 381 of Official Records.
6. The terms and provisions contained in the document entitled "Report on Minor Subdivision No. 73578" recorded December 10, 1980 as Instrument No. 48611 in Book 2333, Page 692 of Official Records.
7. The terms and provisions contained in the document entitled "Declaration of Road Maintenance Agreement" recorded December 10, 1980 as Instrument No. 48612 in Book 2333, Page 696 of Official Records.
8. An easement for pole line and incidental purposes, recorded May 28, 1981 in Book 2393, Page 684 of Official Records.

In Favor of: Curtis Watson and Nancy Watson
Affects: As described therein
9. The terms and provisions contained in the document entitled "Development Agreement by and between The City of Roseville and Granite Bay Development II, LLC, Phillips Road 160 Investors Limited Partnership, Phillip Road Land, LLC, J & KD Enterprises, LLC, Soule Investments, LLC, Bennett West Roseville, LLC, Decou West Roseville, LLC, Blue Oaks - Roseville, LP and Chuang Relative to the Creekview Specific Plan" recorded November 28, 2012 as Instrument No. 2012-0113752 of Official Records.
10. A public easement for boating, fishing, swimming, or other recreational uses in and under Pleasant Grove Creek and including a public right of access to the water.

11. Water rights, claims or title to water, whether or not shown by the public records.
12. Any facts, rights, interests or claims that may exist or arise by reason of the following matters disclosed by an ALTA/NSPS survey made by MacKay & Somps on July 13, 2018, designated Job Number 18431.ALTA:

The fact that a well is located on the Southwesterly portion of the Land.

13. A deed of trust to secure an indebtedness in the original principal amount of \$2,400,000.00 recorded August 23, 2018 as Document No. Instrument No. 2018-0061444 of Official Records.

Dated: August 22, 2018

Trustor: Anthem United Creekview Developments Limited Partnership, a Washington limited partnership

Trustee: First American Title Company

Beneficiary: First American Exchange Company, LLC, a Delaware limited liability company



First American Title

**SINGLE TAX PARCEL
ENDORSEMENT**

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Company insures against loss or damage sustained by the Insured by reason of the Land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate taxes.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date: August 23, 2018

First American Title Insurance Company



Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary



First American Title

ARBITRATION DELETION ENDORSEMENT

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Policy is hereby amended by deleting paragraph 14 from the Conditions.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date: August 23, 2018

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

Name of Agent

By:

Authorized Countersignature

Form 50-11284 (8-20-15)	Page 10 of 15	Arbitration Deletion (8-15-15) California



First American Title

**SAME AS PORTION OF
SURVEY ENDORSEMENT**

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land as described in Schedule A to be the same as that identified as 017-101-014 Chung Family Partnership et al 2013 O.R. 01177964 on the survey made by MacKay and Somsps dated July 13, 2018, and designated Job No. 18431.ALTA.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date: August 23, 2018

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary



First American Title

**CONTIGUITY - SPECIFIED PARCELS
ENDORSEMENT**

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Company insures against loss or damage sustained by the Insured by reason of there being any gaps, strips, or gores lying within or between Parcel A of the Land and APN 017-101-012 and 017-101-013 along common boundaries referenced in ALTA survey by MacKay & Soms, dated July 13, 2018, job no. 18431.ALTA.

This endorsement is issued as part of the policy and is subject to the policy's (i) Exclusions from Coverage, (ii) Conditions, and (iii) Exceptions from Coverage contained in Schedule B, in addition to (iv) exceptions and exclusions, if any, in this endorsement. Except as expressly stated, this endorsement does not (i) modify the policy or any other endorsement to the policy, (ii) extend the Date of Policy, or (iii) increase the Amount of Insurance. To the extent the policy or any previously issued endorsement to the policy is inconsistent with this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any other endorsements.

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

Name of Agent

By:

Authorized Countersignature



First American Title

SUBDIVISION ENDORSEMENT

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Company insures against loss or damage sustained by the Insured by reason of the failure of the Land to constitute a lawfully created parcel according to the subdivision statutes and local subdivision ordinances applicable to the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date: August 23, 2018

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary

By:

Authorized Countersignature



First American Title

**INDIRECT ACCESS AND
ENTRY ENDORSEMENT**

Issued by

First American Title Insurance Company

Attached to Policy No.: 0131-622883ala

File No.: 0131-622883ala

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the easement identified as Parcel Two, Three and Four in Schedule A (the "Easement") does not provide that portion of the Land identified as Parcel One in Schedule A both actual vehicular and pedestrian access to and from Westpark Drive (the "Street"), (ii) the Street is not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Easement.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date: August 23, 2018

First American Title Insurance Company

Dennis J. Gilmore
President

Jeffrey S. Robinson
Secretary



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

Addendum D

Comparable Data

Location & Property Identification

Property Name: Winding Creek Parcel C-12

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2698355



Sale Information

Sale Price: \$14,725,000

Effective Sale Price: \$14,725,000

Sale Date: 08/09/2021

Sale Status: Closed

\$/Acre(Gross): \$786,592

\$/Land SF(Gross): \$18.06

\$/Building SF: \$2,677.27

\$/Unit: \$155,000 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: Meritage Homes of California, Inc.

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Recording No.: 2021.103031

Sale Analysis

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 017-490-017

Acres(Gross): 18.72

Land-SF(Gross): 815,443

Potential Building SF: 5,500

No. of Units (Potential): 95

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 95 finished lots with a typical lot size of 5,500 square feet. Permits & fees average \$82,223 per lot and annual special assessments are \$2,518 per lot. The northern lots are anticipated to

Comments (Cont'd)

achieve open space premiums as they are adjacent to Winding Creek.

Location & Property Identification

Property Name:	Fiddymt Ranch, Village F-10A (ptn.)
Sub-Property Type:	Residential, Residential Subdivision
Address:	N/O Holt Pky., W/O N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2627049



Sale Information

Sale Price:	\$7,000,000
Effective Sale Price:	\$7,000,000
Sale Date:	03/04/2021
Contract Date:	03/25/2020
Sale Status:	Closed
\$/Acre(Gross):	\$7,000,000
\$/Land SF(Gross):	\$160.70
\$/Building SF:	\$1,157.02
\$/Unit:	\$140,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	JMC Homes
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Improvement and Site Data

Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	6,050
No. of Units (Potential):	50
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Desc.:	Single-family
Easements:	No
Flood Plain:	No
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Other

Comments

This comparable represents the sale of 50 finished lots (55'x110') in phase 3 of Fiddymt Farms. Permits & Fees are \$78,594/lot and annual special assessments are \$1,864/lot. This transaction represents a two phase takedown; the remaining 61 lots within the village are projected to transfer in January 2022 for \$5,000 more/lot.

Sale Analysis

Sale Price Includes FF&E?	No

Location & Property Identification

Property Name:	Westpark-Federico Parcel FD-4
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Market St., S/O Earl Rush Dr.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619364



Sale Information

Sale Price:	\$2,000,000
Effective Sale Price:	\$2,000,000
Sale Date:	02/01/2021
Sale Status:	Closed
\$/Acre(Gross):	\$259,794
\$/Land SF(Gross):	\$5.96
\$/Building SF:	\$444.44
\$/Unit:	\$60,606 /Approved Lot
Grantor/Seller:	Solaire Community Builders, LLC.
Grantee/Buyer:	K. Hovnanian Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Sale Price Includes FF&E? No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	498-020-010
Acres(Gross):	7.70
Land-SF(Gross):	335,342
Potential Building SF:	4,500
No. of Units (Potential):	33
Shape:	Irregular
Topography:	Level
Zoning Code:	LDR
Zoning Desc.:	Low Density Residential
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Source of Land Info.:	Other

Comments

This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These

Sale Analysis

Comments (Cont'd)

lots are located within the CJUSD.



Location & Property Identification

Property Name:	Winding Creek Parcels C-11, C-14 & C-15
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619456



Sale Information

Sale Price:	\$8,658,000
Effective Sale Price:	\$8,658,000
Sale Date:	11/15/2020
Contract Date:	06/12/2020
Sale Status:	Closed
\$/Acre(Gross):	\$583,113
\$/Land SF(Gross):	\$13.39
\$/Building SF:	\$1,731.60
\$/Unit:	\$117,000 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	Meritage Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Sale Analysis

Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	017-496-049, -050 (ptn.), -051 (ptn.)
Acres(Gross):	14.85
Land-SF(Gross):	646,774
Potential Building SF:	5,000
No. of Units (Potential):	74
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)
Source of Land Info.:	Past Appraisal

Comments

This comparable represents the sale of 74 finished LDR lots with a typical lot size of 5,000 square feet (50'x100').

Comments (Cont'd)

Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot. Meritage is constructing Trek at Winding Creek, which offers floor plans ranging in size from 1,628 to 2,948 square feet.

Location & Property Identification

Property Name:	Winding Creek Parcels C-10 & C-13
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Westbrook Blvd., N/O Blue Oaks Blvd.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2474149



Sale Information

Sale Price:	\$9,640,000
Effective Sale Price:	\$9,640,000
Sale Date:	12/09/2020
Sale Status:	Closed
\$/Acre(Gross):	\$730,857
\$/Land SF(Gross):	\$16.78
\$/Building SF:	\$2,380.25
\$/Unit:	\$112,093 /Approved Lot
Grantor/Seller:	Anthem United Creekview Development, LP.
Grantee/Buyer:	K. Hovnanian Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Sale Price Includes FF&E? No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	170-101-050 (ptn.)
Acres(Gross):	13.19
Land-SF(Gross):	574,556
Potential Building SF:	4,050
No. of Units (Potential):	86
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Zoning Code:	RS/DS
Zoning Desc.:	Small lot residential
Easements:	No
Environmental Issues:	No
Flood Zone Designation:	X (Shaded)
Source of Land Info.:	Past Appraisal

Comments

This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.

Sale Analysis

Location & Property Identification

Property Name: Westpark-Federico Parcel FD-22A

Sub-Property Type: Residential, Residential Subdivision

Address: E/O Westbrook Blvd., N/O Earl Rush Dr.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2558507



Sale Information

Sale Price: \$5,396,000

Effective Sale Price: \$5,396,000

Sale Date: 08/06/2020

Sale Status: Closed

\$/Acre(Gross): \$431,680

\$/Land SF(Gross): \$9.91

\$/Building SF: \$1,199.11

\$/Unit: \$71,000 /Approved Lot

Grantor/Seller: Solaire Community Builders, LLC.

Grantee/Buyer: Solaire-Roseville LP. (Beazer Homes)

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Recording No.: 82424

Sale Analysis

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 498-020-005

Acres(Gross): 12.50

Land-SF(Gross): 544,500

Potential Building SF: 4,500

No. of Units (Potential): 76

Shape: Irregular

Topography: Level

Zoning Code: LDR

Zoning Desc.: Low Density Residential

Easements: No

Environmental Issues: No

Flood Plain: No

Flood Zone Designation: X

Source of Land Info.: Other

Comments

This sale represents the sale of 76 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately

Comments (Cont'd)

\$80,948/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These lots are located within the RJUHSD/RCSD.

Sale No. 7

Legal/Tax/Parcel ID:	492-011-004 & -006 (ptn.)
Acres(Gross):	0.00
Land-SF(Gross):	0
Potential Building SF:	4,725
No. of Units (Potential):	73
Topography:	Level
Zoning Code:	RS/DS
Zoning Desc.:	Small Lot Residential/Design Standard Overlay
Source of Land Info.:	Other

This comparable represents the sale of 73 finished lots (45'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot. The project is being marketed as Fieldstone at Fiddymment and is offering floor plans ranging in size from 1,590 - 2,630 square feet with pricing from \$441,950 - \$508,950.

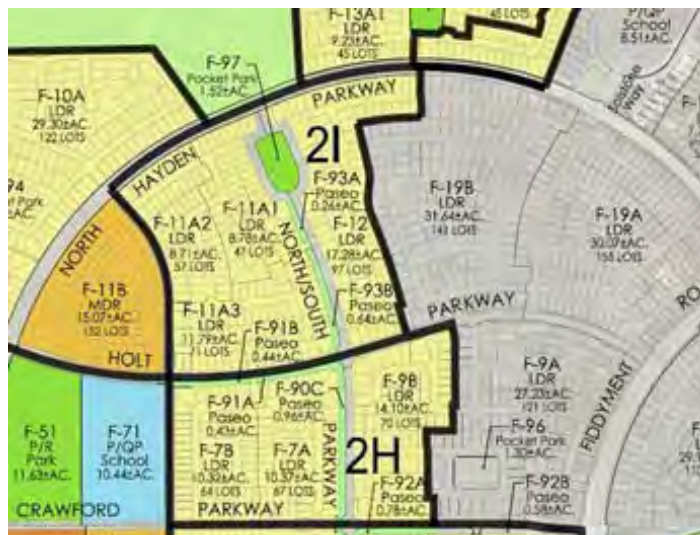
Fiddymment Ranch, Villages F-11A1 & F-11A3 (ptn.)



Sale No. 8

This comparable represents the sale of 97 finished lots (50'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot.

Property Name:	Fiddymment Ranch, Villages F-11A2 & F-11A3 (ptn.)
Sub-Property Type:	Residential, Residential Subdivision
Address:	S/O Hayden Pky, W/O Fiddymment Rd
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2444254



Sale Price:	\$12,750,000
Effective Sale Price:	\$12,750,000
Sale Date:	02/27/2020
Recording Date:	03/05/2020
Sale Status:	Closed
\$/Building SF:	\$2,698.41
\$/Unit:	\$125,000 /Approved Lot
Grantor/Seller:	ATC Realty One, LLC.
Grantee/Buyer:	Lennar Homes of CA, Inc.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	19820

Legal/Tax/Parcel ID:	492-011-005 & -006 (ptn.)
Acres(Gross):	0.00
Land-SF(Gross):	0
Potential Building SF:	4,725
No. of Units (Potential):	102
Topography:	Level
Zoning Desc.:	Single-family
Source of Land Info.:	Other

This comparable represents the sale of 102 finished lots (45'x105') in the remaining phase of Fiddymment Farms. Permits & Fees are \$66,973/lot and annual special assessments are \$1,828/lot.

Sale Price Includes FF&E? No

Fiddymment Ranch, Villages F-11A2 & F-11A3 (ptn.)



Location & Property Identification

Property Name:	Westpark-Federico Parcel FD-4
Sub-Property Type:	Residential, Residential Subdivision
Address:	W/O Market St., S/O Earl Rush Dr.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619364



Sale Information

Sale Price:	\$2,000,000
Effective Sale Price:	\$2,000,000
Sale Date:	02/01/2021
Sale Status:	Closed
\$/Unit:	\$60,606 /Approved Lot
Grantor/Seller:	Solaire Community Builders, LLC.
Grantee/Buyer:	K. Hovnanian Homes
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Sale Price Includes FF&E? No

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	498-020-010
Acres(Gross):	7.70
Land-SF(Gross):	335,342
Potential Lot SF:	4,500
No. of Units (Potential):	33
Shape:	Irregular
Topography:	Level
Zoning Code:	LDR
Zoning Desc.:	Low Density Residential
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Source of Land Info.:	Other

Comments

This sale represents the sale of 33 LDR paper lots with a typical lot size of 4,500 square feet in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$62,148/lot and development costs are approximately \$62,437/lot. Annual special taxes are \$1,836/lot. These

Sale Analysis

Comments (Cont'd)

lots are located within the CJUSD.



Location & Property Identification

Property Name:	Fiddymment Ranch, Village F-11B
Sub-Property Type:	Residential, Residential Subdivision
Address:	NEQ of Holt Pky, & N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2619390



Sale Information

Sale Price:	\$15,200,000
Effective Sale Price:	\$15,200,000
Sale Date:	01/26/2021
Contract Date:	12/19/2019
Sale Status:	Closed
\$/Unit:	\$100,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	Curve Development
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Improvement and Site Data

Legal/Tax/Parcel ID:	492-012-047
Acres(Gross):	17.88
Land-SF(Gross):	778,765
Potential Lot SF:	2,451
No. of Units (Potential):	152
Topography:	Level
Zoning Desc.:	Single-family
Source of Land Info.:	Other

Comments

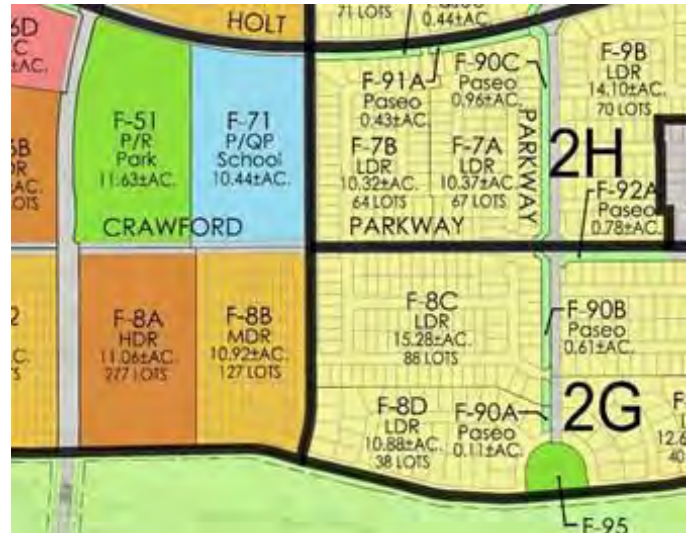
This comparable represents the sale of 152 finished lots (43'x57') in phase 3 of Fiddymment Farms. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. Reportedly, the builder is constructing a 152-unit rental project with homes ranging in size from 1,357 to 1,589 square feet.

Sale Analysis

Sale Price Includes FF&E?	No

Location & Property Identification

Property Name:	Fiddymment Ranch, Village F-8B (ptn.)
Sub-Property Type:	Residential, Residential Subdivision
Address:	S/O Crawford Pky, E/O N. Hayden Pky.
City/State/Zip:	Roseville, CA 95747
County:	Placer
Market Orientation:	Suburban
IRR Event ID:	2547660



Sale Information

Sale Price:	\$6,930,000
Effective Sale Price:	\$6,930,000
Sale Date:	12/23/2020
Sale Status:	Closed

Legal/Tax/Parcel ID:	492-012-092
Acres(Gross):	62.99
Land-SF(Gross):	2,743,844
Potential Lot SF:	2,343
No. of Units (Potential):	66
Topography:	Level
Zoning Desc.:	Single-family
Source of Land Info.:	Other

\$/Unit:	\$105,000 /Approved Lot
Grantor/Seller:	JEN California 15, LLC.
Grantee/Buyer:	DR Horton
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed

Comments

This comparable represents the sale of 66 finished lots (33'x71') in phase 3 of Fiddymment Farms. These represent alley-loaded lots. Permits & Fees are \$69,529/lot and annual special assessments are \$1,435/lot. This transaction represents a two part phased takedown; the next takedown is for 61 lots and is anticipated to close in June 2021.

Sale Analysis

Sale Price Includes FF&E?	No

Improvement and Site Data

Fiddymment Ranch, Village F-8B (ptn.)



Location & Property Identification

Property Name: Winding Creek Parcels C-10 & C-13

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2474149



Sale Information

Sale Price: \$9,675,000

Effective Sale Price: \$9,675,000

Sale Date: 11/15/2020

Sale Status: Closed

\$/Unit: \$112,500 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: K. Hovnanian Homes

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 170-101-050 (ptn.)

Acres(Gross): 13.19

Land-SF(Gross): 574,556

Potential Lot SF: 4,050

No. of Units (Potential): 86

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 86 finished lots with a typical lot size of 4,050 square feet. Permits & fees are \$82,223 per lot and annual special assessments are \$2,420 per lot.

Sale Analysis

Location & Property Identification

Property Name: Winding Creek Parcels C-23 & C-24

Sub-Property Type: Residential, Residential Subdivision

Address: W/O Westbrook Blvd., N/O Blue Oaks Blvd.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2619439



Sale Information

Sale Price: \$12,600,000

Effective Sale Price: \$12,600,000

Sale Date: 11/15/2020

Contract Date: 06/12/2020

Sale Status: Closed

\$/Unit: \$105,000 /Approved Lot

Grantor/Seller: Anthem United Creekview Development, LP.

Grantee/Buyer: Forestar USA Real Estate Group, Inc. (DR Horton)

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Sale Analysis

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Legal/Tax/Parcel ID: 017-490-011, -012

Acres(Gross): 16.25

Land-SF(Gross): 707,850

Potential Lot SF: 3,600

No. of Units (Potential): 120

Shape: Irregular

Topography: Level

Corner Lot: No

Zoning Code: RS/DS

Zoning Desc.: Small lot residential

Easements: No

Environmental Issues: No

Flood Zone Designation: X (Shaded)

Source of Land Info.: Past Appraisal

Comments

This comparable represents the sale of 120 finished MDR lots with a typical lot size of 3,600 square feet (45'x80'). Permits & fees are \$77,026 per lot and annual special

Comments (Cont'd)

assessments are \$1,910 per lot. DR Horton is constructing The Wilds at Winding Creek which will offer plans ranging in size from 1,547 to 1,969 square feet.

Location & Property Identification

Property Name: Westpark-Federico Parcels
FD-20A

Sub-Property Type: Residential, Residential
Subdivision

Address: W/O Westbrook Blvd., N/O
Earl Rush Dr.

City/State/Zip: Roseville, CA 95747

County: Placer

Market Orientation: Suburban

IRR Event ID: 2558506



Sale Information

Sale Price: \$5,775,000

Effective Sale Price: \$5,775,000

Sale Date: 07/02/2020

Contract Date: 03/25/2020

Sale Status: Closed

\$/Unit: \$52,500 /Unit

Grantor/Seller: Solaire Community Builders,
LLC.

Grantee/Buyer: Tri Pointe Homes, Inc.

Portfolio Sale: No

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Recording No.: 66286

Sale Analysis

Sale Price Includes FF&E? No

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-
Arcade, CA

Legal/Tax/Parcel ID: 498-020-004

Acres(Gross): 14.93

Land-SF(Gross): 650,350

Potential Lot SF: 3,375

No. of Units (Potential): 110

Shape: Irregular

Topography: Level

Zoning Code: MDR

Zoning Desc.: Medium Density Residential

Environmental Issues: No

Flood Zone Designation: X

Source of Land Info.: Other

Comments

This sale represents the sale of 110 MDR paper lots, with a typical lot size of 3,375 square feet, in Phase 1 of Westpark-Federico. Permits & Fees are approximately \$74,656/lot and development costs are approximately

Comments (Cont'd)

\$48,530/lot. Annual special taxes are \$1,632/lot. These lots are located within the RJUHSD/RCSD.



Location & Property Identification

Property Name: 3701 E. Commerce Way
 Sub-Property Type: Residential, Planned Unit Development
 Address: 3701 E. Commerce Way
 City/State/Zip: Sacramento, CA 95834
 County: Sacramento
 Market Orientation: Suburban
 IRR Event ID: 2698546



Sale Information

Sale Price: \$5,714,201
 Effective Sale Price: \$5,714,201
 Sale Date: 07/14/2021
 Contract Date: 08/05/2019
 Sale Status: Closed
 Eff. Price/Unit: \$21,164 /Unit
 \$/Acre(Gross): \$586,674
 \$/Land SF(Gross): \$13.47
 \$/Unit: \$21,164 /Apt. Unit
 Grantor/Seller: Alleghany Properties, LLC.
 Grantee/Buyer: Natomas II Apartments, LLC.
 Assemblage: No
 Portfolio Sale: No
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 20210715.1167

Legal/Tax/Parcel ID: 225-2300-012
 Acres(Gross): 9.74
 Land-SF(Gross): 424,274
 No. of Units (Potential): 270
 Property Class: A
 Shape: Irregular
 Topography: Level
 Corner Lot: Yes
 Density-Unit/Gross Acre: 27.72
 Zoning Code: EC-50-PUD/A-OS-PUD
 Zoning Desc.: Employment Center, Planned Unit Development
 Flood Plain: Yes
 Flood Zone Designation: A99
 Source of Land Info.: Public Records

Comments

This comparable was purchased for the construction of a 270-unit multi-family residential project. Upon completion, the improvements will have a mix of studio, one- and two-bedroom floorplans with associated amenities (club house, fitness center, game room, swimming pool, hot tub) and is slated to be complete by August 10, 2022.

Improvement and Site Data

MSA: Sacramento--Roseville--Arden-Arcade, CA

Location & Property Identification

Property Name:	4600 Orange Grove Ave.
Sub-Property Type:	Residential, Multifamily
Address:	4600 Orange Grove Ave.
City/State/Zip:	Sacramento, CA 95841
County:	Sacramento
Market Orientation:	Suburban
IRR Event ID:	2658371

Sale Information

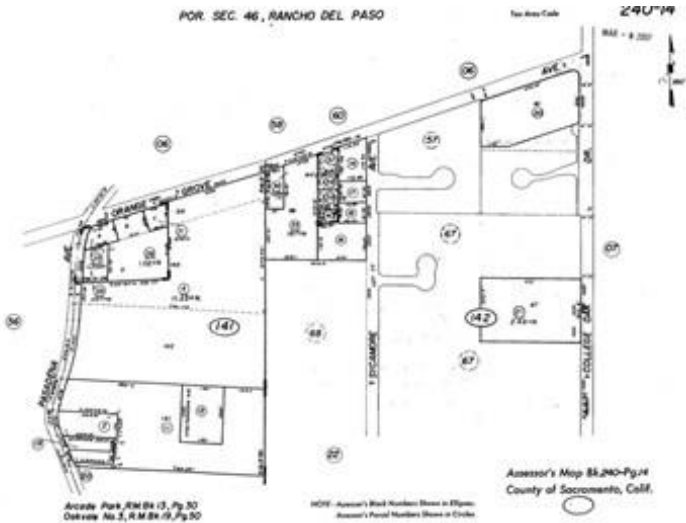
Sale Price:	\$1,110,000
Effective Sale Price:	\$1,110,000
Sale Date:	03/25/2021
Sale Status:	Closed
\$/Acre(Gross):	\$546,798
\$/Land SF(Gross):	\$12.55
Grantor/Seller:	Baygell Noah A Trust
Grantee/Buyer:	3601 Parkway Place LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller - buyer obtained financing
Document Type:	Deed
Verification Type:	Secondary Verification

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	240-0141-029, -035 & -036
Acres(Gross):	2.03
Land-SF(Gross):	88,426
Zoning Code:	RD-20
Zoning Desc.:	Multifamily Residential

Comments

4600 Orange Grove Ave.



This comparable represents the sale of multifamily land with entitlements in place for 45 units, or 22.2 units per acre.



Location & Property Identification

Property Name: 9142 Bruceville Rd
 Sub-Property Type: Residential, Multifamily
 Address: 9142 Bruceville Rd.
 City/State/Zip: Elk Grove, CA 95758
 County: Sacramento

Market Orientation: Suburban

IRR Event ID: 2295822



Sale Information

Sale Price: \$2,300,000
 Effective Sale Price: \$2,300,000
 Sale Date: 10/29/2019
 Listing Date: 09/09/2019
 Sale Status: Closed
 \$/Acre(Gross): \$275,449
 \$/Land SF(Gross): \$6.32
 \$/Unit: \$18,400 /Apt. Unit
 Grantor/Seller: EGB Elk Grove LLC
 Grantee/Buyer: Pacific West Communities, Inc.
 Property Rights: Fee Simple
 Financing: Cash to seller
 Recording No.: 201910291531

Legal/Tax/Parcel ID: 116-0011-020, -021,
 116-1380-005, -006, -008
 and -009
 Acres(Gross): 8.35
 Land-SF(Gross): 363,726
 No. of Units (Potential): 125
 Frontage Desc.: 50 feet on Bruceville Rd
 Zoning Desc.: RD-15
 Source of Land Info.: Other

Comments

The listing broker reported there was a lot line adjustment of the 6 contiguous parcels, but the total land area that sold remained 8.35 acres. The property was zoned RD-15 allowing for 15 units per acre, but it is anticipated that the City will allow a higher density. The property was not approved for a specific plan at the time of sale. The property was in rough grade condition and had never previously been developed. The buyer will develop multifamily units on the property. The property has 2 separate points of egress and ingress on Bruceville Road. According to the listing broker the property was on the market for 40 days, with a 10 day close. It is the brokers opinion if left on the market for longer they would have received additional, higher offers.

Sale Analysis

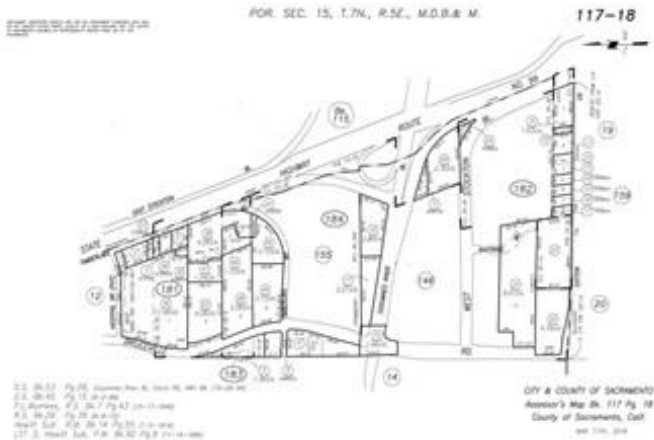
Proposed Use Desc.: Apartment Units, Apartment Units - Subsidized

Improvement and Site Data

MSA: Sacramento

Location & Property Identification

Property Name:	8373 Bruceville Road
Sub-Property Type:	Residential, Multifamily
Address:	8373 Bruceville Rd.
City/State/Zip:	Sacramento, CA 95823
County:	Sacramento
Market Orientation:	Suburban
IRR Event ID:	2234932



the potential to develop 36 units per acre. All of the off-site improvement are in place. The property is located adjacent to Cosumnes River College.

Sale Information

Sale Price:	\$5,000,000
Effective Sale Price:	\$5,000,000
Sale Date:	04/30/2019
Sale Status:	Closed
\$/Acre(Gross):	\$570,776
\$/Land SF(Gross):	\$13.10
\$/Unit:	\$15,873 /Apt. Unit
Grantor/Seller:	Majority Investment Inc
Grantee/Buyer:	Tenir LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Recording No.:	201905031234

Improvement and Site Data

Legal/Tax/Parcel ID:	117-0182-021
Acres(Gross):	8.76
Land-SF(Gross):	381,585
No. of Units (Potential):	315
Zoning Desc.:	R-3A
Source of Land Info.:	Other

Comments

This is the sale of vacant residential multifamily land with

Location & Property Identification

Property Name: Duckhorn Pine Apartments
 Sub-Property Type: Residential, Multifamily
 Address: Duckhorn Dr.
 City/State/Zip: Sacramento, CA 95834
 County: Sacramento

 Market Orientation: Suburban

 IRR Event ID: 2192625



Sale Information

Sale Price: \$6,239,000
 Effective Sale Price: \$6,239,000
 Sale Date: 12/05/2018
 Sale Status: Closed
 \$/Acre(Gross): \$426,161
 \$/Land SF(Gross): \$9.78
 \$/Acre(Usable): \$426,161
 \$/Land SF(Usable): \$9.78
 \$/Unit: \$16,954 /Unit
 Grantor/Seller: Alleghany Properties, LLC.
 Grantee/Buyer: KIW Duckhorn Venture, LLC.
 Assemblage: Yes
 Portfolio Sale: No
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 1812051375

Acres(Usable/Gross): 14.64/14.64
 Land-SF(Usable/Gross): 637,718/637,718
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 368
 Shape: Irregular
 Topography: Level
 Zoning Code: EC-50
 Zoning Desc.: Employment Center
 Utilities: Electricity, Water Public, Sewer, Gas, Telephone
 Source of Land Info.: Public Records

Comments

This comparable represents the sale of 3 contiguous parcels located along the east line of Duckhorn Drive, west of Interstate 5 within the North Natomas submarket. The property has been approved for the development of 368 apartment units and the buyer intends to construct a 16 building project identified as the Duckhorn Pine Apartments. The cost to finish off-site improvements (including utilities) was reported at \$0.50 psf.

The project site is part of the larger RiverView/Parkview PUD.

Sale Analysis

Sale Price Includes FF&E? No

Improvement and Site Data

Legal/Tax/Parcel ID: 225-0140-076 thru -078

Location & Property Identification

Property Name: 1900 Blue Oaks Blvd
 Sub-Property Type: Residential, Multifamily
 Address: 1900 Blue Oaks Blvd.
 City/State/Zip: Roseville, CA 95747
 County: Placer
 Market Orientation: Suburban
 IRR Event ID: 1888870



Sale Information

Sale Price: \$8,500,000
 Effective Sale Price: \$8,500,000
 Sale Date: 06/29/2017
 Sale Status: Closed
 \$/Acre(Gross): \$708,333
 \$/Land SF(Gross): \$16.26
 \$/Unit: \$28,333 /Unit
 Grantor/Seller: Central Valley Property Advisors
 Grantee/Buyer: Fiddymont Ranch Apartments, LP
 Assemblage: No
 Portfolio Sale: No
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: 48660

Topography: Level
 Corner Lot: No
 Frontage Type: 2 way, 1 lane each way
 Traffic Flow: Moderate
 AccessibilityRating: Average
 Visibility Rating: Average
 Zoning Code: R-3
 Zoning Desc.: Attached Housing District
 Flood Zone Designation: X
 Utilities: Electricity, Water Public, Sewer, Gas, Telephone, Fiber Optics
 Source of Land Info.: Public Records

Comments

This sale consists of 12.00 acres of multifamily land in Roseville. The buyer acquired the property in June 2017 for \$28,333 per unit, plus the assumption of bonds in the amount of \$3,833 per unit. The buyer plans to construct 300 units and the project (identified as Avia) will consist of 15 apartment buildings, a pool, clubhouse and playground. The project has all approvals in place and is anticipated to take approximately 22 months to complete.

Improvement and Site Data

Legal/Tax/Parcel ID: 017-117-087
 Acres(Gross): 12.00
 Land-SF(Gross): 522,720
 No. of Units (Potential): 300
 Shape: Rectangular

Location & Property Identification

Property Name:	Broadstone Parkway Multifamily Site
Sub-Property Type:	Residential, Multifamily
Address:	SWC Broadstone Parkway and Cavitt Drive
City/State/Zip:	Folsom, CA 95630
County:	Sacramento
Market Orientation:	Suburban
IRR Event ID:	1393909



Sale Information

Sale Price:	\$7,250,000
Effective Sale Price:	\$7,250,000
Sale Date:	04/28/2016
Sale Status:	Closed
\$/Acre(Gross):	\$631,533
\$/Land SF(Gross):	\$14.50
\$/Unit:	\$24,744 /Apt. Unit
Grantor/Seller:	Carefree Broadstone, LP
Grantee/Buyer:	Talavera Ridge 631, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	201604150552

Zoning Code:	MHD
Source of Land Info.:	Public Records

Comments

This site is located at the South West Corner of Broadstone Parkway and Cavitt Drive to the East of E. Bidwell Street. The property is proposed for a 293 unit market rate apartment project called Talavera Ridge.

Improvement and Site Data

MSA:	Sacramento--Roseville--Arden-Arcade, CA
Legal/Tax/Parcel ID:	072-0270-120
Acres(Gross):	11.48
Land-SF(Gross):	500,068
No. of Units (Potential):	293



APPENDIX C

THE CITY OF ROSEVILLE AND PLACER COUNTY

The District is located in the City of Roseville (the “City”), which is located in southwestern Placer County (the “County”), California (the “State”). Certain financial and economic data for the City, County and State are presented in this appendix for information purposes only. The 2021 Bonds are not a debt or obligation of the City, County or State, but are a limited obligation of the City, secured solely by the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement, all as described in more detail in this Official Statement.

General

The City is located in the County, which is located in the Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles northeast of San Francisco. The City presently occupies 43 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and business center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 1, 2021 was approximately 146,875.

The City has warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

The City is predominately comprised of residential housing, small and large businesses, as well as numerous retail centers, the latter of which play a vital role in the economy of the City and contribute significantly to City and County sales tax receipts. The City has the thirteenth highest retail sales of all cities in the State, and the City is considered a regional shopping destination. The Westfield Galleria at Roseville is the main shopping center in the City and the second largest shopping mall in Northern California. Across from the Westfield Galleria lies the “Fountains at Roseville,” a 330,000 square foot retail center, containing additional stores and several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings in connection with the Fountains at Roseville project. In addition to the Westfield Galleria and Fountains at Roseville, the City has many shopping plazas surrounding the Westfield Galleria and the Douglas Boulevard financial corridor. The City is also home to one of the largest auto malls in the United States and a popular water park, Roseville Golf and SunSplash.

Municipal Government

The City was incorporated on April 10, 1909 and is a charter city. The City operates under the council-manager form of government, with a five-member City Council. The City Council is transitioning from at-large elections to by-district elections, which transition will be completed in connection with the November 2022 election.

City services include, among others, police and fire protection, library services, street maintenance, and parks and recreation. The City also owns two golf courses and provides its own electricity, water, sewer and refuse services to its citizens.

Population

The following table sets forth population estimates for the City, County and State for the past five years.

POPULATION ESTIMATES
City, County and State
Calendar Years 2017 through 2021, as of January 1

<u>Year</u>	<u>City of Roseville</u>	<u>Placer County</u>	<u>State of California</u>
2017	135,300	383,258	39,352,398
2018	137,824	388,872	39,519,535
2019	141,097	395,345	39,605,361
2020	143,493	399,015	39,648,938
2021	146,875	404,994	39,466,855

Source: California State Department of Finance.

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Effective Buying Income

Effective buying income (“**EBI**”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the City, the County, the State and the United States.

EFFECTIVE BUYING INCOME (EBI) City, County, State and United States As of January 1, 2017 through 2021

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2017	City of Roseville	\$4,126,395	\$66,668
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Roseville	\$4,470,218	\$70,438
	Placer County	12,967,927	69,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Roseville	\$4,981,208	\$75,784
	Placer County	14,736,480	74,797
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Roseville	\$4,834,974	\$72,395
	Placer County	14,333,583	72,431
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Roseville	\$4,126,395	\$66,668
	Placer County	12,122,101	65,269
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043

Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 5.5 percent in September 2021, down from a revised 6.4 percent in August 2021, and below the year-ago estimate of 9.1 percent. This compares with an unadjusted unemployment rate of 6.4 percent for California and 4.6 percent for the nation during the same period. The unemployment rate was 4.9 percent in El Dorado County, 4.3 percent in Placer County, 6.1 percent in Sacramento County, and 4.7 percent in Yolo County

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2016 through 2020. Annual figures are not yet available for 2021.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento Arden Arcade Roseville Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
Annual Averages
(March 2020 Benchmark)

	2016	2017	2018	2019	2020
<u>Civilian Labor Force</u> ⁽¹⁾	1,068,300	1,075,300	1,089,600	1,101,000	1,087,900
Employment	1,012,000	1,026,400	1,048,200	1,061,400	993,300
Unemployment	56,400	48,900	41,400	39,600	94,500
Unemployment Rate	5.3%	4.5%	3.8%	3.6%	8.7%
<u>Wage and Salary Employment</u> ⁽²⁾					
Agriculture	9,700	9,800	9,100	8,800	8,300
Mining and Logging	400	400	500	500	600
Construction	55,000	58,700	64,500	68,400	70,100
Manufacturing	36,200	35,700	36,000	36,500	35,900
Wholesale Trade	25,500	26,500	28,400	28,700	26,700
Retail Trade	100,500	101,400	102,000	100,600	95,100
Transportation, Warehousing and Utilities	26,000	26,700	29,600	32,300	34,600
Information	13,800	12,600	12,400	11,900	10,100
Finance and Insurance	37,300	37,200	36,600	35,200	35,100
Real Estate and Rental and Leasing	14,500	15,200	16,800	17,400	16,800
Professional and Business Services	127,800	130,000	133,500	134,900	132,500
Educational and Health Services	146,500	153,600	159,800	166,400	163,000
Leisure and Hospitality	99,800	103,300	106,200	109,200	83,700
Other Services	31,700	33,000	34,200	35,100	30,600
Federal Government	14,000	14,200	14,100	14,200	14,800
State Government	116,600	118,400	120,400	122,500	121,400
Local Government	104,000	102,600	103,500	104,800	99,400
Total, All Industries ⁽³⁾	1,068,300	1,075,300	1,089,600	1,101,000	978,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within the County, in alphabetical order.

MAJOR EMPLOYERS Placer County (In Alphabetical Order) August 2021

<u>Employer</u>	<u>Location</u>	<u>Industry</u>
Alpine Meadows Ski Resort	Alpine Meadows	Resorts
Backyard Bar & BBQ	Truckee	Restaurants
Composite Engineering Inc	Roseville	Engineers-Professional
Costco Wholesale	Roseville	Wholesale Clubs
Golfand Sunsplash Roseville	Roseville	Water Parks
Hewlett-Packard	Roseville	Computers-Electronic-Manufacturers
Kaiser Permanente Roseville MD	Roseville	Hospitals
Northstar California	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County Sheriff	Auburn	Government Offices-County
Placer County Sheriff Dept	Tahoe City	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Q I P-Roseville	Roseville	Real Estate Management
Resort At Squaw Creek A	Alpine Meadows	Hotels & Motels
Ritz-Carlton Club Lake Tahoe	Truckee	Hotels & Motels
Roseville Toyota & Scion	Roseville	Automobile Dealers-Used Cars
Sheriff's Training	Auburn	Government Offices-County
Sierra Joint Cmnty Clg Dist	Rocklin	School Districts
Stagg Howard A Pro Corp	Roseville	Attorneys
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Med Ctr Fndtn	Roseville	Hospitals
TASQ Technology	Roseville	Importers (whls)
Thunder Valley Casino	Lincoln	Casinos
Union Pacific Railroad Co	Roseville	Railroads

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition.

Principal Employers

The following table shows the principal employers in the City, as shown in the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2020.

PRINCIPAL EMPLOYERS City of Roseville As of June 30, 2020

<u>Employer</u>	<u>Number of Employees</u>
The Permanente Medical Group & Foundation Group	5,200
Sutter Roseville Medical Group	2,202
City of Roseville	1,896
Adventist Health	1,320
Union Pacific Railroad Company	1,150
Roseville City School District	1,133
PRIDE Industries	1,062
Roseville Joint Union High School	1,005
Top Golf	450
Consolidated Communications	320
Total – Top Ten	<u>15,738</u>
Total City-Wide Employment	91,253

Source: City of Roseville Comprehensive Annual Financial Report for Fiscal Year 2019-20.

Construction Permits

The following table shows valuations of residential and non-residential building permits issued for calendar years 2016 through 2020. Annual figures are not yet available for 2021.

BUILDING PERMIT VALUATION City of Roseville (Valuation in Thousands of Dollars)

<u>Permit Valuation</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
New Single-family	\$242,272.7	\$322,386.5	\$220,813.8	\$265,615.3	\$322,748.5
New Multi-family	5,900.3	51,882.2	0.0	6,855.8	46,469.0
Res. Alterations/Additions	<u>7,518.4</u>	<u>7,283.3</u>	<u>8,598.7</u>	<u>16,133.8</u>	<u>5,126.3</u>
Total Residential	\$255,691.4	\$381,552.0	\$229,412.5	\$288,604.9	\$374,343.8
New Commercial	\$27,783.7	\$81,544.8	\$21,072.5	\$24,136.7	\$23,230.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	18,126.2	8,356.1	11,541.4	9,358.1	12,610.6
Com. Alterations/Additions	<u>32,621.0</u>	<u>51,836.3</u>	<u>38,098.5</u>	<u>46,155.6</u>	<u>24,553.9</u>
Total Nonresidential	\$78,530.9	\$141,737.2	\$70,712.4	\$79,650.40	\$60,395.3
<u>New Dwelling Units</u>					
Single-Family	862	1,201	806	1,001	1,226
Multiple Family	<u>58</u>	<u>486</u>	<u>0</u>	<u>65</u>	<u>372</u>
Total New Dwelling Units	920	1,687	806	1,066	1,598

Source: Construction Industry Research Board, Building Permit Summary.

The County's 2021-22 assessment roll totaled \$89,326,713,518 as compared to the prior year's assessment roll of \$84,363,765,321, which reflected a 5.88% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the County assessment roll experienced declines.

The following table shows residential and non-residential building permits issued within the County for calendar years 2016 through 2020. Annual figures are not yet available for 2021.

BUILDING PERMIT VALUATION
County of Placer
(Valuation in Thousands of Dollars)

	2016	2017	2018	2019	2020
<u>Permit Valuation</u>					
New Single-family	\$776,410.8	\$771,800.5	\$696,737.4	\$693,647.7	\$827,822.1
New Multi-family	42,395.7	92,565.5	23,384.7	7,896.7	72,442.8
Res. Alterations/Additions	<u>79,543.6</u>	<u>89,429.2</u>	<u>99,341.6</u>	<u>86,964.2</u>	<u>52,440.8</u>
Total Residential	\$898,350.1	\$953,795.2	\$819,463.7	\$788,508.6	\$952,705.7
 New Commercial	 \$84,953.2	 \$138,544.8	 \$90,424.4	 \$73,609.7	 \$58,855.0
New Industrial	535.1	0.0	7,956.4	268.7	25.0
New Other	90,958.7	57,356.4	68,208.3	110,951.1	76,576.0
Com. Alterations/Additions	<u>64,524.2</u>	<u>94,058.6</u>	<u>84,271.0</u>	<u>78,159.7</u>	<u>49,149.7</u>
Total Nonresidential	\$240,971.2	\$289,959.8	\$250,860.1	\$262,989.2	\$184,605.7
 <u>New Dwelling Units</u>					
Single-Family	2,102	2,500	1,963	2,080	2,552
Multiple Family	<u>322</u>	<u>782</u>	<u>19</u>	<u>71</u>	<u>540</u>
Total New Dwelling Units	2,342	3,282	1,982	2,151	3,092

Source: Construction Industry Research Board, Building Permit Summary.

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Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

The total taxable sales during the first quarter of calendar year 2021 in the City were reported to be \$1,193,739,989, a 14.64% increase over the total taxable sales of \$1,041,251,080 reported during the first quarter of calendar year 2020.

TAXABLE TRANSACTIONS City of Roseville Calendar Years 2016 through 2020 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	3,761	\$3,749,782	5,293	\$4,425,939
2017	3,715	3,915,184	5,257	4,642,069
2018	3,705	4,048,870	5,393	4,767,160
2019	3,748	4,021,058	5,578	4,889,702
2020	3,912	3,692,180	5,968	4,425,817

Source: State Department of Tax and Fee Administration.

The total taxable sales during the first quarter of calendar year 2021 in the County were reported to be \$2,701,950,330, 16.79% increase over the total taxable sales of \$2,313,456,215 reported during the first quarter of calendar year 2020.

TAXABLE TRANSACTIONS Placer County Calendar Years 2016 through 2020 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	8,671	\$6,814,515	13,227	\$8,920,892
2017	8,713	7,194,952	13,365	9,428,862
2018	8,717	7,724,326	13,794	9,909,906
2019	8,771	7,943,537	14,193	10,341,805
2020	9,165	7,931,068	15,141	10,319,123

Source: State Department of Tax and Fee Administration.

Transportation

The transportation network in and around the City is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the City, connecting San Francisco to New York. Highway 65 runs north through the City, from I-80 to Lincoln and Marysville. Interstate 5, which is west of the City, runs north to Seattle and south to Los Angeles.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in the City, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport serves the Roseville area. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length.

Several trucking companies serve the City, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

December 14, 2021

City Council
City of Roseville
311 Vernon Street
Roseville, California 95678

OPINION: \$12,500,000 City of Roseville Creekview Community Facilities District No. 1
 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2021

Members of the City Council:

We have acted as bond counsel to the City of Roseville (the "City") in connection with the issuance by the City of the \$12,500,000 City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2021 (the "Bonds"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code (the "Act") and a Fiscal Agent Agreement dated as of September 1, 2020, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2021 (together, the "Fiscal Agent Agreement"), by and between the City, on behalf of the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities), and The Bank of New York Mellon Trust Company, N.A., as fiscal agent. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a public body, corporate and politic, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and to issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are valid and binding limited obligations of the City, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

3. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City.

4. Pursuant to the Act, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE (City)

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) dated as of December 14, 2021, is executed and delivered by the CITY OF ROSEVILLE (the “City”) in connection with the execution and delivery of its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2021 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of September 1, 2020, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2021 (together, the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”).

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Annual Report Date” means the date that is seven months after the end of the City’s fiscal year (currently February 1 based on the City’s fiscal year end of June 30).

“Dissemination Agent” means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the final official statement executed by the City in connection with the issuance of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing February 1, 2022, with the report for the 2020-21 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB a notice to such effect, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine prior to each Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The City’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information, unless otherwise specified, as of September 30 of the preceding year:

(i) Principal amount of all outstanding bonds of Improvement Area No. 1.

(ii) Balance in the Improvement Fund.

(iii) Balance in 2021 Reserve Account of the Reserve Fund, and statement of the Reserve Requirement for the Bonds. Statement of projected draws on the 2021 Reserve Account of the Reserve Fund, if any.

(iv) Balance in other funds and accounts held by the City or fiscal agent related to the Bonds.

(v) Additional debt authorized by the City and payable from or secured by assessments or special taxes with respect to property within Improvement Area No. 1.

(vi) The Special Tax levy, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment for the five most recent fiscal years.

(vii) Notwithstanding the September 30 reporting date, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of September 30. Identity of each delinquent taxpayer responsible for 5 percent or more of total Special Tax levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.

(viii) Most recently available total assessed value of all parcels subject to the Special Tax.

(ix) For any fiscal year in which one or more single family lots within Improvement Area No. 1 remain undeveloped, the number of building permits issued for the construction of a single-family home within Improvement Area No. 1 for the five most recent fiscal years. The reporting of this annual building permit information shall be limited to Low Density Residential and Medium Density Residential uses only.

(x) List of landowners and assessor's parcel number of parcels subject to 20% or more of the Special Tax levy including the following information: development status and land use classification, to the extent shown in City records as of April 30 of the preceding fiscal year and assessed value (land and improvements).

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and

Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional fiscal agent or the change of name of the fiscal agent, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

of a financial obligation of the City, any of which affect security holders, if material (for the definition of “financial obligation,” see clause (e)).

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties (for the definition of “financial obligation,” see clause (e)).

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above. The Dissemination Agent shall not be responsible for determining whether an event is material.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in

full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other

information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders, or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

CITY OF ROSEVILLE, for and on behalf of
City of Roseville Creekview Community
Facilities District No. 1 (Public Facilities)

By: _____
Name:
Title:

WILLDAN FINANCIAL SERVICES, as
Dissemination Agent

By: _____
Name:
Title:

**CONTINUING DISCLOSURE CERTIFICATE
([Name of Merchant Builder])**

THIS CONTINUING DISCLOSURE AGREEMENT ([NAME OF MERCHANT BUILDER]) (the “**Disclosure Certificate**”) dated as of December 14, 2021, is executed by _____ (the “**Builder**”) in connection with the execution and delivery by the City of Roseville of its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Series 2021 (the “**Bonds**”). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement dated as of September 1, 2020, as supplemented and amended by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2021 (together, the “**Fiscal Agent Agreement**”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent.

The Builder covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Builder for the benefit of the holders and beneficial owners of the Bonds.

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Affiliate**” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Builder, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property or to the Builder's ability to pay the Special Taxes levied on the Property prior to delinquency).

“**Assumption Agreement**” means an undertaking of a Major Owner for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner's development and financing plans with respect to property owned by such Major Owner in Improvement Area No. 1), whereby such Major Owner agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the Property in Improvement Area No. 1 owned by such Major Owner, at the option of the Builder or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

“**Dissemination Agent**” means the Builder, or any successor Dissemination Agent designated in writing by the Builder, and which has filed with the Builder, the City and the Participating Underwriter a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

“**District**” means the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities).

“**Hearthstone Landbank**” means [FOR D.R. HORTON: Wilds at Winding Creek – Roseville, L.P., a Delaware limited partnership] [FOR K. HOVNANIAN: Oaks at Winding Creek – Roseville, L.P., a Delaware limited partnership] [FOR MERITAGE: NOT APPLICABLE].

“Improvement Area No. 1” means the improvement area designated as such within the District.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“Major Owner” means, as of any date of determination, a Person that owns land in Improvement Area No. 1 that is collectively responsible for 20% or more of the Special Taxes in Improvement Area No. 1.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such in the future.

“Official Statement” means the final Official Statement executed by the City in connection with the issuance of the Bonds.

“Option Agreement” means that [FOR D.R. HORTON: Option and Development Agreement dated October 21, 2021, between the Hearthstone Landbank and the Builder] [FOR K. HOVNANIAN: Option and Development Agreement dated December 23, 2020, between the Hearthstone Landbank and the Builder.] [FOR MERITAGE: NOT APPLICABLE]

“Participating Underwriter” means Piper Sandler & Co., the original Underwriter of the Bonds.

“Periodic Report” means any Periodic Report provided by the Builder pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Property” means, as of the date of determination, the real property within the boundaries of Improvement Area No. 1 that is owned by (i) the Builder, (ii) any Affiliate of the Builder, (iii) [FOR D.R. HORTON AND K. HOVNANIAN ONLY: Hearthstone Landbank (during the term of the Option Agreement),] and (iv) the property in Improvement Area No. 1 that the Builder sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 6(b) and that is owned by such Major Owner.

“Report Date” means May 1 and November 1 of each year.

“Special Taxes” means the special taxes levied on the Property for Improvement Area No. 1.

Section 3. Provision of Periodic Reports.

(a) So long as Builder’s obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Builder shall, or, upon written direction of the Builder the Dissemination Agent shall, not later than the Report Date, commencing May 1, 2022, file or cause to be filed with the MSRB a Periodic Report which is consistent with the requirements of

Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Builder shall provide the Periodic Report to the Dissemination Agent (if different from the Builder). The Builder shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Builder), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent (if different than the Builder), the Participating Underwriter and the City may conclusively rely upon such certification of the Builder and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent (if different than the Builder) does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Builder that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Builder to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Builder does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB to such effect, in substantially the form prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

(c) The Dissemination Agent shall:

- (i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and
- (ii) to the extent the Periodic Report has been furnished to it, file a report with the Builder (if the Dissemination Agent is other than the Builder), the City and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Periodic Reports. Each Periodic Report shall contain or incorporate by reference the information set forth in Exhibit A relating to the Builder, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Builder or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Builder shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as Builder's obligations under this Disclosure Certificate have not been terminated pursuant to Section 6 below, the Builder shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Builder and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Builder, that is reasonably likely to have a significant impact on the Builder's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date to the extent such failure is not promptly cured by the Builder upon discovery thereof;

(iii) filing of a lawsuit of which the Builder is aware against the Builder or an Affiliate seeking damages, which, if successful, could have a material and adverse impact on the Builder's ability to pay Special Taxes prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Builder on any loan with respect to the construction of improvements on the Property [FOR D.R. HORTON AND K. HOVNANIAN ONLY: or the Option Agreement] that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Builder obtains knowledge of the occurrence of a Listed Event, the Builder shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Builder determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Builder shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Builder's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds;

(ii) at such time as the Property in Improvement Area No. 1 is collectively responsible for less than 20% of the Special Taxes; or

(iii) the date on which all of the Special Taxes attributable to the Property are prepaid in full.

The Builder shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Builder hereunder with respect to the Property conveyed to the Major Owner may be assumed by such Major Owner, and the Builder's obligations hereunder with respect to the Property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Disclosure Certificate or as otherwise satisfactory to the City and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the Bonds, and under which the Property conveyed to such Major Owner will become subject to future Periodic Reports. If a Major Owner required by this Section 6(b) to enter into an Assumption Agreement does not enter into an Assumption Agreement, then the Builder shall continue reporting on the Property conveyed to the Major Owner so long as it is owned by such Major Owner or until an Assumption Agreement is executed or until the Builder's obligations may be terminated in accordance with Section 6(a).

Section 7. Dissemination Agent. The Builder may, from time to time, appoint or engage a Dissemination Agent to assist the Builder in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Builder and the Participating Underwriter.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Builder may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Builder with respect to the Bonds, or type of business conducted; and

(b) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement, with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Builder from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Builder chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Builder shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Builder to comply with any provision of this Disclosure Certificate, the City, the Participating Underwriter, and any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Builder to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Builder to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Builder agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an “**Indemnified Party**”), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding (i) losses, liabilities, costs and expenses due to an Indemnified Party’s negligence or willful misconduct or failure to perform its duties hereunder and (ii) losses, expenses and liabilities due to the failure of the City to pay the fees and expenses of the Dissemination Agent. The Dissemination Agent (if other than the Builder) shall be paid compensation for its services provided hereunder from Special Taxes levied for administration of the CFD in accordance with the Dissemination Agent’s schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Builder, the Bond owners, or any other party. The obligations of the Builder under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds, but shall be assumed by a Major Owner from and after the date of such assumption when property is sold to a Major Owner and such Major Owner enters into an Assumption Agreement.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by electronic, regular, or overnight mail as follows:

To the Builder:

Attn: _____

Email: _____

To the City:

City of Roseville
Attn: CFD Administrator
311 Vernon Street
Roseville, CA 95678

To the Participating
Underwriter:

Piper Sandler & Co.
Attn: Managing Director
2321 Rosecrans Avenue, Suite 3200

El Segundo, CA 90245

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Builder (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Builder hereunder shall be assumed by any legal successor to the obligations of the Builder as a result of a sale, merger, consolidation or other reorganization.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Builder has executed this Disclosure Certificate as of the date first above written.

_____,
a _____

By: _____
Name:
Title:

EXHIBIT A

PERIODIC REPORT

[MAY 1, 2022 / NOVEMBER 1, 2022]

\$12,500,000

CITY OF ROSEVILLE

CREEKVIEW COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)

IMPROVEMENT AREA NO. 1

SPECIAL TAX BONDS

SERIES 2021

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate ([Name of Merchant Builder]) (the “**Disclosure Certificate**”) dated December 14, 2021, executed by the undersigned (the “**Builder**”) in connection with the issuance of the above-captioned bonds by the City of Roseville (the “**City**”) with respect to its City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) (the “**District**”).

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of _____ (this date must be not more than 60 days before the due date of this Periodic Report).

A. Description of the Property in Improvement Area No. 1, in substance and form similar to such information in the Official Statement for the Bonds:

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the Bonds or the Periodic Report last filed in accordance with the Disclosure Certificate, [FOR D.R. HORTON AND K. HOVNANIAN ONLY: including the number of parcels acquired by the Builder from the Hearthstone Landbank pursuant to the Option Agreement]:

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the Bonds or the Periodic Report last filed in accordance with the Disclosure Certificate:

D. Status of any land purchase contracts with regard to the Property, including sales of land in Improvement Area No. 1 to other property owners (other than individual homeowners).

II. Legal and Financial Status of Builder

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any material change in the legal structure of the Builder or the financial condition and financing plan of the Builder that would materially and adversely interfere with its ability to complete the development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Builder has changed, describe all material terms of the new ownership structure.

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement or in a previous Periodic Report.

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Builder or the Property contained in the Official Statement under the heading “MERCHANT BUILDER INFORMATION – [D.R. Horton] [K. Hovnanian] [Meritage]” that would materially and adversely interfere with the Builder’s ability to develop and sell the Property as described in the Official Statement.

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property and the Builder as may be necessary to make the

specifically required statements, in the light of the circumstances under which they are made, not misleading.

Certification

On behalf of the Builder, the undersigned officer or authorized representative, based on actual knowledge after reasonable inquiry of employees of Builder and its affiliates, hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Builder under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE BUILDER, THE DEVELOPMENT OF THE PROPERTY, THE BUILDER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE BUILDER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE BUILDER. THE BUILDER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE BUILDER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated: December 14, 2021

By: _____

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF FISCAL AGENT AGREEMENT

The following contains a brief summary of certain provisions of the Fiscal Agent Agreement not found in the main body of the Official Statement. Investors are hereby directed to obtain a complete copy of the Fiscal Agent Agreement, which is available from the City or the Fiscal Agent upon request.

Certain Definitions

“Administrative Expenses” means any or all of the following: the fees and expenses of the Fiscal Agent (including, but not limited to, any fees or expenses of its counsel), the expenses of the City in carrying out its duties hereunder (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to the Agreement, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the issuance and administration of the Bonds and/or the discharge of their respective duties hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the City, in any way related to the administration of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid, and any advances of funds by the City under the Agreement.

“Agreement” means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement.

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

“Authorized Officer” means the City Manager, Chief Financial Officer, City Attorney or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means (i) Jones Hall, A Professional Law Corporation or (ii) any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Year” means each twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed.

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

“Chief Financial Officer” means the duly acting Chief Financial Officer of the City, or if the City has no Chief Financial Officer, the Finance Director, Treasurer or other officer of the City serving a similar role.

“City” means the City of Roseville, California, and any successor thereto.

“Closing Date” the date upon which there is a physical delivery of the 2021 Bonds in exchange for the amount representing the purchase price of the 2021 Bonds by the Original Purchaser.

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of the Closing Date, executed by the City and Willdan Financial Services, in its capacity as Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

“DTC” means the Depository Trust Company, and its successors and assigns.

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

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

“District” means the City of Roseville Creekview Community Facilities District No. 1 (Public Facilities) formed pursuant to the Resolution of Formation.

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

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent (the Fiscal Agent entitled to rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

(i) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons; or

(ii) Any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or passthrough obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

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

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

“Improvement Area No. 1” means the area designated as Improvement Area No. 1 of the District pursuant to the Resolution of Formation.

“Information Services” means “EMMA” or the “Electronic Municipal Market Access” system of the Municipal Securities Rulemaking Board; or, in accordance with then-current

guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

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

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

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

"Original Purchaser" means, with respect to each series of Bonds, the first purchaser of such Bonds from the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Agreement) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following, to the extent that they are lawful investments for City funds at the time of investment, and are acquired at Fair Market Value (the Fiscal Agent is entitled to rely upon investment direction from the City as a certification that such investment constitutes a legal investment):

(i) Federal Securities;

(ii) any of following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and (d) bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development;

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent

and its affiliates), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

(iv) repurchase agreements with a registered broker/dealer subject to the Securities Investors Protection Corporation Liquidation in the event of insolvency, or any commercial bank provided that: (a) the unsecured obligations of such bank shall be rated in one of the top two rating categories by a nationally recognized rating service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by a nationally recognized rating service; (b) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (c) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (d) the entity holding such securities as described in clause (c) shall have a pledged first security interest therein for the benefit of the Fiscal Agent under the California Commercial Code or pursuant to the book-entry procedures described by 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* and are rated in one of the top two rating categories by a nationally recognized rating service;

(v) bankers' acceptances endorsed and guaranteed by banks described in clause (iv) above;

(vi) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are rated in the one of the top two rating categories by a nationally recognized rating service;

(vii) money market funds which invest solely in Federal Securities or in obligations described in the preceding clause (ii) of this definition, or money market funds which are rated in the highest rating category by Standard & Poor's Ratings Services or Moody's Investor Service, including such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) and (iv) above, such funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services or for which the Fiscal Agent or an affiliate of the Fiscal Agent serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a)

the Fiscal Agent or an affiliate of the Fiscal Agent receives and retains a fee for services provided to the fund, (b) the Fiscal Agent collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Fiscal Agent or an affiliate of the Fiscal Agent;

(ix) any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the City or the Fiscal Agent or any successor Fiscal Agent and a financial institution or governmental body whose long term debt obligations are rated in one of the top two rating categories by a nationally recognized rating service;

(x) commercial paper which at the time of purchase is of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, or Standard and Poor's Corporation, of issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "AA" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation, and provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation;

(xi) any general obligation of a bank or insurance company whose long term debt obligations are rated in one of the two highest rating categories of a national rating service;

(xii) shares in a common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(xiii) shares in the California Asset Management Program; or

(xiii) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however*, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of this Fiscal Agent Agreement.

(xiv) any other lawful investment for City funds.

"Prepayment" means moneys received by the City from the prepayment of Special Taxes as provided in the Special Tax Formula.

"Principal Office" means the corporate trust office of the Fiscal Agent set forth in the Agreement, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the acquisition and/or construction of the authorized facilities for the District described in the Resolution of Formation, including Administrative Expenses related thereto.

“Qualified Reserve Fund Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met: (i) the long-term credit rating of such bank or insurance company is rated in the top two categories (without regard to modifier) by S&P or Moody’s at the time of issuance; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement being met by such instrument or with respect to which funds are proposed to be released pursuant to the Fiscal Agent Agreement; and (iv) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments required pursuant to the Fiscal Agent Agreement.

“Record Date” means the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Regulations” means temporary and permanent regulations promulgated under the Code.

“Resolution of Formation” means Resolution No. 19-456, adopted by the City Council of the City on November 6, 2019.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax Formula” means the “Rate, Method of Apportionment, and Manner of Collection of Special Tax for City of Roseville Creekview Community Facilities District No. 1 (Public Facilities),” approved by the qualified electors in the District on November 6, 2019, and as it may be amended in the future.

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

Bond Fund

Establishment. There is established as a separate fund to be held by the Fiscal Agent the Creekview Community Facilities District No. 1 (Public Facilities) Improvement Area No. 1 Special Tax Bonds Bond Fund, to the credit of which deposits shall be made as required by the Agreement, or the Act. Within the Bond Fund, the Fiscal Agent shall establish and maintain a Capitalized Interest Account, to the credit of which deposit shall be made as required by the Agreement. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Within the Bond Fund there is hereby established the Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the

timely redemption of Bonds. Monies in the Prepayment Account shall be used to redeem Bonds on the redemption date specified in the notice to the Fiscal Agent given pursuant to the Agreement. In the event all of the Special Taxes are prepaid in full, the Prepayment Account shall be closed.

Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Agreement, provided however, that so long as monies remain in the Capitalized Interest Account of the Bond Fund, the Fiscal Agent shall first withdraw from such Capitalized Interest Account for payment to the Owners of the respective Bonds the interest then due and payable on such Bonds.

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on any Series of Bonds, the Fiscal Agent shall withdraw from the respective reserve account within the Reserve Fund established for such Series of Bonds to the extent of any funds therein, the amount of such insufficiency, and the Fiscal Agent shall provide written notice to the Treasurer and Finance Director of the amounts so withdrawn from the Reserve Fund. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Investment. Moneys in the Bond Fund shall be invested and deposited in accordance with the Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Fund to be used for the purposes of such fund.

Deficiency. If ten days before any Interest Payment Date it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay regularly scheduled debt service on the Bonds in a timely manner, the Fiscal Agent shall report to the Treasurer and Finance Director such fact. The City covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

If on any Interest Payment Date the Fiscal Agent is unable to pay principal, interest and premium, if any, due on any Interest Payment Date for the Bonds due to insufficient funds in the Bond Fund, or if funds are withdrawn from the Reserve Fund to pay principal and/or interest on the Bonds the Fiscal Agent shall notify the Treasurer and Finance Director in writing of such fact, and the Treasurer or Finance Director shall notify CDIAC of such fact within 10 days of such Interest Payment Date. The Fiscal Agent has no obligation under the Agreement to provide notice or disclosure to the Bondowners of insufficient funds or anticipation of deficiency in the Bond Fund.

Certain Covenants

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

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

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

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

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund, the Reserve Fund and the Costs of Issuance Fund. Such books of record and accounts shall at all times during business hours and upon reasonable prior notice, be subject to the inspection of the City and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

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

Compliance with Law; Completion of Project. The City will comply with all applicable provisions of the Act and the law in completing the acquisition and construction of the Project; provided that the City shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefor in the Improvement Fund.

Collection of Special Tax Revenues. The City shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. On or within 5 Business Days of each June 1, the

Fiscal Agent shall provide the Chief Financial Officer with a notice stating the amount then on deposit in the Bond Fund and the reserve accounts of the Reserve Fund. The receipt of such notice by the Chief Financial Officer shall in no way affect the obligations of the Chief Financial Officer under the following two paragraphs. Upon receipt of such notice, the Chief Financial Officer shall ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the City shall prepare or cause to be prepared, and shall transmit to the Chief Financial Officer, such data as the County Auditor requires to include the levy of the Special Taxes on the next secured real property tax roll.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing Bond Year, including any necessary replenishment or expenditure of amounts in the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the Special Tax Formula and the Ordinance. In any event, the Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. Notwithstanding the foregoing, the Special Taxes may be collected in such other manner as the City shall prescribe if necessary to pay the debt service on the Bonds.

Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Yield of the Bonds. In determining the yield of the Bonds to comply with the Agreement, the City will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing, without regard to whether or not redemption moneys are received or Bonds are redeemed.

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

Investment of Funds

Deposit and Investment of Moneys in Funds. Subject in all respects to the provisions of the Agreement, moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent, shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least 2 Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (vii) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out under the Agreement provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund and, if no such an Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested and notify the Treasurer or Finance Director that it is doing so until further direction is received from the Treasurer or Finance Director. Subject in all respects to the provisions of the Agreement, moneys in any fund or account created or established by the Agreement and held by the Treasurer or Finance Director shall be invested by the Treasurer or Finance Director in any lawful investments that the City may make, which by their terms mature prior to the date on which such moneys are required to be paid out under the Agreement. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

The Fiscal Agent, Treasurer or Finance Director may act as principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent, the Treasurer or the Finance Director shall incur any liability for losses arising from any investments made pursuant to the Agreement. Any losses arising from any investments made pursuant to the Agreement shall be offset against interest earnings and profits retained in the same fund.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code), shall be acquired, disposed of, and valued (as of the date that valuation is required by the Agreement or the Code) at Fair Market Value. For purposes of any Fair Market Value determination under the Agreement, the Fiscal Agent shall be entitled to conclusively rely on an Officer's Certificate of the City and shall be fully protected in relying thereon. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund shall be valued by the City at their present value (within the meaning of Section 148 of the Code).

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

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

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

The Fiscal Agent

Limited Liability of Fiscal Agent. The recitals of facts, covenants and agreements in the Agreement and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds. The Fiscal Agent has no liability regarding the use of the proceeds from the purchase of the Bonds deposited in funds held by the City.

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

Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

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

No provision of the Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

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

The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Agreement or progress in respect thereto in the event of unavoidable delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent. The Fiscal Agent shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the Agreement. The permissive right of the Fiscal Agent to do things enumerated in the Agreement shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Notice to Fiscal Agent. The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any Officer's Certificate, notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties and given in accordance with the requirements of the Agreement. The Fiscal Agent may execute any of the powers under the Agreement or perform any duties either directly or by or through agents or attorneys and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the Agreement.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means by an Authorized Officer (or his or her designee) ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Fiscal Agent an incumbency certificate for each person with the authority to provide such Instructions and containing specimen signatures of such persons, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer (or designee) listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer (or designee). The City shall be responsible for ensuring that only Authorized Officers (or their designees) transmit such Instructions to the Fiscal Agent and that the City is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Compensation, Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under the Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under the Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, claims, expenses or liabilities, including, without limitation, fees and expenses of its attorneys which it may incur in the exercise and performance of its powers and duties under the Agreement which are not due to its negligence or willful misconduct. This obligation of the City shall survive resignation or removal of the Fiscal Agent under the Agreement and payment of the Bonds and discharge of the Agreement.

Amendments

Amendments Permitted. The Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental

Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Agreement), or reduce the percentage of Bonds required for the amendment hereof. No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in the Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Agreement reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect, including to effectuate the issuance of Additional Bonds in accordance with the Agreement;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Agreement, or in regard to questions arising under the Agreement, as the City and the Fiscal Agent may deem necessary or desirable, and which shall not adversely affect the rights of the Owners of the Bonds; or

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of the Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Agreement, to take effect when and as provided. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, if such consent is required under the Agreement, shall be mailed by first class mail, by the Fiscal

Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in the Agreement provided.

If consent of the Owners is required, such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Agreement) and a notice shall have been mailed as hereinafter provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by the Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise above specifically provided) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in the Agreement. Upon request, the City shall provide an Officer's Certificate to the Fiscal Agent listing those Bonds which are disqualified pursuant to the Agreement.

Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to the Agreement, the Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Agreement subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of the Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Agreement shall bear a notation, by endorsement or otherwise, in form

approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Defeasance and Discharge

If the City shall pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent or other fiduciary, at or before maturity, money which, together with (in the event that all of the Bonds are to be defeased) the amounts then on deposit in certain funds and accounts provided for in the Agreement, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent or other fiduciary, cash and Federal Securities in such amount as the City shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and (in the event that all of the Bonds are to be defeased) moneys then on deposit in certain fund and accounts provided for in the Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the City under this Agreement with respect to such Bonds Outstanding shall cease and terminate, except only the obligations of the City (i) under the Maintenance of Tax-Exemption provisions of the Agreement and (ii) to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to the Agreement; and thereafter Special Taxes shall not be payable to the Fiscal Agent.

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APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2021 Bonds, payment of principal, interest and other payments on the 2021 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the fiscal agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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