PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 13, 2023

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY ONLY **NOT RATED**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds. See "TAX MATTERS" herein.

CSCDA
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

$5,840,000*
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2022-07 (WATSON RANCH), IMPROVEMENT AREA NO. 1, SPECIAL TAX BONDS, SERIES 2023

Dated: Date of Delivery **Due: September 1, as shown on the Inside Cover**

The California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023 (the "**2023 Bonds**") are being issued under the Mello-Roos Community Facilities Act of 1982 (the "**Act**") to (a) finance the acquisition of certain public infrastructure improvements authorized to be financed in connection with the development of property within Improvement Area No. 1 ("**Improvement Area No. 1**") and the remainder of the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California (the "**Community Facilities District**"), (b) make a deposit to the Reserve Fund, (c) capitalize interest on the 2023 Bonds through September 1, 2023, and (d) pay certain costs of issuing the 2023 Bonds. See "ESTIMATED SOURCES AND USES OF 2023 BOND PROCEEDS" herein. The 2023 Bonds will be issued in accordance with the provisions of an Indenture (the "**Indenture**") between the California Statewide Communities Development Authority (the "**Authority**") and Wilmington Trust, National Association, as trustee (the "**Trustee**").

2023 Bonds may be purchased in the principal amount of $5,000 or integral multiples thereof. Interest is payable semiannually on March 1 and September 1 of each year (each, an "**Interest Payment Date**"), commencing March 1, 2023. The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. The 2023 Bonds are being issued as fully registered bonds in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). Purchasers will not receive certificates representing their interest in the 2023 Bonds. See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto.

Investment in the 2023 Bonds involves risks which may not be appropriate for some investors. See "SPECIAL RISK FACTORS" herein for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the 2023 Bonds.

This cover page contains information for general reference only. It is not a complete summary of the 2023 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2023 Bonds are subject to redemption prior to maturity as described herein. See "THE 2023 BONDS – Redemption" herein.

The 2023 Bonds are secured by a pledge of and are payable from the Special Tax Revenues (as defined herein) consisting primarily of the Special Tax (as defined herein) to be levied on certain real property within Improvement Area No. 1, including any prepayments thereof and any amounts received, net of costs of collection, as a result of foreclosure or other actions by the Authority to collect delinquent Special Tax, and amounts held in certain funds pursuant to the Indenture, net of Priority Administrative Expenses (as defined herein). Following the issuance of the 2023 Bonds, additional bonds ("**Parity Bonds**") are permitted pursuant to the Indenture, which Parity Bonds will be secured by a lien on the Special Tax Revenues on parity with the 2023 Bonds, but only for the purpose of refunding the 2023 Bonds or other Parity Bonds. The 2023 Bonds and any Parity Bonds are referred to herein collectively as the "**Bonds**." See "SECURITY FOR THE 2023 BONDS."

Special Taxes do not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 1. In the event of delinquency, foreclosure proceedings may be conducted only against the real property securing the delinquent Special Tax. Thus, the value of the real property within Improvement Area No. 1 is an important factor in determining the investment quality of the 2023 Bonds. The Special Taxes are not required to be paid upon sale of property within Improvement Area No. 1. There is no assurance the owners shall be able to pay the Special Tax or that they shall pay such Special Tax even though financially able to do so.

THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2023 BONDS EXCEPT FROM THE SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. THE 2023 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.

The 2023 Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel to the Authority. It is anticipated that the 2023 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about February 15, 2023.

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This Official Statement is dated ____________, 2023.

* Preliminary, subject to change.

MATURITY SCHEDULE

RELATING TO

$5,840,000*
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2022-07 (WATSON RANCH),
IMPROVEMENT AREA NO. 1,
SPECIAL TAX BONDS, SERIES 2023

MATURITY SCHEDULE

(Base CUSIP† Number _______)

Maturity (September 1)	Principal Amount	Interest Rate	Price or Yield††	CUSIP† Suffix

$__________ ____% Term Bond due September 1, 20__; Yield†† ____%; CUSIP† Suffix ___
$__________ ____% Term Bond due September 1, 20__; Yield†† ____%; CUSIP† Suffix ___

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. The Authority and the Underwriter take no responsibility for the accuracy of such numbers.

†† Reoffering prices/yields furnished by the Underwriter. The Authority takes no responsibility for the accuracy thereof.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations with respect to the Authority, the Community Facilities District or the 2023 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority 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 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

Certain of the information set forth herein has been obtained from sources which the Authority believes to be reliable, but such information is not guaranteed as to accuracy or completeness.

All summaries of the Indenture or other documents are made subject to the provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith. This Official Statement is submitted in connection with the sale of the 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement includes forward-looking statements that are based on the current expectations and projections of the Authority or the Master Developer and the Homebuilder (each defined herein) within Improvement Area No. 1, about future events. These forward-looking statements are subject to risks and uncertainties, including risks and uncertainties outside the control of the Authority or the Master Developer and the Homebuilder. Such statements generally are identifiable by the terminology used, such as "project," "plan," "expect," "anticipate," "estimate," "budget," "believe" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's or the Master Developer's or the Homebuilder's forecasts in any way. Except as set forth in the continuing disclosure undertakings, the forms of which are attached as APPENDIX E hereto, the Authority, the Master Developer, and the Homebuilder do not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or change.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2023 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 UNDERWRITER MAY OFFER AND SELL THE 2023 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

Commission

Tim Snellings, Chair
Brian Moura, Vice Chair
Kevin O'Rourke, Secretary
Jordan Kaufman, Treasurer
Dan Mierzwa, Member
Marcia Raines, Member
Brian Stiger, Member
Niroop Srivatsa, Alternate Member
Jim Erb, Alternate Member

Officers

Catherine Barna, Executive Director

PROFESSIONAL SERVICES

Special Tax Consultant

DTA, Inc.

Appraiser

Integra Realty Resources

Bond and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

Trustee

Wilmington Trust, National Association

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OFFICIAL STATEMENT

$5,840,000*
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2022-07 (WATSON RANCH),
IMPROVEMENT AREA NO. 1,
SPECIAL TAX BONDS, SERIES 2023

INTRODUCTION

The purpose of this Official Statement, including the cover, table of contents and the Appendices, is to provide certain information concerning the $5,840,000* aggregate principal amount of California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023 (the "**2023 Bonds**").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, the more complete and detailed information contained in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. Investors should review the entire Official Statement. The sale and delivery of the 2023 Bonds to investors is made only by means of the entire Official Statement.

Authority for Issuance

The 2023 Bonds are being issued under the Mello-Roos Community Facilities Act of 1982 (the "**Act**") to (a) finance the acquisition of certain public infrastructure improvements authorized to be financed in connection with the development of property within Improvement Area No. 1 ("**Improvement Area No. 1**") and the remainder of the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California (the "**Community Facilities District**"), (b) make a deposit to the Reserve Fund, (c) pay capitalized interest on the 2023 Bonds through September 1, 2023, and (d) pay certain costs of issuing the 2023 Bonds. See "ESTIMATED SOURCES AND USES OF 2023 BOND PROCEEDS" herein.

The Commission of the California Statewide Communities Development Authority (the "**Authority**"), through proceedings conducted under the Act, has become authorized to issue bonds for the Community Facilities District in an aggregate principal amount not to exceed $8,000,000 payable from the net special taxes in Improvement Area No. 1. The 2023 Bonds are secured by a lien of the Special Tax in Improvement Area No. 1. Following the issuance of the 2023 Bonds, additional bonds ("**Parity Bonds**") are permitted pursuant to the Indenture (as defined herein), which Parity Bonds will be secured by a lien on the Special Taxes on parity with the 2023 Bonds, but only for the purpose of refunding the 2023 Bonds or any Parity Bonds. The 2023 Bonds and any Parity Bonds are referred to herein collectively as the "**Bonds**." See "SECURITY FOR THE 2023 BONDS – Parity Bonds" herein.

Description of the 2023 Bonds

Bonds may be purchased in principal amounts of $5,000 or integral multiples thereof. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2023 (each, an "**Interest Payment Date**"). The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. The 2023 Bonds are being issued as fully registered bonds in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New

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* Preliminary, subject to change.

York, New York ("**DTC**"). Purchasers will not receive certificates representing their interests in the 2023 Bonds. See APPENDIX F – "BOOK-ENTRY SYSTEM." The 2023 Bonds are subject to redemption prior to maturity as described herein. See "THE 2023 BONDS – Redemption" herein.

The 2023 Bonds will be issued in accordance with the provisions of an Indenture (the "**Indenture**") between the Authority and Wilmington Trust, National Association, as trustee (the "**Trustee**").

The 2023 Bonds are subject to optional redemption, extraordinary redemption and mandatory sinking fund redemption prior to maturity as described herein.* See "THE 2023 BONDS – Redemption" herein.

Security for the 2023 Bonds

Pursuant to the Act, the sole qualified elector of Improvement Area No. 1 was the owner of the Taxable Property (as defined herein) within Improvement Area No. 1. The property owner approved the levy of a special tax (the "**Special Tax**") on its real property within the boundaries of Improvement Area No. 1. See "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1" herein. The 2023 Bonds are limited obligations payable solely from and secured by a pledge of the Special Tax collected within Improvement Area No. 1, including any prepayments thereof and any amounts received, net of costs of collection, as a result of foreclosure or other actions by the Authority to collect delinquent Special Tax, and amounts held in certain funds pursuant to the Indenture. See "SECURITY FOR THE 2023 BONDS" herein. Special taxes collected within the Community Facilities District for any other improvement areas designated therein from time to time do not secure the 2023 Bonds and cannot be used for payment of the 2023 Bonds. The 2023 Bonds will be further secured by amounts on deposit in a Reserve Fund. See "SECURITY FOR THE 2023 BONDS – Funds and Accounts; Flow of Funds" herein.

THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2023 BONDS EXCEPT FROM THE SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. THE 2023 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.

Use of Proceeds

Proceeds of the 2023 Bonds will be primarily used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements (the "**Authorized Improvements**") described herein. The Authorized Improvements to be funded from the 2023 Bond proceeds consists generally of street improvements for Rolling Hills Drive and Marcus Road, including related wet and dry utilities and landscape improvements, to serve the development within Improvement Area No. 1.

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* Preliminary, subject to change.

The cost of a portion of the Authorized Improvements will be paid from the proceeds of the 2023 Bonds, with any remaining costs to be funded by the Master Developer or merchant builders, or may be paid in part from proceeds of bonds issued for areas annexed into the Community Facilities District in the future, or future community facilities districts or assessment districts formed for the Watson Ranch Project (defined herein).

Proceeds of the 2023 Bonds will also be deposited to a debt service reserve fund for the 2023 Bonds, to provide capitalized interest on the 2023 Bonds through September 1, 2023, and to pay certain costs of issuance of the 2023 Bonds.

City of American Canyon

The Community Facilities District is located within the City of American Canyon (the "**City**") in Napa County, California (the "**County**"). The City is located at the southern end of the Napa Valley wine growing region near the San Francisco Bay Area. For additional information regarding the City, see "THE CITY OF AMERICAN CANYON."

The Community Facilities District and Improvement Area No. 1

The Community Facilities District consists of approximately 13.17 acres, with approximately 8.53 acres to be subject to the Special Tax after buildout. Improvement Area No. 1 encompasses the entirety of the Community Facilities District. Approximately 295.83 acres adjacent to the Community Facilities District has been designated for future annexation. Any future annexation is expected to be into a new improvement area. Under the Act, each improvement area within the Community Facilities District will be subject to independent special taxes in accordance with the rates and methods of apportionment relating to such improvement area. Only Improvement Area No. 1 will be subject to the lien of the Special Tax securing the 2023 Bonds. No special tax levied in any other improvement area designated from time to time within the Community Facilities District will be available for payment of the 2023 Bonds.

Property Ownership, Planned Development and Status of Development

American Canyon I, LLC (the "**Master Developer**") originally owned the property within Improvement Area No. 1 and obtained the necessary development entitlements including a final map for development of 98 single-family homes on individual lots. As of December 1, 2022, all of the backbone infrastructure servicing Improvement Area No. 1 was substantially complete, including grading, wet and dry utilities, and roadway improvements, and the in-tract infrastructure was substantially complete. The Master Developer sold all of the property to D.R. Horton BAY, Inc., a Delaware corporation (the "**Homebuilder**") for construction and sale of residences to individual homeowners. As of December 1, 2022, the Homebuilder obtained 34 building permits for single-family homes on individual lots for 2 model homes and 32 production homes. For additional information regarding the Community Facilities District and Improvement Area No. 1 and its development, see "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1" and "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1."

Appraisal Report

An appraisal (the "**Appraisal Report**") of the parcels in Improvement Area No. 1 that are to be subject to the lien of the Special Tax and not exempt (the "**Taxable Property**") was prepared by Integra Realty Resources (the "**Appraiser**"). Subject to the assumptions, hypothetical condition and limiting conditions contained in the Appraisal Report, the Appraiser estimated that the Taxable Property had an estimated aggregate value of $30,490,000 as of October 10, 2022. In addition, the Appraiser prepared an appraisal report – bring forward letter dated January 13, 2023 (the "**Bring Forward Letter**"), determining that as of January 12, 2023, the value of the Taxable Property within Improvement Area No. 1 is not less than that derived in the original Appraisal Report. The Appraisal Report and the Bring Forward Letter are attached to this Official Statement as APPENDIX A. See "PROPERTY VALUES—Appraisal Report" herein.

Continuing Disclosure

The Authority has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the "**Rule**") certain financial information and operating data on an annual basis (the "**District Disclosure Reports**"). The Authority has further agreed to provide, in a timely manner, notice of certain events with respect to the 2023 Bonds (the "**Listed Events**"). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Disclosure Reports will be filed with the Electronic Municipal Market Access System ("**EMMA**") of the Municipal Securities Rulemaking Board (the "**MSRB**") available on the internet at http://emma.msrb.org. Notices of Listed Events will also be filed with the MSRB. Within the last five years, the Authority has failed to comply in certain respects with prior continuing disclosure undertakings. See "CONTINUING DISCLOSURE" herein.

The Homebuilder has agreed to provide, or cause to be provided on EMMA, updated information with respect to the development within Improvement Area No. 1 (the "**Developer Disclosure Reports**" and together with the District Disclosure Reports, the "**Reports**") on a semiannual basis and notices of certain events until its obligation is terminated in accordance with the terms of the continuing disclosure undertaking.

See "CONTINUING DISCLOSURE" herein and APPENDIX E – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES" attached hereto for a description of the specific nature of the annual reports and notices of Listed Events to be filed by the Authority, semiannual reports and notices of Listed Events to be filed by the Homebuilder, and the forms of the continuing disclosure undertakings pursuant to which such reports and notices are to be made.

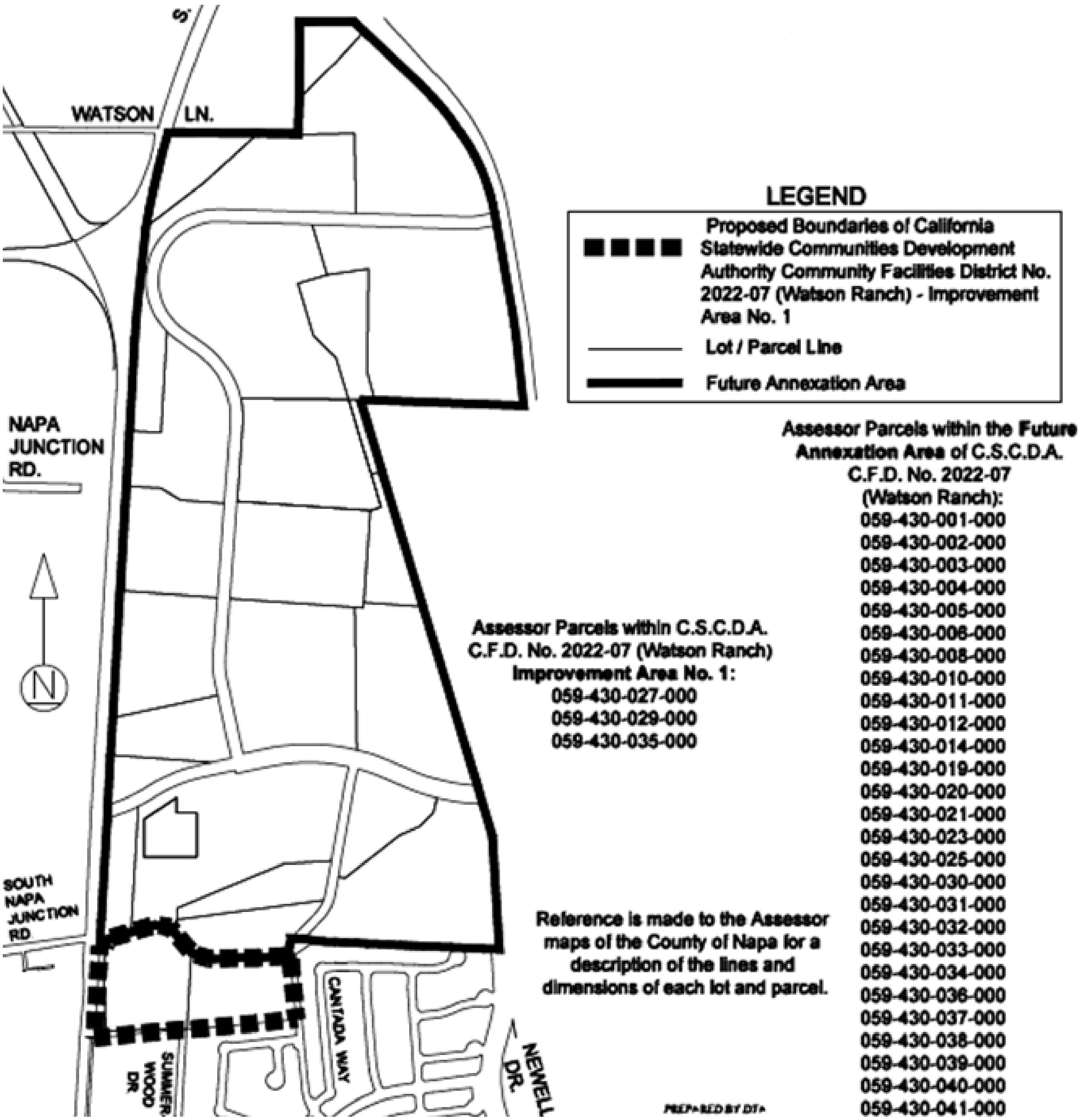
Other Information

Investment in the 2023 Bonds involves risks that may not be appropriate for some investors. Certain risk factors should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2023 Bonds. See "SPECIAL RISK FACTORS" herein.

Brief descriptions of the 2023 Bonds, the Indenture, the security for the 2023 Bonds, the Community Facilities District, Improvement Area No. 1, the status of development within Improvement Area No. 1, the Master Developer and the Homebuilder and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the 2023 Bonds, the Indenture and other documents are qualified in their entirety by reference to the complete terms thereof. Capitalized terms used but not defined herein have the meanings given in the Indenture, certain provisions of which, including certain definitions, are summarized in APPENDIX D hereto. Copies of the Indenture and such other documents may be obtained from the Trustee.

AMERICAN CANYON • CALIFORNIA

Boundary Map of CSCDA CFD No. 2022-07 (Watson Ranch), Improvement Area No. 1, City of American Canyon, County of Napa, State of California



THE 2023 BONDS

Description of the 2023 Bonds

The 2023 Bonds will be issued pursuant to the Act and the Indenture as fully registered bonds without coupons in denominations of $5,000, or any integral multiple thereof (not exceeding the principal amount maturing at any one time). The 2023 Bonds will be issued in book-entry only form. DTC will act as securities depository for the 2023 Bonds. So long as the 2023 Bonds are held in book-entry only form, principal of and interest on the 2023 Bonds will be paid directly to DTC for distribution to the beneficial owners of the 2023 Bonds in accordance with DTC's procedures. See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto.

The 2023 Bonds will be dated the date of delivery and will mature on September 1 in the years and in the principal amounts shown on the inside cover of this Official Statement. The 2023 Bonds will bear interest at the per annum rates shown on the inside cover of this Official Statement. Such interest will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2023 and will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Trustee pays interest to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls. Each 2023 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it will bear interest from its date; provided, that if at the time of authentication of any 2023 Bond interest is then in default on the 2023 Bonds, the 2023 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment of interest on the 2023 Bonds.

Interest and redemption premiums, if any, on, and the principal of, the 2023 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee in Costa Mesa, Los Angeles or San Francisco, California, or at such other place as designated by the Trustee. Payment of interest on the 2023 Bonds due on or before the maturity or prior redemption thereof will be made only to the person named in the Trustee's registration books as the registered owner thereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls. Interest will be paid by check mailed by first class mail to the registered owner at the address appearing in such registration books, except that a registered owner of $1,000,000 or more in principal amount of 2023 Bonds then Outstanding may elect to receive payment on any Interest Payment Date by wire transfer of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America by delivering written instructions to the Trustee at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and redemption premium, if any, on the 2023 Bonds shall be made only to the person named in such registration books as the registered owner thereof. Principal and redemption premiums, if any, will be paid only on the surrender of the 2023 Bonds at the principal corporate trust office of the Trustee at maturity or on redemption prior to maturity. **So long as Cede & Co. is the registered owner of the 2023 Bonds, payments of the principal of, premium, if any, and interest on the 2023 Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee. 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 F – "BOOK-ENTRY SYSTEM" attached hereto.

Redemption*

Extraordinary Redemption from Prepayment of Special Tax. The 2023 Bonds are subject to extraordinary redemption by the Authority prior to their respective maturity dates as a whole or in part on any Interest Payment Date and shall be redeemed by the Trustee, from money derived by the Authority from prepayments of the Special Tax under the Act plus amounts transferred from the Reserve Fund in connection therewith, at the following redemption prices (expressed as a percentage of the principal amount of the 2023 Bonds or portions thereof called for redemption) together with accrued interest to the date fixed for redemption, as follows:

Redemption Date	Redemption Price
Any Interest Payment Date on and after March 1, 20__ Through September 1, 20__	____%
Any Interest Payment Date on and after March 1, 20__ through September 1, 20__	____%
Any Interest Payment Date on and after March 1, 20__ through September 1, 20__	____%
March 1, 20__ and any Interest Payment Date thereafter	____%

Transfers of property ownership and certain other circumstances could result in prepayments of the Special Tax. Such prepayments would result in redemption of all or a portion of the 2023 Bonds prior to their stated maturity, at the redemption prices corresponding to the redemption dates as shown herein and would thus cause a proportionate reduction of the amount on deposit in the Reserve Fund. See "SECURITY FOR THE 2023 BONDS – Funds and Accounts; Flow of Funds" herein.

Optional Redemption. The 2023 Bonds maturing on or before September 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The 2023 Bonds maturing on or after September 1, 20__, are subject to optional redemption by the Authority prior to their respective maturity dates as a whole or in part on any date on or after September 1, 20__, from money derived by the Authority from any source other than Mandatory Sinking Account Payments (defined herein) or prepayments of the Special Tax (described herein), at the principal amount of the 2023 Bonds or portions thereof called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption from Mandatory Sinking Account Payments. The Authority will establish and maintain with the Trustee the 20__ Sinking Account in the Redemption Fund for the 2023 Bonds maturing on September 1, 20__ (the "**20__ Term Bonds**"), to receive payments (the "**20__ Mandatory Sinking Account Payments**") for the mandatory redemption of the 20__ Term Bonds. The 20__ Term Bonds are subject to mandatory redemption by the Authority prior to their maturity date in part on any September 1 on and after September 1, 20__, in the principal amounts thereof together with accrued interest thereon to the date fixed for redemption, without premium, solely from 20__ Mandatory Sinking Account Payments deposited into the 20__ Sinking Account, as follows except that if any 20__ Term Bonds shall have been extraordinarily and/or optionally redeemed pursuant to the Indenture, the amounts of the 20__ Mandatory Sinking Account Payments shall be reduced proportionately by the principal amount of all such 20__ Term Bonds so redeemed:

* Preliminary, subject to change.

Term Bonds Maturing September 1, 20__

Mandatory Sinking Account Payment Date September 1	Mandatory Sinking Account Payments
	$
*	

* Maturity

The Authority will establish and maintain with the Trustee the 20__ Sinking Account in the Redemption Fund for the 2023 Bonds maturing on September 1, 20__ (the "**20__ Term Bonds**"), to receive payments (the "**20__ Mandatory Sinking Account Payments**") for the mandatory redemption of the 20__ Term Bonds. The 20__ Term Bonds are subject to mandatory redemption by the Authority prior to their maturity date in part on any September 1 on and after September 1, 20__, in the principal amounts thereof together with accrued interest thereon to the date fixed for redemption, without premium, solely from 20__ Mandatory Sinking Account Payments deposited into the 20__ Sinking Account, as follows except that if any 20__ Term Bonds shall have been extraordinarily and/or optionally redeemed pursuant to the Indenture, the amounts of the 20__ Mandatory Sinking Account Payments shall be reduced proportionately by the principal amount of all such 20__ Term Bonds so redeemed:

Term Bonds Maturing September 1, 20__

Mandatory Sinking Account Payment Date September 1	Mandatory Sinking Account Payments
	$
*	

* Maturity

Selection of Bonds for Redemption. If less than all the Outstanding 2023 Bonds are to be redeemed at the option of the Authority or from prepayments of the Special Tax, the Authority will select the maturity dates from which the 2023 Bonds shall be redeemed, and if less than all the Outstanding 2023 Bonds of any one maturity are to be redeemed at any one time, the Trustee will select the 2023 Bonds of such maturity or the portions thereof to be redeemed in integral multiples of five thousand dollars ($5,000) by lot in any manner that it deems appropriate.

Notice of Redemption. The Trustee will mail a notice of redemption to the registered owners of the 2023 Bonds selected for redemption, at the addresses appearing on the registration books, at least 30 days but not more than 60 days prior to the date fixed for redemption; however, neither the failure to receive a notice of redemption nor any immaterial defect therein shall affect the sufficiency or validity of the redemption proceedings. **So long as the 2023 Bonds are held in book-entry only form, the Trustee will send notices of redemption exclusively to DTC, as registered owner of the 2023 Bonds, and will not send any such notices to any beneficial owners. DTC is to distribute such notices to the beneficial owners of the 2023 Bonds in accordance with its procedures.** See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto.

Upon written direction of the Authority received prior to the date fixed for the redemption of 2023 Bonds pursuant to the Indenture, the Trustee shall promptly rescind, cancel and annul such redemption by giving notice of such rescission, cancellation and annulment to the same persons and in the same manner as the original notice of redemption.

With respect to any notice of redemption of 2023 Bonds in connection with an optional or extraordinary redemption of 2023 Bonds, unless, upon the giving of such notice, such 2023 Bonds are deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the principal of, and premium, if any, and interest on, such 2023 Bonds to be redeemed, and that if such amounts shall not have been so received the notice shall be of no force and effect and the Authority shall not be required to redeem such 2023 Bonds. In the event that any such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the registered owners to the effect that such amounts were not so received and such redemption was not made, such notice to be given by the Trustee in the manner in which the notice of redemption was given. Such failure to redeem such 2023 Bonds shall not constitute a default under the Indenture.

Effect of Redemption of Bonds. If notice of redemption has been duly given, and has not been rescinded as described in the preceding section, and the Trustee holds money for the payment of the principal of and redemption premiums, if any, on, together with interest to the redemption date on, the 2023 Bonds or portions thereof to be redeemed, then on the redemption date such 2023 Bonds or portions thereof to be redeemed shall become due and payable, and from and after the redemption date interest on the 2023 Bonds or portions thereof to be redeemed will cease to accrue and the Holders of such 2023 Bonds shall have no rights except to receive payment of principal, redemption premiums, if any, thereon and interest accrued thereon to the redemption date. Such 2023 Bonds are required to be surrendered on the redemption date at the address or addresses of the Trustee so designated. If any 2023 Bond chosen for redemption will not be redeemable in whole, upon presentation of such 2023 Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new 2023 Bond or 2023 Bonds of the same maturity date, of authorized denominations equal in aggregate principal amount to such unredeemed portion.

Transfer and Exchange of Bonds

So long as DTC or Cede & Co. is the registered owner of the 2023 Bonds, transfers of beneficial interests in the 2023 Bonds shall be according to the DTC book-entry system, as more fully described herein. See APPENDIX F – "BOOK-ENTRY SYSTEM" attached hereto. The Indenture provides that the Trustee will keep at its principal corporate trust office books for the transfer and exchange of the 2023 Bonds, which books are required to at all times during normal business hours with reasonable prior notice be open to inspection by the Authority or by any Holder. Any 2023 Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange, and upon surrender of such 2023 Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any 2023 Bond or 2023 Bonds shall be surrendered for transfer or exchange, the Authority shall execute and the Trustee shall authenticate and deliver a new 2023 Bond or 2023 Bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the Authority nor the Trustee shall be required (i) to transfer or exchange any 2023 Bonds during the 15-day period prior to the selection of any 2023 Bonds for redemption, or (ii) to transfer or exchange any 2023 Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such 2023 Bond selected for redemption in part, from and after the day that such 2023 Bond has been selected for redemption in whole or in part.

SECURITY FOR THE 2023 BONDS

General

The 2023 Bonds are authorized pursuant to the Act and are issued under the Indenture pursuant to a resolution of the Authority. The Act was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in developing areas of the State. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Act, a legislative body of a city, county or joint exercise of power authority may issue bonds for a community facilities district and may levy and collect a special tax within such community facilities district to repay such indebtedness.

THE PRINCIPAL OF AND INTEREST AND REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES. THE AUTHORITY IS NOT OBLIGATED TO PAY THE 2023 BONDS EXCEPT FROM THE SPECIAL TAX REVENUES. THE GENERAL FUNDS AND ASSETS OF THE AUTHORITY ARE NOT LIABLE AND THE FULL FAITH AND CREDIT OF THE AUTHORITY IS NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. NO TAX OR ASSESSMENT OTHER THAN THE SPECIAL TAX SHALL EVER BE LEVIED OR COLLECTED TO PAY THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS. THE 2023 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF OR CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS EXCEPT THE MONEY HELD IN THE SPECIAL TAX FUND PURSUANT TO THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST OR REDEMPTION PREMIUMS, IF ANY, ON THE 2023 BONDS IS A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY.

Although the Special Tax will constitute a lien on Taxable Property in Improvement Area No. 1, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in "SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax."

The Special Tax

In accordance with the provisions of the Act and a Joint Community Facilities Agreement between the Authority and the City, the Authority established the Community Facilities District and designated Improvement Area No. 1 therein on August 18, 2022, for the purpose of providing for the financing certain public facilities to be owned and/or operated by the City. At an election conducted on that date, the qualified elector within Improvement Area No. 1 authorized the issuance of special tax bonds in the principal amount not to exceed $8,000,000 for the purpose of financing such public facilities and the levy of the Special Tax in Improvement Area No. 1 to be used for the purpose, among others, of paying the interest on and principal of and redemption premiums, if any, on the 2023 Bonds.

Principal of and interest on the 2023 Bonds is payable from the Special Tax Revenues. "**Special Tax Revenues**" means the proceeds of the Special Tax received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon, and proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, which shall be limited to the amount of said lien and interest and penalties thereon, less Priority Administrative Expenses. "**Administrative Expenses**" means the following actual or reasonably estimated costs directly related to the administration of Improvement Area No. 1: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules; the costs of remitting the Special Tax to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the Authority or any designee thereof of complying with arbitrage rebate requirements; the costs to the Authority or any designee thereof of complying with disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Tax; the costs of the Authority or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the Authority's annual administration fees and third party expenses. Administrative Expenses also include amounts estimated or advanced by the Authority for any other administrative purposes of Improvement Area No. 1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax. "**Priority Administrative Expenses**" means Administrative Expenses in an amount not to exceed $25,000 per fiscal year.

The amount of Special Tax may be levied in any year is strictly limited by the maximum rates approved by the qualified elector within Improvement Area No. 1. The Special Tax Revenues, all funds and accounts established under the Indenture (other than the Acquisition and Construction Fund, the Prepayment Fund, the Expense Fund and the Rebate Fund) and any interest earned thereon are pledged to the payment of and constitute a trust fund for the payment of principal and interest on the 2023 Bonds. So long as the principal of and interest on the 2023 Bonds remains unpaid, the Special Tax Revenues, such funds and accounts, and investment earnings thereon shall not be used for any other purpose, except as permitted by the Indenture, and shall be held in trust for the benefit of the owners of any 2023 Bonds and shall be applied pursuant to the Indenture and any authorized supplement thereto.

Pursuant to the Indenture, so long as any Bonds are Outstanding, the Authority is required annually to levy the Special Tax against all Taxable Property (as defined in APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX") in Improvement Area No. 1 and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on, principal (including Mandatory Sinking Account Payments, if any) and redemption premiums, if any, on all Outstanding Bonds as they become due and payable, and to pay all current Administrative Expenses for the Bonds as they become due and payable.

The Special Tax is to be levied and collected against all Taxable Property within Improvement Area No. 1 in accordance with the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1 (the "**Rate and Method**"), approved at the election held on August 18, 2022. The Rate and Method is summarized herein and attached as APPENDIX B.

Although the Special Tax will constitute a lien on Taxable Property, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in "SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax."

Authority Policy Regarding Assessments and Special Tax

On February 7, 2019, the Authority adopted its "Further Amended and Restated Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982" (the "**Authority Policy**"). The Authority Policy requires that the credit quality of any community facilities district bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority requires that the value of the real property that would be subject to the special tax to pay debt service on the community facilities district bonds be at least four times the principal amount of the community facilities district bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within the community facilities district. The Authority expects to remain in full compliance with the Authority Policy after the issuance of the 2023 Bonds. See "PROPERTY VALUES – Estimated Value-to-Lien Debt Ratios" herein.

Funds and Accounts; Flow of Funds

All Special Tax Revenues (including any prepayments thereof and including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Tax or other actions by the Authority to collect delinquent Special Tax), are required to be deposited into the Special Tax Fund held by the Trustee and, except as otherwise provided in the Indenture, are pledged to the payment of the Bonds.

Priority of Deposits. All prepayments of the Special Tax shall be immediately deposited by the Trustee in the Prepayment Fund. Where the Rate and Method provides for use to pay directly for authorized improvements, those funds shall be immediately deposited by the Trustee in the Acquisition and Construction Fund. All other money in the Special Tax Fund shall be set aside by the Trustee in the following respective funds in the following order of priority, and all money in each fund shall be applied, used and withdrawn only for the purposes authorized in the Indenture, namely:

(1) Redemption Fund;

(2) Expense Fund;

(3) Reserve Fund; and

(4) Acquisition and Construction Fund.

Redemption Fund. On or prior to each March 1 and September 1, the Trustee shall, from the money in the Special Tax Fund, deposit into the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Bonds deposited in such fund for such purpose. On or prior to September 1 of each year, commencing with the first September 1 on which principal is due on any of the Bonds, the Trustee shall, from the then remaining money in the Special Tax Fund, deposit into the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Bonds not subject to

Mandatory Sinking Account Payments on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures, if any, to be made on such date into the Sinking Accounts.

Expense Fund. On or before March 1 and September 1 of each year, the Trustee is required, from the then remaining money in the Special Tax Fund, to transfer to and deposit in the Expense Fund a sum equal to the amount required by the Authority for the payment of budgeted Administrative Expenses during the six-month period commencing on such date, or to reimburse the Authority for payment of unbudgeted Administrative Expenses during the prior six-month period.

Reserve Fund. The Trustee shall establish and maintain a fund (the "**Reserve Fund**") into which shall be deposited an amount equal to the Required Bond Reserve (defined below). Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Redemption Fund are insufficient therefor, and for that purpose the Trustee shall withdraw from the Reserve Fund, for deposit in the Redemption Fund, moneys necessary for such purpose. Amounts in the Reserve Fund shall only be withdrawn to pay principal and interest on the Bonds; provided, that if the amount on deposit in the Reserve Fund is less than the Required Bond Reserve, the Trustee shall notify the Authority of the amount needed to replenish the Reserve Fund to the Required Bond Reserve and the Authority shall collect the deficiency by including it in the next annual Special Tax levy, to the extent permitted by law and as necessary. The term "**Required Bond Reserve**" is defined under the Indenture as, as of any date of calculation, an amount equal to the lesser of (a) Maximum Annual Debt Service, (b) 10% of the proceeds (within the meaning of Section 148 of the Code) of such 2023 Bonds and any Parity Bonds (as defined herein), or (c) 125% of the Average Annual Debt Service; provided that upon the issuance of any Series of Parity Bonds, the Required Bond Reserve shall not be required to be funded or increased by an amount greater than 10% of the proceeds of that Series. The Required Bond Reserve shall not increase expect in connection with the issuance of the 2023 Bonds and Parity Bonds, if any. On the delivery date, proceeds of the 2023 Bonds in the amount of $_________ will be deposited in the Reserve Fund, constituting the Required Bond Reserve for the 2023 Bonds.

The Trustee shall, on or before the first (1st) day in September in each year, from the then remaining money in the Special Tax Fund, deposit into the Reserve Fund the amount of money that is required to restore the Reserve Fund to an amount equal to the Required Bond Reserve.

The Trustee is responsible for valuation of all investments in the Reserve Fund. Such investments shall be valued at the face value thereof if such investments mature within twelve (12) months from the date of valuation, or if such investments mature more than twelve (12) months after the date of valuation, at the price at which such investments are redeemable by the holder at its option, if so redeemable, or if not so redeemable, at the lesser of (i) the cost of such investments or (ii) the market value of such investments, and in making any valuations under the Indenture, the Trustee may use and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system; provided, that no deposit need be made into the Reserve Fund if the amount contained therein is at least equal to the Required Bond Reserve.

Acquisition and Construction Fund. All money remaining in the Special Tax Fund on September 1 of each year after making the foregoing transfers and deposits is required to be deposited by the Trustee into the Acquisition and Construction Fund. All moneys in the Acquisition and Construction Fund are required to be used by the Authority to finance the construction or acquisition of capital improvements for the benefit of the Community Facilities District. Any amount remaining in the Acquisition and Construction Fund after the completion of its purpose, which completion shall be conclusively evidenced by a Certificate of the City, shall be applied by the Trustee as a credit against Special Tax collections in the following year.

Prepayment Fund. All money in the Prepayment Fund constituting proceeds of prepayments of the Special Tax shall be used to redeem the 2023 Bonds and any Parity Bonds as provided in the Indenture.

Parity Bonds

In addition to the 2023 Bonds, the Authority may at any time issue a Series of bonds payable from the Special Tax Revenues on parity with the 2023 Bonds (the "**Parity Bonds**"), but only subject to the conditions under the Indenture, which are thereby made conditions precedent to the issuance of such Series of Parity Bonds, which include the following:

(a) The issuance of such Series of Parity Bonds shall have been authorized pursuant to and in accordance with the terms of the Act and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture in accordance with the Act and with the Indenture;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture and in all Supplemental Indentures required to be observed or performed by it, and no default hereunder shall have occurred and shall be then continuing; and

(c) After the issuance and delivery of such Series of Parity Bonds, either (i) none of the 2023 Bonds and Parity Bonds theretofore issued will be Outstanding or (ii) the annual Debt Service on all 2023 Bonds and Parity Bonds to be Outstanding after the issuance of such Series of Parity Bonds in each Bond Year thereafter shall not be increased by reason of the issuance of such Series of Parity Bonds.

Pursuant to the Indenture, Parity Bonds may be issued only for the purpose of refunding Bonds. So long as any 2023 Bonds remain Outstanding, the Authority may not issue any obligations payable from Special Tax Revenues on parity with the 2023 Bonds except as Parity Bonds. The Authority may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District so long as any payments due thereunder shall be subordinate in all respects to the use of the Special Tax Revenues as described herein.

Special Taxes Are Not Within Teeter Plan

Although the County operates under a statutory program entitled the Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**") whereby certain local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the County, community facilities districts in the County, such as the Community Facilities District, are ***not*** eligible to participate in the Teeter Plan. Accordingly, the Community Facilities District will receive the actual amounts of the Special Tax collected by the County, which will be impacted by delinquencies in payment, as well as by the collection of interest and penalties on past delinquencies.

Covenant for Superior Court Foreclosure

The Indenture provides that the Special Tax is to be collected by the County on the secured property tax roll. Except as provided in the special covenant for foreclosure described herein and in the Act, the Special Tax is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the Authority may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the Authority has covenanted for the benefit of the Holders of the 2023 Bonds that it will annually on or before October 1 review the public records of the County relating to the collection of the Special Tax collected in the prior Fiscal Year, and on the basis of such review the Authority shall, not later than December 1 of such year, institute foreclosure proceedings as authorized by the Act (a) against any single parcel within Improvement Area No. 1 with aggregate delinquent Special Taxes (including prior years) of $5,000 or more in any year in which such Special Tax payments were due, (b) against all parcels owned within Improvement Area No. 1 by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of $5,000 or more, and (c) against all parcels with delinquent Special Tax payments regardless of their delinquent amount in any Fiscal Year in which it receives Special Tax payments in an amount which is less than 95% of the total Special Tax levy, and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale; provided that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Act.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Holders of the 2023 Bonds (if the Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the Authority of the proceeds of sale. However, within the limits of the Special Tax, the Authority may adjust the Special Tax levied on Taxable Property in Improvement Area No. 1, subject to the limitation on the maximum annual Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the 2023 Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Required Bond Reserve for the 2023 Bonds and to pay all current Administrative Expenses for Improvement Area No. 1. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against Taxable Property in Improvement Area No. 1 will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum annual Special Tax rates. See “SPECIAL RISK FACTORS.”

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

After the Authority has ordered a foreclosure action, it shall dismiss the action before judgment if the owner of the subject property (or any other person) pays all of the following amounts: the delinquent Special Tax on the subject property and all penalties, interests and costs accrued; costs of the foreclosure action; authorized attorneys’ fees; and the tax collector’s authorized costs.

Rate and Method of Apportionment of Special Tax

General. The Authority has covenanted to cause the levy of the Special Tax in an amount determined according to the Rate and Method. The Rate and Method apportions the total amount of Special Tax to be collected among the Taxable Property in Improvement Area No. 1 as more particularly described herein. Capitalized terms not otherwise defined under this heading shall have the meaning given such terms in APPENDIX B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Further, this description of the Rate and Method is qualified in all respects by the full text thereof, set forth in APPENDIX B hereto.

Land Use Categories. The Rate and Method declares that for each Fiscal Year, all Taxable Property be classified as Developed Property, Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Developed Property" is defined to mean, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property, and Taxable Property Owner Association Property, for which the Final Subdivision was recorded on or before January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, and a Building Permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2022 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Final Mapped Property" is defined to mean, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, located in a Final Subdivision as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Property Owner Association Property" is defined to mean (i) any property within the boundaries of Improvement Area No. 1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner's association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CSCDA Program Manager by May 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of Acres to be classified as Property Owner Association Property and/or Public Property shall not exceed 4.64 Acres, as described in the Rate and Method.

"Public Property" is defined to mean, for each Fiscal Year, any property within the boundaries of Improvement Area No. 1 that, as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied, was (i) owned by, irrevocably offered, or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of Acres to be classified as Property Owner Association Property and/or Public Property shall not exceed 4.64 Acres, as described in the Rate and Method.

"Taxable Property Owner Association Property" is defined to mean all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to the terms of the Rate and Method.

"Taxable Public Property" is defined to mean all Assessor's Parcels of Public Property that are not exempt pursuant to the terms of the Rate and Method.

"Undeveloped Property" is defined to mean for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Property Owner Association Property, or Taxable Public Property.

Maximum Special Tax, Assigned Special Tax and Backup Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

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

The Assigned Special Tax in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown in the below table.

Assigned Special Taxes for Developed Property
Fiscal Year 2023-24

Land Use Class	Description	Assigned Special Tax
1	Residential Property (>= 2,300 Sq. Ft. of Residential Floor Area)	$4,226 per Dwelling Unit
2	Residential Property (2,000 – 2,299 Sq. Ft. of Residential Floor Area)	$4,060 per Dwelling Unit
3	Residential Property (< 2,000 Sq. Ft. of Residential Floor Area)	$3,784 per Dwelling Unit
4	Non-Residential Property	$45,326 per Acre

The Backup Special Tax for an Assessor's Parcel of Developed Property equals $45,326 per Acre for Fiscal Year 2023-24.

The Backup Special Tax may be terminated in accordance with the provisions set forth in the Rate and Method.

The Assigned Special Taxes shall increase annually on July 1 of each Fiscal Year by an amount equal to two percent of the amount in effect for the previous Fiscal Year.

Multiple Land Use Categories: In some instances, an Assessor's Parcel of Developed Property may contain both Developed Property, Final Mapped Property, and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property, Final Mapped Property and Undeveloped Property based on the portion of the Assessor's Parcel for which Building Permits had been issued prior to May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which Building Permits had not been issued prior to May 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel. The CSCDA Program Manager's allocation to each type of property shall be final.

Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property: The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property is $45,326 per Acre for Fiscal Year 2023-24, and shall increase annually thereafter on July 1 of each Fiscal Year by an amount equal to two percent of the Maximum Special Tax for the previous Fiscal Year.

Method of Apportionment. The CSCDA Program Manager shall determine the Special Tax Requirement and shall (i) levy 100% of the Assigned Special Taxes on Developed Property, and (ii) levy the remaining Special Taxes as prioritized below until the total Special Taxes levied equal the Special Tax Requirement. Under the Rate and Method, the Special Tax shall be levied in the following order of priority:

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

Second: If additional moneys are required to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax will then be levied Proportionately on each Assessor's Parcel of Final Mapped Property until (i) the total Special Tax levied under the first two steps are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on Final Mapped Property equal 100% of the applicable Maximum Special Tax, whichever comes first.

Third: If additional moneys are required to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax levy will then be levied Proportionately on each Assessor's Parcel of Undeveloped Property until (i) the total Special Taxes levied under the first three steps are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on Undeveloped Property equals 100% of the Maximum Special Tax, whichever comes first.

Fourth: If additional moneys are required to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the applicable Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel of Developed Property until (i) the total Special Taxes levied under the first four steps listed in this section equal the Special Tax Requirement or (ii) the Special Taxes levied on all Developed Property equal 100% of the Maximum Special Tax for Developed Property, whichever occurs first.

Fifth: If additional moneys are required to satisfy the Special Tax Requirement after the first four steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Taxable Property Owner Association Property shall be levied Proportionately until (i) the total Special Taxes levied under the first five steps listed in this section equal the Special Tax Requirement or (ii) the Special Taxes levied on all Taxable Property Owner Association Property equal 100% of the Maximum Special Tax for Property Owner Association Property, whichever occurs first.

Sixth: If additional moneys are required to satisfy the Special Tax Requirement after the first five steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Taxable Public Property shall be levied Proportionately until (i) the total Special Taxes levied under the first six steps listed in this section equal the Special Tax Requirement or (ii) the Special Taxes levied on all Taxable Public Property equal 100% of the Maximum Special Tax for Taxable Public Property, whichever occurs first.

Certain properties are exempt from the levy of the Special Tax and the levy may be reduced all as more particularly described in the Rate and Method.

Prepayment of Special Tax. An Assessor's Parcel within Improvement Area No. 1 is permitted to prepay the Special Tax in full or in part, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a building permit has been issued after January 1, 2022, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. The amount of such prepayment for an Assessor's Parcel eligible for prepayment shall be determined in the manner set forth in the Rate and Method.

Special Tax Calculation

Table 1A below reflects the calculation of the Assigned Special Tax for Developed Property and the Maximum Special Tax for Final Mapped Property, based on the development status of the properties as of December 1, 2022. Table 1B shows the projected calculation of the Assigned Special Tax for Developed Property assuming the full buildout of Improvement Area No. 1 in accordance with the development plans described herein and the total Maximum Special Tax. For more information about the planned development, see "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1."

Table 1A
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

2023-24 Special Tax Calculation, Development as of December 1, 2022

Class[1]	Description	Units[2]	Acres	Assigned Special Tax Rate	Backup/ Maximum Special Tax Rate	Assigned/ Maximum Special Tax[3]	Percent of Assigned/ Maximum Special Tax	Backup/ Maximum Special Tax[4]
1	Residential (>= 2,300 Sq. Ft.)	13	1.23	$4,226	$45,326	$54,936	13.98%	$55,912
2	Residential (2,000–2,299 Sq. Ft.)	11	1.03	4,060	45,326	44,656	11.36	46,819
3	Residential (< 2,000 Sq. Ft.)	10	0.86	3,784	45,326	37,842	9.63	39,113
	Subtotal[5]	**34**	**3.13**			**$137,434**	**34.96%**	**$141,845**
N/A	Final Mapped Property	N/A	5.64	N/A	$45,326	$255,628	65.04%	$255,628
	Subtotal[5]		**5.64**			**$255,628**	**65.04%**	**$255,628**
	Grand Total[5]					**$393,062**	**100.00%**	**$397,473**

(1) Excludes classes with 0 units.
(2) Based upon the building permits that had been obtained for such properties as of December 1, 2022.
(3) Assigned Special Tax applied for Developed Property. Maximum Special Tax applied for Final Mapped Property.
(4) Backup Special Tax applied for Developed Property. For each parcel of Developed Property, the Maximum Special Tax is the greater of the Assigned Special Tax and the Backup Special Tax. Maximum Special Tax applied for Final Mapped Property.
(5) Totals may not foot due to independent rounding.
Source: DTA, Inc.

Table 1B
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

2023-24 Special Tax Calculation, Assuming Full Development

Class[(1)]	Description	Units[(2)]	Assigned Special Tax Rate	Assigned Special Tax	Maximum Special Tax[(3)]	Percent of Maximum Special Tax Levy
1	Residential (>= 2,300 Sq. Ft.)	33	$4,226	$139,453	$147,543	35.33%
2	Residential (2,000–2,299 Sq. Ft.)	34	4,060	138,026	147,487	35.32
3	Residential (< 2,000 Sq. Ft.)	31	3,784	117,310	122,589	29.35
	Total[(4)]	**98**		**$394,790**	**$417,618**	**100.00%**

(1) Excludes classes with 0 units.
(2) Based upon the planned development of Improvement Area No. 1.
(3) Per the Rate and Method of Apportionment, for each Assessor's Parcel of Developed Property the Maximum Special Tax is the greater of the Assigned Special Tax and the Backup Special Tax. The Backup Special Tax for each Assessor's Parcel in Fiscal Year 2023-24 is equal to $45,326 multiplied by the acreage of that Assessor's Parcel. The amounts represent the aggregate Maximum Special Tax for Assessor's Parcels in each of the three land use classes.
(4) Totals may not foot due to independent rounding.
Source: DTA, Inc.

SCHEDULED DEBT SERVICE AND DEBT SERVICE COVERAGE

Debt Service Schedule

The annual debt service schedule for the 2023 Bonds (assuming no early redemptions but including Mandatory Sinking Fund Payments) is set forth as follows:

Period Ending (September 1)	Principal	Interest	Debt Service
2023	$	$	$
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
Total	**$**	**$**	**$**

Debt Service Coverage from Special Tax

The following table reflects the scheduled debt service on the 2023 Bonds and the coverage from Special Tax within Improvement Area No. 1. The hypothetical Special Tax levy reflected in the following table assumes full buildout of Improvement Area No. 1 as planned and levy of the Special Tax at the Assigned Special Tax rate. Until full buildout, it is estimated that the maximum amount of the Special Tax that could be generated from a combination of Developed Property and Final Mapped Property would exceed the amount shown for each Bond Year.

Table 2
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Projected Debt Service Coverage from Assigned Special Tax*

Bond Year Ending September 1	Assigned Special Taxes(1)	Priority Administrative Expenses	Special Tax Revenues(2)	2023 Bonds Net Debt Service(3)*	Debt Service Coverage*
2023	--	$25,000	--	--	--
2024	$394,790	25,000	$369,790	$335,800	1.10x
2025	402,686	25,000	377,686	335,800	1.12x
2026	410,740	25,000	385,740	340,800	1.13x
2027	418,954	25,000	393,954	345,513	1.14x
2028	427,333	25,000	402,333	354,938	1.13x
2029	435,880	25,000	410,880	363,788	1.13x
2030	444,598	25,000	419,598	372,063	1.13x
2031	453,490	25,000	428,490	379,763	1.13x
2032	462,559	25,000	437,559	386,888	1.13x
2033	471,811	25,000	446,811	393,438	1.14x
2034	481,247	25,000	456,247	404,413	1.13x
2035	490,872	25,000	465,872	409,525	1.14x
2036	500,689	25,000	475,689	419,063	1.14x
2037	510,703	25,000	485,703	427,738	1.14x
2038	520,917	25,000	495,917	435,550	1.14x
2039	531,335	25,000	506,335	447,500	1.13x
2040	541,962	25,000	516,962	453,300	1.14x
2041	552,801	25,000	527,801	463,238	1.14x
2042	563,857	25,000	538,857	477,025	1.13x
2043	575,134	25,000	550,134	484,375	1.14x
2044	586,637	25,000	561,637	495,575	1.13x
2045	598,370	25,000	573,370	505,338	1.13x
2046	610,337	25,000	585,337	513,663	1.14x
2047	622,544	25,000	597,544	525,550	1.14x
2048	634,995	25,000	609,995	535,713	1.14x
2049	647,695	25,000	622,695	549,150	1.13x
2050	660,649	25,000	635,649	560,575	1.13x
2051	673,862	25,000	648,862	569,988	1.14x
2052	687,339	25,000	662,339	582,388	1.14x
2053	701,086	25,000	676,086	597,488	1.13x
Total	**$16,015,872**	**$775,000**	**$15,265,872**	**$13,465,938**	

Source: DTA, Inc.; compiled by RBC Capital Markets.
* Preliminary, subject to change
(1) Based on the Assigned Special Tax for Improvement Area No. 1, including 34 parcels of Taxable Property for which building permits had been obtained as of December 1, 2022, and completion of development in accordance with the planned development as described herein. See “PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1.”
(2) Assigned Special Taxes less Priority Administrative Expenses.
(3) Net of capitalized interest through September 1, 2023.

AUTHORIZED IMPROVEMENTS

Acquisition Agreement

The Master Developer and the City have entered into an Acquisition Agreement (the "**Acquisition Agreement**"). Pursuant to the Acquisition Agreement, the City will purchase certain public capital improvements more particularly described under "– The Authorized Improvements" below (together, the "**Authorized Improvements**") from the Master Developer, but solely from the net proceeds of bonds issued for the Community Facilities District (including the 2023 Bonds), certain investment earnings thereon and the special tax within each improvement area of the Community Facilities District (including special taxes from Improvement Area No. 1). When the Master Developer has completed an Authorized Improvement, it may submit an Actual Cost Certificate to the City Engineer requesting payment of its "Actual Costs" incurred (as defined in the Acquisition Agreement). The City Engineer will determine if the Authorized Improvement thereof has been completed to City standards and whether all required documentation, such as proper conveyance of title (where that is required), lien releases, title insurance, etc. has been submitted. If the City Engineer so determines, the City Engineer will review the Actual Cost Certificate, and may request additional information to substantiate the Actual Cost Certificate and may disallow portions not properly substantiated. To the extent the Actual Cost Certificate is approved by the City Engineer, the City Engineer will submit a Disbursement Request Form to the Trustee, requesting the Trustee to make payment for the approved costs to the extent funds are available in the Acquisition and Construction Fund.

The Authorized Improvements

The improvements eligible to be financed by the Community Facilities District (the "**Authorized Improvements**") are set forth in the Resolution of Intention of the Authority. Such Authorized Improvements include but are not limited to the following:

- Transportation improvements including, but not limited to, roadways, extensions, traffic signals, traffic intersections, street lights, landscaping, soundwalls and other similar facilities and improvements;

- Storm drain improvements including, but not limited to, pipelines, manholes, inlet structures, outlet structures, detention basins and other similar facilities and improvements;

- Recreation improvements including, but not limited to, an amphitheater, a community plaza, a museum and other similar facilities and improvements;

- Parks and trails including, but not limited to, a neighborhood park, a linear park, trails and other similar facilities and improvements;

- Sewer improvements including, but not limited to, pipelines, manholes, inlet structures, tie-ins and other similar facilities and improvements; and

- Water improvements including, but not limited to, pipelines, valves, meters with boxes, hydrants, tie-ins and other similar facilities and improvements.

Generally, for each of the categories of public capital improvements that are described above to be acquired, constructed and installed on public property (including dedicated rights-of-way and public easements), the authorized improvements include, without limitation, the cost of real property, the cost and expense of mobilization, clearing, grubbing, protective fencing and erosion control, excavation, dewatering, lime treatment, drainage ditches, rock outfalls, curb, gutter and sidewalks, base and finish paving, striping, traffic signage, traffic signals, streetlights, landscaping, irrigation, soundwalls, retaining walls, barricades, materials, and other related appurtenant work and facilities, together with the cost and expense of engineering design, plan review, project management, construction-related surety bonds or like security instruments, construction staking and management, inspection, and any like fees and costs incidental to such acquisition, construction and installation.

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation of the Community Facilities District; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and any other expenses incidental to the formation and implementation of the Community Facilities District and to the construction, completion, inspection and acquisition of the authorized facilities.

Estimated Costs of Authorized Improvements

As of December 1, 2022, the total cost of Authorized Improvements constructed or to be constructed to serve development within Improvement Area No. 1 is approximately $8.1 million, of which the Master Developer had expended $7.8 million as of such date. Table 8 below, under the heading "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 — Status of Development" summarizes the Authorized Improvements and other infrastructure required to serve the development within the entirety of the Community Facilities District and the area identified for future annexation and shows, as of December 1, 2022, the status of such infrastructure. Proceeds from the 2023 Bonds will be applied to the finance a portion of the costs of Authorized Improvements.

ESTIMATED SOURCES AND USES OF 2023 BOND PROCEEDS

The estimated sources and uses of funds with respect to the 2023 Bonds are set forth in the following table.

Table 3
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Estimated Sources and Uses of 2023 Bond Proceeds

Sources:	
Principal Amount of 2023 Bonds	$
[Plus/Less] [Net] Original Issue [Premium/Discount]	
Total Sources:	**$**
Uses:	
Deposit to Acquisition and Construction Fund	$
Deposit to Reserve Fund	
Deposit to Capitalized Interest Account of Redemption Fund (1)	
Underwriter's Discount	
Costs of Issuance (2)	
Total Uses:	**$**

(1) Represents capitalized interest on the 2023 Bonds through September 1, 2023.
(2) Includes Administrative Expenses after bond issuance, legal, disclosure, trustee, special tax consultant, appraiser, issuer, printing and other issuance fees and costs.

THE CITY OF AMERICAN CANYON

Incorporated on January 1, 1992, the City of American Canyon (the "City") is the second largest city in Napa County. The City's population as of January 1, 2021, was estimated to be 20,802 by the California State Department of Finance. The City is located at the Southern end of the Napa Valley wine growing region in close proximity to the San Francisco Bay. It is bounded by the Napa River and a 500-acre wet-land preserve to the west, the foothills of the Sulphur Springs Mountain Range to the east, the City of Vallejo to the south, the Napa Airport and numerous vineyards to the north. The 2023 Bonds are not an obligation of the City.

THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 1

General Information

The Community Facilities District is located within the City. Regional maps showing the location of the City appear herein under the caption "INTRODUCTION." The Community Facilities District encompasses approximately 13.17 gross acres of land, of which approximately 8.53 is expected to be developed into Taxable Property. The boundaries of the Community Facilities District are coterminous with Improvement Area No. 1.

Formation Proceedings

The Community Facilities District was formed by the Authority pursuant to the Act. The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities, development-related fees, and services. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

In accordance with the provisions of the Act and a Joint Community Facilities Agreement between the Authority and the City, the Authority established the Community Facilities District and designated Improvement Area No. 1 therein on August 18, 2022, for the purpose of providing for the financing certain public facilities to be owned and/or operated by the City. At an election conducted on that date, the qualified elector within Improvement Area No. 1 authorized the issuance of special tax bonds in the principal amount not to exceed $8,000,000 for the purpose of financing such public facilities and the levy of the Special Tax in Improvement Area No. 1 to be used for the purpose, among others, of paying the interest on and principal of and redemption premiums, if any, on the 2023 Bonds. See "SECURITY FOR THE 2023 BONDS – Rate and Method of Apportionment of Special Tax."

DTA, Inc., as the special tax consultant for the Community Facilities District, has prepared a Community Facilities District Report (the "**Hearing Report**") relating to the Community Facilities District and Improvement Area No. 1 therein. Certain additional information regarding the improvements to be financed, including descriptions, cost estimates and related information, can be found in the Hearing Report, which is available for review at the offices of the Authority.

PROPERTY VALUES

Appraisal Report

Integra Realty Resources (the "**Appraiser**") has prepared an appraisal report dated November 30, 2022 (the "**Appraisal Report**), appraising the Taxable Property in Improvement Area No. 1, which estimates the value of the 98 single-family residential lots comprising the Taxable Property as of October 10, 2022 (the "**Date of Value**"). The Appraisal Report estimates only the value of existing parcels in Improvement Area No. 1 that are to be subject to the lien of the Special Tax and not exempt (collectively, the "**Appraised Parcels**").

The Appraisal Report and the Bring Forward Letter are based on a number of general assumptions and limiting conditions further described therein. In addition, the Appraisal Report is subject to the hypothetical condition named therein. See "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 — Status of Site Development" for information about the status of such improvements.

Using these assumptions and the hypothetical condition in the Appraisal Report, the Appraiser estimates that the land value of the Appraised Parcels to be $30,490,000 as of the Date of Value. In addition, the Appraiser prepared the Bring Forward Letter, which confirms, as of January 12, 2023, that the value of the Appraised Parcels was not less than the value derived in the original Appraisal Report.

The complete Appraisal Report and the Bring Forward Letter, including all attachments and appendices, is reproduced in APPENDIX A. The information contained herein is only a summary of certain information contained in the Appraisal Report and the Bring Forward Letter, and such information is qualified in its entirety by the complete Appraisal Report and the Bring Forward Letter. See "SPECIAL RISK FACTORS – Appraisal Risks" herein.

Direct and Overlapping Debt

The principal of and interest on the 2023 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 Taxable Property. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act. 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, 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. Further, private liens, such as deeds of trust securing loans obtained by the Master Developer or the Homebuilder and homebuyers, have been and may in the future be placed upon property in Improvement Area No. 1 at any time. Under California law, the Special Tax has priority over all existing and future private liens imposed on property subject to the lien of the Special Tax.

Set forth below is an overlapping debt table showing the existing authorized indebtedness payable with respect to property within Improvement Area No. 1. Additional indebtedness could be authorized by other public agencies at any time. This table has been prepared by California Municipal Statistics, Inc. as of December 9, 2022, and is included for general information purposes only. California Municipal Statistics, Inc., allocates overlapping debt based on the assessed value of property and not on taxes paid. Neither the Authority nor the Underwriter has reviewed the data for completeness or accuracy and neither makes any representations in connection therewith.

Table 4
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

2022-23 Assessed Valuation: $14,500,000

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/22
Napa Joint Community College District General Obligation Bonds	0.029%	$ 22,369
Napa Valley Unified School District General Obligation Bonds	0.044	202,208
Improvement Area No 1	**100.**	**0**(1)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$224,577
OVERLAPPING GENERAL FUND DEBT:		
Napa County Certificates of Participation	0.030%	$ 1,071
Napa County Board of Education General Fund Obligations	0.030	3,454
Napa Valley Unified School District General Fund Obligations	0.044	867
City of American Canyon General Fund Obligations	0.378	35,412
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$40,804
COMBINED TOTAL DEBT		$265,381(2)

(1) Excludes the 2023 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23Assessed Valuation:
Direct Debt ($0) 0.00%
Total Direct and Overlapping Tax and Assessment Debt............1.55%
Combined Total Debt..1.83%

Source: California Municipal Statistics, Inc.

There can be no assurance that the Master Developer, the Homebuilder, or any subsequent owner will not petition for the formation of other community facilities districts or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the City, the County or some other public agency to finance additional public facilities. No other special districts with boundaries overlapping those of Improvement Area No. 1 are currently contemplated by the Authority.

Estimated Value-to-Lien Debt Ratios

The appraised value of the property subject to the lien of the Special Tax, as estimated by the Appraiser as of October 10, 2022, subject to the methodology and assumptions contained in the Appraisal Report, is $30,490,000, resulting in a value to lien ratio of approximately 5.2* times the aggregate principal amount of the 2023 Bonds. When estimated building permit values are included for homes under construction, the resulting value to lien ratio is approximately 6.6* times the aggregate principal amount of the 2023 Bonds. The table on the following page reflects the estimated value to lien ratio by development status as of December 1, 2022.

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* Preliminary, subject to change.

Table 5
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Estimated Value-to-Lien Ratios
Allocated by Development Status as of December 1, 2022

Development Status	Number of Taxable Parcels	Fiscal Year 2023-24 Hypothetical Special Tax Levy(1)	Percent of Fiscal Year 2023-24 Hypothetical Special Tax Levy	Pro Rata Share of 2023 Bonds(2)*	Appraised Value(3)	Value of Building Permits(4)	Combined Value	Estimated Combined Value-to-Lien Ratios(5)*
Developed Property	34	$137,434	35.0%	$2,041,951	$10,578,163	$7,948,663	$18,526,826	9.1x
Final Mapped Property	64	255,628	65.0	3,798,049	19,911,837	0	19,911,837	5.2x
Total	**98**	**$393,062**	**100.0%**	**$5,840,000**	**$30,490,000**	**$7,948,663**	**$38,438,663**	**6.6x**

* Preliminary, subject to change.
(1) Based on development status as of December 1, 2022.
(2) The 2023 Bonds are allocated based on a proportionate share of the Fiscal Year 2023-2024 Hypothetical Special Tax Levy. As of December 1, 2022, there were no overlapping fixed lien assessment or special tax bonds.
(3) Based on the Appraisal Report.
(4) Based on the assigned value of vertical improvements reported on obtained building permits. Building permit values are solely an estimation of fair market cost for the improvements and may not represent the value of the property in a foreclosure or other sale.
(5) Calculated by dividing the Appraised Value and Value of Building Permits column by the Pro Rata Share of 2023 Bonds column.
Source: Except as noted, DTA, Inc.

No assurance can be given that the foregoing value-to-lien debt ratio will be maintained during the period of time that the 2023 Bonds are Outstanding. The Authority has no control over future property values 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, is on a parity with the Special Tax. See “SPECIAL RISK FACTORS – Value-to-Lien Debt Ratios.”

Other Potential Debt

The Authority has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within Improvement Area No. 1 which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the property within Improvement Area No. 1. Furthermore, nothing prevents the owners of property within Improvement Area No. 1 from consenting to the issuance of additional debt which would be secured by taxes or assessments on a parity with the Special Tax. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or *ad valorem* taxes, such assessments, special taxes and *ad valorem* taxes will be secured by liens on the property within Improvement Area No. 1 on a parity with the lien of the Special Tax.

Accordingly, the debt on the property within Improvement Area No. 1 could increase, without any corresponding increase in the value of the property therein, and thereby reduce the estimated Value-to-Lien debt ratio that exists at the time the 2023 Bonds are issued. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners within Improvement Area No. 1 to pay the Special Tax when due. See “SPECIAL RISK FACTORS – Parity Taxes and Special Assessments.”

Effective Tax Rate

The following table reflects the projected total effective tax rates on property within Improvement Area No. 1.

Table 6
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Projected Total Effective Tax Rates

Property Description	Lowest Price	Estimated Special Tax	Ad Valorem Taxes	Other Fixed Rate Levies	Total Levies	Total Effective Tax Rate, Excluding Improvement Area No. 1	Total Effective Tax Rate, Including Improvement Area No. 1
≥ 2,300 square feet	$810,990	$4,226	1.1007%	$142	$13,294	1.1182%	1.6393%
2,000-2,299 square feet	780,990	4,060	1.1007	142	12,798	1.1188	1.6387
< 2,000 square feet	730,990	3,784	1.1007	142	11,972	1.1201	1.6378

Source: DTA, Inc., Napa County

PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1

A description of the Watson Ranch Project, including Improvement Area No. 1, is set forth below. The following information has been obtained by the Authority from the Master Developer, the Homebuilder and other sources believed by the Authority to be reliable, but has not been independently verified by the Authority, the Underwriter or any of their consultants.

The Project

Improvement Area No. 1 is part of the Watson Ranch Specific Plan ("**Watson Ranch Project**"). The area designated for future annexation into the Community Facilities District includes the remainder of the Watson Ranch Project. The Watson Ranch Project is approved for a total of 1,061 medium density single-family homes, 192 high density residential units, 176,000 square feet of commercial development, 58,000 of ancillary commercial, and a 200 room hotel on a total of approximately 308.7 acres.

Improvement Area No. 1 is the first phase of development in the Watson Ranch Project, approved for 98 detached single-family residences. The Homebuilder is marketing homes for sale to individual homebuyers under the name Artisan at Watson Ranch, with two story homes ranging from 1,701 to 2,311 square feet with 3 to 5 bedrooms and 2.5 to 3 bathrooms. The table below reflects the Homebuilder's planned product mix.

Table 7
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Planned Product Mix

Property Description	Number of Units	Lowest Price	Bedrooms	Bathrooms
≥ 2,300 square feet	33	$810,990	5	3
2,000-2,299 square feet	34	780,990	4	3
< 2,000 square feet	31	730,990	3	2.5

Source: Homebuilder

Status of Site Development

Within Improvement Area No. 1, as of December 1, 2022, all 98 lots were developed to finished lot condition with all necessary onsite infrastructure for the development of individual homes complete. As of December 1, 2022, all of the backbone infrastructure servicing Improvement Area No. 1 was substantially complete, including grading, wet and dry utilities, and roadway improvements, and the in-tract infrastructure was substantially complete. The Homebuilder expects that Improvement Area No. 1 will be fully energized by Pacific Gas and Electric by the end of April 2023.

As of December 1, 2022, the first phase of infrastructure to serve development within the Community Facilities District, which is the backbone infrastructure and the infrastructure necessary to serve Improvement Area No. 1, is expected to cost approximately $28.9 million, which costs had been expended in the approximate amount of $22.0 million as of such date. Such infrastructure consists generally of roadway improvements for Rio Del Mar, Newell Drive West, Rolling Hills Road and a portion of Marcus Drive, recycled water improvements, water improvements, sanitary sewer improvements, storm drain improvements, and detention basins. Table 8 below reflects the overall budget for the backbone infrastructure and the first phase of infrastructure within the Community Facilities District.

The infrastructure necessary to serve the remainder of the Watson Ranch Project is expected to cost approximately $72 million.

Table 8
California Statewide Communities Development Authority
Community Facilities District No. 2022-07,
(Watson Ranch), Improvement Area No. 1

Estimated Costs of Capital Improvements for Improvement Area No. 1,
as of December 1, 2022

Description Of Expenses	Estimated Improvement Cost(1)	Estimated Costs Spent Complete	Estimated Remaining Cost
Soft Costs, Construction Management & Contingency	$6,153,036	$3,758,177	$2,394,859
Grading and Site Preparation	5,540,101	5,221,315	318,786
Sewer Improvements	2,034,671	2,034,671	-
Storm Drain Improvements	3,044,243	2,955,743	88,500
Water Improvements	2,754,679	2,754,679	-
Sanitary Sewer Lift Station Improvements	1,134,109	606,800	527,309
Joint Trench, Electrical, Gas, Cable & Lighting Improvements	3,376,060	3,112,528	263,532
Landscaping Improvements	4,877,383	1,578,092	3,299,291
Subtotal	**$28,914,282**	**$22,022,006**	**$6,892,276**

(1) Estimates as of December 1, 2022.
Source: Master Developer.

Status of Home Construction

Pursuant to the Purchase and Sale Agreement between the Homebuilder and the Master Developer, the Homebuilder is responsible for completion of the intract infrastructure necessary to construct and sell homes within Improvement Area No. 1. As described above, all of the intract infrastructure for Improvement Area No. 1 is substantially complete as of December 1, 2022. As of December 1, 2022, the Homebuilder had obtained 34 building permits for single-family homes on individual lots for 2 model homes and 32 production homes. As of such date, the two model homes were complete and 20 production homes were under construction, with completion of these homes expected in May 2023. As of that same date, one production home had been sold to an individual home buyer. The Homebuilder expects to convey homes to individual homeowners commencing in June 2023, with approximately 6 homes conveyed per month until the last home is conveyed in September 2024.

Surrounding Area

The Watson Ranch Project is located toward the northeastern side of the City and to the east of Lincoln Highway, also designated as California State Highway 29. It is bound generally by vineyards to the north, a fully built residential neighborhood to the south, Union Pacific railroad tracks and existing development to the west, with the City limit line, grassland and open space to the east.

Development Entitlements

The portion of the Watson Ranch Project located in Improvement Area No. 1 is currently zoned for single family development. The Master Developer funded and directed the Watson Ranch Specific Plan improvements which included the Environmental Impact Report ("EIR"), General Plan Amendment, Specific Plan, Development Agreement, and Tentative Maps.

No remaining discretionary approvals for development in Improvement Area No. 1 are required. The final subdivision map encompassing all of Improvement Area No. 1 was recorded on February 22, 2022.

Various Phase 1 Environmental Site Assessments were prepared for the Watson Ranch Project. The reports found no evidence of hazardous impacts.

The Master Developer has entered into a development agreement with the City providing for the development of the Watson Ranch Project and Improvement Area No. 1. The Master Developer has informed the Authority that it is in compliance with the development agreement. Pursuant to the development agreement the property within Improvement Area No. 1 is not required to pay development impact fees in connection with building permits.

Utilities

Public utilities, including electricity, natural gas, water, sewer, and telephone service, are provided to property in Improvement Area No. 1. Electricity and gas services will be provided by Pacific Gas and Electric. Water, sewer, and recycled water utilities will be provided by the City, which issued separate "Will Serve" letters allocating water, sewer, and recycled water for the property in Improvement Area No. 1. Storm drain services will be provided by the City. Telephone and fiber optics will be provided by AT&T and Comcast.

Litigation Concerning Watson Ranch Project

In August 2022, the Napa Valley Unified School District wrote a letter to the City concerning the payment of school fees required in connection with new building permits within the Watson Ranch Project. The Homebuilder has since paid its school fees prior to obtaining building permits. The Master Developer filed a lawsuit against the Napa Valley Unified School District for a determination regarding the parties' rights and obligations, including the rights and obligations pertaining to the payment of school fees for the Watson Ranch Project, under a School Facilities Funding Agreement, dated October 16, 2016, between the School District and the Master Developer. The Master Developer and the School District are currently engaged in settlement negotiations, and there has not been nor is there expected to be any delay in the issuance of building permits because of this matter.

In addition, the Master Developer has filed a lawsuit against the City of Vallejo concerning access to City of Vallejo water infrastructure located on the Jaeger Vineyards, property within the larger Watson Ranch Project but outside of Improvement Area No. 1. In February, the City informed the Master Developer and Jaeger Vineyards that it will not provide water for Watson Ranch Project, only water used solely by Jaeger Vineyards for limited purposes. Pursuant to the lawsuit, the Master Developer is seeking to enforce certain rights under an easement agreement, as well as to recover certain related costs. The City of American Canyon has already provided a Will Serve letter to provide water to the property within Improvement Area No. 1, therefore the Master Developer does not expect that such litigation will adversely impact the development within Improvement Area No. 1.

The Master Developer

Information in this section is included because it may be considered relevant by some investors to make an informed evaluation and analysis of the Taxable Property within Improvement Area No. 1 and any existing or future improvements thereon as security for the 2023 Bonds. The information contained in this section does not guarantee that the Master Developer will not change or that the current or any subsequent property owners will pay the Special Tax when due. The Special Tax will constitute a lien on parcels subject to taxation within Improvement Area No. 1 and is not a personal indebtedness of the owners of property within Improvement Area No. 1. The Master Developer does not own any property within Improvement Area No. 1. Information in this section has been provided by the Master Developer, and neither the Authority nor the Underwriter can ensure, and do not ensure, its completeness or accuracy.

The Master Developer, is a Delaware limited liability company formed in 2004, for the purpose of acquiring and developing property in the Watson Ranch Project. The Master Developer is a joint venture whose members are McGrath Properties American Canyon LLC and JamCan LLC.

JamCan LLC is an affiliate of Jaeger Vineyards, the original owner of the property within the Community Facilities District. As owner, Jaeger Vineyards partnered with McGrath Properties American Canyon LLC in order to develop the Watson Ranch Project.

McGrath Properties American Canyon LLC is an affiliate of McGrath Properties, Inc. and is owned and operated by Terrence McGrath. Terrence McGrath has over forty years of experience in the real estate industry in Northern California. During the first fifteen years of his career (1982-1996), he worked as a commercial real estate broker and founded several firms including Comcore Commercial Real Estate, Aegis Realty Partners and Aegis Equity Partners. McGrath represented and relocated corporate office clients on lease and sale transactions totaling more than 1.7 million square feet of space, with the value of land and commercial property sales in excess of $750 million.

In 2001, McGrath formed McGrath Properties, Inc. a development & investment company focused on buying/developing underutilized real assets in Northern California. McGrath has acquired over 3 million square feet of residential, industrial, office, self-storage, parking lots, golf course, plus substantial undeveloped land holdings for residential and commercial development. He has entitled over 2,400 residential units, 300 affordable units, 200 room hotel and 1,000 units of self-storage. McGrath developed and co-owns a 24 story, 405-unit residential high-rise costing $295 million with Boston Properties at MacArthur Bart Station, negotiated Project Labor Agreement which included 50% local hire and 45 units of affordable housing.

McGrath Properties maintains a website at https://mcgrathproperties.com/. This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.

PROPERTY OWNERSHIP

The Homebuilder has provided certain information set forth in this section entitled "PROPERTY OWNERSHIP." No representation is made by the Authority or the Underwriter as to the accuracy or adequacy of such information so provided. There may be material adverse changes to this information after the date of this Official Statement. In addition, any website addresses included below are for reference only, and the information on those websites is not a part of this Official Statement or incorporated by reference into this Official Statement.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner or in the configuration or to the density described herein, or that the Homebuilder or any other property owner will or will not retain ownership of its property in Improvement Area No. 1. Neither the 2023 Bonds nor the Special Taxes are personal obligations of the Master Developer, the Homebuilder or of any subsequent landowners; and in the event that a landowner defaults in the payment of the Special Taxes, the Authority may proceed with judicial foreclosure but has no recourse to the assets of any landowner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Master Developer, the Homebuilder or any other landowners. The 2023 Bonds are secured only by the Special Taxes and moneys available under the Indenture. See "SECURITY FOR THE 2023 BONDS" and "SPECIAL RISK FACTORS" herein.

Unpaid Special Tax does not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 1, and the property owners have made no commitment to pay the principal of or interest on the 2023 Bonds or to support payment of the 2023 Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Tax or that, even if they have the ability, they will choose to pay such Special Tax. An owner may elect not to pay the Special Tax when due and cannot be legally compelled to do so. Neither the Authority nor any Bondholder will have the ability at any time to seek payment from the owners of property within Improvement Area No. 1 of any Special Tax or any principal or interest due on the 2023 Bonds, or the ability to control who becomes a subsequent owner of any property within Improvement Area No. 1. The Authority's only remedy for the failure of a landowner to pay Special Tax on a parcel of land within Improvement Area No. 1 is to foreclose on such parcel. See "SECURITY FOR THE 2023 BONDS – Covenant for Superior Court Foreclosure" and "SPECIAL RISK FACTORS – Non-Recourse Obligation to Pay Special Tax" and "– Special Tax Delinquencies."

General

As previously defined in this Official Statement, the "Homebuilder" is D.R. Horton BAY, Inc., a Delaware corporation. As of December 1, 2022, the Homebuilder had acquired all of the land within the Improvement Area.

The Homebuilder is a wholly-owned 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 Fort Worth, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 90 markets in 29 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 November 18, 2021, and D.R. Horton, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022, as filed by D.R. Horton, Inc. with the SEC on July 22, 2022, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including the Homebuilder, 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 D.R. Horton, Inc. The address of such internet website 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 website addresses are included for reference only, and the information on such websites 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 websites. Neither the Homebuilder 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 or financial statements contained on such websites in evaluating whether to buy, hold or sell the 2023 Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the Authority or the Underwriter.

Increasing Mortgage Interest Rates. Most of the purchasers of the Homebuilder's homes finance their acquisitions with mortgage financing. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements, or increased monthly mortgage costs could have a negative impact on the estimated absorption rates of the Homebuilder's planned for-sale homes in Improvement Area No. 1. Further, a combination of higher mortgage rates, delays in construction stemming from delays in the supply chain, homebuyers' inability to sell their existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in the Homebuilder's rate of home order cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of the Homebuilder's planned for-sale homes in Improvement Area No. 1.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined 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. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. See "SPECIAL RISK FACTORS – Failure to Develop" and "– Current Challenges to the Homebuilding Industry."

Financing Plan

To date, the Homebuilder has financed its land acquisition, site development, and home construction costs related to the 98 lots it owns in Improvement Area No. 1 through internally generated funds. The Homebuilder expects the remaining land acquisition, horizontal and vertical home construction costs will be financed from home sales and internally generated funds to complete its development activities in Improvement Area No. 1. The Homebuilder believes that it will have sufficient funds available to complete its proposed development activities in Improvement Area No. 1, commensurate with the development timing described in this Official Statement.

Although the Homebuilder expects it will have sufficient funds available to complete its development activities in Improvement Area No. 1, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining land acquisition, development and home construction costs will be available from the Homebuilder or any other source when needed. Neither the Homebuilder, nor any of its related entities are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area No. 1, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by the Homebuilder or any affiliated entity to fund the costs of such development and home construction are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by the Homebuilder within Improvement Area No. 1 and other financing by the Homebuilder is not put into place, there could be a shortfall in the funds required to complete the proposed development by the Homebuilder in Improvement Area No. 1 and the remaining portions of the development may not be completed. See "SPECIAL RISK FACTORS — Failure to Develop" herein.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the investment quality of the 2023 Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in Improvement Area No. 1, or could adversely affect the ability or willingness of property owners in Improvement Area No. 1 to pay the Special Tax when due. A failure to receive Special Taxes could result in the inability of the Authority to pay debt service on the 2023 Bonds when due. Investment in the 2023 Bonds involves risks that may not be appropriate for some investors.

The 2023 Bonds are secured by a lien of the Special Tax in Improvement Area No. 1. Other improvement areas within the Community Facilities District will not be subject to the lien of the Special Tax securing the 2023 Bonds and no special tax levied in such other improvement areas will be available for payment of the 2023 Bonds.

Insufficiency of Special Tax

Under the Rate and Method, the annual amount of Special Taxes to be levied on each parcel in Improvement Area No. 1 is to be based on whether such parcel is publicly owned or otherwise exempt from Special Tax and, if not so exempt, whether such parcel is Developed Property, Final Mapped Property or Undeveloped Property (as such terms are defined in the Rate and Method). See "SECURITY FOR THE 2023 BONDS – Rate and Method of Apportionment of Special Tax." For Fiscal Year 2023-24, all of the Taxable Property will be classified as either Developed Property or Final Mapped Property.

The Taxable Property is in various stages of development, including homes under construction, finished lots and partially improved lots. The Authority expects Taxable Property within Improvement Area No. 1 to progress from finished lots to developed residences. As such progression occurs, the ratio of value to bond debt of the Taxable Property is expected to increase, as is the landowner's incentive to keep property taxes (including Special Tax) current. No assurance can be given with respect to continued progress in developing Improvement Area No. 1. Other factors may also affect a landowner's willingness and ability to keep the Special Tax current. See "SPECIAL RISK FACTORS – Failure to Develop" herein, for a discussion of the risks associated with development of the land within Improvement Area No. 1.

Limited Obligation to Pay Bonds

Funds for the payment of the principal of and interest on the 2023 Bonds are derived from the Special Tax levied against Taxable Property in Improvement Area No. 1. The Special Tax collected could be insufficient to pay debt service on the 2023 Bonds due to delinquencies, non-payment or the failure to receive timely and sufficient proceeds from foreclosure proceedings. The Authority's obligation with respect to delinquent Special Tax is limited to the institution of judicial foreclosure proceedings under the circumstances described in the Indenture. The Authority has no obligation to make any payment on the 2023 Bonds except from Special Tax Revenues and the other sources pledged under, and subject to the limitations provided in, the Indenture. See "SECURITY FOR THE 2023 BONDS – Covenant for Superior Court Foreclosure."

Non-Recourse Obligation to Pay Special Tax

The obligation to pay Special Tax levied within Improvement Area No. 1 does not constitute a personal obligation of the current or subsequent owners of the property in Improvement Area No. 1. Enforcement of Special Tax payment obligations is limited to judicial foreclosure in the Napa County Superior Court. See "SECURITY FOR THE 2023 BONDS – Covenant for Superior Court Foreclosure." If the proceeds of any foreclosure sale are insufficient to satisfy the applicable Special Tax lien, the Authority is not entitled to the deficiency from the landowner. There is no assurance that any current or subsequent owner of a parcel subject to Special Tax will be able to pay the Special Tax, or that such owner will choose to pay such installments even if otherwise able to do so.

All of the property in Improvement Area No. 1 is owned by the Homebuilder and if the Homebuilder does not sell homes within Improvement Area No. 1, the Homebuilder would be responsible for 100% of the Special Tax for Fiscal Year 2023-24. Although bondholders should not look to the assets or credit of the Homebuilder as a source of payment for the 2023 Bonds, the Homebuilder's ability to pay Special Tax and to develop Improvement Area No. 1 is subject to the financial resources available to them. See "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – Status of Home Construction" and "PROPERTY OWNERSHIP" for a description of the Homebuilder's plan of development and financial resources available to the Homebuilder. The only assets of the Homebuilder that constitute security for the 2023 Bonds are the Homebuilder's real property holdings that are located within Improvement Area No. 1 and that are subject to the lien of the Special Tax. Concentration of ownership increases the risk of a failure to collect sufficient Special Tax to pay debt service on the 2023 Bonds, all other things being equal. The Homebuilder has no obligation to contribute additional capital in the event of a shortfall of other resources, and the Authority can give no assurance that any such additional capital contributions will occur.

Special Tax Delinquencies

The Tax Collector of the County will include the Special Tax on the *ad valorem* property tax bills sent to owners of properties within Improvement Area No. 1. Such Special Tax installments will be due and payable and bear the same penalties and interest for non-payment as *ad valorem* property tax installments.

Significant delinquencies in the payment of annual Special Tax installments or delays in foreclosure proceedings to collect such Special Tax could result in the depletion of the Reserve Fund and adversely affect the ability to pay debt service on the 2023 Bonds when due. See "SECURITY FOR THE 2023 BONDS – Covenant for Superior Court Foreclosure" for a discussion of the provisions that apply, and the procedures that the Authority is obligated to follow, under the Indenture in the event of delinquencies in the payment of Special Tax. See "SPECIAL RISK FACTORS – FDIC/Federal Government Interests in Properties" and "– Bankruptcy" herein, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and limitations on the Authority's ability to foreclose on the lien of the Special Tax in certain circumstances.

Bankruptcy

The payment of Special Tax and the ability of the Authority to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Tax to become extinguished, the amount of any lien on property securing the payment of delinquent Special Tax could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Tax in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay could adversely affect the payment of the principal of, and interest on, the 2023 Bonds when due. The prosecution of foreclosure proceedings could also be delayed by other factors affecting the prosecution of lawsuits generally, including local court calendars and procedural delays.

Concentration of Ownership and Risks Relating to Future Owners

Generally, the risk of delinquency or nonpayment of Special Tax at levels which do not permit the timely payment of principal of and interest on the 2023 Bonds is inversely correlated to the diversity of ownership of Taxable Property within Improvement Area No. 1. As of December 1, 2022, the Homebuilder owned all of the Taxable Property within Improvement Area No. 1. The anticipated sale of homes by the Homebuilder will diversify ownership of real property within Improvement Area No. 1. See "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1" and "PROPERTY OWNERSHIP." No representation is made as to the experience, abilities or financial resources of the Master Developer or the Homebuilder or of any current or future owner of property in Improvement Area No. 1 or the willingness of any owner to pay the Special Tax when due. The Authority has not made any investigation of or imposed any restrictions on any prospective owner of property in Improvement Area No. 1.

Disclosures to Future Purchasers

The willingness or ability of an owner of property within Improvement Area No. 1 to pay the Special Tax may be affected by whether the owner was given due notice of the existence and amount of the Special Tax at the time of purchase. The Notice of Special Tax Lien relating to Improvement Area No. 1 has been recorded in the Office of the County Recorder pursuant to the Act. Although title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective landowner or lender will consider such obligation for Special Tax in the purchase of all or a portion of Improvement Area No. 1 or the lending of money thereon. Further, California Civil Code Section 1102.6b requires that, in the case of transfers, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, including the Master Developer or the Homebuilder, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax or the full amount of the pro rata share of debt on the land in Improvement Area No. 1, could adversely affect the willingness or ability of the purchaser to pay the Special Tax when due.

Billing of Special Tax

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts, taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by or on behalf of the community facilities district.

Under provisions of the Act, the Special Tax is to be billed to the properties within Improvement Area No. 1 which were entered on the assessment roll of the County Assessor by January 1 of the previous Fiscal Year 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 non-payment, as regular property tax installments. These 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 installment payments of Special Tax in the future. See "SECURITY FOR THE 2023 BONDS – Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the Authority is obligated to follow, in the event of delinquency in the payment of installments of Special Tax.

Maximum Special Taxes

The amount of the special tax that may be levied in any year in Improvement Area No. 1 is strictly limited by the maximum rates of the special tax approved by the qualified electors as set out in the Rate and Method. Although the maximum special tax rates set out in the Rate and Method are designed to provide sufficient special tax revenues on an annual basis to provide for required payments on the 2023 Bonds, there is no assurance that such maximum special tax rates will be sufficient to pay the amounts required to be paid on the 2023 Bonds at all times.

Pursuant to the Mello-Roos Act, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the community facilities district by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued.

Exempt Properties

Certain properties within Improvement Area No. 1 are or may become exempt from the Special Tax in accordance with the Rate and Method. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from Special Tax; provided, however, that property acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay Special Tax with respect to that property is to be treated as if it were a special assessment. Further, properties receiving a welfare exemption under subsection (g) of Section 214 of the California Revenue and Taxation Code are exempt from the Special Tax unless debt is outstanding and the property was subject to the Special Tax prior to receiving the exemption. Neither the Authority, the Master Developer or the Homebuilder are aware of any property within Improvement Area No. 1 currently receiving a welfare exemption. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of a special tax by a federal entity acquiring property within the community facilities district, it may be unconstitutional. If for any reason property within Improvement Area No. 1 becomes exempt from taxation, then, subject to the Rate and Method, including the limitation on the maximum special tax rates set out in the Rate and Method, the special tax will be reallocated to the remaining taxable properties within Improvement Area No. 1. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within Improvement Area No. 1 becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining property might not be sufficient to pay principal of and interest on 2023 Bonds and could adversely affect the ability of the Authority to pay principal of and interest on the 2023 Bonds when due.

FDIC/Federal Government Interests in Properties

The ability of the Authority 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.

Under the Supremacy Clause of the United States Constitution, 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 Improvement Area No. 1 wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson*, 597 F.2d 174 (1979), 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.

The Authority has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within Improvement Area No. 1, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2023 Bonds are outstanding.

In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 1 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the Authority to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from Mello-Roos special taxes.

Currently, the FDIC does not have an interest in any land within Improvement Area No. 1. The Authority is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 1 in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and could adversely affect the payment when due of debt service on the 2023 Bonds.

Right to Vote on Taxes Act

Article XIIIC and Article XIIID to the California Constitution, enacted in 1996, limit the authority of local governments to impose taxes and property-related assessments, fees and charges. Many provisions of Articles XIIIC and XIIID have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects thereof.

Among other things, Section 3 of Article XIIIC states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIIIC to reduce or terminate a Special Tax is subject to the same restrictions as are applicable to the Authority pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that Articles XIIIC and XIIID have not conferred on the voters the power to repeal or reduce the Special Tax if such reduction would interfere with the timely retirement of the 2023 Bonds.

It may be possible, however, for voters to reduce the Special Tax in a manner which does not interfere with the timely repayment of the 2023 Bonds, but which does reduce the maximum amount of Special Tax that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Tax for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Tax in amounts greater than the amount necessary for the timely retirement of the 2023 Bonds.

The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "SPECIAL RISK FACTORS – Limitations on Remedies; No Acceleration."

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *Shapiro v. San Diego City Council*, 117 Cal. Rptr. 2d 631, 96 Cal. App. 4^{th} 904 (2002). The case involved a Convention Center Facilities District (the "**CCFD**") established by the City of San Diego, much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in all of the City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties.

At the election to authorize such special tax, the electorate was limited to owners of hotel properties and lessees of certain of such hotel properties. Thus, the election was a landowner election limited to owners and lessees of properties on which the special tax would be levied, and not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

In the case of the CCFD, at the time of the election there were numerous registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). In the case of Improvement Area No. 1, there were no registered voters within Improvement Area No. 1 at the time of the election to authorize the Special Tax. In City of San Diego, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the special tax election in Improvement Area No. 1. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters."

Potential Impact of Global Health Concerns

The ability or willingness of property owners to develop property in Improvement Area No. 1, the speed at which property owners develop property in Improvement Area No. 1, the ability or willingness of property owners to sell property in Improvement Area No. 1, the speed at which property owners are able sell property in Improvement Area No. 1, the ability or willingness of property owners, including homeowners, to pay the Special Tax on property in Improvement Area No. 1, when due, the value of the property in Improvement Area No. 1, or the ability of the Authority to collect delinquent Special Taxes through judicial foreclosure could be adversely affected by a global, national or localized outbreak of an infectious disease, such as COVID-19, or by the fear of such an outbreak. The construction industry in the United States relies heavily on international trade for myriad construction materials. A global, national or localized outbreak could impact the availability of workers in countries producing construction materials, potentially resulting in supply chain shutdowns, which may result in substantial construction delays and project cost overruns. Further, the spread of COVID-19 and the response to its spread has altered the behavior of businesses and people in a manner that has had a lasting, negative impact on global and local economies. These events and other factors resulting from such an outbreak in the future, and the lingering effects from the COVID-19 outbreak, particularly if prolonged, could result in, or increase the likelihood of, the occurrence of certain of the other potential adverse effects described in this Official Statement, including those relating to declines in the value of property, the failure to complete the development of property, the inability to sell property, the inability or unwillingness to pay the Special Tax, and delays in (or insufficient funds received from) the collection of delinquent Special Taxes through judicial foreclosure. A future outbreak of COVID-19 or another infectious disease or the fear of any such outbreak could have similar or additional adverse effects. The Authority cannot predict the ultimate effects of the COVID-19 outbreak or any future outbreak or potential future outbreak of an infectious disease, or whether any such effects would have a material adverse effect on the ability to develop Improvement Area No. 1 as planned, the ability or willingness of property owners to pay Special Taxes when due, or the ability of the Authority to pay debt service on the 2023 Bonds when due.

Risks of Real Estate Secured Investments Generally

The owners of the 2023 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of Improvement Area No. 1, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses; and (iv) high rate of inflation, rising interest rates and other economic trends that adversely affects consumers, whether cyclical or resulting from geopolitical events.

No assurance can be given that the Master Developer, the Homebuilder or any future homeowners within Improvement Area No. 1 will pay the Special Tax in the future or that they will be able to pay such Special Tax on a timely basis. See "SPECIAL RISK FACTORS – Bankruptcy" below, for a discussion of certain limitations on the Authority's ability to pursue judicial proceedings with respect to delinquent parcels.

Failure to Develop

Land development operations are subject to comprehensive federal, State of California and local regulations. Various federal, state and local agencies have issued approvals within their jurisdictional authority required for the development and additional approvals may be required for certain elements of the development. If the Master Developer and the Homebuilder do not make any changes in the future to the projects as approved, the only remaining discretionary approvals for the development of the lots will be the City's design review approval for certain phases.

Future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the Community Facilities District, including Improvement Area No. 1, could be enacted, and future land use initiatives approved by the voters in the City could add more restrictions and requirements on development within Improvement Area No. 1. Moreover, there can be no assurance that the means and incentive to conduct land development operations within Improvement Area No. 1 will not be adversely affected by a deterioration of the real estate market or economic conditions generally, future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, acts of war or terrorism, or other factors.

Taxable Property in Improvement Area No. 1 is presently undergoing active development. Finished lots are less valuable per acre than developed property, and therefore provide less security to the Owners of the 2023 Bonds should it be necessary for the Authority to foreclose due to the nonpayment of the Special Tax. Furthermore, an inability to sell lots within Improvement Area No. 1 as currently proposed would result in slower rates of diversification of property ownership within Improvement Area No. 1. The timely payment of Special Tax levied on Final Mapped Property depends primarily upon the ability and willingness of owners of such property to pay such taxes when due. A slowdown in or cessation of the development of land within Improvement Area No. 1 could reduce the ability and willingness of such owners to make Special Tax payments, and could greatly reduce the value of such property in the event it has to be foreclosed upon to collect delinquent special taxes. See "SPECIAL RISK FACTORS – Bankruptcy" herein for a discussion of certain limitations on the ability of the Authority to pursue judicial foreclosure proceedings with respect to taxpayers with delinquent Special Tax.

Construction Risk

Development of property within Improvement Area No. 1 requires the construction of certain public infrastructure. See "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1" above. Such construction is subject to a number of risks, including, without limitation, inclement weather, shortages of or other supply problems relating to labor and materials, increases in costs due to inflation, design or construction defects, global health concerns, delays in obtaining governmental or agency approvals and permits, compliance with existing permits and approvals and other risks. The realization of one or more of such risks could result in delays to or a failure to complete such required facilities, which could in turn result in delays to or a failure to develop the land within Improvement Area No. 1. See "SPECIAL RISK FACTORS – Failure to Develop" herein.

Cost overruns for public infrastructure to be constructed by the Master Developer is generally the responsibility of the Master Developer. The ability to pay for such cost overruns and to complete the applicable construction project is dependent on the availability of funding sources to the Master Developer.

No assurances can be given that the Master Developer will obtain any such funding in a manner timely enough to avoid delays to the development of the land within Improvement Area No. 1 as described herein.

Current Challenges to the Homebuilding Industry

The pace of homebuilding in Improvement Area No. 1 may be adversely affected by a variety of factors, including changes in economic conditions, interest rates, the rate of inflation, water shortages, and other similar factors, and recently including workforce shortages and supply chain disruptions. For example, appliances, garage doors and windows have recently been in short supply for home builders generally. Additionally, some California municipalities have been experiencing a supply chain disruption for the electrical transformers needed for new development, having been advised in some cases of up to a 2-year delay for new orders. The Master Developer and the Homebuilder are not currently aware of any anticipated electrical transformer supply chain disruptions for their respective development within Improvement Area No. 1. However, no assurance can be given that supply chain disruptions for the materials needed to complete development within Improvement Area No. 1 will not occur.

Endangered and Threatened Species

It is illegal to harm or disturb any plants or animals in their natural habitats that have been listed as endangered species by the United States Fish & Wildlife Service under the ESA or by the CDFG under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could delay development of vacant property in Improvement Area No. 1 or reduce the value of Taxable Property. Failure to develop the vacant property in Improvement Area No. 1 as planned, or substantial delays in the completion of the planned development of the property may increase the amount of Special Tax to be paid by the owners of Taxable Property and affect the willingness and ability of the owners of the property within Improvement Area No. 1 to pay the Special Tax when due.

Pursuant to the EIR, the City Council concluded that development within Improvement Area No. 1 is not likely to cause substantial and considerable damage to the natural environment, including fish, wildlife or their habitat, because all agricultural uses on the subject property have been discontinued and the site is located within an area that has been substantially graded and prepped for development of urban uses. The presence of any rare, endangered or sensitive species in Improvement Area No. 1 is not expected to interfere with the proposed development in Improvement Area No. 1.

Natural Disasters and Potential Drought Conditions

In the future, Improvement Area No. 1 could be subject to earthquakes, fires, flooding, acts of terrorism or war, or other calamities or natural disasters. The occurrence of such a calamity or disaster in or around Improvement Area No. 1 could result in damage to properties in Improvement Area No. 1 or could otherwise reduce the value of such properties and affect the ability or willingness of the property owners in Improvement Area No. 1 to pay Special Tax when due.

Earthquake. There are several active geological faults in the State that have potential to cause serious earthquakes that could result in damage within Improvement Area No. 1. According to the Seismic Safety Commission, Improvement Area No. 1 is located within "Zone 4," which is considered to be the highest risk zone in California. There are only two zones in California: (i) Zone 4, which is assigned to areas near major faults; and (ii) Zone 3, which is assigned to all other areas of more moderate seismic activity. It is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in Improvement Area No. 1.

Flooding. All of the property within Improvement Area No. 1 are within Flood Zone X, an area in which the risk for flood is less than 0.2 percent (outside the 500-year flood area) and is protected from 100-year flood by a levee. Considered an area of moderate to low risk, property owners are not required to carry flood insurance against flood damage. An unexpected flood could result in damage of various degrees that would not likely be covered by homeowners' insurance policies within Improvement Area No. 1, which may affect the ability or willingness of property owners to pay Special Taxes when due.

Wildfire Hazard. In recent years, wildfires have caused extensive damage throughout the State, including the County. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. In general, property damage due to wildfire could result in a significant decrease in the market value of property in Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes.

Napa County and surrounding counties have experienced major wildfires in three of the past four years, including the Hennessey Fire, which was part of the LNU Lightning Complex Fire, and which burned 318,000 acres in Napa County. In the LNU Lightning Complex Fire, over 1,491 structures were destroyed and a further 232 damaged. In all, six people were killed and another five injured.

Improvement Area No. 1 is not located within an area identified as a very high fire hazard severity zone. More information regarding Fire Hazard Severity Zones can be found at the California Department of Forestry and Fire Protection website at https://frap.fire.ca.gov, though such website is not incorporated herein by reference. Homeowner's insurance is expected to be available to property owners within Improvement Area No. 1, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within Improvement Area No. 1 will purchase or maintain such insurance.

Drought. From time to time certain parts of California, including the City and Improvement Area No. 1, experience extended drought conditions. Extended drought conditions may impact development of properties within Improvement Area No. 1 that are not yet fully developed and may affect the market value of properties within Improvement Area No. 1 and in the ability or willingness of property owners to pay Special Taxes when due.

Hazardous Substances

The market value of the property in Improvement Area No. 1 could decrease if a hazardous substance is discovered or released in the vicinity of Improvement Area No. 1. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. Should any of the parcels be affected by a hazardous substance, the value of such parcels could decline, because the purchaser, upon becoming the owner, will become obligated to remedy the condition.

The estimated value of the property within Improvement Area No. 1, as set forth in the Appraisal Report, assumes there are no hazardous substances and that there is no liability to remedy a hazardous substance condition of the property. The Authority has made no independent investigation as to the environmental condition of Improvement Area No. 1 and the Authority is not aware of the presence of any hazardous substance liabilities with respect to Improvement Area No. 1 except as described herein. However, it is possible that such liabilities do currently exist and that the Authority is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Improvement Area No. 1 resulting from the present or future existence of a substance classified as a hazardous substance under the federal or State environmental laws. Any of these possibilities could adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax when due.

Appraisal Risks

The Appraiser has estimated the hypothetical market value of the property in Improvement Area No. 1 on the basis of certain assumptions which the Appraiser believes to be reasonable under the circumstances. See the Appraisal Report included in APPENDIX A hereto. However, certain of the events assumed by the Appraiser have not yet occurred as of the date of this Official Statement or may prove to be untrue. In particular, the value estimates in the Appraisal Report are based on the hypothetical condition that certain proceeds of the 2023 Bonds are available to reimburse for infrastructure improvements that have been completed. In fact, that has not yet occurred, although the sale and delivery of the 2023 Bonds would produce the funds expected to be required for such purpose. See "AUTHORIZED IMPROVEMENTS" and "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1" herein for a description of the status of such improvements.

Although the Authority believes that the Appraiser's methodology and assumptions are reasonable under the circumstances, the Appraiser's hypothetical market value conclusions are expressions of professional opinion only. No assurance can be given that the market values of property in Improvement Area No. 1 are equal to or greater than the Appraiser's estimated hypothetical market value, nor can any assurance be given that such market values will not decline during the period of time the 2023 Bonds are Outstanding. The market values of the property in Improvement Area No. 1 can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decline in the market value of a parcel in Improvement Area No. 1 could lower the ability or willingness of the owner of such parcel to pay Special Tax when due and would decrease the amount recoverable at a foreclosure sale of such parcel. See "PROPERTY VALUES" herein for a further discussion of estimated property values in Improvement Area No. 1.

Parity Taxes and Special Assessments

The Special Tax constitutes a lien against the parcels of land on which it is levied. Such lien is on parity with all special taxes levied by the Authority or other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property.

The Authority does not have control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments payable from all or a portion of the property within Improvement Area No. 1. In addition, the owners of property within Improvement Area No. 1 may, without the consent or knowledge of the Authority, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. Any such special taxes may have a lien on such property on parity with the lien of the Special Tax. See "PROPERTY VALUES – Other Potential Debt." Parity Bonds are permitted pursuant to the Indenture under the existing bond authorization, which Parity Bonds will be secured by a lien on the Special Tax on parity with any 2023 Bonds remaining outstanding. See "SECURITY FOR THE 2023 BONDS – Parity Bonds" herein.

Value-to-Lien Debt Ratios

The estimated value-to-lien debt ratios set forth herein under the caption "PROPERTY VALUES – Estimated Value-to-Lien Debt Ratios" are based on the appraised values of the Taxable Property as of October 10, 2022, and as confirmed to be not less than such value as of January 12, 2023, by the Bring Forward Letter. No assurance can be given that such value-to-lien debt ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Authority could adversely affect the property values within Improvement Area No. 1. The Authority also has no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Tax. See "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments" and "PROPERTY VALUES – Other Potential Debt." A decrease in the property values in Improvement Area No. 1, or an increase in bond debt liens on property in Improvement Area No. 1, or both, could result in a lowering of the value-to-lien debt ratios of the property in Improvement Area No. 1.

Based on the Fiscal Year 2022-23 property tax roll, the Authority is not aware of any PACE liens against the parcels of Developed Property within Improvement Area No. 1. The overlapping debt information in this Official Statement does not include these PACE liens, or any additional PACE liens that may have arisen since the date of the Fiscal Year 2022-23 property tax roll. See "PROPERTY VALUES – Direct and Overlapping Debt."

In general, the Special Taxes, and all other taxes, assessments and charges also collected on the tax roll, are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. If proceedings are brought by the County to foreclose a delinquency, the Special Taxes will generally be on parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis.

Limitations on Remedies; No Acceleration

The Indenture does not permit the acceleration of the 2023 Bonds in the event of a payment default or other default under the terms of the 2023 Bonds or the Indenture. Generally, remedies are limited to legal actions to compel the Authority to perform under the 2023 Bonds and the Indenture, to enjoin acts which are unlawful or violate the rights of the Holders, or to account as the trustee of an express trust. See Appendix D – "SUMMARY OF THE INDENTURE – Events of Default and Remedies of Holders." Remedies available to the Owners may be inadequate to assure the timely payment of principal of and interest on the 2023 Bonds or to preserve the tax-exempt status of the 2023 Bonds. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Bond Counsel has limited its opinion as to the enforceability of the 2023 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against joint powers authorities in the State of California.

Risks Relating to Tax-Exempt Status of the 2023 Bonds

As further described in "TAX MATTERS" below, failure of the Authority to comply with the requirements of the Internal Revenue Code of 1986 (the "**Code**") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the 2023 Bonds to be included in the gross income of Holders for federal income tax purposes, possibly from the date of original issuance of the 2023 Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("**IRS**") or the courts.

The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has announced that its audit efforts will focus in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. In recent audits, the IRS has asserted that interest on such "developer-driven" obligations can be taxable, in certain circumstances, even when those transactions otherwise meet all applicable tax law requirements. It cannot be predicted if this IRS focus could lead to an audit of the 2023 Bonds or what the result would be of any such audit.

If an audit of the 2023 Bonds is commenced, under current procedures parties other than the Authority and the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Authority and the City legitimately disagree, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the 2023 Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the 2023 Bonds. Finally, if the IRS ultimately determines that the interest on the 2023 Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the Authority may not have the resources to settle with the IRS, the 2023 Bonds are not required to be redeemed, and the interest rate on the 2023 Bonds will not increase.

Cybersecurity

The Authority, like many other large public and private entities, relies on a technology to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Information Technology Systems"). Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Information Technology Systems of the Authority for the purposes of misappropriating assets or information or causing operational disruption and damage.

THE AUTHORITY

The Authority is a joint powers agency organized pursuant to a Joint Exercise of Powers Agreement among a number of California counties, cities and special districts entered into pursuant to the provisions relating to the joint exercise of powers contained in Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code. The Authority is authorized to establish community facilities districts and issue the 2023 Bonds under the Act.

LITIGATION

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the 2023 Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the 2023 Bonds, the validity or enforceability of the documents executed by the Authority in connection with the 2023 Bonds, the completeness or accuracy of the Official Statement or the existence or powers of the Authority relating to the sale of the 2023 Bonds.

CONTINUING DISCLOSURE

The Authority

The Authority has covenanted for the benefit of the Owners of the 2023 Bonds pursuant to a continuing disclosure certificate (the "**Authority Continuing Disclosure Certificate**") to provide, each year for so long as the 2023 Bonds are Outstanding, certain financial information and operating data relating to the 2023 Bonds, the Community Facilities District, ownership of the property in Improvement Area No. 1 that is subject to the Special Tax, the occurrence of delinquencies in payment of the Special Tax, and the status of foreclosure proceedings, if any, respecting Special Tax delinquencies (the "**District Disclosure Report**"), and to provide notices of the occurrence of certain enumerated events. The financial information and operating data will be provided annually on or before January 15 for the twelve months ended on the preceding June 30, commencing January 15, 2024. A form of the Authority's undertaking is included in Appendix E – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES." The Community Facilities District Disclosure Reports are to be filed by the Authority with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("**EMMA**"). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Authority has multiple continuing disclosure undertakings and has separately contracted with BLX Group LLC, DTA, Inc., or other consultants, for its continuing disclosure undertakings with respect to its bond issues. Within the past five years, certain event filings related to unscheduled draws on reserve funds and rating changes were not filed in a timely manner but have since been corrected. In certain circumstances, CUSIPs were not linked to appropriate filings. In addition, certain annual reports contained missing information when originally timely filed, but such reports have since been corrected. On certain occasions, audited financial statements have been filed subsequent to the filing of the corresponding annual report.

The Homebuilder

Pursuant to a continuing disclosure certificate (the "**Developer Continuing Disclosure Certificates**"), the Homebuilder has covenanted for the benefit of the holders of the 2023 Bonds to provide certain information relating to their development and financing plans within Improvement Area No. 1 (each, a "**Developer Disclosure Report**") and to provide notices of the occurrence of certain enumerated events, until such time as the Developer owns fewer than 18 lots within Improvement Area No. 1 or until the obligation to so provide such information, data and notices is otherwise terminated in accordance with the provisions of the Developer Continuing Disclosure Certificate. The form of Developer Continuing Disclosure Certificate is included in Appendix E – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES." Such information is to be provided or caused to be provided by the Homebuilder annually not later than April 15 and October 15 of each year, commencing April 15, 2023. The Developer Disclosure Reports are to be filed with EMMA.

The Homebuilder's Bay Area Division is the division which will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. The Homebuilder has advised the Authority that, based on a review of prior continuing disclosure obligations in Northern California, encompassing The Homebuilder's Sacramento and Bay Area Divisions, The Homebuilder 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.

LEGAL OPINIONS

The validity of the 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("**Bond Counsel**"). Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement and expresses no opinion as to the matters set forth herein. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C hereto.

Payment of the fees and expenses of Bond Counsel are contingent upon the issuance and delivery of the 2023 Bonds. From time to time, Bond Counsel may represent the Underwriter on matters unrelated to the 2023 Bonds.

Orrick, Herrington & Sutcliffe LLP is also acting as Disclosure Counsel to the Authority.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C.

To the extent the issue price of any maturity of the 2023 Bonds is less than the amount to be paid at maturity of such 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2023 Bonds is the first price at which a substantial amount of such maturity of the 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2023 Bonds accrues daily over the term to maturity of such 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2023 Bonds. Beneficial owners of the 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such 2023 Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2023 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2023 Bonds may adversely affect the value of, or the tax status of interest on, the 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2023 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2023 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2023 Bonds ends with the issuance of the 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2023 Bonds, and may cause the Authority or the beneficial owners to incur significant expense.

Payments on the 2023 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of 2023 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

UNDERWRITING

The 2023 Bonds are being purchased by RBC Capital Markets, LLC (the "**Underwriter**"). Pursuant to a Bond Purchase Contract between the Underwriter and the Authority (the "**Purchase Contract**"), the Underwriter has agreed to purchase all of the 2023 Bonds for an aggregate purchase price of $___________, subject to certain conditions set forth in the Purchase Contract. The purchase price reflects an underwriter's discount of $__________ and a [net] original issue [premium/discount] of $_________. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2023 Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority.

NO RATINGS

The Authority has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the 2023 Bonds.

MISCELLANEOUS

The quotations from, and the summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

This Official Statement is submitted only in connection with the initial offering of the 2023 Bonds by the Authority, and is not to be used for any other purpose. This Official Statement does not constitute a contract with the purchasers of the 2023 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.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ______________________________
Authorized Signatory

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APPENDIX A

APPRAISAL REPORT AND BRING FORWARD LETTER

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Integra Realty Resources
Sacramento/San Francisco

Appraisal of Real Property

Watson Ranch Improvement Area No. 1
Proposed Subdivision
Napa County, California 94503

Prepared For:
California Statewide Communities Development Authority

Report Format:
Appraisal Report – Bring Forward Letter

IRR - Sacramento/San Francisco
File Number: 193-2022-0472

January 13, 2023

Mr. James Hamill
Mr. Jon Penkower
California Statewide Communities Development Authority
1700 N. Broadway
Walnut Creek, CA 94596

SUBJECT: Market Value Appraisal – Bring Forward Letter
Watson Ranch Improvement Area No. 1
Napa County, California 94503
IRR - Sacramento/San Francisco File No. 193-2022-0472

Dear Messrs. Hamill and Penkower:

Integra Realty Resources – Sacramento/San Francisco has prepared an update to our Appraisal Report of the above-referenced property. The original Appraisal Report, dated November 30, 2022, was prepared conforming to the requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The Original Appraisal Report provides the market value (*fee simple estate*) of certain properties within the boundaries of CSCDA CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1 (the "CFD"), under the assumptions and conditions contained in this Appraisal Report, as of October 10, 2022. This Update Appraisal Report may only be used in conjunction with the Original Appraisal Report.

As an Update Appraisal Report, this document does not present a complete discussion of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinions of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's work file.

We have been requested to ascertain, as of a current date of value (January 12, 2023), whether the market value of the appraised property is not less than the value conclusions estimated as of the original date of value October 10, 2022. Since that time, home construction is significantly underway, the contributory value of which is considered to offset ongoing changes in the residential housing market pertaining to rising interest rates.

As a result of our analysis, it is our opinion the market value derived in the Original Appraisal Report, as of October 10, 2022, in accordance with the assumptions and conditions set forth in the attached document, as of January 13, 2023, is not less than **$30,490,000**.

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. None

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. The value derived herein is based on the hypothetical condition proceeds from the CSCDA CFD No. 2022-07 (Waston Ranch) Improvement Area No. 1 Special Tax Bonds are available to reimburse the master developer for certain completed public improvements.

Presented below is an excerpt from the Original Appraisal Report of pertinent information pertaining to the subject properties:

Property Name	CSCDA CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1
Address	Summerwood Drive American Canyon, Napa County, California 94503
Property Type	Residential Land - Residential Subdivision
Owner of Record	D.R. Horton Bay, Inc.
Tax ID	059-461-001 to 013, 059-462-001 to 036, 059-463-001 to 011, 059-464-001 to 014, 059-465-001 to 010, 059-466-001 to 010, 059-467-001 to 005
Land Area (Gross)	13.17 acres; 573,685 SF
Zoning Designation	TC, Town Center
Highest and Best Use	Single family residential development
Exposure Time; Marketing Period	9 months; 9 months
Effective Date of the Appraisal	October 10, 2022
Date of the Report	November 30, 2022
Property Interest Appraised	Fee Simple
Market Value Conclusion	$30,490,000

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 California Statewide Communities Development Authority 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.

Type and Definition of 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[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Client and Intended Users:	The client is California Statewide Communities Development Authority. The intended users are California Statewide Communities Development Authority and its associated finance team.
Intended Use:	The intended use of the appraisal is for bond underwriting purposes. The appraisers understand and agree that this Update Appraisal Report, and Original Appraisal Report, is expected to be, and may be, utilized in the marketing of the Bonds and to satisfy certain legal requirements in connection with issuing the Bonds.
Purpose:	The purpose of this Update Appraisal Report, dated January 13, 2023, is to ascertain whether the current estimate (January 12, 2023) of market value of the District is not less than the value derived in the Original Appraisal Report, dated November 30, 2022, with a date of value of October 10, 2022. The market value of the appraised properties, by ownership, as well as the cumulative, or aggregate, value of the appraised properties in the CFD account for the impact of the Lien of the Special Tax securing the CSCDA CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1 Bonds.
Scope of Work:	In preparing this Update Appraisal Report, we analyzed market data presented in our Original Appraisal Report dated November 30, 2022 (as of the October 10, 2022 date of value). In addition, we analyzed current market conditions. This Update Appraisal Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's work file.
Date of Inspection:	The subject was not re-inspected.
Current Date of Value:	January 12, 2023
Date of Report:	January 13, 2023

This Update Appraisal Report has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this Appraisal Report. The appraisers understand and agree that this Update Appraisal Report, and original Appraisal Report, is expected to be, and may be, utilized in the marketing of the Bonds and to satisfy certain legal requirements in connection with issuing the Bonds.

This Update Appraisal Report dated January 13, 2023, which contains 12 pages, must remain attached to the original appraisal dated November 30, 2022, which contains 70 pages, plus related exhibits and Addenda, in order for the value opinions set forth herein to be considered valid.

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 not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding 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. Eric Segal, MAI, and Laura Diaz 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, Eric Segal, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Laura Diaz has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558

Laura Diaz
Certified General Real Estate Appraiser
California Certificate # 3005037

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.

9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.

11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.

12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento/San Francisco, 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/San Francisco is not a building or environmental inspector. Integra Sacramento/San Francisco 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/San Francisco, 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.

Addendum A

Appraiser Qualifications

Eric Segal, MAI

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916.435.3883
F 916.435.4774

irr.com

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 as well as 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
Arizona, Certified General, CGA - 1006422, Expires January 2024
Washington, Certified General, 20100611, Expires June 2023

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

esegal@irr.com - 916.435.3883 x228

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

Loretta Dillon, Deputy Bureau Chief, BREA

3055248

Laura Diaz

Integra Realty Resources
San Francisco

555 Meridian Avenue
Suite C
San Jose, CA 95126

T 415-715-4690
F

irr.com

Experience

Ms. Diaz is a Certified General real estate appraiser. She began her career in real estate as a research analyst with Integra - Kentucky-Southern Indiana as she pursued her Master of Urban Planning degree. Since graduating in 2013, Ms. Diaz has been writing narrative appraisal reports for a variety of property types, including office, retail, industrial, multifamily housing, and commercial and agricultural land. She has also worked with special-purpose properties, including self-storage facilities, religious facilities, student housing projects, hotels, and data centers. In addition, Ms. Diaz has experience in multifamily market analysis, including development and analysis of survey techniques and models of demand for proposed multifamily projects. In 2017, Ms. Diaz relocated to the San Francisco Bay Area and joined the Integra - San Francisco office.

Licenses

California, Certified General Real Estate Appraiser, 3005037, Expires January 2022

Education

Academic:
Bachelor of Arts in English, University of Louisville
Master of Urban Planning, University of Louisville
Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:
Uniform Standards of Professional Appraisal Practice
Basic Appraisal Principles
Basic Appraisal Procedures
Real Estate Finance Statistics and Valuation Modeling
Site Valuation and Cost Approach
General Market Analysis and Highest and Best Use
Sales Comparison Approach
Income Capitalization Approach Part I
Income Capitalization Approach Part II
General Appraiser Report Writing and Case Studies
Expert Witness for Commercial Appraisers
Basic Hotel Appraising – Limited Service Hotels

ldiaz@irr.com - 415-715-4690

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Laura B. Diaz

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2022
Date Expires: January 2, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3061654

Integra Realty Resources
Sacramento

Appraisal of Real Property

Watson Ranch Improvement Area No. 1
Proposed Subdivision
Summerwood Drive
American Canyon, Napa County, California 94503

Prepared For:
California Statewide Communities Development Authority

Date of the Report:
November 30, 2022

Report Format:
Appraisal Report

IRR - Sacramento
File Number: 193-2022-0472

Subject Photographs

Watson Ranch Improvement Area No. 1
Summerwood Drive
American Canyon, California

Integra Realty Resources
Sacramento

3825 Atherton Road
Suite 500
Rocklin, CA 95765

T 916.435.3883
F 916.435.4774
www.irr.com

November 30, 2022

Mr. James Hamill
Mr. Jon Penkower
California Statewide Communities Development Authority
1700 N. Broadway
Walnut Creek, CA 94596

SUBJECT: Market Value Appraisal
Watson Ranch Improvement Area No. 1
Summerwood Drive
American Canyon, Napa County, California 94503
IRR - Sacramento File No. 193-2022-0472

Dear Messrs. Hamill and Penkower:

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 subject to a hypothetical condition, pertaining to the fee simple interest in the property. The client for the assignment is California Statewide Communities Development Authority and the intended use of the report is for bond underwriting purposes.

The subject property represents all of California Statewide Communities Development Authority (CSCDA) Community Facilities District No. 2022-07 (Watson Ranch) Improvement Area No. 1, located in the City of American Canyon, County of Napa. The subject encompasses a total of 13.17 acres of residentially zoned land currently under development as a 98-lot subdivision, known as Artisan at Watson Ranch, as part of the larger Watson Ranch master planned community. The final map for the subject was recorded in February 2022; backbone infrastructure servicing the subject property (Improvement Area No. 1) is complete and in-tract work is substantially complete. Artisan at Watson Ranch was acquired and is being developed by DR Horton and features three floor plans ranging in size from 1,705 to 2,311 square feet, with a typical lot size of approximately 3,800 square feet. According to the Developer, 30 building permits have been pulled as of the effective appraisal date.

We have been requested to provide a market value of the appraised properties as of the date of value. The estimate of market value accounts for the impact of the lien of the Special Taxes securing the Bonds.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value subject to a Hypothetical Condition	Fee Simple	October 10, 2022	$30,490,000

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. None

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. The value derived herein is based on the hypothetical condition proceeds from the CSCDA CFD No. 2022-07 (Waston Ranch) Improvement Area No. 1 Special Tax Bonds are available to reimburse the master developer for certain completed public improvements.

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

Respectfully submitted,

Integra Realty Resources - Sacramento

Eric Segal, MAI
California Certified General Real Estate
Appraiser #AG026558
Telephone: 916-435-3883, ext. 228
Email: esegal@irr.com

Laura Diaz
California Certified General Real Estate
Appraiser #3005037
Telephone: 408.299.0444
Email: ldiaz@irr.com

Table of Contents

Executive Summary

Property Name	CSCDA CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1
Address	Summerwood Drive American Canyon, Napa County, California 94503
Property Type	Residential Land - Residential Subdivision
Owner of Record	D.R. Horton Bay, Inc.
Tax ID	059-461-001 to 013, 059-462-001 to 036, 059-463-001 to 011, 059-464-001 to 014, 059-465-001 to 010, 059-466-001 to 010, 059-467-001 to 005
Land Area (Gross)	13.17 acres; 573,685 SF
Zoning Designation	TC, Town Center
Highest and Best Use	Single family residential development
Exposure Time; Marketing Period	9 months; 9 months
Effective Date of the Appraisal	October 10, 2022
Date of the Report	November 30, 2022
Property Interest Appraised	Fee Simple
Market Value Conclusion	$30,490,000

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 California Statewide Communities Development Authority 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. None

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. The value derived herein is based on the hypothetical condition proceeds from the CSCDA CFD No. 2022-07 (Waston Ranch) Improvement Area No. 1 Special Tax Bonds are available to reimburse the master developer for certain completed public improvements.

Identification of the Appraisal Problem

Subject Description

The subject property represents all of California Statewide Communities Development Authority (CSCDA) Community Facilities District No. 2022-07 (Watson Ranch) Improvement Area No. 1, located in the City of American Canyon, County of Napa. The subject encompasses a total of 13.17 acres of residentially zoned land currently under development as a 98-lot subdivision, known as Artisan at Watson Ranch, as part of the larger Watson Ranch master planned community. The final map for the subject was recorded in February 2022; backbone infrastructure servicing the subject property (Improvement Area No. 1) is complete and in-tract work is substantially complete. Artisan at Watson Ranch was acquired and is being developed by DR Horton and features three floor plans ranging in size from 1,705 to 2,311 square feet, with a typical lot size of approximately 3,800 square feet. According to the Developer, 30 building permits have been pulled as of the effective appraisal date. A legal description of the property is provided in the addenda.

Property Identification	
Property Name	Watson Ranch Improvement Area No. 1
Address	Summerwood Drive
	American Canyon, California 94503
Tax ID	059-461-001 to 013, 059-462-001 to 036, 059-463-001 to 011, 059-464-001 to 014,
	059-465-001 to 010, 059-466-001 to 010, 059-467-001 to 005
Owner of Record	D.R. Horton Bay, Inc.

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	July 6, 2021
Seller	American Canyon I, LLC
Buyer	D.R. Horton Bay, Inc.
Sale Price	$14,500,000
Recording Instrument Number	2021-0022571
Notes	98 paper lots

Buyer D.R. Horton Bay, Inc. purchased 98 paper lots from the master developer of Watson Ranch, American Canyon I, LLC, in July of 2021. The master developer is responsible for completing all backbone infrastructure for the project, while the buyer is responsible for construction of in-tract improvements, which are substantially complete at the subject. Based on the analysis of market data provided herein, the prior sale of the subject property appears to be indicative of market value at the time of sale, considering the condition of the lots at that time. However, the prior sale is not reflective of current market value for the subject property considering in-tract improvements constructed since the time of sale, strengthening market conditions, and the hypothetical condition noted.

Based on a review of available information, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Appraisal Purpose

The purpose of the appraisal is to develop an opinion of the market value, subject to a hypothetical condition, of the fee simple interest in the property as of the effective date of the appraisal, October 10, 2022. The date of the report is November 30, 2022. The appraisal is valid only as of the stated effective date.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [1]

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[2]

Client and Intended User(s)

The client is California Statewide Communities Development Authority. The intended users are California Statewide Communities Development Authority and its associated finance team. No party or parties beyond the clients associated finance team may use or rely on the information, opinions, and

[1] Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472
[2] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

conclusions contained in this report; however, this appraisal report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

Intended Use

The intended use of the appraisal is for bond underwriting purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, 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.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Inspection

Eric Segal, MAI and Laura Diaz conducted an on-site inspection of the property on October 10, 2022.

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation begins by employing the sales comparison approach to estimate the value of the subject's 98 residential lots. In the sales comparison approach to value, the subject's underlying land is compared to transactions of similarly zoned single-family residential land throughout the subject's region. Next, a land residual analysis, which is a discounted cash flow analysis that considers home prices and costs to derive an estimate of residual land value, is utilized. The two approaches are then reconciled into an opinion of market value per lot.

Our analysis excludes a typical cost approach since the subject property represents land. However, costs associated with home construction are taken into consideration as part of the land residual analysis and determination of financial feasibility. Given the limited, if any, income producing potential of the land, an income approach is not utilized.

Please note, though vertical construction of homes is underway at the subject, the market value of the property assigns no contributory value to the partially completed single-family homes, as this is beyond the scope of this assignment.

Economic Analysis

Area Analysis – Napa County

Napa County is located approximately 50 miles northeast of San Francisco and 60± miles southwest of Sacramento. The county is one of nine counties situated within what is known as the San Francisco Bay Area. These include San Francisco, Marin, Contra Costa, Sonoma, Alameda, Solano, Napa, Santa Clara and San Mateo. This region surrounds the largest natural harbor in the world, which serves as the hub to the nation's rail, trucking and shipping systems. This port connects the Western United States with the Pacific Rim countries.

Napa County consists of 788± square miles. Its most prominent geographic feature is the Napa Valley, one of the most productive and famous wine-growing regions in the world and a globally-recognized tourist destination. The mountain ranges that surround the Napa Valley have elevations up to 4,000 feet and are a major recreational resource for the entire San Francisco Bay Area. Lake Berryessa, in the northeast portion of the county, is one of the most popular recreational areas.

Napa County and surrounding counties have had major wildfires in three of the past four years; among the largest was the Hennessey Fire, which started in August 2020, part of the LNU (Cal-Fire's Sonoma-Lake-Napa Unit) Lightning Complex, and burned 318,000 acres.

Population

Napa County has experienced slow to negative population growth in recent years, due in part to the limited amount of developable land. Over the last five years, the growth rate has averaged negative 0.6% per year. The most populous city in the county is Napa. The following table illustrates population trends for areas within Napa County over the past five years.

Population Trends

City	2016	2017	2018	2019	2020	2021	%/Yr
American Canyon	20,581	20,719	21,022	20,996	20,901	20,802	0.2%
Calistoga	5,363	5,338	5,334	5,372	5,352	5,340	-0.1%
Napa	79,532	79,430	79,562	79,286	79,016	79,397	0.0%
St Helena	6,139	6,114	6,119	6,110	6,094	6,070	-0.2%
Yountville	3,029	2,942	2,837	2,793	2,713	2,642	-2.6%
Unincorporated	26,886	26,777	25,466	25,051	24,924	23,386	-2.6%
Total	**141,530**	**141,320**	**140,340**	**139,608**	**139,000**	**137,637**	**-0.6%**

Source: California Department of Finance

Because much of the county's land is cultivated for grapes, newer residential development is concentrated in the existing cities, mostly located in the southern part of the county. The most recent growth has occurred in American Canyon, which is closest to Interstate 80 and the Bay Area.

Transportation

The Napa County area is well served by State Highways 29, 121, 12 and 128. Two of these Highways, 29 and 121, travel north to south. Highway 128, in the central area of the county, travels east to west from Highway 29 into Solano County. The cities of Calistoga, St. Helena, Yountville and Napa are located along Highway 29, which connects to the city of Vallejo in Solano County.

The Napa County Airport is located three miles south of the city of Napa and is a general-aviation facility with an emphasis on flight training. It is considered a recreational airport with 50% of the users flying for recreation, as opposed to business. Approximately 33% of the airport users are business travelers. In addition, the San Francisco International Airport, Oakland International Airport and the Sacramento International Airport are all located within 60 miles or less.

The VINE, the region's fixed-route bus system, provides safe, affordable and accessible transportation for all residents and visitors in Napa Valley. The free historic Downtown Napa Trolley is also available in downtown Napa.

The Main Street Boat Dock is located on the Napa River along Napa's Riverfront Development, with nine cleats for non-motorized boaters to dock and disembark to explore downtown Napa. A ferry service is available from San Francisco to the Vallejo Ferry Terminal, with access from there to downtown Napa via the VINE. Barge service is available for Napa County by way of the Napa River.

Employment & Economy

The California Employment Development Department has reported the following employment data for Napa County over the past five years.

Employment Trends

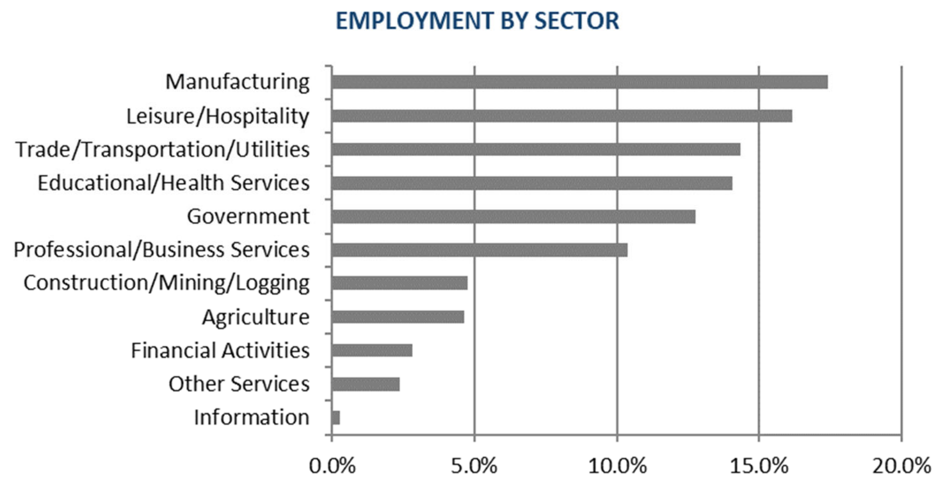
	2016	2017	2018	2019	2020	2021
Labor Force	72,900	73,300	73,800	73,200	68,900	69,400
Employment	69,800	70,600	71,600	71,100	62,900	65,400
Annual Employment Change	(500)	800	1,000	(500)	(8,200)	2,500
Unemployment Rate	4.3%	3.7%	3.0%	2.9%	8.7%	5.8%

Source: California Employment Development Department

Most areas within the state and nation, including Napa County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines between 2011 and 2019. However, this downward trend shifted as a result of the COVID-19 crisis.

The average annual unemployment rate in Napa County was 2.9% in 2019 and remained in the 3.2% to 3.7% range during the first quarter of 2020, spiking to 17.8% in April 2020. The average annual unemployment in 2020 was 8.7%. The economy has since improved, closing out 2021 with an average annual rate of 5.8%.

The California Employment Development Department reported an unemployment rate of 4.1% in Napa County in December 2021, below the 7.5% rate the year prior and compared to 5.0% for California and 3.7% for the nation. As of December 2021, it was reported 3,000 jobs were gained overall in Napa County year-over-year. The greatest job gain was in the Leisure/Hospitality sector with 3,100 jobs added and the greatest loss was in Construction, with 600 jobs lost. The following chart indicates the percentage of total employment for each sector within the county as of December 2021.



Source: California Employment Development Department

As illustrated, the area's largest employment sectors are Manufacturing, Leisure/Hospitality, Trade/Transportation/Utilities and Education/Health Services. Leisure and Hospitality has historically represented one of the largest components of total employment as tourism contributes significantly to the economy in Napa County; this sector declined significantly after the onset of the pandemic and has recently improved as the economy has gradually opened up. Napa County is home to the Napa Valley wine region and is known as the center of the grape growing and wine processing industry in California. The following table highlights the largest employers in Napa County.

Largest Employers

	Employer	Industry	Employees
1	Napa State Hospital	Healthcare	2,500
2	Providence Queen of the Valley Hospital	Healthcare	1,687
3	Napa Valley Unified School District	Education	1,594
4	County of Napa	Government	1,527
5	Adventist Health St. Helena Hospital	Healthcare	1,300
6	Veterans' Home of California	Healthcare	893
7	Trinchero Family Estates	Agriculture	541
8	Wal-Mart	Retail	505
9	Treasury Wine Estate	Agriculture	440
10	City of Napa	Government	428

Source: County of Napa, Comprehensive Annual Financial Report, June 30, 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. According to Claritas Spotlight data reporting service, the median household income for Napa County is estimated to be $103,363 in 2022, which is higher than the state of California's median income of $88,967.

Growth

The Napa County area has a strong "slow growth" policy in force, which is implemented by local government's reluctance to grant development permits or by charging high development fees for projects. A voter-imposed, Rural Urban Limit (RUL) designation was set in place to inhibit the City of Napa from annexing new land for development purposes. There are few sites available for development in the city of Napa, but there are also limited sites available in the county. Development in Napa County is expected to continue to be slow in the future due to regulatory controls (as well as a limited supply of developable land due to topography and environmental constraints).

Recreation & Community Facilities

Napa County offers a wide range of activities for residents and tourists. Hundreds of wineries in the region offer tours and wine-tasting. Other attractions in the area include hot air balloon rides, helicopter tours, museums, theaters, shopping, spas, and numerous public parks and golf courses. Downtown Napa is home to the newly restored Napa Valley Opera House, Jarvis Conservatory, and COPIA: The American Center for Wine, Food & the Arts. The mountain ranges that surround the Napa Valley have elevations up to 4,000 feet and are a major recreational resource for the entire San Francisco Bay Area. Lake Berryessa, in the northeast portion of the county, is the most significant recreational resource.

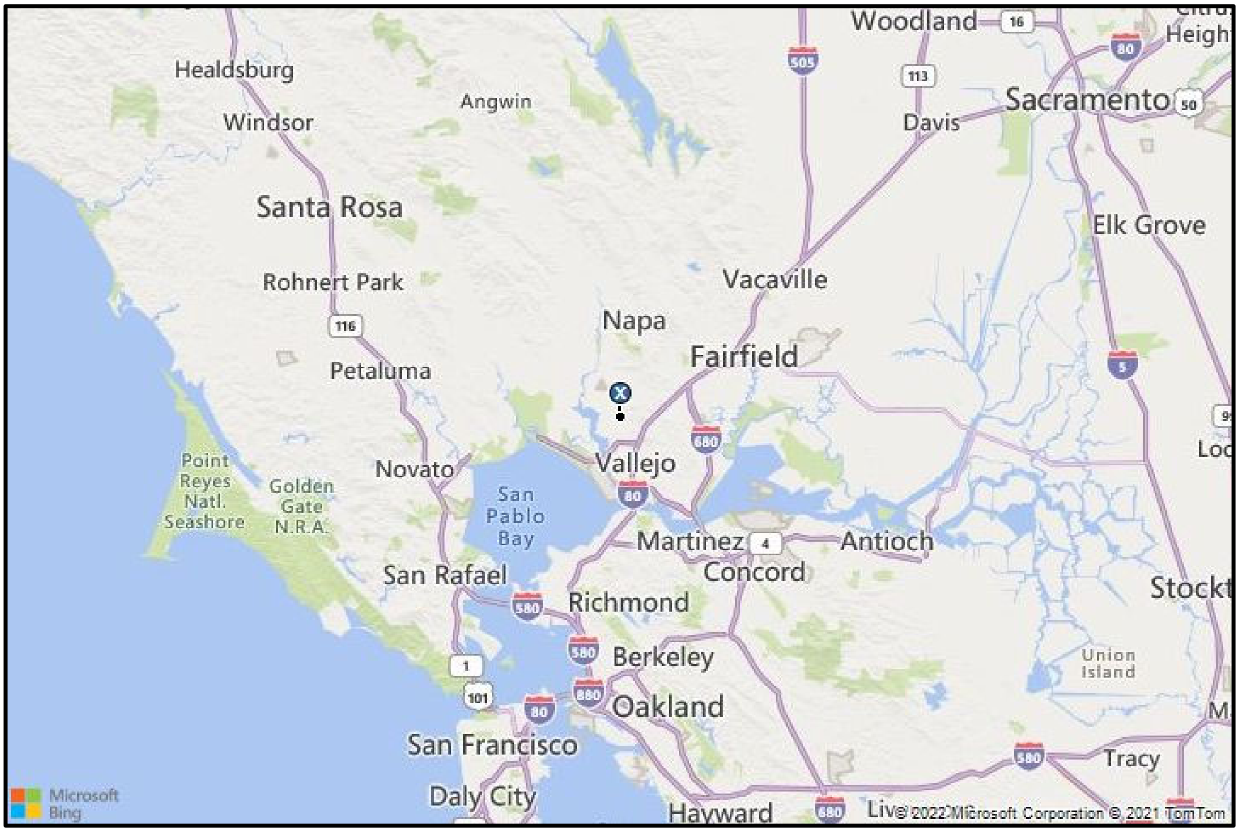
The Napa County Office of Education serves Napa County's 19,000-plus students and their families through five school districts. Hospitals include St. Joseph's Queen of the Valley Hospital in Napa, Adventist Health's St. Helena Hospital in Deer Park, Napa State Hospital in Napa, and Veterans' Home of California in Yountville.

Conclusion

Napa County represents a mostly rural region and slow-growth area. The production of grapes and wine is a major industry in the area, as is tourism related to the wine industry. Among the county's advantages are its proximity to the San Francisco Bay Area, picturesque surroundings, mild climate and growth limitations.

After the negative effect on market and economic conditions resulting from the pandemic, the local economy has been experiencing gradual recovery and the long-term outlook is good in light of the historical stability of the region.

Area Map


Woodland
Healdsburg
Angwin
Windsor
Davis
Sacramento
Santa Rosa
Elk Grove
Vacaville
Rohnert Park
Napa
Fairfield
Petaluma
Vallejo
Point Reyes Natl. Seashore
Golden Gate N.R.A.
Novato
San Pablo Bay
Martinez
Antioch
Concord
San Rafael
Richmond
Berkeley
Union Island
Oakland
San Francisco
Tracy
Daly City
Hayward
Microsoft Bing
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Surrounding Area Analysis

Boundaries

The subject is located in the City of American Canyon, a small city located along the southern boundary of Napa County. The boundaries of the subject's neighborhood are generally delineated in the following table.

North	Delvin Road
South	Severus Drive / Sandstone Drive
East	Newell Drive
West	Wetlands Edge Road

A map identifying the location of the property follows this section.

Access and Linkages

The main thoroughfare through American Canyon is State Highway 29, which runs in a north-south direction. To the north, State Highway 29 connects with the Napa Valley cities of Napa, Yountville, St. Helena, and Calistoga. At the north end of American Canyon, State Highway 29 intersects with State Highway 12, which provides access to the Fairfield area to the east and the counties of Sonoma and Marin to the west. About one mile south of the city, State Highway 29 connects with State Highway 37, which travels in an east-west direction between U.S. Highway 101 and Interstate 80. Interstate 80 provides access to Vacaville, Sacramento, and San Francisco.

In terms of public transportation, Napa Valley Transit supplies bus service as far north as Calistoga and south to Vallejo and also includes a bus link to Bay Area Rapid Transit (BART) and the Vallejo Ferry. The City of American Canyon also operates its own local bus service, American Canyon Transit (ACT).

The Napa Airport is located just north of the city limits of American Canyon. Major international airports within a one-hour drive include Sacramento (60 miles north), Oakland (50 miles south), and San Francisco (50 miles southwest).

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics				
2022 Estimates	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Napa County
Population 2010	12,501	48,924	128,787	136,484
Population 2022	14,043	51,949	134,429	136,296
Population 2027	14,503	52,941	136,439	136,417
Compound % Change 2010-2022	1.0%	0.5%	0.4%	0.0%
Compound % Change 2022-2027	0.6%	0.4%	0.3%	0.0%
Households 2010	3,680	15,007	43,480	48,876
Households 2022	3,858	15,808	45,923	47,832
Households 2027	3,936	16,110	46,785	47,634
Compound % Change 2010-2022	0.4%	0.4%	0.5%	-0.2%
Compound % Change 2022-2027	0.4%	0.4%	0.4%	-0.1%
Median Household Income 2022	$116,166	$86,551	$81,756	$103,364
Average Household Size	3.6	3.3	2.9	2.7
College Graduate %	32%	26%	26%	36%
Median Age	38	38	39	43
Owner Occupied %	75%	68%	60%	63%
Renter Occupied %	25%	32%	40%	37%
Median Owner Occupied Housing Value	$580,447	$474,978	$496,847	$753,266
Median Year Structure Built	2000	1981	1973	1976
Average Travel Time to Work in Minutes	40	40	39	29

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 51,949, and the average household size is 3.3. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. This differs from the population of Napa County, which is projected to be flat, as discussed previously.

Median household income within a 10-minute drive time is $86,551, which is lower than the household income for Napa County. However, at $116,166, median household income within a 5-minute drive time is higher than Napa County overall. Residents within a 5-minute drive time have a slightly lower level of educational attainment than those of Napa County, while median owner occupied home values area also lower. As will be discussed, the subject is located within the Watson Ranch master planned community, which is the primary focus of new home construction in American Canyon.

Land Use

American Canyon is small suburban city with a variety of land uses. The city experienced a period of expansion during the 1990s and 2000s and is predominately residential in nature with a mix of single family and multifamily uses. Single family uses were constructed in the 1950s and the early 2000s, and are in average to good condition overall. The majority of multifamily units were constructed in 1990 or later.

State Route 29 is the primary commercial corridor in American Canyon and most retail, office, and support commercial uses serving the city are concentrated along this arterial. All major retail uses were developed over the last 20 years and include Canyon Plaza (2001-2002), American Canyon Marketplace (2001, anchored by Safeway), The Shops at American Canyon (2011-2012, anchored by Walgreens), Canyon Corners (2006, anchored by Fitness 19), and Napa Junction (2006, anchored by Walmart and Tractor Supply Co.).

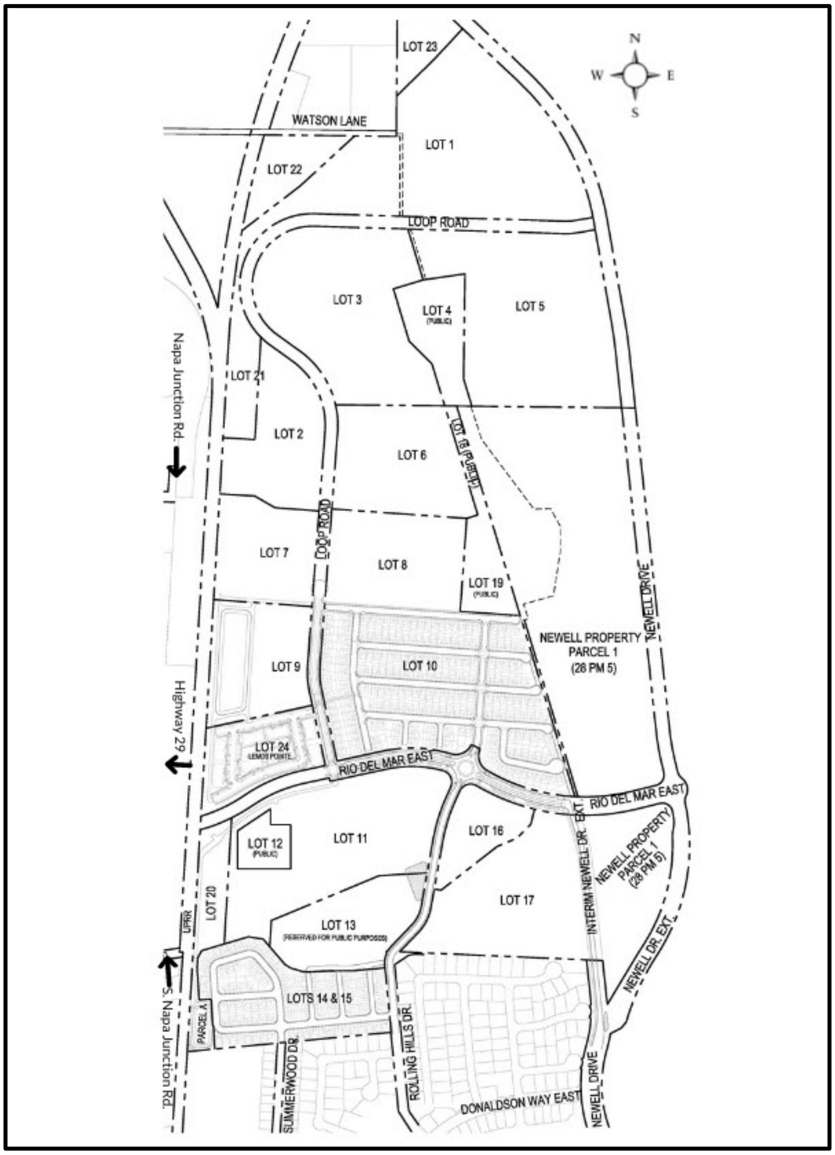
American Canyon has a substantial industrial sector, with 8.5 million square feet of industrial space concentrated in the northwest portion of the city. Of this space, 7.5 million square feet has been constructed since 1990 and is in good to new condition. There is currently a 202,000 square foot industrial building under construction in the Napa Logistics Park which is expected to be occupied by Amazon. There are also an application pending with the city for entitlements for the development of the 2.4 million square foot Giovannoni Logistics Center. In addition, there are an abundance of industrial sites in the northwestern portion of the city available for development.

Napa Logistics Park, a 218.6-acre master-planned business park, is located along the city's northern border along Delvin Road, just south of the Napa County Airport. Upon buildout, the business park will include a total of 2.85 million square feet of warehouse/distribution space for wine and non-wine related uses. This business spark is situated adjacent to an active Union Pacific Railroad line, providing rail access to/from the Port of Oakland. Major tenants/owners in the Napa Logistics Park include IKEA, Amazon, Biagi Brothers, and Pacific Gas & Electric.

The Napa Logistics Park consists of 5 buildings is being developed in two phases. Phase 1 consisted of an approximately 646,000 square foot Class A distribution facility that was completed in Q2-2016 and is occupied by IKEA. Phase 2 consists of approximately 119 net developable acres of land with entitlements to construct up to an additional 2.2 million square feet of warehouse/distribution space. Of this Phase 2 development, 1.06 million square feet was completed in 2020 and 2021.

The subject is located within the Watson Ranch specific plan area, which encompasses 309 acres in the eastern portion of the city. At build out, the master planned community will include a mix of commercial, single family residential, and multifamily residential uses. The project also includes Napa Valley Ruins and Gardens, promoted as an entertainment destination which will be developed with a hotel, amphitheater, distillery, brewery, winery, tasting facilities, food venues, and event spaces. This portion of Watson Ranch includes remnants (concrete walls and partial structures) from 1900's industrial uses which are expected to be incorporated into the proposed development.

A map of Watson Ranch is provided on the following page. The subject's 98 residential lots are associated with Lots 14 and 15 at the southern portion of the project. In addition, DR Horton is planning to construct 219 single family homes on Lot 10. Construction is also underway on Lot 24, which is being developed with a 186-unit affordable multifamily project known as Lemos Pointe Apartments.



Other than the subject project, there are no new single-family subdivisions currently under construction in American Canyon. Land uses immediately surrounding the subject are summarized below:

Subject's Immediate Surroundings	
North	Vacant land
South	Single family residential
East	Vacant land
West	Commercial and light industrial use

Community Uses

Recreational uses in American Canyon include a Community Center and Aquatics facility, as well as a branch of the County Library. Additionally, the city has over 50 acres of developed parkland, including a 20-acre community park. Located just a few miles south of American Canyon are venues such as Six Flags Marine World (open seasonally), Solano County Fairgrounds, Joe Mortara Municipal Golf Course, and a racetrack. Other recreational facilities in the area include Blue Rock Springs Municipal Golf Course, The Continentals of Omega Boys and Girls Club, and Hanns Community Park. Along the western edge of American Canyon is a large open space that has been dedicated to wetlands. Finally, the 640-acre Newell Wilderness Park, with hiking and horse trails, is located in the northeastern part of the city. The City of Napa is located about 8 miles north of American Canyon, and offers several recreational uses, including wineries and a historic downtown area.

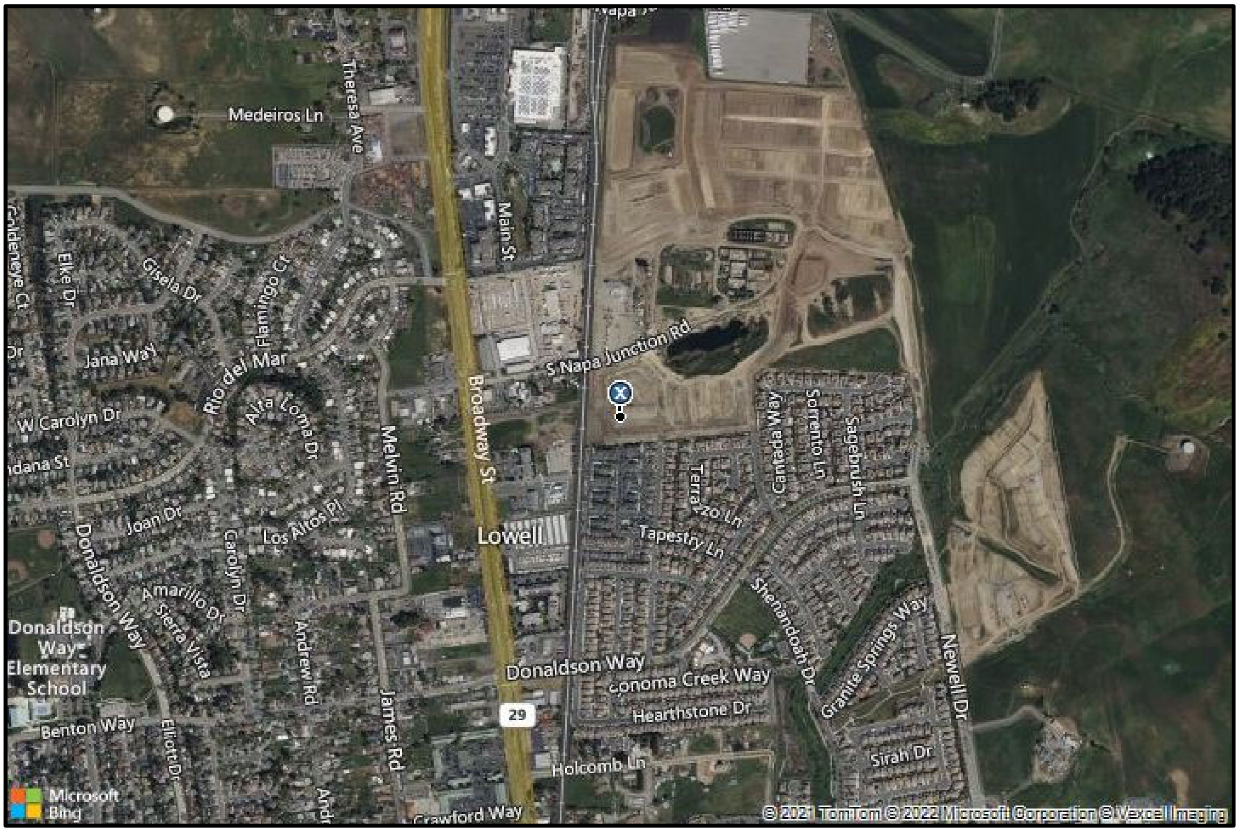
American Canyon is part of the Napa Valley Unified School District, and there are two elementary schools and one middle school in town. American Canyon High School opened in 2010. Prior to the opening of this facility, the nearest high school in the area was in Napa.

There are several medical offices located throughout the city, but American Canyon does not have its own emergency care facility. The nearest hospitals are located four miles to the south in Vallejo (Kaiser Permanente) and 15 miles to the north in Napa (Queen of the Valley Hospital).

Outlook and Conclusions

The area is in the stable stage of its life cycle. Prior to the construction of the subject homes in Watson Ranch, single family residential development over the past five years has been sparse. The subject neighborhood benefits from several positive factors, including good access to and from the area's main transportation routes, especially State Highways 29 and 12, and a variety of commercial uses in close proximity. Overall, we anticipate property values will remain stable or gradually increase in the near future.

Surrounding Area Map



Residential Market Analysis

The subject property is under construction with single family residential use. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is located in the City of American Canyon. As demonstrated in the following section, recent single family residential development in the city has been scarce. However, the subject is part of a master planned 309-acre mixed use community which has good transportation linkages. The neighborhood is characterized as a suburban area that appeals to both local workers and commuters. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for a combination of entry-level home buyers.

Single-Family Building Permits

Single-family building permits for the City of American Canyon and Napa County are shown in the following table.

Building Permits

Year	City of American Canyon	Napa County
2011	30	88
2012	28	77
2013	0	38
2014	0	26
2015	0	0
2016	0	0
2017	0	0
2018	0	0
2019	0	0
2020	0	0
2021	0	0
2022 (August)	21	119

Source: SOCDS Building Permits Database

New single family construction has been limited over the past decade. Watson Ranch represents the predominate inventory of new home construction in American Canyon.

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 in Napa, Sonoma, and Solano Counties 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 2019	$628,615	-	2,248	$279.63	-	338	42	2.68
2Q 2019	$632,112	0.6%	2,249	$281.06	0.5%	342	44	2.59
3Q 2019	$615,796	-2.6%	2,234	$275.65	-1.9%	309	49	2.10
4Q 2019	$609,010	-1.1%	2,213	$275.20	-0.2%	297	50	1.98
1Q 2020	$607,412	-0.3%	2,190	$277.36	0.8%	367	44	2.78
2Q 2020	$607,615	0.0%	2,218	$273.95	-1.2%	336	42	2.67
3Q 2020	$638,589	5.1%	2,224	$287.14	4.8%	370	39	3.16
4Q 2020	$638,193	-0.1%	2,212	$288.51	0.5%	433	38	3.80
1Q 2021	$698,240	9.4%	2,205	$316.66	9.8%	636	45	4.71
2Q 2021	$742,279	6.3%	2,167	$342.54	8.2%	413	43	3.20
3Q 2021	$751,309	1.2%	2,178	$344.95	0.7%	379	44	2.87
4Q 2021	$767,544	2.2%	2,195	$349.68	1.4%	301	41	2.45
1Q 2022	$767,544	0.0%	2,202	$348.57	-0.3%	348	34	3.41
2Q 2022	$781,468	1.8%	2,330	$335.39	-3.8%	184	25	2.45

Over the last 12 months, Napa, Sonoma, and Solano Counties have averaged was 2.8 sales per month, per project, which is lower than the average for the prior 12-month period of 3.7 sales per month, per project.

Active New Home Projects Pricing and Absorption

To the best of our knowledge, there is only one active residential project in Napa County. Trio by Discovery Homes is located with in the City of Napa, with base home prices ranging from $1,338,990 to $1,663,605. Note absorption rates for this project were not available. There are six active home projects in Sonoma County, located within the cities of Healdsburg, Petaluma, and Santa Rosa. In addition, given the subject’s proposed typical home and lot sizes and price points, new homes in the cities of Fairfield and Vacaville are also considered comparable to the subject; these cities are considered more comparable to American Canyon than the City of Napa. There are eleven active projects located within these two cities. These projects are summarized in the tables on the following page, based on data from the Second Quarter of 2022.

Active Projects

Project	Master Plan	Community	Developer	Average Price	Avg. Home Size (SF)	Avgerage Price/SF	Typical Lot Size	Units Planned	Units Offered	Units Sold	Units Unsold
Creston	One Lake	Fairfield	Lennar Homes	$716,380	2,341	$306	3,600	130	104	101	3
Enclave at Cordelia	-	Fairfield	Discovery Homes	$1,041,984	2,807	$371	4,500	69	69	69	0
Ivy Crossing	-	Fairfield	Discovery Homes	$758,551	2,353	$322	2,800	111	111	111	0
Marigold at the Villages	The Villages at Fairfield	Fairfield	Tri Pointe Homes	$728,400	2,317	$314	3,200	119	116	108	8
Shimmer	One Lake	Fairfield	Tri Pointe Homes	$826,233	2,819	$293	4,100	96	82	74	8
Splash	One Lake	Fairfield	Tri Pointe Homes	$757,150	2,537	$298	NA	72	72	64	8
Bristowe	North Village	Vacaville	Seeno Homes	$827,000	2,735	$302	5,500	162	118	108	10
Farmstead	-	Vacaville	Taylor Morrison	$690,800	1,988	$347	3,100	130	85	83	2
Oxford	Brighton Landing	Vacaville	The New Home Company	$753,448	2,469	$305	6,000	80	80	80	0
Roberts Ranch	-	Vacaville	Carson Homes	$777,595	2,039	$381	6,500	51	49	44	5
Sheffield	Brighton Landing	Vacaville	The New Home Company	$665,556	2,067	$322	4,000	120	120	120	0
Arden	-	Healdsburg	Vanguard Properties	$1,134,900	2,143	$530	3,038	29	29	29	0
Aspect	-	Petaluma	Lafferty Communities	$1,850,000	3,460	$535	12,500	18	18	17	1
Riverfront	-	Petaluma	Tri Pointe Homes	$946,372	2,280	$415	13,800	18	44	36	8
Sterling Hills at Quarry Heights	-	Petaluma	KB Home	$967,341	2,290	$422	4,000	138	78	78	0
Meadow Creek	-	Santa Rosa	Ryder Homes	$777,490	2,101	$370	5,500	237	95	86	9
Round Barn	-	Santa Rosa	City Ventures	$669,990	1,814	$369	NA	91	32	31	1
Trio	-	Napa	Discovery Homes	$1,501,298	2,400	$626	5,170	27	18	11	7
			Minimum	$665,556	1,814	$293.09	2,800				
			Maximum	$1,850,000	3,460	$625.54	13,800				
			Average	$910,583	2,387	$379.48	5,457				

Absorption

Project	Builder	Avg. Home Price (2Q 22 Only)	Avg. Home Size (2Q 22 Only)	Lot Size (SF)	2Q 2022	1Q 2022	4Q 2021	3Q 2021	12-Month Total	Avg. Per Quarter	Avg. Per Month
Creston	Lennar Homes	$716,380	2,341	3,600	12	20	10	5	47	11.8	**3.9**
Enclave at Cordelia	Discovery Homes	$1,041,984	2,807	4,500	7	8	9	5	29	7.3	**2.4**
Ivy Crossing	Discovery Homes	$758,551	2,353	2,800	4	6	11	11	32	8.0	**2.7**
Marigold at the Villages	Tri Pointe Homes	$728,400	2,317	3,200	4	28	7	19	58	14.5	**4.8**
Shimmer	Tri Pointe Homes	$826,233	2,819	4,100	7	13	9	14	43	10.8	**3.6**
Splash	Tri Pointe Homes	$757,150	2,537	NA	8	13	8	1	30	7.5	**2.5**
Bristowe	Seeno Homes	$827,000	2,735	5,500	7	16	12	7	42	10.5	**3.5**
Farmstead	Taylor Morrison	$690,800	1,988	3,100	6	24	6	6	42	10.5	**3.5**
Oxford	The New Home Company	$753,448	2,469	6,000	3	0	0	8	11	2.8	**0.9**
Roberts Ranch	Carson Homes	$777,595	2,039	6,500	10	17	3	2	32	8.0	**2.7**
Sheffield	The New Home Company	$665,556	2,067	4,000	5	6	11	14	36	9.0	**3.0**
Arden	Vanguard Properties	$1,134,900	2,143	3,038	3	11	8	7	29	7.3	**2.4**
Aspect	Lafferty Communities	$1,850,000	3,460	12,500	0	0	4	3	7	1.8	**0.6**
Riverfront	Tri Pointe Homes	$946,372	2,280	13,800	11	10	8	5	34	8.5	**2.8**
Sterling Hills at Quarry Heights	KB Home	$967,341	2,290	4,000	5	9	10	7	31	7.8	**2.6**
Meadow Creek	Ryder Homes	$777,490	2,101	5,500	0	12	7	13	32	8.0	**2.7**
Round Barn	City Ventures	$669,990	1,814	NA	23	2	15	9	49	12.3	**4.1**
Trio	Discovery Homes	$1,501,298	2,400	5,170	-	-	-	-	-	-	**-**
				Total	115	195	138	136			
				No. of Active Projects	17	17	17	17			
				Quarterly Pro-Rata	6.8	11.5	8.1	8.0			
				Monthly Pro-Rata	**2.3**	**3.8**	**2.7**	**2.7**			
								2.9	**Average Monthly Pro-Rata**		

Overall, the above projects average 2.9 sales per month over the past twelve months. In terms of home and lot size, Farmstead and Sheffield in Vacaville and Sterling Hills in Petaluma are similar to the subject. These projects averaged 3.5, 3.0, and 2.6 sales per month over the past year, respectively. The subject Developer is marketing three floor plans, ranging in size from 1,705 to 2,331 square feet, with a typical lot size of approximately 3,800 square feet. A summary of the subject floor plans is provided on the following page.

Summary of Floor Plans

Description	Home SF	Beds	Baths	Garage	No. of Lots	Proposed Price
Plan 1	1,705	3	2	2-car	32	$740,000
Plan 2	2,065	3	2.5	2-car	33	$790,000
Plan 3	2,311	4	3	2-car	33	$820,000
Total/Average	2,030				98	$783,776

Based on the comparable active projects presented on the previous page, a home price of approximately $780,000, or $384 per square foot, appears reasonable for the subject's representative home. Considering this price point, we have selected an absorption rate of 3.0 sales per quarter for the subject property. Projects considered most similar to the subject are further detailed in the following tables.

PROJECT INFORMATION		AT A GLANCE			
Project Name	Farmstead	Average Price	$690,800	Qtr Sold	6
Region	North Bay	Average Sq Ft	1,988	Qtr WSR	0.46
County	Solano	Total Inventory	47	Tot WSR	1.01
Community	Vacaville	Standing Inventory	0	Avg Incentives	$7,500
Master Plan	No	Open Date	12/01/20	Survey Date	7/1/22
Age Restricted	No	Developer Name	Taylor Morrison	Special Tax per Month	$300.00
Project Phone	(707) 512-9869	Developer Phone	(855) 571-8014	HOA per Month	$0.00
Sales Office Hours	N/A	Product Type	Detached	Broker Coop	1.5%
		Type Description	Small Lot, Detached	Special Incentives	$0
GPS Coordinates	N : 33.875154 W : 117.946719	Lot Size	3,100	Project Density	
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,733	$632,000	$364.69	$7,500	$624,500	$360.36	3	2.5	2	2	None
	1,942	$664,000	$341.92	$7,500	$656,500	$338.05	4	3	2	2	None
	1,963	$699,000	$356.09	$7,500	$691,500	$352.27	4	3.5	2	2	None
	2,076	$718,000	$345.86	$7,500	$710,500	$342.24	4	3.5	2	2	None
	2,227	$741,000	$332.73	$7,500	$733,500	$329.37	4	3.5	2	2	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 2/22	130	85	83	6	47	45	2	10	1.01	0.46	$690,800	-1.60
Qtr 1/22	130	77	77	24	53	53	0	15	1.12	1.85	$702,000	6.33
Qtr 4/21	130	55	53	6	77	75	2	10	0.95	0.46	$660,200	0.00
Qtr 3/21	130	55	47	6	83	75	8	12	1.09	0.46	$660,200	1.54
Qtr 2/21	130	41	41	17	89	89	0	10	1.37	1.31	$650,200	7.79
Qtr 1/21	130	27	24	8	106	103	3	25	1.41	0.62	$603,200	6.65
Qtr 4/20	130	22	16	16	114	108	6	20	4.00	1.23	$565,600	0.00

PROJECT INFORMATION		AT A GLANCE			
Project Name	Sheffield	Average Price	$665,556	Qtr Sold	5
Region	North Bay	Average Sq Ft	2,067	Qtr WSR	0.38
County	Solano	Total Inventory	0	Tot WSR	0.83
Community	Vacaville	Standing Inventory	0	Avg Incentives	$4,000
Master Plan	Brighton Landing	Open Date	09/22/19	Survey Date	7/1/22
Age Restricted	No	Developer Name	The New Home Company	Special Tax per Month	$260.00
Project Phone	(707) 355-4570	Developer Phone	(925) 244-0700	HOA per Month	$0.00
Sales Office Hours	N/A	Product Type	Detached	Broker Coop	12000
		Type Description	Small Lot, Detached	Special Incentives	$0
GPS Coordinates	N : 33.349838 W : 121.928145	Lot Size	4,000	Project Density	
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,547	$615,500	$397.87	$4,000	$611,500	$395.28	3	2	1	2	None
	2,066	$673,000	$325.75	$4,000	$669,000	$323.81	3	2.5	2	2	Loft
	2,154	$675,875	$313.78	$4,000	$671,875	$311.92	3	2.5	2	2	Den
	2,501	$697,850	$279.03	$4,000	$693,850	$277.43	4	3	2	2	Loft

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 2/22	120	120	120	5	0	0	0	0	0.83	0.38	$665,556	0.00
Qtr 1/22	120	115	115	6	5	5	0	10	0.88	0.46	$665,556	0.00
Qtr 4/21	120	109	109	11	11	11	0	10	0.92	0.85	$665,556	3.61
Qtr 3/21	120	118	98	14	22	2	20	14	0.93	1.08	$642,336	13.64
Qtr 2/21	120	84	84	12	36	36	0	20	0.91	0.92	$565,232	0.00
Qtr 1/21	120	102	72	22	48	18	30	15	0.91	1.69	$565,232	0.00
Qtr 4/20	120	59	50	10	70	61	9	15	0.76	0.77	$565,232	1.71
Qtr 3/20	120	44	40	15	80	76	4	25	0.75	1.15	$555,755	4.01
Qtr 2/20	120	28	25	3	95	92	3	25	0.63	0.23	$534,348	1.16
Qtr 1/20	120	28	22	6	98	92	6	55	0.81	0.46	$528,215	3.09
Qtr 4/19	120	20	16	13	104	100	4	42	1.14	1.00	$512,363	0.17
Qtr 3/19	120	8	3	3	117	112	5	0	3.00	0.23	$511,490	0.00

PROJECT INFORMATION		AT A GLANCE			
Project Name	Sterling Hills at Quarry Heights	Average Price	$967,341	Qtr Sold	5
Region	North Bay	Average Sq Ft	2,290	Qtr WSR	0.38
County	Sonoma	Total Inventory	60	Tot WSR	0.62
Community	Petaluma	Standing Inventory	0	Avg Incentives	$7,500
Master Plan	No	Open Date	07/15/21	Survey Date	7/1/22
Age Restricted	No	Developer Name	KB Home	Special Tax per Month	$187.00
Project Phone	(707) 283-7302	Developer Phone	(310) 231-4000	HOA per Month	$166.00
Sales Office Hours	N/A	Product Type	Detached	Broker Coop	2.0%
		Type Description	Traditional	Special Incentives	$0
GPS Coordinates	N : 38.225580 W : 121.616260	Lot Size	4,000	Project Density	
Cross Street		Lot Dimension		Model/Trailer	Model
Finished Lots	N/A	Blue Top Lots	N/A		

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
	1,347	$910,800	$676.17	$7,500	$903,300	$670.60	3	2	1	2	None
	1,918	$889,990	$464.02	$7,500	$882,490	$460.11	3	2.5	2	2	None
	2,132	$964,990	$452.62	$7,500	$957,490	$449.10	4	2.5	2	2	None
	2,179	$909,990	$417.62	$7,500	$902,490	$414.18	3	2.5	2	2	Den
	2,211	$974,990	$440.97	$7,500	$967,490	$437.58	3	2.5	2	2	None
	2,510	$1,020,990	$406.77	$7,500	$1,013,490	$403.78	4	2.5	2	2	Flex
	2,725	$991,990	$364.03	$7,500	$984,490	$361.28	4	2.5	2	2	Den, Loft
	3,302	$1,074,990	$325.56	$7,500	$1,067,490	$323.29	5	3	2	2	Bonus

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 2/22	91	32	31	5	60	59	1	20	0.62	0.38	$967,341	2.81
Qtr 1/22	91	32	26	9	65	59	6	10	0.70	0.69	$940,865	4.86
Qtr 4/21	91	19	17	10	74	72	2	10	0.71	0.77	$897,240	-2.87
Qtr 3/21	91	11	7	7	84	80	4	15	0.64	0.54	$923,711	0.00

Resale Pricing

The following table shows resale data for homes in American Canyon since April 2022. Given the lack of new construction in the area, homes were included if built in 2000 or later.

Resales

Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price /SF	Sale/List	Year Built	Days on Market
18 Michael Ln	9/19/2022	2,206	$685,000	$699,000	$311	98.00%	2002	52
809 Kimberly Ct	9/26/2022	1,838	$740,000	$740,000	$403	100.00%	2002	109
22 Castellina Cir	7/19/2022	2,123	$785,000	$800,000	$370	98.13%	2001	22
3 Palencia Ct	6/15/2022	1,924	$790,000	$743,000	$411	106.33%	2002	7
23 Peacock Cir	9/13/2022	2,691	$800,000	$799,000	$297	100.13%	2001	31
211 Sienna Ct	7/21/2022	2,498	$810,000	$799,999	$324	101.25%	2012	7
180 San Marco Way	7/12/2022	2,388	$821,000	$829,000	$344	99.03%	2001	75
114 Castellina Cir	6/6/2022	2,370	$840,000	$810,000	$354	103.70%	2002	29
7 Via Marciana	8/9/2022	2,746	$860,000	$869,000	$313	98.96%	2003	45
6 Lark Ct	9/13/2022	3,120	$875,000	$899,998	$280	97.22%	2001	57
85 Via Pescara	9/7/2022	3,455	$890,000	$899,000	$258	99.00%	2001	47
235 Sorrento Ln	6/17/2022	2,999	$925,000	$925,000	$308	100.00%	2013	12
110 Horizon Way	8/26/2022	3,666	$935,000	$939,000	$255	99.57%	2006	16
11 Sirah Dr	6/6/2022	3,164	$945,000	$935,000	$299	101.07%	2006	13
10 Gadwall Ct	6/23/2022	2,907	$950,000	$915,000	$327	103.83%	2004	7
125 Red Clover Way	7/19/2022	3,302	$991,000	$942,000	$300	105.20%	2003	39
6 Condor Ct	9/1/2022	3,074	$1,000,000	$948,000	$325	105.49%	2001	6
9 Kevin Ln	4/4/2022	2,460	$613,400	$674,000	$249	91.01%	2001	64
107 Goldfinch Dr	4/6/2022	2,156	$785,000	$775,000	$364	101.29%	2000	11
18 Oakstone Way	4/28/2022	3,164	$900,000	$875,000	$284	102.86%	2006	5
139 Terrazzo Ln	5/24/2022	2,999	$903,000	$869,000	$301	103.91%	2006	6
564 Granite Springs Wa	4/18/2022	3,696	$930,000	$929,000	$252	100.11%	2005	27
427 Northrup Ln	5/20/2022	3,053	$955,000	$949,000	$313	100.63%	2001	25
251 Cantada Way	4/14/2022	4,525	$1,100,000	$999,000	$243	110.11%	2009	8
234 Sorrento Ln	5/6/2022	4,525	$1,159,000	$1,149,000	$256	100.87%	2012	23
Total Sales	**25**	**2,922 (avg.)**	**$879,496 (avg.)**	**$868,440 (avg.)**	**$310 (avg.)**	**101.11% (avg.)**	**2004 (avg.)**	**30 (avg.)**

The above resales averaged $310 per square foot with an average home size of 2,922 square feet and an average year built of 2004. Homes have been selling at or slightly above asking price, with days on market averaging 30 days.

Ability to Pay

The Developer plans to construct three floor plans ranging in size from 1,705 to 2,311 square feet. In this section, we will examine the ability to pay among prospective buyers for a representative price point of $780,000, based on the indicators from the competing projects. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 6.50%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and, insurance). Property tax payments are accounted for in the analysis, which includes estimated assessment lien payments associated with the CFD bonds. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price point.

Income Required				
Home Price	$780,000			
Loan % of Price (Loan to Value)	80%			
Loan Amount	$624,000			
Interest Rate	6.50%			
Mortgage Payment	$3,944			
Property Taxes	$727	Based on	1.1007%	and $140 in direct charges
Bond Payment	$332			
Property Insurance	$130			
Total Monthly Obligation	$5,133			
Mortgage Payment % of Income	40%			
Monthly Income	$12,832			
Annual Income	$153,987			

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 point within each income bracket.

Household Ability

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< $15,000	5,671	6.5%	0.0%	0	0.0%
$15,000 - $24,999	3,949	4.5%	0.0%	0	0.0%
$25,000 - $34,999	4,235	4.8%	0.0%	0	0.0%
$35,000 - $49,999	7,806	8.9%	0.0%	0	0.0%
$50,000 - $74,999	12,958	14.8%	0.0%	0	0.0%
$75,000 - $99,999	11,859	13.5%	0.0%	0	0.0%
$100,000 - $124,999	10,010	11.4%	0.0%	0	0.0%
$125,000 - $149,999	7,752	8.8%	0.0%	0	0.0%
$150,000 - $199,999	9,658	11.0%	92.0%	8,885	10.1%
$200,000 - $249,999	5,437	6.2%	100.0%	5,437	6.2%
$250,000 - $499,999	5,489	6.3%	100.0%	5,489	6.3%
$500,000 +	2,910	3.3%	100.0%	2,910	3.3%
	87,734	100.0%		22,721	25.9%

Generally, interest rates have an inverse relationship on the affordability of a home. In short, all else being equal higher interest rates lower the price point for buyers based on income. Over the past several years, interest rates have remained historically low, often at or below 3.0%. Rates are still low, from a historical perspective, but have recently risen above 5.00%, and there is an expectation of further increases in interest rates over the near term. Conversations with sales agents in multiple new home projects noted there has recently been a slowing in demand for new residential homes. The combination of historically high new home prices and rising interest rates have reportedly begun to price some buyers out of entry-level (lower priced) homes. While some projects seem to be affected more than others, there are some buyers who have been motivated by recent events to purchase now rather than wait for any potential future rises in interest rates. Given the continued high inflation numbers, interest rates are expected to climb higher in the near term to try and tamper inflation. Continued high inflation will force prospective homeowners to account for other costs like groceries, gas, etc. over buying a new home at a higher interest rate.

Information from homebuilders over the last few weeks have noted more turmoil from pending buyers dropping out of contract because of rising interest rates. Homebuilders have also noted pace of sales have slowed from the historic highs. Further, homebuilders have begun to offer concessions in the form of buying down interest rates and discounted options, instead of decreasing their base prices. In some markets, there has been enough downward pressure on the market for homebuilders to offer concessions as well as drop their base prices. In the past several quarters, homebuilders were able to sell homes faster than they were able to construct the homes, but with the rising interest rates this has since moderated. Based on current information and survey responses, recent increases in interest rates have begun to impact the pace of sales as well as pricing in some markets.

Conclusions

Demand for homes in the subject's market area is considered to be moderate at the current time. American Canyon has experienced very limited residential development in recent years, as indicated by the overall trend of building permit activity. Watson Ranch benefits from being the only active new project currently under development. New home sales prices and activity in recent quarters in Napa, Sonoma, and Solano Counties has been strong, though there is some evidence of prices stabilizing on a per square foot basis over the past two quarters after a period of robust appreciation in 2021. Absorption rates over the past twelve months are also lower than the previous twelve months, though the average number of sales per month are still reflective of a market with healthy demand.

Property Analysis

Land Description and Analysis

Location

The subject property is located just south of S. Napa Junction Road, east of CA-29 and north of American Canyon Road.

Land Area

The following table summarizes the subject's land area.

Land Area Summary

Tax ID	SF	Acres
059-461-001 to 013, 059-462-001 to 036, 059-463-001 to 011, 059-464-001 to 014, 059-465-001 to 010, 059-466-001 to 010, 059-467-001 to 005	573,685	13.17
Total	573,685	13.17

Source: Engineering Report

Shape and Dimensions

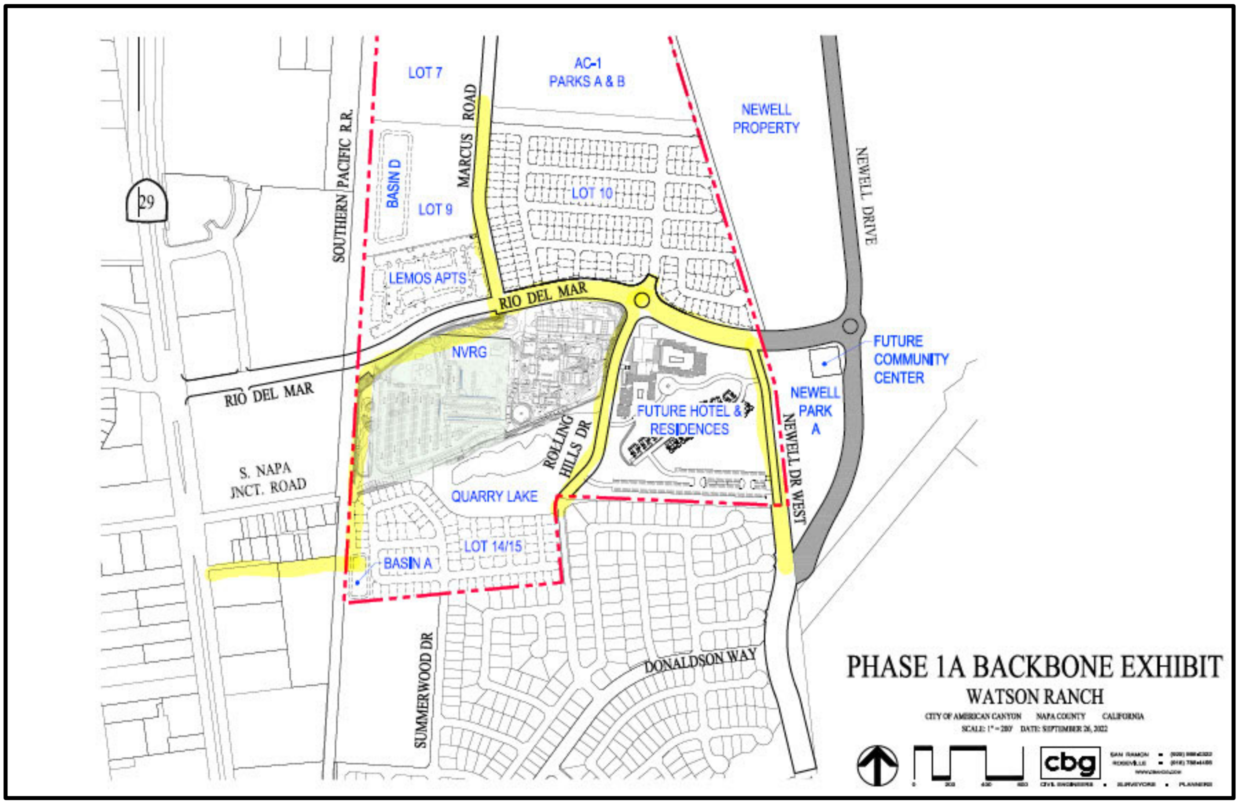
The site is irregular in shape; site utility based on shape and dimensions is average.

Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

Off-site & On-site Improvements

Backbone infrastructure for Phase 1 of Watson Ranch is underway, with the roadways, sidewalks, and gutters providing access to CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1 in-place. According to the master developer, backbone infrastructure costs for Phase 1 of Watson Ranch are estimated at approximately $28,485,000, with $18 to $19 million incurred to date. Bond proceeds from CSCDA CFD No. 2022-07 (Watson Ranch) Improvement Area No. 1 Special Tax Bonds will be used to reimburse the master developer for eligible infrastructure costs incurred. The following diagram depicts the master developer's backbone infrastructure obligations for Phase 1.



DR Horton's in-tract work for the 98 lots associated with Improvement Area No. 1 is also nearly complete, and vertical construction on homes has commenced. According to the Developer, in-tract costs are estimated at $83,877 per lot, with $64,952 per lot incurred to date and $18,925 in costs remaining.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table provides flood hazard information.

Flood Hazard Status	
Community Panel Number	06055C0617F & 06055C0650E
Date	August 3, 2016 & September 26, 2008
Zone	X
Description	Outside the 500-year flood plain
Insurance Required?	No

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing improvements.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage

Street	Summerwood Drive
Paving	Asphalt
Curbs	Yes
Sidewalks	Yes
Lanes	2 way, 1 lane each way
Direction of Traffic	North / South
Condition	Average
Traffic Levels	Low
Signals/Traffic Control	None
Visibility	Average

Utilities

The availability of utilities to the subject is summarized in the following table.

Utilities

Service	Provider
Water	City of American Canyon
Sewer	City of American Canyon
Electricity	Pacific Gas & Electric
Natural Gas	Pacific Gas & Electric
Local Phone	Various Providers

Zoning

The subject is zoned TC, Town Center, by City of American Canyon. According to the planning department, the TC zone is intended to:

> "Provide a broad range of commercial, residential and public land uses in the physical context of a traditional downtown with surrounding residential neighborhoods. The district may include a diverse range of land uses including but not limited to: government and community services, retail commercial, professional offices, entertainment, restaurants, cultural facilities (museums, libraries, etc.), visitor-serving facilities (hotels, information centers), event/conference center, wineries, transit, parking, variety of housing types including single-family attached and detached, townhouses, condominiums, mixed-use and apartments and public park and school and other amenities."

The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

Zoning Summary	
Zoning Jurisdiction	City of American Canyon
Zoning Designation	TC
Description	Town Center
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Single family residential and various commercial uses

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current and proposed use of the site is a legally conforming use. We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

Inclusionary Housing Requirements

The subject is not affected by any inclusionary housing requirements.

Easements, Encroachments and Restrictions

We have reviewed a preliminary title report prepared by First American Title Company of Napa and dated August 18, 2022. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Permits and Fees

Permits and fees due at building permit are estimated at $19,580 per lot, which is typical for the area. According to the developer, 30 building permits have been pulled as of the effective appraisal date. Remaining permits and fees are estimated at $13,586 per lot when allocated evenly over the subject's 98 lots.

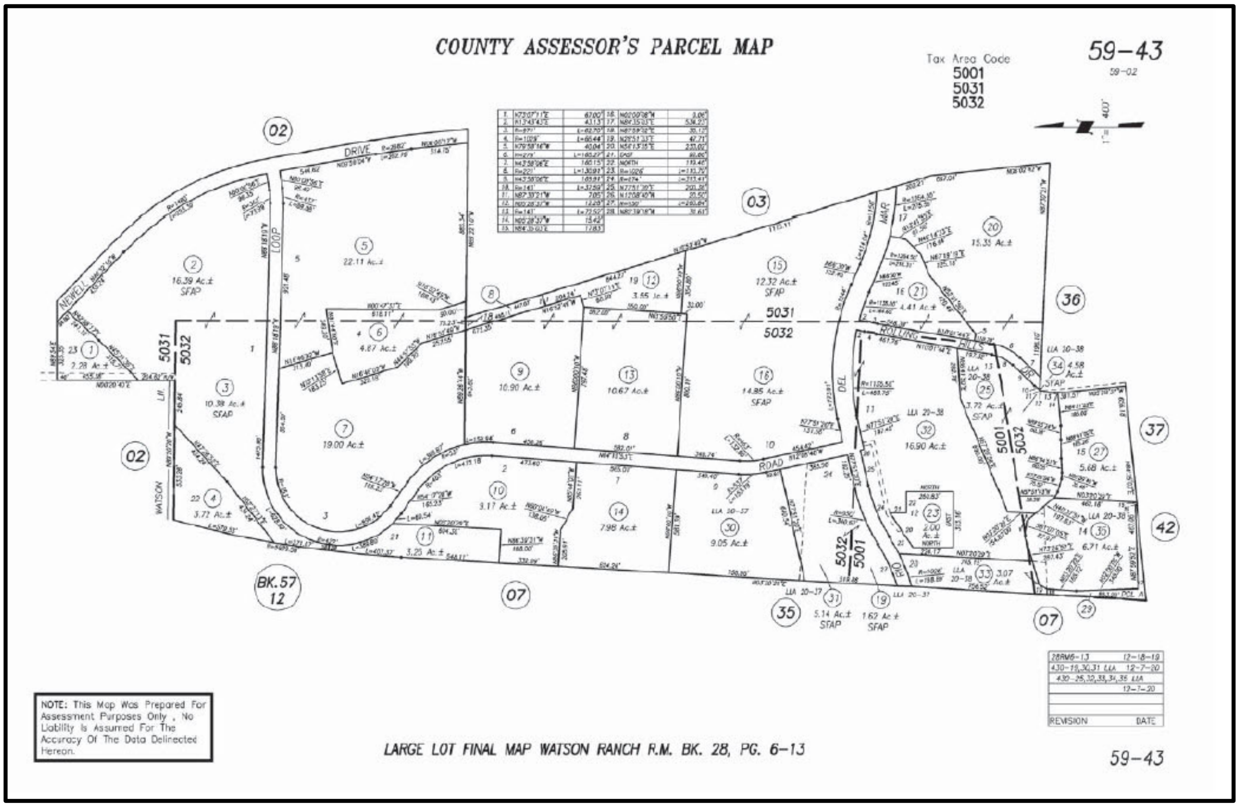
Timeline

In-tract work is nearly complete at the subject, and vertical construction is underway; as noted 30 building permits have been pulled as of the effective appraisal date. The Developer announced base pricing for the first release of homes at the end of September 2022, but model homes are not yet open to the public.

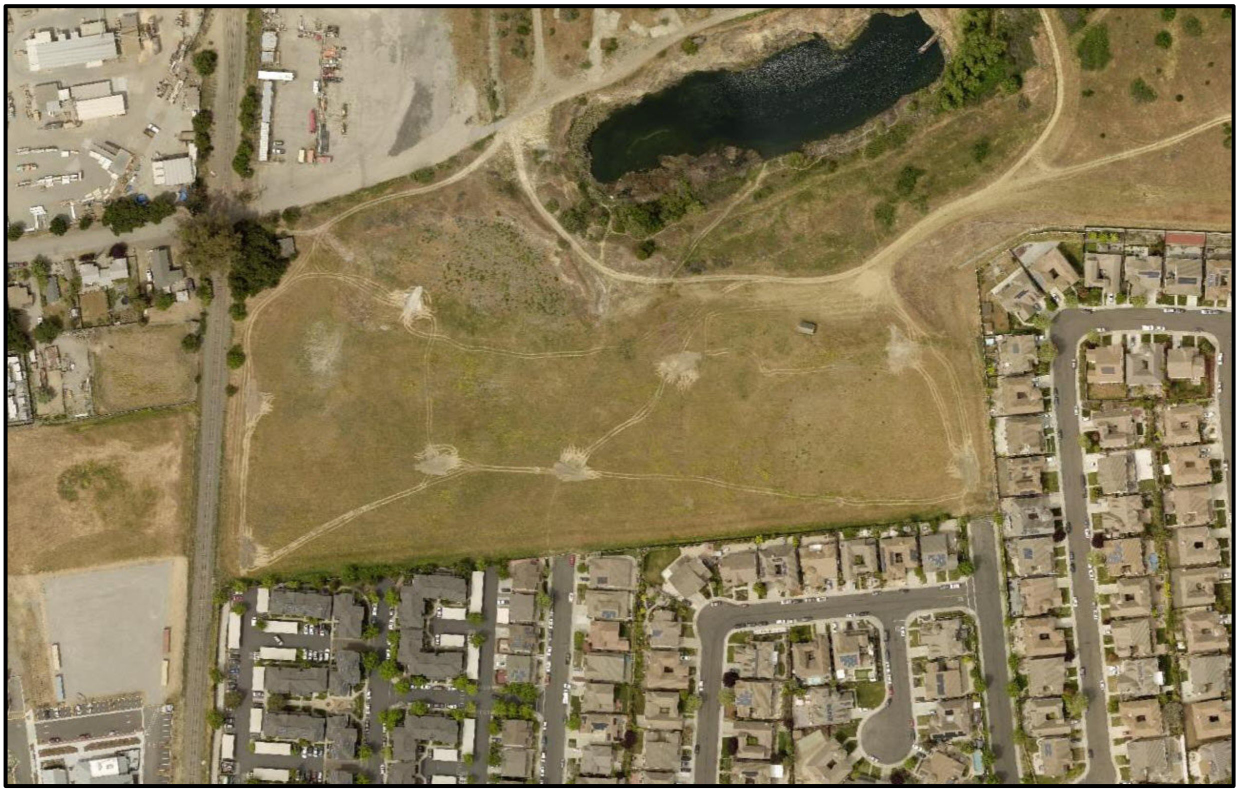
Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single family residential and various commercial uses. We are not aware of any other particular restrictions on development.

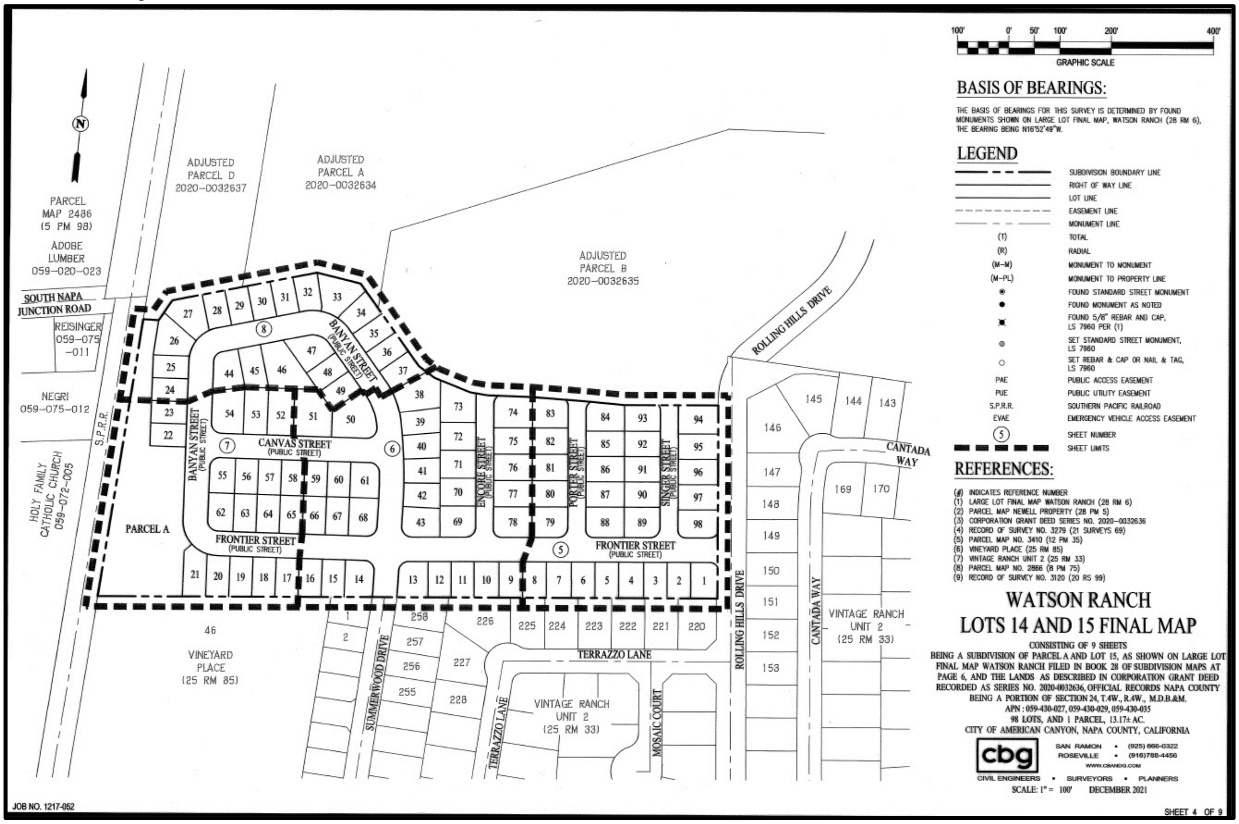
Plat Map


COUNTY ASSESSOR'S PARCEL MAP
Tax Area Code
5001
5031
5032
59–43
NOTE: This Map Was Prepared For Assessment Purposes Only, No Liability Is Assumed For The Accuracy Of The Data Delineated Hereon.
LARGE LOT FINAL MAP WATSON RANCH R.M. BK. 28, PG. 6–13
59–43
REVISION
DATE

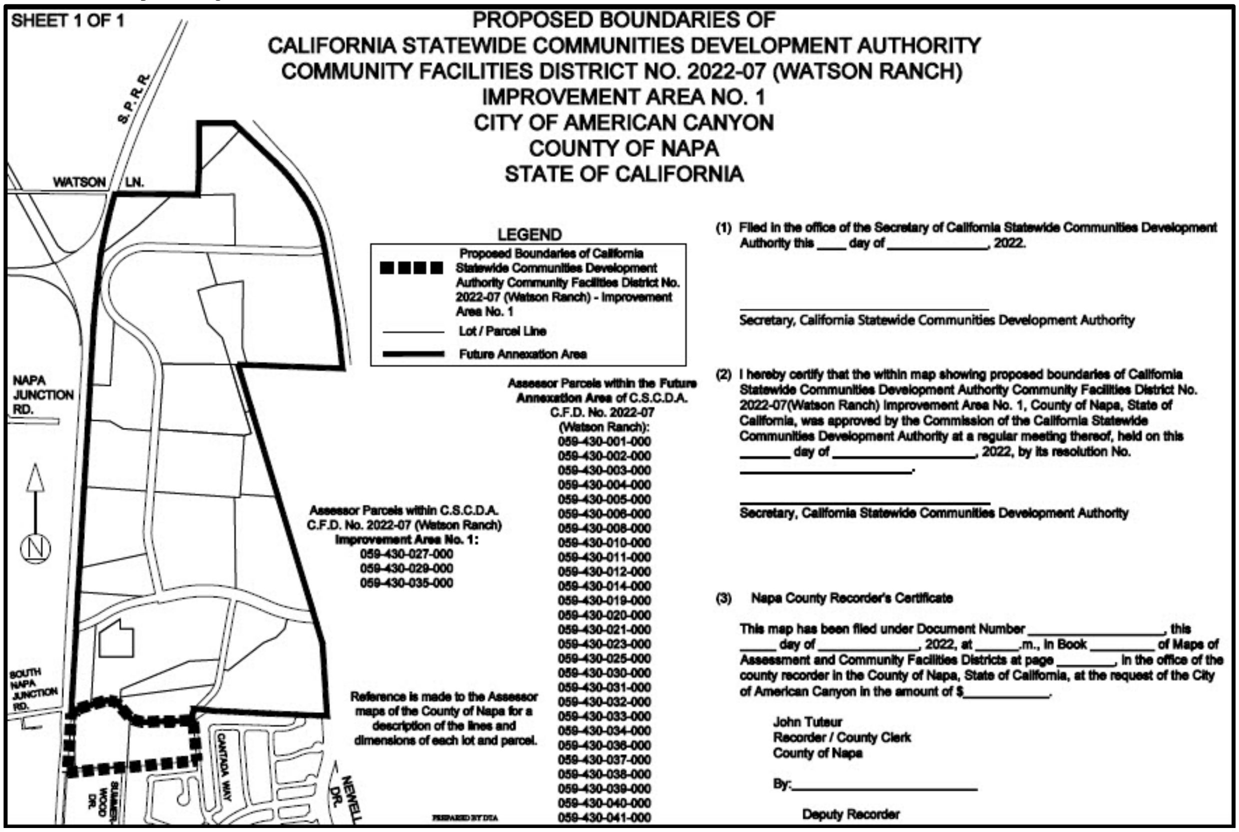
Assessor Aerial



Final Map


GRAPHIC SCALE
BASIS OF BEARINGS:
THE BASIS OF BEARINGS FOR THIS SURVEY IS DETERMINED BY FOUND MONUMENTS SHOWN ON LARGE LOT FINAL MAP, WATSON RANCH (28 RM 6), THE BEARING BEING N16°52'49"W.
LEGEND
SUBDIVISION BOUNDARY LINE
RIGHT OF WAY LINE
LOT LINE
EASEMENT LINE
MONUMENT LINE
(T) TOTAL
(R) RADIAL
(M-M) MONUMENT TO MONUMENT
(M-PL) MONUMENT TO PROPERTY LINE
FOUND STANDARD STREET MONUMENT
FOUND MONUMENT AS NOTED
FOUND 5/8" REBAR AND CAP, LS 7960 PER (1)
SET STANDARD STREET MONUMENT, LS 7960
SET REBAR & CAP OR NAIL & TAG, LS 7960
PAE PUBLIC ACCESS EASEMENT
PUE PUBLIC UTILITY EASEMENT
S.P.R.R. SOUTHERN PACIFIC RAILROAD
EVAE EMERGENCY VEHICLE ACCESS EASEMENT
SHEET NUMBER
SHEET LIMITS
REFERENCES:
(#) INDICATES REFERENCE NUMBER
(1) LARGE LOT FINAL MAP WATSON RANCH (28 RM 6)
(2) PARCEL MAP NEWELL PROPERTY (28 PM 5)
(3) CORPORATION GRANT DEED SERIES NO. 2020-0032636
(4) RECORD OF SURVEY NO. 3279 (21 SURVEYS 69)
(5) PARCEL MAP NO. 3410 (12 PM 35)
(6) VINEYARD PLACE (25 RM 85)
(7) VINTAGE RANCH UNIT 2 (25 RM 33)
(8) PARCEL MAP NO. 2866 (8 PM 75)
(9) RECORD OF SURVEY NO. 3120 (20 RS 99)
WATSON RANCH
LOTS 14 AND 15 FINAL MAP
CONSISTING OF 9 SHEETS
BEING A SUBDIVISION OF PARCEL A AND LOT 15, AS SHOWN ON LARGE LOT FINAL MAP WATSON RANCH FILED IN BOOK 28 OF SUBDIVISION MAPS AT PAGE 6, AND THE LANDS AS DESCRIBED IN CORPORATION GRANT DEED RECORDED AS SERIES NO. 2020-0032636, OFFICIAL RECORDS NAPA COUNTY
BEING A PORTION OF SECTION 24, T.4W., R.4W., M.D.B.&M.
APN : 059-430-027, 059-430-029, 059-430-035
98 LOTS, AND 1 PARCEL, 13.17± AC.
CITY OF AMERICAN CANYON, NAPA COUNTY, CALIFORNIA
cbg
SAN RAMON • (925) 866-0322
ROSEVILLE • (916)788-4456
WWW.CBANDG.COM
CIVIL ENGINEERS • SURVEYORS • PLANNERS
SCALE: 1" = 100' DECEMBER 2021
SHEET 4 OF 9
JOB NO. 1217-052
ADJUSTED PARCEL D 2020-0032637
ADJUSTED PARCEL A 2020-0032634
ADJUSTED PARCEL B 2020-0032635
PARCEL MAP 2486 (5 PM 98)
ADOBE LUMBER 059-020-023
SOUTH NAPA JUNCTION ROAD
REISINGER 059-075-011
NEGRI 059-075-012
HOLY FAMILY CATHOLIC CHURCH 059-072-005
S.P.R.R.
PARCEL A
BANYAN STREET (PUBLIC STREET)
CANVAS STREET (PUBLIC STREET)
FRONTIER STREET (PUBLIC STREET)
ENCORE STREET (PUBLIC STREET)
PORTER STREET (PUBLIC STREET)
SINGER STREET (PUBLIC STREET)
ROLLING HILLS DRIVE
CANTADA WAY
VINEYARD PLACE (25 RM 85)
SUMMERWOOD DRIVE
TERRAZZO LANE
MOSAIC COURT
VINTAGE RANCH UNIT 2 (25 RM 33)

Boundary Map



Proposed Improvements Description

Overview

As noted, the subject Developer is marketing three floor plans, ranging in size from 1,705 to 2,331 square feet, with a typical lot size of approximately 3,800 square feet. A summary of the subject floor plans and base pricing is provided below.

Summary of Floor Plans

Description	Home SF	Beds	Baths	Garage	No. of Lots	Proposed Price
Plan 1	1,705	3	2	2-car	32	$740,000
Plan 2	2,065	3	2.5	2-car	33	$790,000
Plan 3	2,311	4	3	2-car	33	$820,000
Total/Average	2,030				98	$783,776

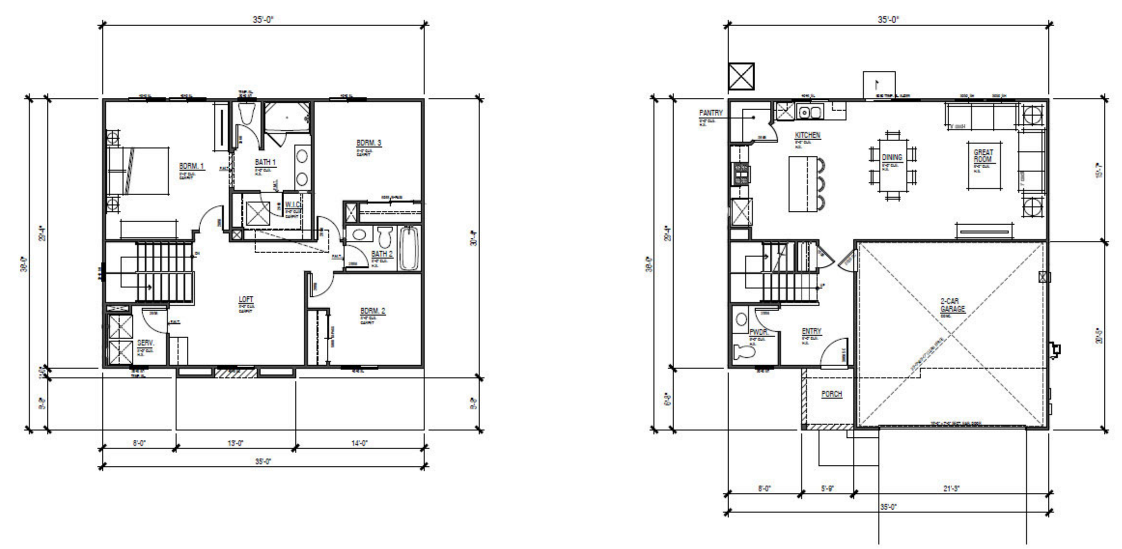
A complete interior finish profile was not provided and is assumed to be of a typical quality for the area, which generally average to good overall quality.

It is noted that the subject property will have a Homeowner’s Association (HOA) that will be responsible for common area maintenance. The Developer estimates that dues will be approximately $80 per home, per month, to be paid by the future homeowners.

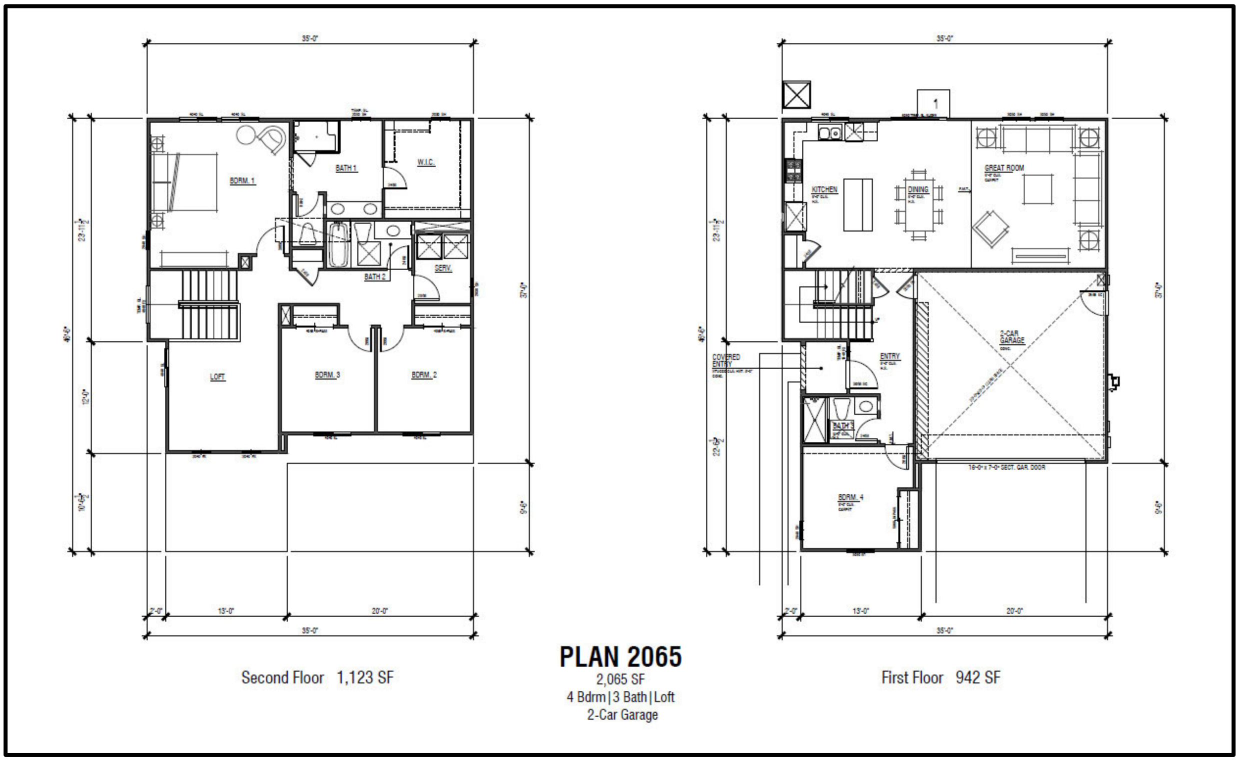
For the reader’s reference, the subject’s floor plans are presented on the following pages.

Elevation Renderings

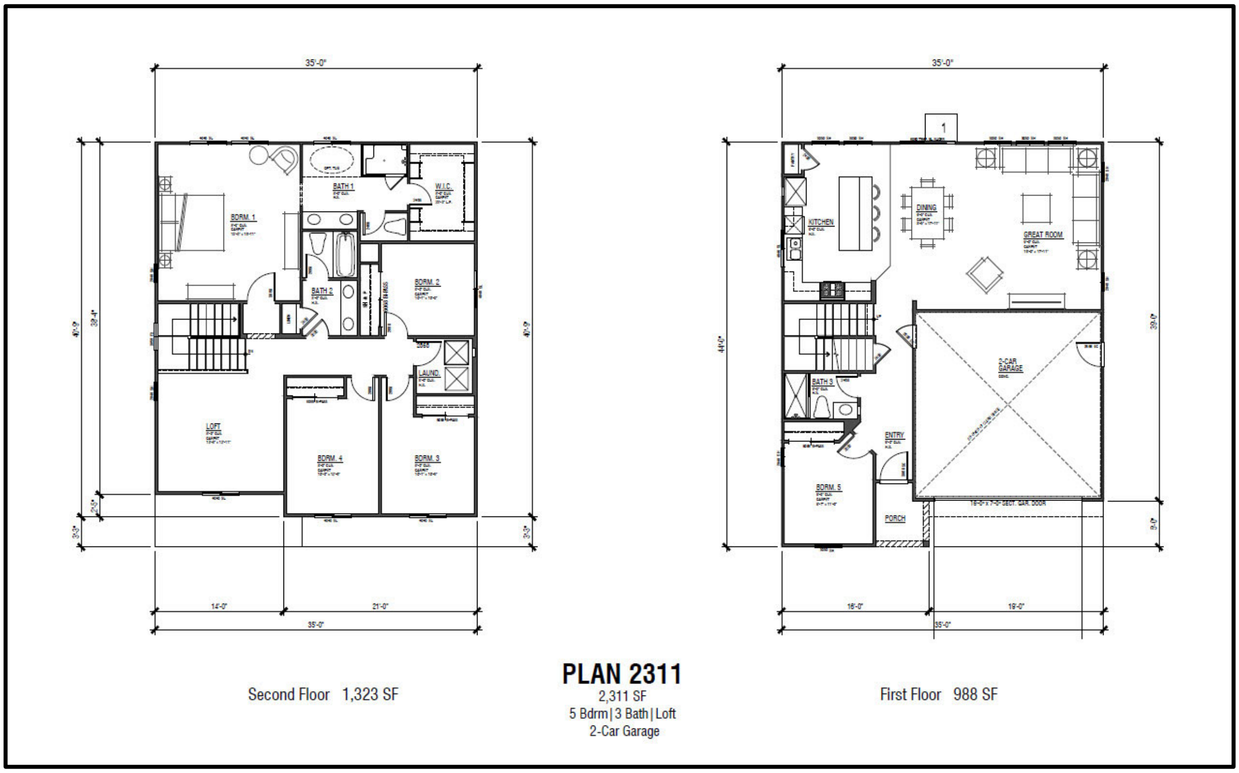
Floor Plan 1



Floor Plan 2


BDRM. 1
BATH 1
W.I.C.
BATH 2
DRYR.
LOFT
BDRM. 3
BDRM. 2
35'-0"
13'-0"
20'-0"
KITCHEN
DINING
GREAT ROOM
2-CAR GARAGE
COVERED ENTRY
ENTRY
BATH 3
BDRM. 4
16'-0" x 7'-0" SECT. GAR. DOOR
Second Floor 1,123 SF
PLAN 2065
2,065 SF
4 Bdrm | 3 Bath | Loft
2-Car Garage
First Floor 942 SF

Floor Plan 3


PLAN 2311
2,311 SF
5 Bdrm | 3 Bath | Loft
2-Car Garage
Second Floor 1,323 SF
First Floor 988 SF

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 Napa County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.010070% based on assessed value. The parcels are encumbered by three direct charges, all of which represent annual charges in perpetuity (cannot be paid off).

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted as the infrastructure and property improvements are completed and the property is sold off to individual homeowners.

The subject property will be encumbered with California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch) Improvement Area No. 1. Special taxes associated with the proposed CFD for the 2022/23 fiscal year are reported below.

Table 1: Assigned Special Taxes for Developed Property (CFD No. 2022-07 (IA No. 1))
Fiscal Year 2022-2023

Land Use	Description	Assigned Special Tax
1	Residential Property (>= 2,300 Sq. Ft. of Residential Floor Area)	$4,143 per Dwelling Unit
2	Residential Property (2,000 – 2,299 Sq. Ft. of Residential Floor Area)	$3,980 per Dwelling Unit
3	Residential Property (< 2,000 Sq. Ft. of Residential Floor Area)	$3,710 per Dwelling Unit
4	Non-Residential Property	$44,437 per Acre

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The site is zoned TC, Town Center. Permitted uses include single family residential and various commercial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property has a recorded final map for 98 single-family homes on individual lots and associated improvements. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single family residential development is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including single family residential development

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for a single family residential development in the subject’s area. As shown later in this report by the land residual analysis, where home construction costs are deducted from an estimated current home price over the disposition period, the subject’s land value is positive, which demonstrates that single-family residential development is financially feasible. Further, buyers are actively buying homes and builders are buying land, reflecting ample demand. Therefore, single family residential development is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single family residential development. Accordingly, it is our opinion that single family residential development, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single family residential development is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

As Improved (Proposed)

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the proposed improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the property. The potential alternative uses consist of demolition, expansion, conversion or renovation.

As of the date of inspection, the subject consists of subdivision land with 98 single family residential lots. In addition, vertical construction of single family homes is underway at the property. Currently, it is considered reasonable to continue and complete construction of homes, as dictated by demand. The proposed improvements provide contributory value and are necessary to complete the subdivision project. Conversion is not currently possible given the planned land uses. Renovation is not warranted, as the improvements are new. The highest and best use of the subject property, as improved, is for continuation of construction of homes, as dictated by demand.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a regional or national home builder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction**, **land residual analysis,** and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation begins by employing the sales comparison approach to estimate the value of the subject's 98 residential lots. In the sales comparison approach to value, the subject's underlying land is compared to transactions of similarly zoned single-family residential land throughout the subject's region. Next, a land residual analysis, which is a discounted cash flow analysis that considers home prices and costs to derive an estimate of residual land value, is utilized. The two approaches are then reconciled into an opinion of market value per lot.

Our analysis excludes a typical cost approach since the subject property represents land. However, costs associated with home construction are taken into consideration as part of the land residual analysis and determination of financial feasibility. Given the limited, if any, income producing potential of the land, an income approach is not utilized.

Sales Comparison Approach - Lot Valuation

In this section of the report, we will utilize the sales comparison approach to estimate the market value of the subject lots. This value estimate assumes the subject property would sell on a bulk, or wholesale, basis. That is, it would transfer in one transaction to a single buyer. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

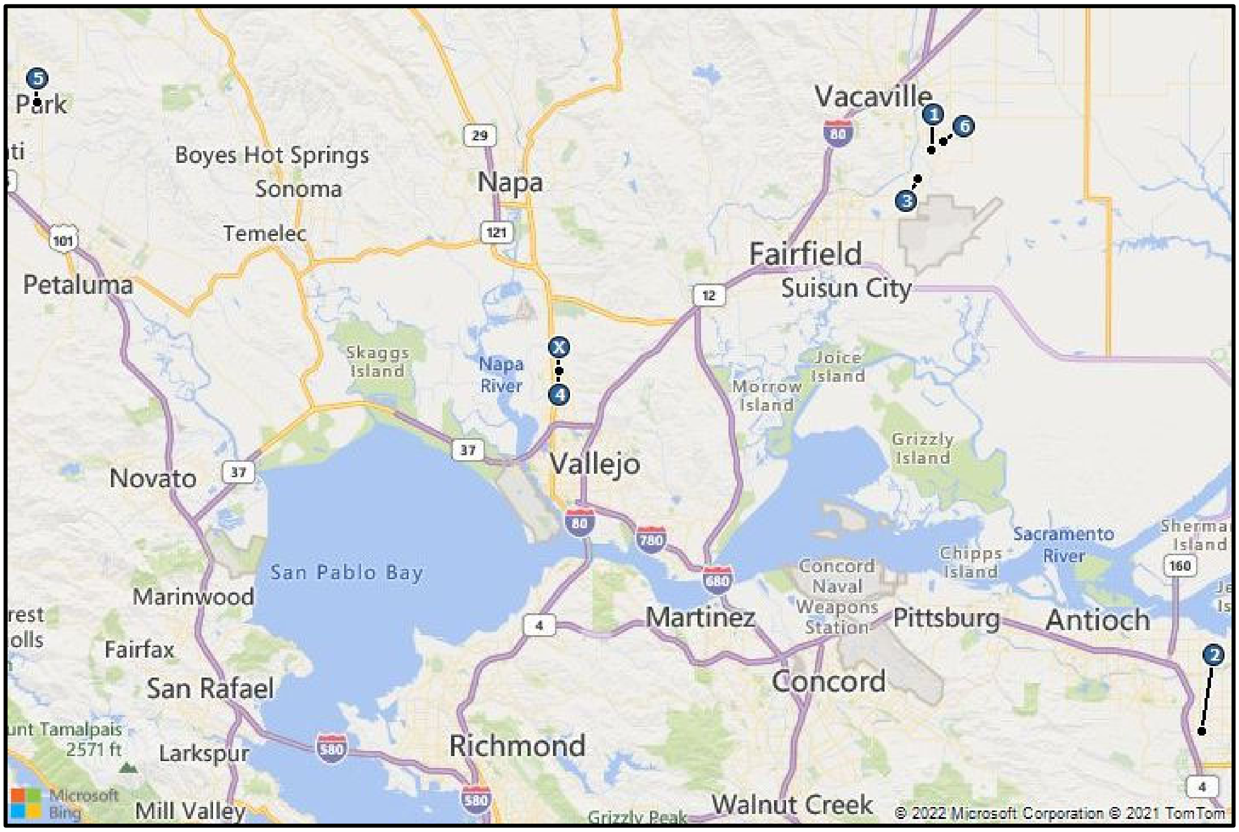
- Location: Napa, Sonoma, Solano, and Contra Costa Counties
- Typical Lot Size: 10,000 square feet or less
- Number of Lots: 30 lots or more
- Transaction Date: 2021 or later

The sales are analyzed on a loaded lot basis. Loaded lot is the equivalent of underlying land, any remaining site development costs and all fees paid through the building permit for home construction. The most relevant sales are summarized in the following table; Comparable 4 reflects the 2021 sale of the subject property.

Summary of Comparable Land Sales

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	Foxboro Knoll Foxboro Pky. Vacaville Grantor: BHKKS, LLC Grantee: Pulte Home Company, LLC *Comments: Sale of 58 paper lots within the Vanden Meadows community. The project is known as Foxboro Knoll and will include four floor plans ranging in size from 2,550 to 4,000 SF with a typical lot size of 10,000 SF. Proposed base pricing ranges from $750,000 to $1,035,000. Site development work is estimated at $200,202 per lot and is expected to be complete in Q4 2022. Permits and fees are estimated at $57,609 per lot.*	Apr-22 Closed	$4,753,000 $0	10,000	58	$81,948	$200,202 $57,609
2	Parkside Villas 1925 Apricot Way Brentwood Grantor: Laura Reed, Successor Trustee Grantee: Richmond American Homes of Maryland, Inc. *Comments: Sale of 36 paper lots comprising the proposed Parkside residential subdivision. Site development costs are estimated at $188,056 per lot and permits and fees are $61,781 per lot. Developer Richmond American is planning three floor plans ranging in size from 2,012 to 3,212 square feet; proposed pricing is between approximately $761,000 and $840,000. The typical lot size is 7,290 square feet.*	Mar-22 Closed	$5,200,000 $0	7,290	36	$144,444	$188,056 $61,781
3	One Lake (Neighborhood 5A) Big Sky Dr. Fairfield Grantor: One Lake Holdings LLC Grantee: Tri-Pointe Homes, Inc. *Comments: According to an accepted letter of intent, Tri Pointe Homes will acquire 75 finished lots in December 2021. The typical lot size is 4,400 SF. Permits and fees are $51,000; special taxes are approximately $1,020 per lot per year.*	Dec-21 Closed	$21,000,000 $14,040	4,400	75	$280,000	$0 $51,000
4	Watson Ranch Improvement Area No. 1 S. Napa Junction Rd. American Canyon Grantor: American Canyon 1, LLC Grantee: D.R. Horton Bay, Inc. *Comments: Sale of 98 paper lots within the Watson Ranch master planned community. The seller/master developer is responsible for all backbone infrastructure, while the buyer/builder is responsible for in-tract costs. The buyer's site development costs are estimated at $83,977 per lot; permits and fees are approximately $19,580 per lot. The typical lot size is 3,800 square feet, and the builder is planning three floor plans ranging in size from 1,705 to 2,311 square feet with base pricing between $740,000 and $820,000.*	Jul-21 Closed	$14,500,000 $0		98	$147,959	$83,977 $19,580
5	Vast Oak North Phase 3A & 3B S/O Keiser Ave., W/O Petaluma Hill Rd Rohnert Park Grantor: University District, LLC. Grantee: D.R. Horton *Comments: This comparable represents the sale of 128 finished lots with a typical lot size of 3,925 square feet (70 - 3,825 SF, 52 - 4,000 SF, 6 - 4,500 SF). Permits and fees average $62,305 per lot. The lots will transfer in 5 phased take downs; the schedule is as follows: 7/2021 - 8 lots, 11/2021 - 29 lots, 5/2022 - 30 lots, 11/2022 - 32 lots, 5/2023 - 29 lots. 102 of the lots represents motor court lots, the remaining 6 are conventional lots.*	Jul-21 In-Contract	$29,440,000 $0	3,925	128	$230,000	$0 $62,305
6	Villages at Vanden Meadows Vanden Rd. Vacaville Grantor: NorCal Co, LP Grantee: Meritage Homes of California, Inc. *Comments: Sale of 370 paper lots within the Vanden Meadows master planned community in Vacaville. Site development costs are estimated at $91,259 per lot and permits and fees average $83,400 per lot. The typical lot size is 6,335 square feet.* *Buyer Meritage Homes plans to finish the lots and then sell 176 finished lots to Richmond American Homes. Meritage will construct homes on the remaining 194 lots, with homes ranging in size from 1,568 to 2,427 square feet. The proposed asking price ranges from $661,100 to $749,490. The Richmond American homes will range from 2,077 to 3,046 square feet, with asking prices from $635,990 to $710,990.*	Apr-21 Closed	$27,430,000 $0	6,335	370	$74,135	$91,259 $83,400
	Subject Property Watson Ranch Improvement Area No. 1 American Canyon, CA			3,800	98		

Comparable Land Sales Map



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.
Bond Encumbrance PV	If applicable, we consider the remaining bond terms to estimate the total consideration of each site. The estimated bond encumbrances are added to the loaded lot prices on a dollar-for-dollar basis.

Loaded Lot Adjustments

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Lot Price	**$81,948**	**$144,444**	**$280,000**	**$147,959**	**$230,000**	**$74,135**
Remaining Site Development Costs	$200,202	$188,056	$0	$83,977	$0	$91,259
Permits & Fees	$57,609	$61,781	$51,000	$19,580	$62,305	$83,400
Loaded Lot Price Before Bonds	$339,759	$394,281	$331,000	$251,516	$292,305	$248,794
Special Taxes/Assessment Lien	$0	$0	$1,020	$0	$0	$0
Years (Approx)	0	0	30	0	0	0
Present Value	$0	$0	$14,040	$0	$0	$0
Loaded Lot Price After Bonds	$339,759	$394,281	$345,040	$251,516	$292,305	$248,794
Loaded Lot Adjustment	**$257,811**	**$249,837**	**$65,040**	**$103,557**	**$62,305**	**$174,659**

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Loaded Lot Analysis	Adjustments for remaining site development costs (if any) and permits and fees on a dollar-for-dollar basis are applied. The comparables are analyzed on a loaded-lot-basis, where any remaining site development costs and permits and fees due at building permit are added to the lot price to yield a price that reflects the total consideration	We consider the Special Assessments of the comparables and their remaining bond terms to estimate the total consideration with each sale. The estimated bond encumbrances are added to the loaded lot prices on a dollar-for-dollar basis.
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.

Adjustment Factor	Accounts For	Comments
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.	Home values had been increasing significantly through the end of 2021; though, some price appreciation has been offset by rising construction costs (materials) and labor shortages during the pandemic. Construction costs have since moderated. Market participants have noted they believe that peak land values occurred in the first quarter of 2022 and have since stabilized to fourth quarter of 2021 metrics. Sales 4, 5, and 6 transferred between April and July of 2021 and have been adjusted upward.
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	Sales 2 is located in the Contra Costa County city of Brentwood, which achieves higher lot and home values compared to American Canyon. This sale merits a downward 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. Comparable 6 comprises 370 lots and is adjusted upward. The remaining comparables represent fairly similar sized transactions and do not require adjustments.
Lot Size	Adjustments for differences in lot size between the comparables and subject are considered.	Those comparables with discernably larger lot sizes relative to the subject's typical lot size of 3,800 square feet are adjusted downward. Conversely, comparables with

Adjustment Factor	Accounts For	Comments
		smaller lot sizes are adjusted upward.
Site Utility	Primary physical factors that affect desirability of lots.	The subject property is considered to have average utility. Each of the comparables are considered to offer similar site utility as the subject and no additional adjustment for this characteristic are required.
Lot Premiums /Discounts	Primary physical factors that affect desirability of lots.	None of the comparables benefit from view or significant open space premiums. Adjustments for this factor do not apply.

The table on the following page summarizes the adjustments we make to the comparable sales.

Land Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Watson Ranch Improvement Area No. 1	Foxboro Knoll	Parkside Villas	One Lake (Neighborhood 5A)	Watson Ranch Improvement Area No. 1	Vast Oak North Phase 3A & 3B	Villages at Vanden Meadows
City	American Canyon	Vacaville	Brentwood	Fairfield	American Canyon	Rohnert Park	Vacaville
Sale Date		Apr-22	Mar-22	Dec-21	Jul-21	Jul-21	Apr-21
Sale Status		Closed	Closed	Closed	Closed	In-Contract	Closed
Sale Price		$4,753,000	$5,200,000	$21,000,000	$14,500,000	$29,440,000	$27,430,000
Number of Lots	98	58	36	75	98	128	370
Price per Lot	–	$81,948	$144,444	$280,000	$147,959	$230,000	$74,135
Loaded Lot Adjustment	–	$257,811	$249,837	$65,040	$103,557	$62,305	$174,659
Price per Lot		**$339,759**	**$394,281**	**$345,040**	**$251,516**	**$292,305**	**$248,794**
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	10/10/2022	Apr-22	Mar-22	Dec-21	Jul-21	Jul-21	Apr-21
Adjustment		=	=	=	+	+	+
Location/Community	American Canyon	Vacaville	Brentwood	Fairfield	American Canyon	Rohnert Park	Vacaville
Adjustment		=	--	=	=	=	=
Number of Lots	98	58	36	75	98	128	370
Adjustment		=	-	=	=	=	+
Lot Size (Typical)	3,800	10,000	7,290	4,400	7,290	3,925	6,335
Adjustment		--	-	=	=	=	-
Site Utility	Average (Detached)	Average	Average	Average	Average	Average	Average
Adjustment		=	=	=	=	=	=
Lot Premiums/Discounts	Average	Average	Average	Average	Average	Average	Average
Adjustment		=	=	=	=	=	=
Overall Adjustment		**--**	**----**	**=**	**+**	**+**	**+**
Adjusted Loaded Lot Value		**$339,759**	**$394,281**	**$345,040**	**$251,516**	**$292,305**	**$248,794**

Land Value Conclusion

The comparables reflect a range of sales prices of $74,135 to $280,000 per lot. The wide disparity in the unadjusted range is largely attributable to lot condition at time of sale (unimproved lots, partially improved lots and improved lots), as well as differences in permits and fees, remaining site costs and bonds encumbrances. After accounting for remaining site development costs, permits and fees and bond encumbrances, the comparables exhibit a loaded lot range of $248,794 - $394,281 per lot per loaded lot. The following table summarizes the loaded lot values (unadjusted) and our conclusion of loaded lot value for the subject property.

Bulk Lot Ranking Summary

Property	Sale Date	$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 2	Mar-22	$394,281	----
Comparable 3	Dec-21	$345,040	=
Subject Property	--	**$345,000**	
Comparable 1	Apr-22	$339,759	--
Comparable 5	Jul-21	$292,305	+
Comparable 4	Jul-21	$251,516	+
Comparable 6	Apr-21	$248,794	+

As shown, the loaded lot value indicator for the subject property is estimated to be lower than Comparable 2, similar to Comparable 3, and higher than the balance of the data set. Comparable 1 is a bit of an outlier, as it adjusts downward due to its larger lot size, but our market value conclusion is greater than the unadjusted sale price. A loaded lot indicator of $345,000 per lot appears reasonable for the subject property. It is noted market conditions strengthened in the second half of 2021 subsequent to the sale date of the subject property (Comparable 4).

Deducting the subject’s remaining permits and fees due at building permit ($13,586per lot) yields a finished lot value for the subject property of $331,414 ($331,000 per lot, rounded), as calculated below.

Lot Value Conclusion

Concluded Loaded Lot Value	$345,000
Less: Permits & Fees	($13,586)
Indicated Value	$331,414
(Rd.)	**$331,000**

Land Residual Analysis

The land residual analysis is employed as an additional indicator of market value for the subject's lots, by phase. 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 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 projected sales price for the average unit within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses. According to the proposed home sizes provided by the Developer, the average home is expected to include 2,030 square feet with a typical lot size of 3,800 square feet. Based on the Residential Market section of this report and considering current asking prices, we estimate a typical average-sized home on the subject would contain approximately 2,030 square feet and would have a corresponding base price of $780,000. These estimates will be utilized in the analysis.

Closing Projections

The typical time required for the construction of units is project to be approximately six to nine months from start to closing. Vertical construction is underway at the subject, and it is assumed that initial closings will occur within six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

Changes in Market Conditions (Price Increases or Decreases)

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally, market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted.

The North Bay residential housing market has experienced rapid market appreciation in home prices for the past few years; however, in early 2022, the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in March 2022) in an effort to manage rising inflation. The fed-funds rate is nearing 4%, which has resulted in a substantial rise in mortgage interest rates, which now exceed 5.5%. Market expectations are for additional rate increases. The rise in mortgage interest rates is anticipated to impact the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the sell-off period.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. Based on the typical marketing and absorption rate data presented in the Residential Market overview, we estimate an absorption rate of approximately 3.0 homes per month for the subject. This is reflected in the land residual as 9.0 units per quarter/period. With sales beginning in Period 1, the subject's lots are projected to sell out in Period 11, with Periods 12 and 13 needed to complete construction and close escrow.

Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects survey responses and developer budget information for numerous single-family residential subdivisions throughout 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	2022	27	Good	3,179	10,100	3.0%	1.1%	$115.00	$13.13	11.0%	$200,111	$70,470	N/Av	15.7%
Local	2022	22	Good	2,700	12,000	N/Av	N/Av	$115.26	N/Av	N/Av	$220,317	$67,876	N/Av	22.0%
Local	2022	19	Good	2,950	15,200	N/Av	N/Av	$140.00	N/Av	N/Av	N/Av	$66,508	N/Av	8.0%
Local	2022	91	Average	2,160	5,475	5.0%	1.0%	$117.00	N/Av	N/Av	N/Av	$52,790	N/Av	10.0%
Regional	2022	55	Good	3,428	11,000	2.0%	2.0%	$148.00	N/Av	N/Av	$218,004	$31,420	N/Av	11.0%
National	2022	159	Average	1,575	2,275	N/Av	N/Av	$145.64	N/Av	N/Av	$41,811	$54,100	N/Av	28.0%
National	2022	65	Average	3,447	5,200	N/Av	N/Av	$110.00	N/Av	N/Av	N/Av	$71,290	N/Av	N/Av
Regional	2022	30	Average	2,090	5,200	3.0%	2.0%	$150.00	$9.00	6.0%	$103,967	$55,800	N/Av	16.4%
National	2022	187	Average	2,420	6,698	N/Av	N/Av	$95.00	N/Av	N/Av	$255,045	$77,870	N/Av	N/Av
Local	2022	99	Good	2,614	5,500	5.5%	1.2%	$95-$105	N/Av	N/Av	$100,600	$48,599	$125,000	29.0%
Regional	2022	49	Average	2,062	6,600	3.0%	3.9%	$104.63	N/Av	N/Av	$82,916	$56,472	N/Av	20.9%
Regional	2021	87	Average	1,978	6,500	N/Av	N/Av	$98.00	N/Av	N/Av	$96,759	$63,947	N/Av	N/Av
Regional	2021	128	Average	2,009	2,565	3.0%	3.5%	$87.42	$16.63	19.0%	N/Av	$54,371	N/Av	14.0%
Local	2021	36	Good	2,533	3,450	5.5%	6.6%	$112.26	$5.53	4.9%	N/Av	$55,497	N/Av	15.0%
Local	2021	12	Good	1,909	3,450	N/Av	1.4%	$189.48	$31.64	16.7%	$96,162	$36,270	N/Av	20.0%
Regional	2021	147	Average	2,200	3,825	N/Av	N/Av	$76.00	N/Av	7.0%	$43,972	$48,197	N/Av	N/Av
National	2021	49	Average	2,338	6,100	2.0%	N/Av	N/Av	N/Av	N/Av	$69,453	$60,500	N/Av	N/Av
Regional	2021	72	Good	2,551	3,800	N/Av	7.4%	$88.00	N/Av	N/Av	$112,128	$63,610	N/Av	9.5%
Local	2021	26	Good	3,375	1-acre	N/Av	N/Av	$176.00	N/Av	N/Av	$111,538	$95,610	N/Av	N/Av
Local	2020	17	Good	1,611	9,424	N/Av	N/Av	$142.88	N/Av	N/Av	$192,701	$55,092	$170,000	N/Av
Local	2020	22	Good	1,692	2,200	N/Av	N/Av	$170.00	$34.00	20%	$101,441	$25,850	N/Av	N/Av
Regional	2020	233	Good	2,300	7,500	3.0%	4.2%	$91.00	N/Av	11%	$100,000	$40,600	N/Av	10.0%
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
National	2020	48	Average	2,102	5,250	2.4%	6.1%	$124.00	$20.13	16%	$102,134	$53,000	$126,000	16.1%
Regional	2020	20	Good	2,670	1,824	N/Av	N/Av	$160.00	$28.80	18%	$187,280	$40,872	N/Av	N/Av
National	2020	16	Average	1,958	2,700	N/Av	N/Av	$142.55	$89.61	63%	$232,295	$90,523	$22,641	7.60%
Regional	2020	30	Average	2,672	5,000	9.8%	6.3%	$88.79	N/Av	10%	$91,600	$62,730	N/Av	12.2%
Minimum		12		1,575	1,824	2.0%	1.0%	$76.00	$5.53	4.9%	$41,811	$25,850	$22,641	7.6%
Maximum		233		3,447	15,200	9.8%	7.4%	$189.48	$89.61	63.0%	$255,045	$95,610	$170,000	29.0%
Average		65		2,371	5,895	3.9%	3.5%	$120.50	$23.80	16.4%	$128,996	$59,152	$96,428	15.9%

Information from the survey above will contribute to the estimate of development expenses classified as follows.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 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 1.1007%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. The subject is within the boundary of Improvement Area No. 1 of the CSCDA CFD No. 2022-07 (Watson Ranch). Special Taxes associated with the District for the most recently available tax year amount to $3,980 per representative unit, which is utilized in the analysis. In addition, we have estimated direct charges at $140 per lot based upon comparable homes in the area. The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

HOA

A homeowner's association is planned for the subject. According to the developer, the estimated HOA fee applicable to the subject property is $80 per home, per month, which is similar to other new home projects in the area and will therefore be utilized in the analysis.

Permits and Fees

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, remaining permits and fees due at building permit are projected to total $13,586 per lot, considering the permits and fees paid to date for the initial 30 lots.

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 $105 per square foot is applied to the 2,030 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 10% is considered reasonable for the subject.

Model Complex

Two model homes are under construction at the subject. Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from $20,000 per model to over $250,000 per model for executive homes.

Based on the quality of the subject's proposed improvements and the targeted buyer segment, a model upgrade cost of $50,000 is considered reasonable for the subject's lots. Of this amount, approximately 40% will be recaptured with the sale of the models reflecting a model recapture of $40,000. Model costs will be applied over the initial period, with recapture distributed evenly throughout the projection period.

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	98	2,030	$384	$780,000	$76,440,000	
Model Recapture					$40,000	
Total	**98**	**2,030 (avg.)**		**$780,408 (avg.)**	**$76,480,000**	(without appreciation)

Expenses Summary

General and Administrative	3.0% of total revenue				
Marketing and Sales	6.0% of total revenue				
HOA	$80 per month/unit				
Ad Valorem Taxes					
1.1007% - Tax Rate	(based on residual land value)			$343,418	
÷ Total Number of Units			98	$3,504	/lot/year
Special Taxes				$3,980	/lot/year
Additional Direct Charges				$140	/lot/year
Estimated Permits and Fees at Building Permit/Occupancy					
Net (Average) Permits and Fees/Unit			$13,586		
x Number of Units			98		

Construction Costs	SF	Units	Cost/SF	Extension	Indirects
Typical Floor Plan	2,030	98	$105.00	$20,888,700	$2,088,870
Average Direct Construction Costs					$213,150
Indirect Costs		10% of Direct Costs			$21,315
Model Complex					$100,000

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%. This is consistent with our survey presented earlier in this section, which ranged from 8.4% to 24.6%. 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.

Based on the preceding discussion and developer surveys, we have concluded an estimate of 10% 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 0.22% as of October 2022. 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 5.0% 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**	**8**	**9**	**10**	**11**	**12**	**13**	**Total**
Sales		9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	0.0	0.0	98
Close of Escrow (COE)		0.0	0.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	98
Unsold Inventory		89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0	90.0	98.0	98.0	
Total Sales		$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 6,243,265	$ -	$ -	$ 76,480,000
Total Sales Revenue		$ -	$ -	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 7,023,673	$ 6,243,265	$ 76,480,000

Expenses and Cash Flow Summary

Period (Quarter/3 months):		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**Total**
General and Administrative		$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (176,492)	$ (2,294,400)
Marketing and Sales		$ -	$ -	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (421,420)	$ (374,596)	$ (4,588,800)
HOA		$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (23,520)	$ (305,760)
Ad Valorem Real Estate Taxes		$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (85,855)	$ (1,116,110)
Special Taxes		$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (97,510)	$ (1,267,630)
Additional Direct Charges		$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (3,430)	$ (44,590)
Direct Construction Costs		$ (959,175)	$ (959,175)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,918,350)	$(1,811,775)	$ (959,175)	$ (852,600)	$ (20,888,700)
Indirect Construction Costs		$ (95,918)	$ (95,918)	$ (191,835)	$ (191,835)	$ (191,835)	$ (191,835)	$ (191,835)	$ (191,835)	$ (191,835)	$ (191,835)	$ (181,178)	$ (95,918)	$ (85,260)	$ (2,088,870)
Model Costs		$ (100,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (100,000)
Building Permits		$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (122,274)	$ (108,688)	$ -	$ -	$ (1,331,428)
Total Expenses		$ (1,664,173)	$ (1,564,173)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(3,040,686)	$(2,909,868)	$(1,863,320)	$(1,699,263)	$ (34,026,288)
Net Income Before Developer's Incentive		$ (1,664,173)	$ (1,564,173)	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 3,982,987	$ 4,113,806	$ 5,160,354	$ 4,544,002	$ 42,453,712
Total Developer's Incentive (Profit)	10.00%	$ -	$ -	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 702,367	$ 624,327	$ 7,648,000
Net Income (Before Discounting)		$ (1,664,173)	$ (1,564,173)	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,280,620	$ 3,411,438	$ 4,457,986	$ 3,919,676	$ 34,805,712
Present Value Factor															
Discount Rate (Cost of Borrowed Funds)	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422	0.88318	0.87228	0.86151	0.85087	
Discounted Cash Flow		$ (1,643,628)	$ (1,525,790)	$ 3,160,609	$ 3,121,589	$ 3,083,051	$ 3,044,989	$ 3,007,396	$ 2,970,268	$ 2,933,598	$ 2,897,381	$ 2,975,721	$ 3,840,594	$ 3,335,145	$ 31,200,923
Net Present Value		$ 31,200,923													
Conclusion of Value by Discounted Cash Flow Analysis (Rd)															**$ 31,200,000**
Per Lot															$ 318,367

Reconciliation of Finished Lot Value

The following table summarizes the finished lot value conclusions for each approach; the difference in value between approaches is less than 4%.

Reconciliation of Finished Lot Value

Sales Comparison Conclusion	Land Residual Analysis	Difference	Reconciled
$331,000	$318,367	-3.82%	$330,000

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

There is a reasonably active market for comparable properties, and this approach most closely reflects buyer behavior. Accordingly, the sales comparison approach is given greatest weight in the value conclusion.

A land residual analysis is typically utilized as a test of reasonableness. The analysis included estimates based upon market data but is typically given less reliance in a final conclusion than a sales comparison approach; therefore, this approach is considered a supporting indicator of value.

Giving greater weight to the sales comparison approach, we have concluded to finished lot value of $330,000 per lot. In addition, remaining in-tract costs are approximately $18,925 per lot; these costs are deducted from the finished lot value conclusion in the table below.

Land Value Conclusion

Indicated Value per Finished Lot	$330,000
Less: Remaining In-Tract Costs	($18,925)
Indicated Value per Lot	**$311,075**
Subject Lots	98
Indicated Value	$30,485,350
Rounded	**$30,490,000**

Final Opinion of Value

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

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value subject to a Hypothetical Condition	Fee Simple	October 10, 2022	$30,490,000

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. None

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. The value derived herein is based on the hypothetical condition proceeds from the CSCDA CFD No. 2022-07 (Waston Ranch) Improvement Area No. 1 Special Tax Bonds are available to reimburse the master developer for certain completed public improvements.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local residential land market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 9 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 we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding 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. Eric Segal, MAI, and Laura Diaz made personal inspections 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, Eric Segal, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Laura Diaz has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558

Laura Diaz
Certified General Real Estate Appraiser
California Certificate # 3005037

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.

9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.

11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.

12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner’s financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner’s financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – 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. None

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. The value derived herein is based on the hypothetical condition proceeds from the CSCDA CFD No. 2022-07 (Waston Ranch) Improvement Area No. 1 Special Tax Bonds are available to reimburse the master developer for certain completed public improvements.

Addendum A

Appraiser Qualifications

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 as well as 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
Arizona, Certified General, CGA - 1006422, Expires January 2024
Washington, Certified General, 20100611, Expires June 2023

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

esegal@irr.com - 916.435.3883 x228

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
Rocklin, CA 95765

T 916.435.3883
F 916.435.4774

irr.com

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2021
Date Expires: February 18, 2023

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3055248

Laura Diaz

Integra Realty Resources
San Francisco

555 Meridian Avenue
Suite C
San Jose, CA 95126

T 415-715-4690
F

irr.com

Experience

Ms. Diaz is a Certified General real estate appraiser. She began her career in real estate as a research analyst with Integra - Kentucky-Southern Indiana as she pursued her Master of Urban Planning degree. Since graduating in 2013, Ms. Diaz has been writing narrative appraisal reports for a variety of property types, including office, retail, industrial, multifamily housing, and commercial and agricultural land. She has also worked with special-purpose properties, including self-storage facilities, religious facilities, student housing projects, hotels, and data centers. In addition, Ms. Diaz has experience in multifamily market analysis, including development and analysis of survey techniques and models of demand for proposed multifamily projects. In 2017, Ms. Diaz relocated to the San Francisco Bay Area and joined the Integra - San Francisco office.

Licenses

California, Certified General Real Estate Appraiser, 3005037, Expires January 2022

Education

Academic:
Bachelor of Arts in English, University of Louisville
Master of Urban Planning, University of Louisville
Graduate Certificate in Real Estate Development, University of Louisville

Appraisal and Real Estate Courses:
Uniform Standards of Professional Appraisal Practice
Basic Appraisal Principles
Basic Appraisal Procedures
Real Estate Finance Statistics and Valuation Modeling
Site Valuation and Cost Approach
General Market Analysis and Highest and Best Use
Sales Comparison Approach
Income Capitalization Approach Part I
Income Capitalization Approach Part II
General Appraiser Report Writing and Case Studies
Expert Witness for Commercial Appraisers
Basic Hotel Appraising – Limited Service Hotels

ldiaz@irr.com - 415-715-4690

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Laura B. Diaz

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005037

Effective Date: January 3, 2022
Date Expires: January 2, 2024

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3061654

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

Property Information

First American Title Company of Napa

FIRST AMERICAN TITLE COMPANY OF NAPA

FIRST LOOK CHECKLIST

Will any of the following situation potentially affect your transaction:

- ☐ Will the principals be using a **POWER OF ATTORNEY**?
- ☐ Are any of the parties in title **INCAPACITATED OR DECEASED**?
- ☐ Has a **CHANGE IN MARITAL STATUS** occurred for any of the principals?
- ☐ Will the property be transferred to a **NEW TRUST, PARTNERSHIP OR CORPORATION**?
- ☐ Do the sellers of the property **RESIDE OUTSIDE OF CALIFORNIA OR THE UNITED STATES**?
- ☐ Have any of the principals **RECENTLY FILED BANKRUPTCY**?
- ☐ Are the principals involved in an **EXCHANGE WITH THIS PROPERTY**?
- ☐ Has there been a **WORK OF IMPROVEMENT, CONSTRUCTION, OR ANY REMODELING** of the subject property in the last 90 days?

If you answered YES to any of these questions, please contact your escrow officer right away, so we can assure a smooth closing.

Remember, all parties signing documents must have a valid photo I.D. or driver's license for a notarial acknowledgment.

Thank you for helping First American Title Company of Napa serve you better.

1700 Second Street, Napa, CA 94559 (707) 254-4500
1361 Main Street, St. Helena, CA 94574 (707) 963-7151

First American Title
Company of Napa

ORDER NO: **00302654-CRS**

PRELIMINARY REPORT

First American Title Insurance Company

First American Title Company of Napa

California Department of Insurance License No. 2553-6

1361 Main Street, P.O. Box 178, St. Helena, CA 94574
Tel: (707) 963-7151 - Fax: (707) 963-1302

Property Address:
No Situs
American Canyon, CA

Assessor's Parcel Number:
Portion of 059-430-035, 059-430-029

Buyer/Borrower:
TBD

Seller/Owner:
D.R. Horton Bay, Inc.

Direct Escrow Inquiries to Escrow Officer:
Connie Rendon
Email: crendon@firstamnapa.com

Direct Title Inquiries to:
Kevin Dornbush
Email: KDornbush@FirstAmNapa.com

Reference Number:

In response to the application for a policy of title insurance referenced herein, First American Title Insurance 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions 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 Attachment One. 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 Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

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.

The policy(s) of title insurance to be issued hereunder will be policy(s) of First American Title Insurance Company.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One 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.

Dated as of August 18, 2022 at 7:30 A.M.

By: Mark Holdcroft
Authorized Signatory

The form of policy or policies of title insurance contemplated by this report is:

ALTA Owner's Policy (6/17/06) with Regional Exceptions (Standard Coverage)
And
ALTA Loan Policy (6/17/06) (Extended Coverage)

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:

D. R HORTON BAY, INC., A DELAWARE CORPORATION

THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A fee as to Parcel(s) One, Two, and Three, an easement as to Parcel(s) Four.

THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A

LEGAL DESCRIPTION

The land referred to in this report is situated in the City of American Canyon County of Napa, State of California, and is described as follows:

PARCEL A, as shown on the map entitled "Watson Ranch, Lots 14 and 15 Final Map" in Book 28 of Maps at page(s) 85 through 93, in the office of the County Recorder of Napa County.

APN: 059-430-029 and a portion of 059-430-035

(New APN 059-462-009 has not yet been assessed)

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 2022-2023, 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. The terms and provisions contained in the document entitled "Memorandum of School Facilities Funding Agreement" recorded October 27, 2016 as Series Number 2016-0027485 of Official Records

4. The terms and provisions contained in the document entitled "Development Agreement by and Between The City of American Canyon, and American Canyon I, LLC, Regarding The AC-1 Property and Project" recorded July 19, 2019 as Series Number 2019-0013806 of Official Records

   The terms and provisions contained in the document entitled 'Assignment Agreement: Lots 14 & 15 Partial Assignment Agreement of Benefits, Burdens, and Other Obligations of AC-1 Development Agreement' recorded on July 8, 2021 as Series Number 2021-0022572 of Official Records.

   The terms and provisions contained in the document entitled 'Assignment Agreement: NVRG Partial Assignment Agreement of Benefits, Burdens, and Other Obligations of AC-1 Development Agreement' recorded September 3, 2021 as Series Number 2021-0028468 of Official Records.

5. The terms and provisions contained in the document entitled "Subdivision Improvement Agreement No. 2022-20 Regarding The Watson Ranch Final Map For Lots 14 and 15 February 15, 2022 " recorded March 3, 2022 as Series Number 2022-0004468 of Official Records.

6. Any rights, interests or claims which may exist or arise by reason of the following matter(s), as shown on the map entitled, “Watson Ranch Lots 14 and 15 Final Map” filed February 22, 2022 in Book 28 of Maps at page(s) 85 through 93, in the office of the County Recorder of said Napa County:

   a) Future storm drain purposes
   b) Public utility easement
   c) Public access easement

7. Rights of parties in possession.

8. With respect to D.R. Horton Bay, Inc., we will require copes of the articles of organization, bylaws, and other governing documents and any amendments thereto. Other requirements will be made following a review of such documents.

-END OF EXCEPTIONS-

First American Title Company of Napa

ORDER NO: **00302654-CRS**

Information Notes:

a. The following taxes are shown for proration purposes only:
General and special taxes and assessments for the fiscal year 2021-2022

First Installment	:	$957.93 Paid
Second Installment	:	$957.93 Paid
Tax Rate Area	:	5032
A. P. No.	:	059-430-035
Affects	:	The land and other property.

The following taxes are shown for proration purposes only:
General and special taxes and assessments for the fiscal year 2021-2022

First Installment	:	$0.00
Second Installment	:	$0.00
Tax Rate Area	:	5032
A. P. No.	:	059-430-029

b. The following taxes are shown for proration purposes only:
Supplemental taxes for the fiscal year 2021-2022 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment	:	$45,838.66 Paid
Second Installment	:	$41,671.51 Paid
Tax Rate Area	:	5032
A. P. No.	:	059-430-035
Assessment No.	:	990-213-986

Supplemental taxes for the fiscal year 2022-2023 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment	:	$41,671.51 Paid
Second Installment	:	$41,671.51 Paid
Tax Rate Area	:	5032
A. P. No.	:	059-430-035
Assessment No.	:	990-213-986

c. The Assessor's Parcel Number(s), if any, contained in the legal description herein, are for quick identification purposes only, and are not a part of the actual legal descriptions.

d. Any statement regarding the acreage of the herein described land contained within the legal description in this report is derived from the public record and is for recorded deed purposes only. The Policy of Title Insurance contemplated by this report provides no insurance with respect to acreage and no acreage statement will appear within the legal description of such policy.

e. The County Recorder may charge an additional $20.00 recording fee, if not provided with a "Preliminary Change of Ownership Report" Form, for each Deed to be recorded. The purchaser is responsible for completing and signing this form.

f. Before an escrow can close, or funds placed in a Savings Account, the Seller must furnish a Taxpayer Identification Number to us so that we can file an IRS Form 1099S or its equivalent, with the Internal Revenue Service. This procedure is required by Section 6045 of the Internal Revenue Code.

g. 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 of 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.

Lenders Supplemental Report:

h. According to the public records, there has been no conveyance of the land within a period of two years prior to the date of this report, except as follows:

A document recorded December 7, 2020 as Series Number 2020-0032630 of Official Records
From : American Canyon I, LLC, a Delaware limited liability company
To : First American Title Company of Napa, a California corporation

A document recorded December 7, 2020 as Series Number 2020-0032631 of Official Records
From : American Canyon I, LLC, a Delaware limited liability company
To : First American Title Company of Napa, a California corporation

A document recorded December 7, 2020 as Series Number 2020-0032632 of Official Records
From : American Canyon I, LLC, a Delaware limited liability company
To : First American Title Company of Napa, a California corporation

A document recorded December 7, 2020 as Series Number 2020-0032633 of Official Records
From : American Canyon I, LLC, a Delaware limited liability company
To : First American Title Company of Napa, a California corporation

A document recorded December 7, 2020 as Series Number 2020-0032636 of Official Records
From : First American Title Company of Napa, a corporation
To : American Canyon I, a Delaware limited liability company

A document recorded July 8, 2021 as Series Number 2021-0022571 of Official Records
From : American Canyon I, LLC, a Delaware Corporation
To : D.R. Horton Bay, Inc, a Delaware Corporation

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exn
Madea Brooks/kt

RESTRICTIVE COVENANT NOTIFICATION

The following statement is deemed attached as a coversheet to any declaration, governing document, or deed identified in the above exceptions:

> **If this document contains any restriction based on age, race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, veteran or military status, genetic information, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code by submitting a "Restrictive Covenant Modification" form, together with a copy of the attached document with the unlawful provision redacted to the county recorder's office. The "Restrictive Covenant Modification" form can be obtained from the county recorder's office and may be available on its internet website. The form may also be available from the party that provided you with this document. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.**

Information for processing a "Restrictive Covenant Modification" form:

1. Print a complete copy of the document in question. Strike out what you believe to be unlawful restrictive language in the document.
2. Print and complete the "Restrictive Covenant Modification" ("RCM") form. Note that the signature on the form must be acknowledged by a notary public or other qualified officer.
3. Submit the completed RCM form and the document with your strike-outs to the County Clerk-Recorder's Office for the county where the property is located. No fee is required for this service.
4. The County Clerk-Recorder's Office will forward the RCM form and the document with your strike-outs to the Office of the County Counsel, who will determine whether the document contains any unlawful restrictions.
5. The Office of the County Counsel will return the RCM form and the document with your strike-outs to the County Clerk-Recorder's Office along with its determination. If approved, a Deputy County Counsel will sign the RCM, and the County Clerk-Recorder's Office will record, image and index it. If the Office of the County Counsel determines that the document does not contain an unlawful restriction, the County Clerk-Recorder's Office will not record the RCM.
6. The approved RCM will be returned to the submitter by mail.

The “Restrictive Covenant Modification” form is included.

Restrictive Covenant Modification form

First American Title Company of Napa

ORDER NO: **00302654-CRS**

WARNING:

The map attached, if any, may or may not be a survey of the land depicted hereon. First American 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.

CLICK HERE FOR MAP

PRIVACY POLICY

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 parent company, The First American Corporation, 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 which 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 of from another person on entity. First American has also adopted guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Type 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 for 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, 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.

ATTACHMENT ONE (Revised 06-03-11)

CALIFORNIA LAND TITLE ASSOCIATION
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 HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

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.

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:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or $5,000.00 (whichever is less)	$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or $2,500.00 (whichever is less)	$5000.00

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

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 any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

* land use
* improvements on the land
* land division
* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

* a notice of exercising the right appears in the public records
* on the Policy Date
* the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

* that are created, allowed, or agreed to by you
* that are known to you, but not to us, on the Policy Date – unless they appeared in the public records
* that result in no loss to you
* that first affect your title after the Policy Date – this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.
5. Lack of a right:

* to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR
* in streets, alleys, or waterways that touch your land
This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

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

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. (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.

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 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.

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:

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 in 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 that 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.

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 which 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.

Addendum D

Comparable Data

Land Sale Profile Sale No. 1

Location & Property Identification

Property Name:	Foxboro Knoll
Sub-Property Type:	Residential, Residential Subdivision
Address:	Foxboro Pky.
City/State/Zip:	Vacaville, CA 95687
County:	Solano
Market Orientation:	Suburban
IRR Event ID:	2826455

Sale Information

Sale Price:	$4,753,000
Effective Sale Price:	$4,753,000
Sale Date:	04/01/2022
Contract Date:	01/27/2022
Sale Status:	Closed
$/Acre(Gross):	$171,465
$/Land SF(Gross):	$3.94
$/Acre(Usable):	$171,465
$/Land SF(Usable):	$3.94
$/Unit:	$81,948 /Unit
Grantor/Seller:	BHKKS, LLC
Grantee/Buyer:	Pulte Home Company, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2022.24216

Improvement and Site Data

Legal/Tax/Parcel ID:	0137-050-020, 0137-050-240 and 0137-050-250
Acres(Usable/Gross):	27.72/27.72
Land-SF(Usable/Gross):	1,207,483/1,207,483
Usable/Gross Ratio:	1.00
No. of Units (Potential):	58
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Desc.:	Foxboro Pkwy
Zoning Code:	RE-10
Zoning Desc.:	Residential Estates
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	06095C0279E
Date:	05/04/2009
Source of Land Info.:	Engineering Report

Comments

Sale of 58 paper lots within the Vanden Meadows community. The project is known as Foxboro Knoll and will include four floor plans ranging in size from 2,550 to 4,000 SF with a typical lot size of 10,000 SF. Proposed base pricing ranges from $750,000 to $1,035,000. Site development work is estimated at $200,202 per lot and is expected to be complete in Q4 2022. Permits and fees are estimated at $57,609 per lot.

Land Sale Profile — Sale No. 2

Location & Property Identification

Property Name:	Parkside Villas
Sub-Property Type:	Residential, Residential Subdivision
Address:	1925 Apricot Way
City/State/Zip:	Brentwood, CA 94513
County:	Contra Costa
Market Orientation:	Suburban
IRR Event ID:	2928312

Sale Information

Sale Price:	$5,200,000
Effective Sale Price:	$5,200,000
Sale Date:	03/01/2022
Sale Status:	Closed
$/Acre(Gross):	$862,355
$/Land SF(Gross):	$19.80
$/Acre(Usable):	$862,355
$/Land SF(Usable):	$19.80
$/Building SF:	$713.31
$/Unit:	$144,444 /Unit
Grantor/Seller:	Laura Reed, Successor Trustee
Grantee/Buyer:	Richmond American Homes of Maryland, Inc.
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2022-0037166

Improvement and Site Data

MSA:	San Francisco-Oakland-Hayward, CA
Legal/Tax/Parcel ID:	019-820-028 through 063
Acres(Usable/Gross):	6.03/6.03
Land-SF(Usable/Gross):	262,666/262,666
Usable/Gross Ratio:	1.00
Potential Building SF:	7,290
No. of Units (Potential):	36
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Desc.:	Apricot Way
Zoning Code:	PD-35
Zoning Desc.:	Planned Development
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	06013C0353F
Date:	06/16/2009
Source of Land Info.:	Engineering Report

Comments

Sale of 36 paper lots comprising the proposed Parkside residential subdivision. Site development costs are estimated at $188,056 per lot and permits and fees are $61,781 per lot. Developer Richmond American is planning three floor plans ranging in size from 2,012 to 3,212 square feet; proposed pricing is between approximately $761,000 and $840,000. The typical lot size is 7,290 square feet.

Land Sale Profile — Sale No. 3

Location & Property Identification

Property Name:	One Lake (Neighborhood 5A)
Sub-Property Type:	Residential, Residential Subdivision
Address:	Big Sky Dr.
City/State/Zip:	Fairfield, CA 94533
County:	Solano
Market Orientation:	Suburban
IRR Event ID:	2730441

Source of Land Info.: Other

Sale Information

Sale Price:	$21,000,000
Effective Sale Price:	$21,000,000
Sale Date:	12/31/2021
Contract Date:	07/28/2021
Sale Status:	Offer Pending
$/Acre(Gross):	$1,575,394
$/Land SF(Gross):	$36.17
$/Building SF:	$4,772.73
$/Unit:	$280,000 /Improved Lot
Grantor/Seller:	One Lake Holdings LLC
Grantee/Buyer:	Tri-Pointe Homes, Inc.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Verified By:	Sara Gilbertson
Verification Date:	11/10/2021
Confirmation Source:	James Hillier
Verification Type:	Confirmed-Seller

Comments

According to an accepted letter of intent, Tri Pointe Homes will acquire 75 finished lots in December 2021. The typical lot size is 4,400 SF. Permits and fees are $51,000; special taxes are approximately $1,020 per lot per year.

Improvement and Site Data

Acres(Gross):	13.33
Land-SF(Gross):	580,654
Potential Building SF:	4,400
No. of Units (Potential):	75
Zoning Desc.:	Residential

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Watson Ranch Improvement Area 1
Sub-Property Type:	Residential, Residential Subdivision
Address:	S. Napa Junction Rd.
City/State/Zip:	American Canyon, CA 94503
County:	Napa
Market Orientation:	Suburban
IRR Event ID:	2932450

Sale Information

Sale Price:	$14,500,000
Effective Sale Price:	$14,500,000
Sale Date:	07/06/2021
Sale Status:	Closed
$/Acre(Gross):	$1,100,987
$/Land SF(Gross):	$25.28
$/Acre(Usable):	$1,100,987
$/Land SF(Usable):	$25.28
$/Unit:	$147,959 /Approved Lot
Grantor/Seller:	American Canyon 1, LLC
Grantee/Buyer:	D.R. Horton Bay, Inc.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2021-0022571
Verified By:	Laura Diaz
Verification Date:	10/13/2022
Verification Type:	Confirmed-Seller

Improvement and Site Data

MSA:	Napa, CA
Legal/Tax/Parcel ID:	059-461-001 to 013, 059-462-001 to 036, 059-463-001 to 011, 059-464-001 to 014, 059-465-001 to 010, 059-466-001 to 010, 059-467-001 to 005
Acres(Usable/Gross):	13.17/13.17
Land-SF(Usable/Gross):	573,685/573,685
Usable/Gross Ratio:	1.00
No. of Units (Potential):	98
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Desc.:	Summerwood Drive
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
Visibility Rating:	Average
Zoning Code:	TC
Zoning Desc.:	Town Center
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	06055C0617F &
Source of Land Info.:	Engineering Report

Comments

Comments (Cont'd)

Sale of 98 paper lots within the Watson Ranch master planned community. The seller/master developer is responsible for all backbone infrastructure, while the buyer/builder is responsible for in-tract costs. The buyer's site development costs are estimated at $83,977 per lot; permits and fees are approximately $19,580 per lot. The typical lot size is 3,800 square feet, and the builder is planning three floor plans ranging in size from 1,705 to 2,311 square feet with base pricing between $740,000 and $820,000.

Land Sale Profile — Sale No. 5

Location & Property Identification

Property Name:	Vast Oak North Phase 3A & 3B
Sub-Property Type:	Residential, Residential Subdivision
Address:	S/O Keiser Ave., W/O Petaluma Hill Rd
City/State/Zip:	Rohnert Park, CA 94928
County:	Sonoma
Market Orientation:	Suburban
IRR Event ID:	2657632

Sale Information

Sale Price:	$29,440,000
Effective Sale Price:	$29,440,000
Sale Date:	07/01/2021
Contract Date:	12/10/2020
Sale Status:	In-Contract
$/Acre(Gross):	$29,440,000
$/Land SF(Gross):	$675.85
$/Building SF:	$7,500.64
$/Unit:	$230,000 /Improved Lot
Grantor/Seller:	University District, LLC.
Grantee/Buyer:	D.R. Horton
Assemblage:	No
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Document Type:	Deed
Verified By:	Kari Tatton
Verification Date:	04/30/2021
Confirmation Source:	Kevin Pohlson @ Brookfield
Verification Type:	Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID:	159-550-029 (ptn.)
Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	3,925
No. of Units (Potential):	128
Topography:	Level
Flood Zone Designation:	X
Source of Land Info.:	Public Records

Comments

This comparable represents the sale of 128 finished lots with a typical lot size of 3,925 square feet (70 - 3,825 SF, 52 - 4,000 SF, 6 - 4,500 SF). Permits and fees average $62,305 per lot. The lots will transfer in 5 phased take downs; the schedule is as follows: 7/2021 - 8 lots, 11/2021 - 29 lots, 5/2022 - 30 lots, 11/2022 - 32 lots, 5/2023 - 29 lots. 102 of the lots represents motor court lots, the remaining 6 are conventional lots.

Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name:	Villages at Vanden Meadows
Sub-Property Type:	Residential, Residential Subdivision
Address:	Vanden Rd.
City/State/Zip:	Vacaville, CA 95687
County:	Solano
Market Orientation:	Suburban
IRR Event ID:	2715180

Sale Information

Sale Price:	$27,430,000
Effective Sale Price:	$27,430,000
Sale Date:	04/30/2021
Sale Status:	Closed
$/Acre(Gross):	$301,627
$/Land SF(Gross):	$6.92
$/Acre(Usable):	$301,627
$/Land SF(Usable):	$6.92
$/Unit:	$74,135 /Unit
Grantor/Seller:	NorCal Co, LP
Grantee/Buyer:	Meritage Homes of California, Inc.
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2021.48150 & 2021.48151
Verified By:	Laura Diaz
Verification Date:	10/08/2021
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	0317-030-140 and 0317-050-120
Acres(Usable/Gross):	90.94/90.94
Land-SF(Usable/Gross):	3,961,346/3,961,346
Usable/Gross Ratio:	1.00
No. of Units (Potential):	370
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	4200
Frontage Desc.:	Leisure Town Road
Zoning Code:	RLM-4.5 / RM / RL-6
Zoning Desc.:	Residential Low - Medium Density
Flood Plain:	Yes
Comm. Panel No.:	06095C0279E &
Date:	05/04/2009
Source of Land Info.:	Engineering Report

Comments

Sale of 370 paper lots within the Vanden Meadows master planned community in Vacaville. Site development costs are estimated at $91,259 per lot and permits and fees average $83,400 per lot. The typical lot size is 6,335 square feet.

Buyer Meritage Homes plans to finish the lots and then sell 176 finished lots to Richmond American Homes.

Comments (Cont'd)

Meritage will construct homes on the remaining 194 lots, with homes ranging in size from 1,568 to 2,427 square feet. The proposed asking price ranges from $661,100 to $749,490. The Richmond American homes will range from 2,077 to 3,046 square feet, with asking prices from $635,990 to $710,990.

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APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1 OF CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2022-07 (WATSON RANCH) CITY OF AMERICAN CANYON, COUNTY OF NAPA STATE OF CALIFORNIA

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 of CSCDA Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California ("CFD No. 2022-07 (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2022-2023, in an amount determined by the CSCDA Program Manager, through the application of this Rate and Method of Apportionment as described below. All Taxable Property in CFD No. 2022-07 (IA No. 1), unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area expressed in acres of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, record of survey, or other recorded County map or the land area calculated to the reasonable satisfaction of the CSCDA Program Manager using the boundaries set forth on such map or plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 (commencing with Section 53311) of the Government Code of the State of California.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2022-07 (IA No. 1), including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CSCDA Program Manager or designee thereof or both); the costs of collecting the Special Tax (whether by the County or otherwise); the costs of remitting the Special Tax levies to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to CSCDA, CFD No. 2022-07 (IA No. 1), or any designee thereof of complying with arbitrage rebate requirements, or responding to questions from the Securities and Exchange Commission or Internal Revenue Service pertaining to any CFD No. 2022-07 (IA No. 1) Bonds or any audit of any CFD No. 2022-07 (IA No. 1) Bonds by the Securities and Exchange Commission or Internal Revenue Service; the costs to CSCDA, CFD No. 2022-07 (IA No. 1), or any designee thereof of complying with CSCDA, CFD No. 2022-07 (IA No. 1), or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax Levy disclosure statements and responding to public inquiries regarding the Special Tax levies; the costs of CSCDA, CFD No. 2022-07 (IA No. 1), or any designee thereof related to the reduction of the Special Tax in accordance with Section

I herein; the costs of CSCDA, CFD No. 2022-07 (IA No. 1) or any designee thereof related to an appeal of the levy or application of the Special Tax; the costs associated with the release of funds from an escrow account; and CSCDA's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by CSCDA or CFD No. 2022-07 (IA No. 1) for any other administrative purposes of CFD No. 2022-07 (IA No. 1), including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax levies.

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

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

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

"Authorized Facilities" means the facilities authorized to be financed by CFD No. 2022-07 (IA No. 1).

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

"Building Permit" means a permit issued by the City, or other governmental agency for the construction of one or more residential or non-residential structures or facilities on an Assessor's Parcel.

"Buildout" means, for CFD No. 2022-07 (IA No. 1), that all expected Building Permits for Residential Property and Non-Residential Property to be constructed within CFD No. 2022-07 (IA No. 1) have been issued, as determined by the CSCDA Program Manager.

"CFD Formation" means the date on which the Commission approved documents to form CFD No. 2022-07 (IA No. 1).

"CFD No. 2022-07" means the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California.

"CFD No. 2022-07 (IA No. 1)" means Improvement Area No. 1 of CFD No. 2022-07 as identified on the boundary map attached here as Attachment 1.

"CFD No. 2022-07 (IA No. 1) Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, authorized by CFD No. 2022-07 (IA No. 1) under the Act and issued by CSCDA and secured by Special Taxes.

"City" means the City of American Canyon.

"Commission" means the governing board of CSCDA acting as the legislative body of CFD No. 2022-07 (IA No. 1).

"County" means of County of Napa.

"CSCDA" means the California Statewide Communities Development Authority.

"CSCDA Program Manager" means the Community Facilities District program manager for CSCDA, or its designee.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property, and Taxable Property Owner Association Property, for which the Final Subdivision was recorded on or before January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, and a Building Permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2022 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Dwelling Unit" means one (1) residential unit of any configuration, including, but not limited to, a single family attached or detached dwelling, condominium, townhome, or otherwise.

"Exempt Welfare Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 2022-07 (IA No. 1) that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessment roll finalized as of the last preceding January 1.

"Final Mapped Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, located in a Final Subdivision recorded as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Final Subdivision" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a condominium plan pursuant to California Civil Code 4285 that, in either case, creates individual lots for which Building Permits may be issued without further subdivision.

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

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2022-07 (IA No. 1) Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the land use classes listed in Table 1 below.

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

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

"Outstanding Bonds" means all CFD No. 2022-07 (IA No. 1) Bonds which remain outstanding under the Indenture.

"Property Owner Association Property" means, (i) any property within the boundaries of CFD No. 2022-07 (IA No. 1) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the January 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner's association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CSCDA Program Manager by May 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of Acres to be classified as Property Owner Association Property and/or Public Property shall not exceed 4.64 Acres, as described in Section E of this Rate and Method of Apportionment.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax or the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For each of the Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property categories, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre within each of these Taxable Property categories is equal for all Assessor's Parcels in that specific Taxable Property category.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-07 (IA No. 1) that, as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied, was (i) owned by, irrevocably offered, or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of Acres to be classified as Public Property or Property Owner Association Property shall not exceed 4.64 Acres for CFD No. 2022-07 (IA No. 1), as described in Section E of this Rate and Method of Apportionment.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment for CFD No. 2022-07 (IA No. 1).

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor's Parcel shall be as set forth in the Building Permit(s) issued for such Assessor's Parcel and/or as set forth in the appropriate records kept by the Building Division of the City, or any other applicable City department, as determined by the CSCDA Program Manager. Such determination shall be final following the issuance of a certificate of occupancy for the residential Dwelling Unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued by the City for purposes of constructing one (1) or more residential Dwelling Units.

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

"Special Tax Requirement" means that amount of Special Taxes required, if any, in any Fiscal Year to (i) pay debt service on Outstanding Bonds payable in the calendar year commencing in such Fiscal Year, (ii) pay any amounts required to establish or replenish any reserve funds for all CFD No. 2022-07 (IA No. 1) Bonds to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year, (iii) pay for Administrative Expenses, (iv) as said levy for delinquencies shall be limited by the Act, and pay for reasonably anticipated annual Special Tax delinquencies based on the delinquency rate for the Special Taxes levied in the previous Fiscal Year as said levy for delinquencies shall be limited by the Act, and, (v) pay directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of this amount does result in a tax on Final Mapped Property or Undeveloped Property, less (vi) a credit for funds available per the Indenture to reduce the Special Tax levy, as determined by the CSCDA Program Manager, so long as the amount required is not less than zero.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2022-07 (IA No. 1) that are not exempt from the Special Tax pursuant to applicable law or Section E herein.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E herein.

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

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

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

Please refer to additional definitions in Section H herein relating to the Prepayment of Special Tax, and Section I herein relating to the Special Tax Reduction.

B ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2022-2023, all Taxable Property within CFD No. 2022-07 (IA No. 1) shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

C MAXIMUM SPECIAL TAX RATE

C.1 Developed Property

C.1.a Maximum Special Tax

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

C.1.b Assigned Special Tax

Residential Property shall be assigned to Land Use Class 1 through 3 as listed in Table 1 below based on the description. Non-Residential Property shall be assigned to Land Use Class 4.

Table 1: Assigned Special Taxes for Developed Property (CFD No. 2022-07 (IA No. 1))
Fiscal Year 2022-2023

Land Use	Description	Assigned Special Tax
1	Residential Property (>= 2,300 Sq. Ft. of Residential Floor Area)	$4,143 per Dwelling Unit
2	Residential Property (2,000 – 2,299 Sq. Ft. of Residential Floor Area)	$3,980 per Dwelling Unit
3	Residential Property (< 2,000 Sq. Ft. of Residential Floor Area)	$3,710 per Dwelling Unit
4	Non-Residential Property	$44,437 per Acre

C.1.c Backup Special Tax

The Fiscal Year 2022-2023 Backup Special Tax for an Assessor's Parcel of Developed Property within CFD No. 2022-07 (IA No. 1) shall equal the lesser of (a) $44,437 per Acre, or (b) in connection with any reduction in the Assigned Special Tax as set forth in Section I, the amount per Acre calculated pursuant to the formula below:

BFST = AFST ÷ ATP

These terms have the following meaning:

BFST = the reduced Backup Special Tax

AFST = The total estimated Assigned Special Tax levy CFD No. 2022-07 (IA No. 1) based on the reduced Assigned Special Taxes for Developed Property permitted pursuant to Section I herein which could be levied on all expected development assuming Buildout of CFD No. 2022-07 (IA No. 1).

ATP = The sum of the Acreage of all Taxable Property within a Final Subdivision(s) (assuming Buildout) within CFD No. 2022-07 (IA No. 1) (after excluding Public Property and Property Owner Association Property as set forth in Section E herein) multiplied by 85%.

Furthermore, all Assessor's Parcels within CFD No. 2022-07 (IA No. 1) shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the CSCDA Program Manager calculates that (i) the annual debt service required for the Outstanding Bonds, when compared to the Assigned Special Tax that shall be levied against all Assessor's Parcels of Developed Property in CFD No. 2022-07 (IA No. 1), results in 110% debt service coverage (i.e., the Assigned Special Tax that shall be levied against all Developed Property in CFD No. 2022-07 (IA No. 1) in each remaining Fiscal Year based on the then existing development is at least equal to the sum of (a) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (b) Administrative Expenses), and (ii) all authorized CFD No. 2022-07 (IA No. 1) Bonds have already been issued or the Commission has covenanted that it shall not issue any additional CFD No. 2022-07 (IA No. 1) Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 2022-07 (IA No. 1).

C.1.d Increase in the Assigned Special Tax and Backup Special Tax

The Fiscal Year 2022-2023 Assigned Special Taxes, identified in Table 1, above, as such table may be amended and restated in full pursuant to this Rate and Method of Apportionment, and the Fiscal Year 2022-2023 Backup Special Tax for CFD No. 2022-07 (IA No. 1) shall increase annually, commencing on July 1, 2023 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2.00%) of the amount in effect for the previous Fiscal Year.

C.1.e Multiple Land Uses

In some instances an Assessor's Parcel may contain both Developed Property, Final Mapped Property, and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property, Final Mapped Property and Undeveloped Property based on the portion of the Assessor's Parcel for which Building Permits had been issued prior to May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which Building Permits had not been issued prior to May 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CSCDA Program Manager's allocation to each type of property shall be final.

C.2 Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

The Fiscal Year 2022-2023 Maximum Special Tax for each Assessor's Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property of CFD No. 2022-07 (IA No. 1) shall be $44,437 per Acre, and shall increase annually thereafter, commencing on July 1, 2023 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2.00%) of the Maximum Special Tax for the previous Fiscal Year.

D METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2022-2023 and for each following Fiscal Year, the CSCDA Program Manager shall determine the Special Tax Requirement and shall (i) levy 100% of the Assigned Special Taxes on Developed Property, and (ii) levy the remaining Special Taxes as prioritized below until the total Special Taxes levied equal the Special Tax Requirement. The Special Taxes shall be levied in each Fiscal Year as follows:

D.1 Annual Levy

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

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each

Assessor's Parcel of Final Mapped Property until (i) the total Special Tax levied under the first two steps listed in this Section D equals the Special Tax Requirement, or (ii) the Special Tax levied on Final Mapped Property equals 100% of the applicable Maximum Special Tax, whichever comes first.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax levy shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until (i) the total Special Taxes levied under the first three steps of this Section D are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on Undeveloped Property equal 100% of the Maximum Special Tax, whichever occurs first.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel of Developed Property until (i) the total Special Taxes levied under the first four steps listed in this Section D equal the Special Tax Requirement, or (ii) the Special Taxes levied on all Developed Property equal 100% of the Maximum Special Tax for Developed Property, whichever occurs first.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Taxable Property Owner Association Property shall be levied Proportionately until (i) the total Special Taxes levied under the first five steps listed in this Section D equal the Special Tax Requirement, or (ii) the Special Taxes levied on all Taxable Property Owner Association Property equal 100% of the Maximum Special Tax for Property Owner Association Property, whichever occurs first.

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Taxable Public Property shall be levied Proportionately until (i) the total Special Taxes levied under the first six steps listed in this Section D are equal to the Special Tax Requirement, or (ii) the Special Taxes levied on all Taxable Public Property equal 100% of the Maximum Special Tax for Taxable Public Property, whichever occurs first.

Notwithstanding the above, the CSCDA Program Manager or its designee may, in any Fiscal Year, levy Proportionately less than 100% of the Assigned Special Tax in the first step (above), when (i) CSCDA is no longer required to levy the Special Tax beyond the first step (above) in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 2022-07 (IA No. 1) Bonds have already been issued or the Commission has covenanted that it shall not issue any additional CFD No. 2022-07 (IA No. 1) Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 2022-07 (IA No. 1).

Further notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2022-07 (IA No. 1) by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Special Tax.

E EXEMPTIONS

All property in CFD No. 2022-07 (IA No. 1) exempted by law or by the provisions hereof shall be exempt from the Special Tax.

No Special Tax shall be levied on up to 4.64 Acres of Public Property or Property Owner Association Property in CFD No. 2022-07 (IA No. 1). Tax-exempt status shall be assigned by the CSCDA Program Manager in the chronological order in which property in CFD No. 2022-07 (IA No. 1) becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax. Furthermore, once 4.64 Acres have been designated as Public Property or Property Owner Association Property, then any remaining Public Property or Property Owner Association Property shall be designated as Taxable Public Property or Taxable Property Owner Association Property.

Notwithstanding the above, an Assessor's Parcel in CFD No. 2022-07 (IA No. 1) that is transferred to a public agency or property owner's association prior to the issuance of the first series CFD No. 2022-07 (IA No. 1) Bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 4.64 Acreage limit that can be designated by the CSCDA Program Manager under this Section E shall also be exempted from paying the Special Tax.

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

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

F REVIEW/APPEAL PROCESS

Any taxpayer may file a written appeal of the Special Tax on his/her property with CSCDA, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CSCDA Program Manager or its designee shall review the appeal, meet with the appellant if the CSCDA Program Manager deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the CSCDA Program Manager agrees with the appellant, the CSCDA Program Manager shall make a recommendation to CSCDA to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of

CSCDA or its designee must be obtained prior to any such elimination or reduction. If the CSCDA Program Manager disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to CSCDA by filing a written notice of appeal with the CSCDA Program Manager, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CSCDA Program Manager's determination. The CSCDA Program Manager shall schedule the appeal to be heard before CSCDA within sixty (60) days after receipt of the second appeal.

Interpretations may be made by CSCDA, without Resolution or Ordinance of the Commission, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Taxes, this Rate and Method of Apportionment, Land Use Classes, or any other definition applicable to CFD No. 2022-07 (IA No. 1).

Without Commission approval, the CSCDA Program Manager may make minor, non-substantive administrative and technical changes to the provisions of this document that do not materially affect this Rate and Method of Apportionment, and 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.

G MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2022-07 (IA No. 1) may directly bill the Special Tax, may collect Special Tax levies at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 2022-07 (IA No. 1) is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued after January 1, 2022, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CSCDA Program Manager with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CSCDA Program Manager shall notify such owner of the prepayment amount for such Assessor's Parcel. The CSCDA Program Manager may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than thirty (30) days prior to a date that notice of redemption of CFD No. 2022-07 (IA No. 1) Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture that is specified in the report of the Special Tax Prepayment Amount (defined below).

The following additional definitions apply to this Section H:

> **"CFD Public Facilities Costs"** means either $5,295,042 in 2022 dollars, which shall increase by the Construction Inflation Index on July 1, 2023, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CSCDA Program Manager as sufficient to provide funding for the Authorized Facilities under the

authorized bonding program for CFD No. 2022-07 (IA No. 1), or (ii) shall be determined by CSCDA concurrently with a covenant that it shall not issue any more CFD No. 2022-07 (IA No. 1) Bonds (except refunding bonds) to be supported by the Special Tax levy under this Rate and Method of Apportionment.

"Construction Inflation Index" means the annual percentage change in the Engineering News Record Building Cost Index for the City of San Francisco, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CSCDA Program Manager that is reasonably comparable to the Engineering News Record Building Cost Index for the City of San Francisco.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund or other fund that holds funds to finance Authorized Facilities, (ii) monies currently on deposit in the Improvement Fund or other fund that holds funds to finance Authorized Facilities available to pay costs of Authorized Facilities, (iii) monies currently on deposit in an escrow fund established pursuant to the Indenture and expected to be available to fund Authorized Facilities, and (iv) the amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of these funds.

"Improvement Fund" means a fund or account specifically identified in the Indenture (or prior to the issuance of the first series of CFD No. 2022-07 (IA No. 1) Bonds a fund or account held by CSCDA) to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

H.1 Prepayment in Full

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

	Bond Redemption Amount
Plus	Redemption Premium
Plus	Future Facilities Amount
Plus	Defeasance Amount
Plus	Administrative Fees and Expenses
Less	Reserve Fund Credit
Less	Capitalized Interest Credit
Total:	Equals Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated according to the following paragraphs:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued after January 1, 2022, compute the Assigned Special Tax

and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for such Assessor's Parcel.

3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Tax levy for CFD No. 2022-07 (IA No. 1) based on the Developed Property Assigned Special Tax which could be levied on all expected development assuming Buildout of CFD No. 2022-07 (IA No. 1), excluding any Assessor's Parcels which have been prepaid, and

   (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Tax at Buildout for the entire CFD No. 2022-07 (IA No. 1), excluding any Assessor's Parcels which have been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be redeemed (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").

6. Compute the current Future Facilities Costs.

7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the redemption date for the Previously Issued Bonds specified in the report of the Special Tax Prepayment Amount.

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

10. Compute the minimum amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount, less any interest earnings attributed to the Future Facilities Amount, and less any interest earnings attributed to the Administrative Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.

11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").

12. The administrative fees and expenses of CFD No. 2022-07 (IA No. 1) are as calculated by the CSCDA Program Manager and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2022-07 (IA No. 1) Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a)

the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve requirement (as defined in the Indenture).

14. If any capitalized interest for the Previously Issued Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment date (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Special Tax Prepayment Amount").

H.2 Prepayment in Part

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CSCDA Program Manager of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$PP = (PE - A) \times F + A$.

These terms have the following meaning:

PP = The partial prepayment;

PE = The Prepayment Amount calculated according to Section H.1;

F = The percentage, expressed as a decimal, by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax; and

A = The Administration Fees and Expenses from Section H.1.

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

H.3.a Use of the Special Tax Prepayment Amount

The Special Tax Prepayment Amount, less (i) the Administrative Fees and Expenses calculated according to Sections H.1 and H.2 which shall be retained by CFD No. 2022-07 (IA No. 1), and (ii) the Future Facilities Amount calculated according to Section H.1 which shall be deposited into the Improvement Fund, shall be deposited into specific funds established under the Indenture, to fully or partially redeem as many Outstanding Bonds as possible, and, if amounts are less than $5,000, to make debt service payments on the Outstanding Bonds (collectively designated as the "Bond Retirement Funds").

H.3.b Full Prepayment of Special Tax

Upon confirmation of the payment of the Special Tax Prepayment Amount, the CSCDA Program Manager may remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in accordance with Section H.1, the CSCDA Program Manager shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

H.3.c Partial Prepayment of Special Tax

With respect to any Assessor's Parcel that is partially prepaid, the CSCDA Program Manager shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.2. and (ii) indicate in the records of CFD No. 2022-07 (IA No. 1) that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 – F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

H.3.d Debt Service Coverage

Notwithstanding the foregoing, no prepayment of Special Tax shall be allowed unless the amount of Special Tax that may be levied on Taxable Property (assuming Buildout) within CFD No. 2022-07 (IA No. 1) in each future Fiscal Year (after excluding Public Property or Property Owner Association Property, as set forth in Section E herein), after the proposed prepayment, is at least equal to the sum of (i) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (ii) the Administrative Expenses as defined in Section A herein.

I SPECIAL TAX REDUCTION

The following definitions apply to this Section I:

"Base Price" means, with respect to the Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Dwelling Units, estimated by the Price Point Consultant as of such date, based upon their actual or expected characteristics, such as living area, view, or lot size, but excluding potential appreciation or premiums, options or upgrades.

"Plan Type" means a discrete residential plan type generally consisting of residential Dwelling Units that share a common product type (e.g., detached, attached) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-07 (IA No. 1) as identified in the Price Point Study.

"Price Point Consultant" means any consultant or firm of such consultants selected by CFD No. 2022-07 (IA No. 1) that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Dwelling Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Dwelling Units in community facilities districts, (c) is independent and not under the control of CFD No. 2022-07 (IA No. 1), the City, or the developer, (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-07 (IA No. 1), the City, any owner of real property in CFD No. 2022-07 (IA No. 1), or any real property in CFD No. 2022-07 (IA No. 1), and (e) is not connected with CFD

No. 2022-07 (IA No. 1) or CSCDA, but who may be regularly retained to make reports to CFD No. 2022-07 (IA No. 1) or the County.

"Price Point Study" means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-07 (IA No. 1), (c) sets forth the estimated number of constructed and expected Dwelling Units for each Plan Type, (d) sets forth estimates of the Base Price for each Plan Type and (e) uses a date for establishing such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CSCDA Program Manager pursuant to Section I herein.

"Total Effective Tax Rate" means, for a Plan Type, (a) the Total Tax Burden for such Plan Type divided by (b) the Base Price for such Plan Type, converted to a percentage.

"Total Effective Tax Rate Limit" means, 1.65%.

"Total Tax Burden" means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Dwelling Units of such Plan Type in CFD No. 2022-07 (IA No. 1) in such Fiscal Year or that would have been levied on all such Dwelling Units had these Dwelling Units been subject to such levies (excluding homeowner's association dues and Property Assessed Clean Energy ("PACE") charges imposed pursuant to AB 811 or SB 555, that are levied on individual Assessor's Parcels, or any other charges applicable to the Assessor's Parcels initiated by the homeowner after the close of escrow).

Prior to the issuance of a first series of CFD No. 2022-07 (IA No. 1) Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-07 (IA No. 1) for evaluating the Special Tax:

Step No.:

1. At least 30 days prior to the issuance of CFD No. 2022-07 (IA No. 1) Bonds, a Price Point Study shall be completed and delivered to the CSCDA Program Manager.
2. The CSCDA Program Manager shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-07 (IA No. 1).
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-07 (IA No. 1), the CSCDA Program Manager shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
    a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in CFD No. 2022-07 (IA No. 1) is less than or equal to the Total Effective Tax Rate Limit, then there shall be no reduction in Special Tax for such Land Use Class in CFD No. 2022-07 (IA No. 1).
    b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in CFD No. 2022-07 (IA No. 1) is greater than the Total Effective Tax Rate Limit , the CSCDA Program Manager shall calculate a revised Assigned Special Tax for that Land Use Class in CFD No. 2022-07 (IA No. 1), such

that the revised Assigned Special Tax does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit.

4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CSCDA Program Manager shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to Amend the Special Tax to CFD No. 2022-07 (IA No. 1). The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3.a. A reduction to the Assigned Special Tax in one Land Use Class shall not require a reduction in any other Land Use Class.

5. If the anticipated date of issuance of CFD No. 2022-07 (IA No. 1) Bonds is within 180 days of the date of receipt of the Price Point Study by the CSCDA Program Manager, CFD No. 2022-07 (IA No. 1) shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such CFD No. 2022-07 (IA No. 1) Bonds, and upon the closing of such CFD No. 2022-07 (IA No. 1) Bonds, the Assigned Special Tax for each Land Use Class shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of CFD No. 2022-07 (IA No. 1) Bonds is not within 180 days of the date of receipt of the Price Point Study by the CSCDA Program Manager, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-07 (IA No. 1) and shall, as of such date, be void and of no further force and effect. In such case, if subsequently CFD No. 2022-07 (IA No. 1) Bonds are expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.

6. After the execution by CFD No. 2022-07 (IA No. 1) of the acknowledgement on the Certificate to Amend the Special Tax, CFD No. 2022-07 (IA No. 1) shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-07 (IA No. 1) reflecting the Assigned Special Tax for CFD No. 2022-07 (IA No. 1) set forth in such Certificate to Amend the Special Tax.

7. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Assigned Special Tax and no Certificate to Amend the Special Tax shall be required.

J TERM OF SPECIAL TAX

The Special Taxes shall be levied until the final series of CFD No. 2022-07 (IA No. 1) Bonds have matured, provided that the Special Taxes shall not be levied after Fiscal Year 2072-2073. The Special Taxes will cease to be levied in an earlier Fiscal Year if the CSCDA Program Manager has determined that all required interest and principal payments on the CFD No. 2022-07 (IA No. 1) Bonds have been paid and CSCDA has covenanted that it will not issue any more CFD No. 2022-07 (IA No. 1) Bonds (other than refunding CFD No. 2022-

07 (IA No. 1) Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

EXHIBIT A

CERTIFICATE TO AMEND SPECIAL TAX

CFD No. 2022-07 (IA No. 1) TAX REDUCTION CERTIFICATE

1. Pursuant to Section I of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Sacramento as Instrument No. XXXXXX on MM/DD/YYYY, the California Statewide Communities Development Authority ("CSCDA") hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2022-07 (IA No. 1) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2022-07 (IA No. 1).

The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2022-07 (IA No. 1) shall be amended and restated in full as follows:

Table 1: Assigned Special Taxes for Developed Property (CFD No. 2022-07 (IA No. 1))
Fiscal Year 20XX-20XX

Land Use Class	Description	Assigned Special Tax
1	Residential Property (>= 2,300 Sq. Ft. of Residential Floor Area)	$[____] per Dwelling Unit
2	Residential Property (2,000 – 2,299 Sq. Ft. of Residential Floor Area)	$[____] per Dwelling Unit
3	Residential Property (< 2,000 Sq. Ft. of Residential Floor Area)	$[____] per Dwelling Unit
4	Non-Residential Property	$[____] per Acre

2. The Backup Special Tax for Assessor's Parcel of Developed Property of CFD No. 2022-07 (IA No. 1) shall be $[ ] per acre.

3. The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property in CFD No. 2022-07 (IA No. 1) shall be [$____] per Acre.

4. Upon execution of the certificate by CSCDA and CFD No. No. 2022-07 (IA No. 1), CSCDA shall cause an amended notice of special tax lien for CFD No. 2022-07 (IA No. 1) to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of CSCDA and CFD No. 2022-07 (IA No. 1), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ____________________________ Date: ______________________

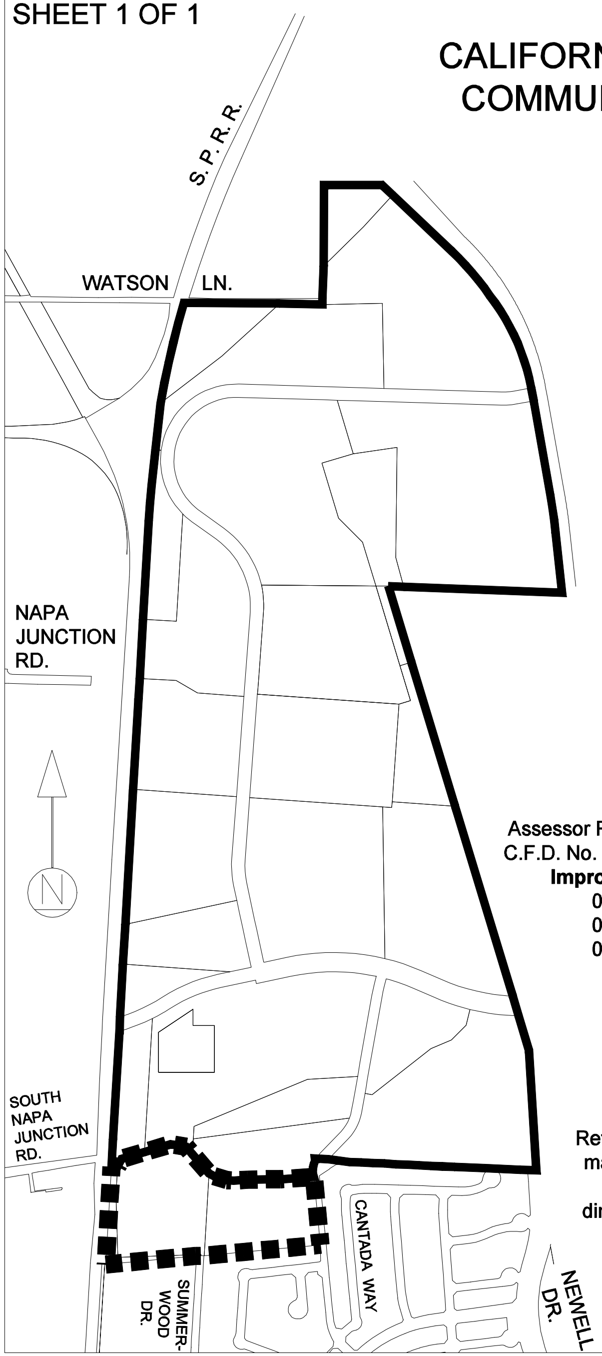
Attachment 1

Improvement Area No. 1 of CSCDA Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa

Boundary Map
CFD No. 2022-07 (IA No. 1)

SHEET 1 OF 1

PROPOSED BOUNDARIES OF
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2022-07 (WATSON RANCH)
IMPROVEMENT AREA NO. 1
CITY OF AMERICAN CANYON
COUNTY OF NAPA
STATE OF CALIFORNIA



LEGEND

■ ■ ■ ■	Proposed Boundaries of California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch) - Improvement Area No. 1
——— (thin)	Lot / Parcel Line
——— (thick)	Future Annexation Area

Assessor Parcels within C.S.C.D.A.
C.F.D. No. 2022-07 (Watson Ranch)
Improvement Area No. 1:
059-430-027-000
059-430-029-000
059-430-035-000

Reference is made to the Assessor maps of the County of Napa for a description of the lines and dimensions of each lot and parcel.

Assessor Parcels within the **Future Annexation Area** of C.S.C.D.A.
C.F.D. No. 2022-07
(Watson Ranch):
059-430-001-000
059-430-002-000
059-430-003-000
059-430-004-000
059-430-005-000
059-430-006-000
059-430-008-000
059-430-010-000
059-430-011-000
059-430-012-000
059-430-014-000
059-430-019-000
059-430-020-000
059-430-021-000
059-430-023-000
059-430-025-000
059-430-030-000
059-430-031-000
059-430-032-000
059-430-033-000
059-430-034-000
059-430-036-000
059-430-037-000
059-430-038-000
059-430-039-000
059-430-040-000
059-430-041-000

PREPARED BY DTA

(1) Filed in the office of the Secretary of California Statewide Communities Development Authority this ____ day of ______________, 2022.

____
Secretary, California Statewide Communities Development Authority

(2) I hereby certify that the within map showing proposed boundaries of California Statewide Communities Development Authority Community Facilities District No. 2022-07(Watson Ranch) Improvement Area No. 1, County of Napa, State of California, was approved by the Commission of the California Statewide Communities Development Authority at a regular meeting thereof, held on this _______ day of ___________________, 2022, by its resolution No. ________________________.

____
Secretary, California Statewide Communities Development Authority

(3) Napa County Recorder's Certificate

This map has been filed under Document Number ___________________, this _____ day of ______________, 2022, at ______.m., in Book _________ of Maps of Assessment and Community Facilities Districts at page ________, in the office of the county recorder in the County of Napa, State of California, at the request of the City of American Canyon in the amount of $____________.

John Tuteur
Recorder / County Clerk
County of Napa

By:__________________________

Deputy Recorder

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

California Statewide Communities Development Authority
Sacramento, California

California Statewide Communities Development Authority
Community Facilities District No. 2022-07 (Watson Ranch),
Improvement Area No. 1,
Special Tax Bonds, Series 2023
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Statewide Communities Development Authority (the "Authority") in connection with the issuance of $_________ aggregate principal amount of its Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023 (the "Bonds") pursuant to an Indenture, dated as of February 1, 2023 (the "Indenture"), between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the tax certificate related to the Bonds (the "Tax Certificate"), an opinion of counsel to the Trustee, certificates of the Authority, the Trustee, the City of American Canyon and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. We also express no opinion regarding the plans, specifications, maps, financial report or other engineering or financial details of the proceedings, or upon the Rate and Method or the validity of the Special Tax levied upon any individual parcel. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special tax obligations of the Authority, payable solely from the Special Tax Revenues and certain funds held under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Special Tax Revenues and the other assets pledged therefor under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. Additional provisions of the Indenture are summarized in the body of the Official Statement. This summary does not purport to be complete and is qualified in its entirety by reference to the Indenture.

Definitions

Unless the context otherwise requires, the terms defined below will for all purposes of the Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, report, request or other document mentioned in the Indenture or in any Supplemental Indenture or in the Bonds have the meanings defined below. The following definitions will be equally applicable to both the singular and plural forms of any of the terms defined in the Indenture.

"Acquisition and Construction Fund" means the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Acquisition and Construction Fund" established pursuant to the Indenture and maintained by the Trustee.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the Improvement Area: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules; the costs of remitting the Special Tax to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the Authority or any designee thereof of complying with arbitrage rebate requirements; the costs to the Authority or any designee thereof of complying with disclosure requirements associated with applicable federal and state securities laws and of the Law; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Tax; the costs of the Authority or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the Authority's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Authority for any other administrative purposes of the Improvement Area, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Tax.

"Authority" means the California Statewide Communities Development Authority.

"Authorized Signatory" means any member of the Commission of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

"Average Annual Debt Service" means the average over all Bond Years of the annual debt service from the date of the Bonds to their maturity, including:

(1) the principal amount of all such Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of such Bonds Outstanding in such Bond Year assuming such Bonds are retired as scheduled.

"Bond Year" means the period from September 2 through the following September 1.

"Bonds" means the special tax bonds of the Authority at any time Outstanding under the Indenture or under any Supplemental Indenture that are executed, issued and delivered in accordance with the provisions of the Indenture or of any Supplemental Indenture, consisting of the Series 2023 Bonds and any Parity Bonds. "Serial Bonds" means the Bonds for which no Mandatory Sinking Account Payments are established. "Term Bonds" means the Bonds which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in Wilmington, Delaware, New York, New York, or the city in which the Principal Corporate Trust Office is located are authorized or obligated by law, regulation or executive order to be closed.

"Capitalized Interest Account" means the account of that name in the Redemption Fund established pursuant to the Indenture and maintained by the Trustee.

"Certificate of the Authority" means an instrument in writing signed by an Authorized Signatory.

"Certificate of the City" means an instrument in writing signed by an officer of the City or such officer's designee.

"City" means the City of American Canyon, California.

"Closing Date" means, with respect to the Series 2023 Bonds, the date upon which the Series 2023 Bonds are delivered and, with respect to any Parity Bonds, will have the meaning given to such term in the Supplemental Indenture providing for the issuance of such Parity Bonds.

"Code" means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular Section of the Code will include reference to any successor to such Section of the Code.

"Commission" means the governing board of the Authority.

"Community Facilities District" means the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California, a community facilities district duly organized by the Authority and existing in the City under and by virtue of the Law.

"Costs of Issuance" means all costs and expenses payable by or reimbursable to the Authority that are related to the formation of the Community Facilities District, designation of the Improvement Area, or the authorization, sale, execution, authentication, or initial delivery of Bonds, including costs of preparation and reproduction of documents, rating agency fees (if any), filing fees, fees, and charges of the Trustee (including fees and expenses of its counsel), legal fees and charges and fees and charges of other consultants and professionals, together with all costs for the preparation of Bonds, and any other cost or expense in connection with the formation of the Community Facilities District, designation of the Improvement Area, or the authorization, sale, execution, authentication, or initial delivery of Bonds.

"Costs of Issuance Account" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Costs of Issuance Account established pursuant to the Indenture and maintained by the Trustee.

"Debt Service" means, for any period, the sum of (1) the interest payable during such period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Bonds or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Bonds to refund Outstanding Bonds, Debt Service will be deemed to include Debt Service on the proposed Parity Bonds but will not include Debt Service on any Bonds proposed to be defeased concurrently.

"Developer" means American Canyon I, LLC, a Delaware limited liability company.

"Event of Default" means an event described as such in the Indenture.

"Expense Fund" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Expense Fund established pursuant to the Indenture and maintained by the Trustee.

"Federal Securities" means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) 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 or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of Authority funds, together with any repurchase agreements which are secured by any of such securities or obligations that (a) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (b) are in the possession of the Trustee or a third party acting solely as agent for the Trustee who holds a perfected first lien therein, and (c) are free from all third party claims.

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

"Holder" means any person who is the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to the Indenture.

"Improvement Area" means Improvement Area No. 1 of the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California, a portion of the Community Facilities District designated as such improvement area by the Authority pursuant to the Law.

"Improvements" means the public capital improvements, including those financed with development impact fees, authorized to be financed by the Community Facilities District, and to which the Improvement Area is authorized to contribute, as more particularly described in the formation proceeding resolutions.

"Indenture" means the Indenture and all Supplemental Indentures.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and of recognized national reputation as a verification agent, appointed and paid by the Authority, and who, or each of whom:

(1) is in fact independent and not under the domination of the Authority;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

(3) is not connected with the Authority as an officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

"Interest Payment Date" means March 1 and September 1 of each year, commencing March 1, 2023, as well as any date on which the Bonds are redeemed prior to their maturity.

"Law" means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

"Legal Investments" means any securities in which funds of the Authority may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the Authority as determined by the Commission, including without limitation the California Asset Management Program pooled investment fund.

"Mandatory Sinking Account Payments" means the payments required by the Indenture and by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of Bonds by totaling the following for each Bond Year:

(1) The amount of all such Outstanding Bonds payable in such Bond Year;

(2) The principal amount of any such Bonds scheduled to be called and redeemed in such Bond Year; and

(3) The interest payable on the aggregate principal amount of such Outstanding Bonds in such Bond Year if such Outstanding Bonds are retired as scheduled.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Opinion of Counsel" means a written opinion of counsel retained or employed by the Authority.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

(1) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;

(2) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(3) Bonds in lieu of or in substitution for which other Bonds have been executed by the Authority and authenticated and delivered by the Trustee pursuant to the Indenture.

"Parity Bonds" means Bonds other than the Series 2023 Bonds that are issued pursuant to the Indenture.

"Prepayment Fund" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Prepayment Fund established pursuant to the Indenture and maintained by the Trustee.

"Principal Corporate Trust Office" means the corporate trust office of the original Trustee in Costa Mesa, Los Angeles or San Francisco, California, at which at any particular time corporate trust business is administered, or such other office as it designates; and any such office designated by any successor Trustee, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

"Priority Administrative Expenses" means Administrative Expenses in an amount not to exceed $25,000 per fiscal year.

"Rate and Method" means the "Rate and Method of Apportionment for Improvement Area No. 1 of California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California," adopted by the Commission in connection with the formation of the Community Facilities District.

"Rebate Fund" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Rebate Fund established pursuant to the Indenture (to be maintained by the Treasurer of the Authority).

"Redemption Fund" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Redemption Fund established pursuant to the Indenture and maintained by the Trustee.

"Required Bond Reserve" means, as of any date of calculation, the lesser of (a) Maximum Annual Debt Service, (b) 10% of the proceeds (within the meaning of Section 148 of the Code) of the Bonds, and (c) 125% of the Average Annual Debt Service; provided that upon the issuance of any Series of Parity Bonds, the Required Bond Reserve shall not be required to be funded or increased by an amount greater than 10% of the proceeds of that Series. The Required Bond Reserve shall not increase except in connection with the issuance of the Series 2023 Bonds and any Parity Bonds.

"Reserve Fund" means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Reserve Fund established pursuant to the Indenture and maintained by the Trustee.

"Series" means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to the Indenture or a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the Indenture.

"Series 2023 Bonds" means the California Statewide Communities Development Authority Community Facilities District No. 2022-07, Improvement Area No. 1 (Watson Ranch), Special Tax Bonds, Series 2023," issued pursuant to the Indenture.

"Sinking Account" means the accounts referred to by that name in the Redemption Fund established pursuant to the Indenture.

“Special Tax” means the “Special Tax” levied within the Improvement Area to fund the Special Tax Requirement (as each term is defined in the Rate and Method).

“Special Tax Fund” means the CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Special Tax Fund established pursuant to the Indenture and maintained by the Trustee.

“Special Tax Requirement” has the meaning given in the Rate and Method.

“Special Tax Revenues” means the proceeds of the Special Tax received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon, and proceeds of the redemption or sale of property sold as a result of the foreclosure of the lien of the Special Tax, which will be limited to the amount of said lien and interest and penalties thereon, less Priority Administrative Expenses.

“Standard & Poor’s” means S&P Global Ratings, a business of Standard & Poor’s Financial Services LLC, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, or, if such entity will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Authority.

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the Authority and the Trustee, amendatory of or supplemental to the Indenture; but only to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means each certificate delivered upon the issuance of Bonds relating to Section 148 of the Code.

“Taxable Property” has the meaning given in the Rate and Method.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the Indenture, at its Principal Corporate Trust Office, or any other bank, national banking association or trust company having a corporate trust office in Costa Mesa, Los Angeles or San Francisco, California, which may at any time be substituted in its place as provided in the Indenture at its Principal Corporate Trust Office.

“Written Request of the Authority” means an instrument in writing signed by an Authorized Signatory.

Equal Security

In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture will be deemed to be and will constitute a contract between the Authority and the Holders from time to time to secure the full and final payment of the interest on and principal of and redemption premium, if any, on all Bonds which may from time to time be authorized, sold, executed, authenticated and delivered under the Indenture, subject to the agreements, conditions, covenants and terms contained in the Indenture; and all agreements, conditions, covenants and terms contained in the Indenture required to be observed or performed by or on behalf of the Authority will be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Various Provision Relating to the Bonds

Authentication by the Trustee

Only those Bonds that bear thereon a certificate of authentication manually executed by the Trustee will be entitled to any benefit, protection or security under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee will be conclusive evidence that the Bonds so authenticated have been duly authorized, sold, executed, authenticated and delivered under the Indenture and are entitled to the benefits of the Indenture.

Transfer and Exchange of Bonds

The Trustee is required to keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Bonds, which books are required to at all times during normal business hours with reasonable prior notice be open to inspection by the Authority or by any Holder. Any Bond may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Bond or Bonds are surrendered for transfer or exchange, the Authority is required to execute and the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the Authority nor the Trustee will be required (i) to transfer or exchange any Bonds during the fifteen-day period prior to the selection of any Bonds for redemption under the Indenture, or (ii) to transfer or exchange any Bond which has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part under the Indenture.

Mutilated, Destroyed, Stolen or Lost Bonds

In case any Bond becomes mutilated in respect of the body of such Bond or is be believed by the Authority to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Authority and the Trustee and upon the surrender of such mutilated Bond at the Principal Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Authority and the Trustee of such destruction, theft or loss and upon receipt of indemnity satisfactory to the Authority and the Trustee, and also upon payment of all Administrative Expenses incurred by the Authority and the Trustee related to the replacement of any Bond so mutilated, destroyed, stolen or lost, the Authority is required to execute and the Trustee will authenticate and deliver at its Principal Corporate Trust Office a new Bond or Bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Trustee will determine in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond will have matured or been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt of like proof, indemnity and payment of Administrative Expenses.

Any replacement Bonds issued pursuant to the Indenture will be entitled to equal and proportionate benefits with all other Bonds issued under the Indenture, and the Authority and the Trustee will not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and the replacement Bond will be treated as one and the same.

Temporary Bonds

Any Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds will be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority, will be issued in fully registered form, will contain such reference to any of the provisions of the Indenture as may be appropriate and will be executed by the Authority upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee will deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Bonds shall be entitled to the same benefits as definitive Bonds issued under the Indenture.

Use of Depository for Bonds

The Depository Trust Company, in New York, New York, has been appointed depository for the Bonds, and the Bonds will be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and will be initially issued as one Bond for each of the maturities in the principal amounts set forth in the Indenture, and registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

- To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to the Indenture (a "Substitute Depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company, or any Substitute Depository, will be qualified under any applicable laws to provide the services proposed to be provided by it;

- To any Substitute Depository not objected to by the Trustee, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for The Depository Trust Company or its successor because The Depository Trust Company or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided, that any such Substitute Depository will be qualified under any applicable laws to provide the services proposed to be provided by it; or

- To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository.

In the case of any transfer pursuant to one of the first two of the bulleted paragraphs immediately above, upon receipt of the Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity date of the Bonds are required to be executed by the Authority and authenticated and delivered by the Trustee in the aggregate principal amount of the Bonds so received, in such denominations and registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority. In the case of any transfer pursuant to the third of the bulleted paragraphs immediately above, upon receipt of the Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond or Bonds for each maturity date of the Bonds are required to be executed by the Authority and authenticated and delivered by the Trustee in the aggregate principal amount of the Bonds so received, in such denominations and registered in the names of such persons as are requested in such Written Request of the Authority, subject to the limitations of the Indenture related to authorized denominations, and thereafter, the Bonds will be transferred pursuant to the provisions of the Indenture relating to the transfer and exchange of Bonds; provided, that the Trustee will not be required to deliver such new Bonds on a date prior to sixty (60) days after receipt of such Written Request of the Authority.

The Authority and the Trustee will be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Authority or the Trustee; and the Authority and the Trustee will have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or any Substitute Depository or its successor), except to The Depository Trust Company or its successor (or any Substitute Depository or its successor) as a Holder of the Bonds.

So long as any Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee are required to cooperate with Cede & Co., as sole Holder, or its registered assigns, in effecting payment of the interest on and principal of and redemption premium, if any, on such Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Bond Proceeds

Upon the receipt of payment of the proceeds of sale of the Series 2023 Bonds when the same have been duly sold by the Authority, the Trustee is required to set aside and deposit the proceeds of sale of the Series 2023 Bonds in the following accounts and funds (or in a temporary account or fund in its books used to facilitate such deposits and transfers):

The Reserve Fund

The Trustee will establish and maintain a fund to be known as the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Reserve Fund," (the "Reserve Fund") into which is required to be deposited an amount equal to the Required Bond Reserve. Subject to the Indenture, moneys in the Reserve Fund are required to be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Redemption Fund are insufficient therefor, and for that purpose the Trustee will withdraw from the Reserve Fund, for deposit in the Redemption Fund, moneys necessary for such purpose. Amounts in the Reserve Fund will only be withdrawn to pay principal and interest on the Bonds; provided, that if the amount on deposit in the Reserve Fund is less than the Required Bond Reserve, the Trustee is required to notify the Authority of the amount needed to replenish the Reserve Fund to the Required Bond Reserve and the Authority will collect the deficiency by including it in the next annual Special Tax levy, to the extent permitted by law and as necessary.

The Costs of Issuance Account

The Trustee will establish and maintain an account to be known as the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Costs of Issuance Account," (the "Costs of Issuance Account") into which account is required to be deposited the amount shown above. All money in the Costs of Issuance Account will be applied by the Trustee in the manner provided by law for payment of Costs of

Issuance as directed by the Written Request of the Authority; provided, that any money remaining in the Costs of Issuance Account after the completion of the payment of the Costs of Issuance (but, with respect to the Series 2023 Bonds, not later than the date that is six months after the Closing Date for the Series 2023 Bonds) will be withdrawn by the Trustee from the Costs of Issuance Account and deposited by the Trustee in the Acquisition and Construction Fund, and the Costs of Issuance Account will be closed. Any Supplemental Indenture may reopen or create a new Costs of Issuance Account with respect to Parity Bonds.

The Acquisition and Construction Fund

The Trustee is required to establish and maintain a fund to be known as the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Acquisition and Construction Fund" (the "Acquisition and Construction Fund"); into which fund will be deposited the amounts required to be deposited therein by the provisions of the Indenture. All money in the Acquisition and Construction Fund will be applied by the Trustee in accordance with the following paragraph for financing the acquisition and construction of the Improvements (or for making reimbursements to the Developer for such costs theretofore paid by it), including payment of costs incidental to or connected with financing such acquisition and construction, or for the payment of development fees, or for the repayment of funds advanced to or for the Community Facilities District, not to exceed the amount on deposit in the Acquisition and Construction Fund.

Amounts in the Acquisition and Construction Fund will be applied by the Trustee as directed in a Disbursement Request. Any amount remaining in the Acquisition and Construction Fund after the completion of its purpose, which completion will be conclusively evidenced by a Certificate of the City and confirmed in writing by the Developer, will be transferred by the Trustee to the Special Tax Fund, except that any amounts remaining in the Acquisition and Construction Fund after all Series 2023 Bonds and all Parity Bonds have been paid and retired is required to be deposited in the Expense Fund.

Special Tax Revenues

Deposit of Special Tax Revenues in the Special Tax Fund

The Trustee is required to establish and maintain a fund to be known as the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Special Tax Fund" (the "Special Tax Fund"), which fund is required to be held and maintained in trust by the Trustee, and the Authority agrees and covenants that all Special Tax Revenues (including any prepayments thereof and including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Tax or other actions by the Authority to collect delinquent Special Tax), when and as received, will be immediately transferred to the Trustee, and the Trustee agrees and covenants to deposit all such transfers in the Special Tax Fund, and all money in the Special Tax Fund will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture and summarized in this Official Statement under the heading "SECURITY FOR THE 2023 BONDS – Funds and Accounts; Flow of Funds – Priority of Deposits."

Except for money held in the Acquisition and Construction Fund, the Prepayment Fund, the Expense Fund and the Rebate Fund, all of the Special Tax Revenues, all funds and accounts established to hold Special Tax Revenues under the Indenture, and any investment earnings thereon, are pledged to, and constitute a trust fund for, the payment of the principal of and interest on the Bonds. So long as the principal of and interest on the Bonds remains unpaid, the Special Tax Revenues, the funds and accounts established to hold Special Tax Revenues, and any investment earnings thereon will not be used for any other purpose, except as otherwise permitted by the Indenture, and is required to be held in trust for the benefit of the owners of the Bonds and will be applied pursuant to the Indenture. The Prepayment Fund is pledged for the payment of principal and redemption premium, if any, on the Bonds in accordance with the Indenture; but is pledged to pay interest on the Bonds only to the extent of accrued interest included in the calculations of the prepayment amounts under the Rate and Method and in accordance with the Indenture.

Surplus to Credit Special Tax

All money remaining in the Special Tax Fund on September 1 of each year, after transferring all of the sums required to be transferred on or prior to such date by the provisions of the Indenture as described in this Official Statement under the heading "SECURITY FOR THE 2023 BONDS – Funds and Accounts; Flow of Funds – Priority of Deposits," shall be applied by the Trustee as a credit against Special Tax collections in the following year. For the avoidance of doubt, the Special Tax credits described in the preceding sentence shall commence once the Trustee receives a Certificate of the City indicating that the purpose for which the Acquisition and Construction Fund was created has been completed.

Covenants of the Authority

Punctual Payment and Performance

The Authority will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Indenture in strict conformity with the terms of the Law and the Indenture and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture and in the Bonds required to be observed and performed by it.

Against Indebtedness and Encumbrances

The Authority will not issue any evidences of indebtedness payable from the Special Tax Revenues except as provided in the Indenture, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided in the Indenture; provided, that the Authority may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District so long as any payments due thereunder will be subordinate in all respects to the use of the Special Tax Revenues as provided in the Indenture.

Against Federal Income Taxation

The Authority will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the Authority will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the Authority, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code; provided, that if the Authority will obtain an opinion of nationally recognized bond counsel to the effect that any action required under this covenant is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority may rely conclusively on such opinion in complying with the provisions of this covenant. In the event that at any time the Authority is of the opinion that for purposes of this covenant it is necessary to restrict or limit the yield on the investment of any money held by the Treasurer of the Authority or the Trustee under the Indenture or otherwise the Authority will so instruct the Treasurer of the Authority or the

Trustee, as the case may be, in writing, and the Treasurer of the Authority or the Trustee, as the case may be, will take such action as may be necessary in accordance with such instructions.

Without limiting the generality of the foregoing, the Authority will pay from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such regulations are, at the time, applicable and in effect, which obligation will survive payment in full or defeasance of the Bonds, and to that end, there is established in the treasury of the Authority a fund to be known as the "CSCDA/Watson Ranch Improvement Area No. 1 Community Facilities District Rebate Fund" (the "Rebate Fund") to be held in trust and administered by the Treasurer of the Authority. The Authority will comply with the provisions of the Tax Certificate with respect to making deposits in the Rebate Fund, and all money held in the Rebate Fund is pledged to provide payments to the United States of America as provided in the Indenture and in the Tax Certificate and no other person will have claim to such money except as provided in the Tax Certificate. The Trustee may rely conclusively upon the Authority's determinations, calculations and certifications required by this covenant. The Trustee will have no responsibility to independently make any calculation or determination or to review the Authority's calculations required by this covenant.

The provisions of this covenant will survive the defeasance of the Bonds.

Payment of Claims

The Authority will pay and discharge any and all lawful claims which, if unpaid, might become payable from the Special Tax Revenues or any part thereof or upon any funds in the hands of the Trustee allocated to the payment of the interest on or principal of or redemption premium, if any, on the Bonds, or which might impair the security of the Bonds.

Expense Budgets

The Authority will, on or before September 2 in each year, prepare and approve a budget setting forth the estimated Administrative Expenses for the period from such September 2 through the next succeeding September 1. Any budget approved in accordance with this covenant may be amended at any time.

Accounting Records; Financial Statements and Other Reports

The Authority will keep, and pursuant to the Indenture requires the Trustee to keep, appropriate accounting records in which complete and correct entries are required to be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Special Tax Revenues and of the proceeds of the Bonds, which accounting records are required at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the Authority) of any investment banker, security dealer or other person interested in the Bonds.

The Authority will prepare annually, no later than January 1, a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Administrative Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The Authority will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Bonds requesting a copy thereof.

The Authority will prepare annually not later than October 30 of each year, commencing October 30, 2023, and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law (see Section 53359.5), including:

- The principal amount of the Outstanding Bonds;
- The balance in the Reserve Fund;
- The balance in the Capitalized Interest Account, if any;
- The number of parcels securing the Bonds which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the total amount of Special Tax due on the delinquent parcels, the length of time that each delinquent parcel has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified;
- The balance in the Acquisition and Construction Fund;
- The assessed value of all parcels subject to the levy of the Special Tax to repay the Bonds, as shown on the most recent equalized assessment roll, the date of assessed value reported, and that the information comes from the County Assessor's Office of the County of Napa;
- The total amount of Special Tax due, the total amount of unpaid Special Tax, and whether the Special Tax is paid under the County's Teeter Plan; and
- Contact information for the Authority official providing the information.

Additionally, the Authority will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the Authority or the Trustee fails to pay any interest on or principal of any of the Bonds on any scheduled payment date.

Protection of Security and Rights of Holders

The Authority will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

Levy and Collection of the Special Tax

The Authority, so long as any Bonds are Outstanding, will annually levy the Special Tax against all Taxable Property in the Improvement Area and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Administrative Expenses as they become due and payable in accordance with the provisions and terms of the Indenture. The Special Tax will be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in the following covenant and in the Law, will be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

Foreclosure of Special Tax Liens

On or before October 1 of each year, the Authority will review the public records of the County of Napa relating to the collection of the Special Tax in the Improvement Area in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and on the basis of such review the Authority will, not later than December 1 of such year, institute foreclosure proceedings as authorized by the Law (a) against any single parcel within the Improvement Area with aggregate delinquent Special Taxes (including prior years) of $5,000 or more in any year in which such Special Tax payments were due, (b) against all parcels owned within the Improvement Area by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of $5,000 or more, and (c) against all parcels with delinquent Special Tax payments regardless of their delinquent amount in any Fiscal Year in which it receives Special Tax payments in an amount which is less than 95% of the total Special Tax levy, and will diligently prosecute and pursue the foreclosure proceedings to judgment and sale; provided that any actions taken to enforce delinquent Special Tax liens will be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Law.

Continuing Disclosure Certificate

The Authority will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Authority and dated the date of the execution, authentication and initial delivery of any Series of Bonds issued under the Indenture, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision of the Indenture, failure of the Authority to comply with such Continuing Disclosure Certificate will not be considered a default under the Indenture; provided, that any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under the Indenture.

Further Assurances

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

The Trustee

Wilmington Trust, National Association at its Principal Corporate Trust Office is Trustee for the purpose of receiving all money which the Authority is required to transfer to it under the Indenture and for applying and using such money as provided in the Indenture for the purpose of paying the interest on and principal of and redemption premium, if any, on the Bonds. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in Costa Mesa, Los Angeles or San Francisco, California.

The Authority may remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor will be a bank, national banking association or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by a federal or state banking authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such bank, national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign and be discharged from its duties and obligations under the Indenture by giving written notice of such resignation to the Authority and by giving notice of such resignation by mail pursuant to the Indenture to the Holders, and upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing having the qualifications required by the Indenture. Any resignation or removal of a Trustee and appointment of a successor Trustee will become effective only upon the acceptance of appointment by the successor Trustee. If within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee will have been appointed by the Authority and will have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Indenture.

Liability of the Trustee

The recitals of facts, agreements and covenants contained in the Indenture and in the Bonds will be taken as statements, agreements and covenants of the Authority, and the Trustee does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity thereof or of the Bonds or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and will not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it in the Indenture or in the Bonds, and will not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable for any error of judgment made in good faith, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts, and no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any liability for the performance of its duties under the Indenture, or in the exercise of any of its rights or powers under the Indenture.

The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, and the Trustee will not be answerable for the negligence or misconduct of any such attorney, agent, receiver, certified public accountant or other professionals selected by it with due care. The Trustee will be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee with due care.

The Trustee is required to perform only those duties expressly set forth in the Indenture. These duties will be deemed purely ministerial in nature, the Trustee will not be liable except for the performance of such duties, and no implied duties or obligations will be read into the Indenture against the Trustee. The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any party, including, without limitation, the Authority or any Holder, pursuant to the provisions of the Indenture, unless such party shall have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

The Trustee will not be required to take notice or be deemed to have notice of any default under the Indenture, unless a responsible officer in the trust department of the Trustee responsible for the administration of the Indenture has actual notice thereof or the Trustee will be specifically notified in writing of such default by the Authority or the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding, and, in the absence of such notice so delivered, the Trustee may conclusively assume that no default or Event of Default exists. The Trustee will, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under similar circumstances in the conduct of its own affairs.

The Trustee will not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the Authority with respect to any of the Bonds. Neither the Trustee nor any of its directors, officers, employees, agents or affiliates will be responsible for nor have any duty to monitor the performance or any action of the Authority, or any of its directors, members, officers, agents, affiliates or employee, nor will the Trustee have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons and entities of their respective obligations. The Trustee will have no enforcement or notification obligations relating to breaches of representations or warranties of any other person or entity.

The Trustee will be entitled to request and receive written instructions and directions pursuant to the Indenture and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written instructions or directions. Such instructions or directions may be sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee will not be liable to the parties hereto or deemed in breach or default under the Indenture if and to the extent its performance thereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure will include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, quarantine restrictions or other similar occurrences.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company will be eligible under the Indenture, will be the successor to such Trustee without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and it will not be answerable for other than its negligence or willful misconduct.

The Trustee will hold any financial statements of the Authority solely as an accommodation to the Holders and will have no duty or obligation to review such financial statements.

The Trustee will not be responsible for or accountable to anyone for the subsequent use or application of any moneys which will be released or withdrawn in accordance with the provisions hereof.

Notice to the Trustee

The Trustee will be protected in acting or refraining from acting in reliance upon any Bond, Certificate of the Authority, consent, notice, opinion, report, resolution, Written Request of the Authority or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. Each such Bond, Certificate of the Authority, consent, notice, opinion, report, resolution, Written Request of the Authority or other document or paper will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee may consult with counsel, including, without limitation, counsel to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered under the Indenture in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations under the Indenture the Trustee deems it necessary or desirable that a matter be established or proved prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively established or proved by a Certificate of the Authority and/or an Opinion of Counsel, which will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, and on which the Trustee may conclusively rely, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Amendment or Supplement to the Indenture

Amendment or Supplement by Consent of Holders

The Indenture and the rights and obligations of the Authority and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding when the written consents of the Holders of sixty percent (60%) or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided below, are filed with the Trustee. No such amendment or supplement will (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or principal of or Mandatory Sinking Account Payment for or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the Holder of such Bond, or (2) permit the issuance by the Authority of any other obligations payable from the Special Tax Revenues except as provided in the Indenture, or jeopardize the ability of the Authority to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

Amendment or Supplement Without Consent of Holders

The Indenture and the rights and obligations of the Authority and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the Authority and the Trustee, which Supplemental Indenture will become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

- To add to the agreements and covenants required in the Indenture to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority which will not (in the opinion of the Authority) adversely affect the interests of the Holders, or to surrender any right or power reserved in the Indenture to or conferred therein upon the Authority which will not (in the opinion of the Authority) adversely affect the interests of the Holders;

- To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the Authority may deem desirable or necessary and not inconsistent with the Indenture and which will not (in the opinion of the Authority) adversely affect the interests of the Holders;

- To authorize the issuance under and subject to the Law of any Parity Bonds for any of the Bonds and to provide the conditions and terms under which such Parity Bonds may be issued subject to the Indenture;

- To make such additions, deletions or modifications as may be necessary or appropriate to insure exclusion from gross income for purposes of federal income taxation of the interest on the Bonds; or

- To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Bonds.

<u>Disqualified Bonds</u>

Bonds owned or held for the account of the Authority will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and will not be entitled to consent to or take any other action provided for in the Indenture. Upon request of the Trustee, the Authority will specify in a certificate to the Trustee those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

<u>Endorsement or Replacement of Bonds After Amendment or Supplement</u>

After the effective date of any action taken as above provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action will be made on such Bond. If the Authority so determines, new Bonds so modified as, in the opinion of the Authority, will be necessary to conform to such action will be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds will, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

<u>Amendment or Supplement by Mutual Consent</u>

The provisions of the Indenture will not prevent any Holder from accepting any amendment or supplement as to any particular Bonds held by him; <u>provided</u>, that due notation thereof is made on such Bonds.

Events of Default and Remedies of Holders

Events of Default; Remedies of Holders

If one or more of the following events (herein "Events of Default") should happen, that is to say -

- if default is made by the Authority in the due and punctual payment of any interest on or principal of or Mandatory Sinking Account Payment for any of the Bonds when and as the same becomes due and payable; or

- if default is made by the Authority in the observance or performance of any of the other agreements or covenants contained in the Indenture required to be observed or performed by it, and such default continues for a period of thirty (30) days after the Authority has been given notice in writing of such default by the Trustee;

then in each and every such case during the continuance of such Event of Default any Holder shall have the right for the equal benefit and protection of all Holders similarly situated, and the Trustee shall have the right, in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all the Bonds with respect to which such an Event of Default has occurred, also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Holders of such Bonds under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

- by mandamus or other suit or proceeding at law or in equity to enforce his rights against the Authority, its Commission, or any of the officers or employees of the Authority, and to compel the Authority, its Commission, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained in the Indenture;

- by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

- by suit in equity upon the nonpayment of the Bonds to require the Authority, its Commission or its officers and employees to account as the trustee of an express trust.

Non-waiver

Nothing in the Indenture or in the Bonds will affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premium, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity from the Special Tax Revenues and the other funds as provided in the Indenture, or will affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Indenture and in the Bonds.

A waiver of any default or breach of duty or contract by any Holder will not affect any subsequent default or breach of duty or contract and will not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or will be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the Authority and such Holder will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Holders by the Indenture is intended to be exclusive of any other remedy, and every such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Defeasance

Discharge of the Bonds.

If the Authority is required to pay or cause to be paid or there is otherwise required be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premium, if any, thereon at the times and in the manner stipulated therein and pursuant to the Indenture, then all agreements, covenants and other obligations of the Authority to the Holders of such Bonds under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee is required to execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee is required to deposit in accordance with a written direction of the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premium, if any, on the Bonds.

Any Outstanding Bonds will on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the preceding paragraph if there will be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

Any Outstanding Bonds will prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above if (1) in case any of the Bonds are to be redeemed on any date prior to their maturity date, the Authority will have irrevocably instructed the Trustee to mail pursuant to the Indenture a notice of redemption to the respective Holders of all such Outstanding Bonds, (2) there will have been deposited with an escrow agent or the Trustee either (i) money in an amount which will be sufficient or (ii) as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the Authority and the Trustee, Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody’s or Standard & Poor’s, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, will be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premium, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding ninety (90) days, the Authority will have agreed to mail pursuant to the Indenture a notice to the Holders of such Bonds that the deposit required above has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and redemption premium, if any, on such Bonds.

Unclaimed Money.

Anything contained in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or any interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds or interest thereon became due and payable, will be repaid by the Trustee to the Authority as its absolute property free from trust for use in accordance with the Law, and the Trustee will thereupon be released and discharged with respect thereto and the Holders will look only to the Authority for the payment of such Bonds and interest thereon; provided, that before the Trustee will be required to make any such repayment the Authority will mail pursuant to the Indenture a notice to the Holders of all Outstanding Bonds and to such securities depositories and securities information services selected by it pursuant to the Indenture that such money remains unclaimed and that after a date named in such notice, which date will not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Authority.

Miscellaneous

Liability of Authority Limited to Special Tax Revenues

Notwithstanding anything contained in the Indenture, the Authority will not be required to advance any money derived from any source of income other than the Special Tax Revenues and the other funds as provided in the Indenture for the payment of the interest on or principal of or redemption premium, if any, on the Bonds.

The Bonds are special tax obligations of the Authority and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the Special Tax Revenues and such other funds, and the Authority is not obligated to pay them except from the Special Tax Revenues and such other funds. The general funds and assets of the Authority are not liable and the full faith and credit of the Authority is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax will ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the Authority or any of its income or receipts except the Special Tax Revenues and such other funds as provided in the Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the Authority. The Bonds do not constitute an indebtedness of the Authority within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Commission nor the Authority nor any officer or employee thereof will be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds otherwise than from the Special Tax Revenues and the other funds as provided in the Indenture.

Benefits of the Indenture Limited to Certain Parties

Nothing contained in the Indenture, express or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of the Indenture, and any agreement or covenant required under the Indenture to be performed by or on behalf of the

Authority or any officer or employee thereof will be for the sole and exclusive benefit of the Trustee and the Holders.

Execution of Documents by Holders

Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Bonds and the amount, maturity, number and date of holding the same will be proved by the registration books required to be kept by the Trustee pursuant to the Indenture.

Any declaration, request or other instrument or writing of the Holder of any Bond will bind all future Holders of such Bond with respect to anything done or suffered to be done by the Authority in good faith and in accordance therewith.

Deposit and Investment of Moneys in Funds

All money held by the Trustee in any fund established in the Indenture is required to be deposited by the Trustee in Legal Investments at the written direction of the Authority, and is required to be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Trustee in the Redemption Fund, Expense Fund and Acquisition and Construction Fund are required to be invested by the Trustee in Legal Investments upon the written direction of the Authority. In the absence of a written investment direction of the Authority, the Trustee is required to invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee will have received a written direction of the Authority specifying a specific money market fund and, if no such written direction of the Authority is so received, the Trustee is required to hold such moneys uninvested. The Trustee may rely upon any investment direction from the Authority as a certification to the Trustee that such investment constitutes a Legal Investment. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Trustee and may impose its customary charges therefor, and the Trustee will not be responsible for any loss suffered in connection with any investment made in accordance with these provisions.

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

All interest received on any such money so deposited or invested is required to (subject to the Authority's covenant to preserve the tax-exempt status of the Bonds) be retained within the fund from which the deposit or investment was made, and all losses on any such money so deposited or invested will be borne by the fund from which the deposit or investment was made.

Waiver of Personal Liability

No member of the Authority Commission or officer or employee of the Authority will be individually or personally liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, but nothing contained in the Indenture will relieve any member of the Authority Commission or officer or employee of the Authority from the performance of any official duty provided by the Indenture or by the Law or by any other applicable provisions of law.

Execution in Counterparts and Electronic Signatures

The Indenture may be executed in several counterparts, each of which will be deemed an original, and all of which shall constitute but one and the same instrument. Each of the parties to the Indenture agrees that the transaction consisting of the Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs the Indenture using an electronic signature, it is signing, adopting, and accepting the Indenture and that signing the Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on the Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of the Indenture in a usable format.

Governing Law

The Indenture will be governed by and construed and interpreted in accordance with the laws of the State of California.

Action to Be Taken on Days Other Than Business Day

Except as otherwise provided in the Indenture, whenever the Indenture requires any action to be taken on a day which is not a Business Day, such action shall be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest shall accrue for the intervening period.

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APPENDIX E

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2022-07, (WATSON RANCH), IMPROVEMENT AREA NO. 1, SPECIAL TAX BONDS, SERIES 2023

CONTINUING DISCLOSURE CERTIFICATE
(Authority)

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the California Statewide Communities Development Authority (the "**Authority**") in connection with the issuance by the Authority of its California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023 (the "**2023 Bonds**"). The 2023 Bonds are being issued pursuant to an Indenture, dated as of February 1, 2023 (the "**Indenture**"), by and between the Authority and Wilmington Trust, National Association, as Trustee (the "**Trustee**"). The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners (as defined below) of the 2023 Bonds, and in order to assist the Underwriter (as defined below) in complying with the Rule (as defined below), but shall not be deemed to create any monetary liability on the part of the Authority to any other persons, including Holders or Beneficial Owners of the 2023 Bonds based on the Rule. The sole remedy in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Annual Report**" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Beneficial Owner**" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2023 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2023 Bonds for federal income tax purposes.

"**Community Facilities District**" shall mean the California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California.

"**Dissemination Agent**" shall mean any dissemination agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation. The initial Dissemination Agent shall be DTA, Inc.

"**Financial Obligation**" shall mean, for purposes of the Listed Events set out in Section 5(a)(x) and Section 5(b)(viii), a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of

(a) or (b). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"**Holder**" shall mean the person in whose name any 2023 Bond shall be registered.

"**Improvement Area**" shall mean Improvement Area No. 1 designated within the Community Facilities District.

"**Listed Event**" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"**Official Statement**" shall mean the official statement relating to the 2023 Bonds, dated ____________.

"**Report Date**" shall mean January 15 in each year.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**Special Tax**" shall mean the annual special taxes for facilities of the Community Facilities District levied on taxable property within the Improvement Area.

"**Underwriter**" shall mean RBC Capital Markets, LLC, as original underwriter of the 2023 Bonds and any other underwriter of the 2023 Bonds required to comply with the Rule in connection with offering of the 2023 Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than January 15 in each year, commencing January 15, 2024, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the 2023 Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Authority) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The Authority's comprehensive audited financial report for the prior fiscal year (subject to 3(a) above).

(b) A maturity schedule for the Outstanding Bonds, and a listing of Bonds redeemed prior to maturity during the prior fiscal year.

(c) Balances in each of the following funds established pursuant to the Indenture as of the close of the prior fiscal year:

(i) the Redemption Fund (with a statement of the debt service requirement to be discharged by said fund prior to the receipt of expected additional Special Tax Revenues); and

(ii) the Reserve Fund (including a statement of the current Required Bond Reserve).

(d) A current debt service schedule for the 2023 Bonds and all bonds outstanding under the Indenture.

(e) A statement of the number of building permits obtained as of May 1 of the prior fiscal year and a statement of the cumulative building permits received.

(f) A statement of the total Special Tax levied in the prior fiscal year, listing the Special Tax components and broken down by Developed Property, Final Mapped Property and Undeveloped Property (as such terms are defined in the Official Statement), including the number of units in each category. Such statement shall include a comparison of the per unit actual Special Tax levy as compared to per unit maximum annual Special Tax and aggregate actual Special Tax levy versus aggregate maximum annual Special Tax and shall include the amount of the Special Tax received for the Improvement Area for such fiscal year, including a statement of any delinquencies.

(g) A statement as to the status of any foreclosure actions with respect to delinquent payments of the Special Tax.

(h) A statement of the maximum annual Special Tax and the actual Special Tax levy for the current fiscal year broken down by Developed Property, Final Mapped Property and Undeveloped Property, including the number of units in each category. Such statement shall include a comparison of per unit actual Special Tax levy as compared to per unit maximum annual Special Tax and aggregate actual Special Tax levy versus aggregate maximum annual Special Tax.

(i) A statement of top ten taxpayers in the prior fiscal year and top ten taxpayers within the Improvement Area for the current fiscal year based on ownership within 60 days prior the date of the Annual Report, assuming there are no ownership changes before payment of the Special Tax.

The statement need not include any individual property owner who is responsible for less than 5% of the total actual Special Tax levy for the respective fiscal year.

(j) A statement of the current assessed value of the Taxable Property (as defined in the Official Statement) within the Improvement Area broken down by Developed Property, Final Mapped Property and Undeveloped Property and the value to lien ratio for all bonds outstanding under the Indenture, assigning the 2023 Bonds to each category based on both the proportion of the maximum Special Tax and the Actual Special Tax levy in the current fiscal year. Appraised values for the property may not be used nor substituted for reporting of the assessed values. The statement may be but is not required to be in the following format:

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB's website. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2023 Bonds in a timely manner not later than ten (10) business days after the occurrence of the event to the MSRB:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Community Facilities District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2023 Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event to the MSRB:

(i) unless described in paragraph 5(a)(vi), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the 2023 Bonds or other material events affecting the tax status of the 2023 Bonds;

(ii) modifications to rights of bond holders;

(iii) bond calls;

(iv) release, substitution, or sale of property securing repayment of the 2023 Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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;

(vii) appointment of a successor or additional trustee or the change of name of a trustee; or

(viii) incurrence of a Financial Obligation of the Community Facilities District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Community Facilities District, any of which affect security holders.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) 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 pursuant to the Indenture.

(e) The Authority intends to comply with the Listed Events described in Section 5(a)(x) and Section 5(b)(viii), and the definition of "Financial Obligation" in Section 2, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the

Securities and Exchange Commission in Release No. 14-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2023 Bonds. If such termination or substitution occurs prior to the final maturity of the 2023 Bonds, the Authority shall give notice of such termination or substitution to the MSRB.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be DTA, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority 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 an obligated person with respect to the 2023 Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by Holders of the 2023 Bonds in the same manner as provided in the Indenture for amendments to the Indenture 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 2023 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given to the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority 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 Authority 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 Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Authority Not Responsible for Continuing Disclosure by Other Parties. Nothing contained herein shall be construed to require the Authority to enforce the obligation of any other party, including any owner of property within the Improvement Area, to provide information to the MSRB, or the Underwriter or otherwise to comply with such other party's continuing disclosure undertaking entered into in connection with the issuance of the 2023 Bonds.

SECTION 12. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the 2023 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. 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 if the Authority is not the Dissemination Agent, the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, 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 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 obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2023 Bonds.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the Authority:	California Statewide Communities Development Authority 1100 K Street, Suite 101 Sacramento, California 95814 Attention: Chair
To the Underwriter:	RBC Capital Markets, LLC Two Embarcadero Center, Suite 1200 San Francisco, CA 94111 Attn: Bob Williams, Managing Director

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter, Holders and Beneficial Owners of the 2023 Bonds from time to time, and shall create no rights in any other person or entity.

SECTION 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Date: [____________]

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ___________________________________
Authorized Signatory

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	California Statewide Communities Development Authority
Name of Bond Issue:	California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023
Date of Issuance:	[____________]

NOTICE IS HEREBY GIVEN that the California Statewide Communities Development Authority (the "Authority") has not provided an Annual Report with respect to the above named Bonds as required by the Continuing Disclosure Certificate, dated the date of issuance of such 2023 Bonds. The Authority anticipates that the Annual Report will be filed by __________, 20__.

Date: __________, 20__.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: ___________________________________
Authorized Signatory

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2022-07, (WATSON RANCH), IMPROVEMENT AREA NO. 1, SPECIAL TAX BONDS, SERIES 2023

DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

This Developer Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed on ___________, 2023, by D.R. Horton BAY, Inc., a Delaware corporation (the "**Developer**"), in connection with the issuance by the California Statewide Communities Development Authority (the "**Authority**") of its California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023 (the "**Bonds**"). The Bonds are being issued pursuant to an Indenture, dated as of February 1, 2023 (the "**Indenture**"), by and between the Authority and Wilmington Trust, National Association, as Trustee (the "**Trustee**").

The Developer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the Holders and Beneficial Owners, but shall not be deemed to create any monetary liability on the part of the Developer to any other persons, including Holders or Beneficial Owners of the Bonds. The sole remedy in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

SECTION 2. Definitions. In addition to the definitions set forth in the preamble above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings when used herein:

"Affiliate" means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Developer, and about whom information would 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 Developer's ability to pay the Special Taxes levied on the Property prior to delinquency).

"**Assumption Agreement**" shall mean 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 the Community Facilities District), whereby such Major Owner agrees to provide Semiannual Reports and notices of significant events, setting forth the information described in Sections 4 and 5 hereof, respectively, with respect to the portion of the property in the Improvement Area owned by such Major Owner.

"**Beneficial Owner**" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"**Business Day**" shall mean any day other than (i) a Saturday or a Sunday or (ii) a day which is a federal or State of California holiday.

"**Community Facilities District**" shall mean California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), City of American Canyon, County of Napa, State of California.

"**Developer Improvements**" is defined in Section 4(a)(4) herein.

"**Dissemination Agent**" shall mean any dissemination agent designated in writing by the Developer and which has filed with the Developer a written acceptance of such designation. The initial Dissemination Agent shall be the Developer.

"**EMMA**" shall mean the Electronic Municipal Market Access system of the MSRB, currently located at http://emma.msrb.org.

"**Government Authority**" shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Holder**" shall mean the person in whose name any Bond shall be registered.

"**Improvement Area**" shall mean Improvement Area No. 1 designated within the Community Facilities District.

"**Listed Event**" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"**Major Owner**" shall mean, as of any date, a Person (including the Developer) that, together with any of its Affiliates, owns 18 or more of the 98 planned residential lots within the Improvement Area subject to the Special Tax. As of the date of this Disclosure Certificate, the Developer is a Major Owner.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the MSRB or the Securities and Exchange Commission, as the repository of disclosure information. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"**Official Statement**" shall mean the Official Statement, dated ___________, 2023, relating to the Bonds.

"**Participating Underwriter**" shall mean RBC Capital Markets, LLC, as original underwriter of the Bonds and any other underwriter of the Bonds.

"**Person**" shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

"Property" means, as of the date of determination, collectively, the real property within the boundaries of the Improvement Area that (i) is owned by the Developer or any Affiliate thereof and (ii) the Developer or any Affiliate thereof has sold to a Major Owner who has not assumed the obligations under this Disclosure Certificate pursuant to an Assumption Agreement. Property as of any date of determination does not include real property within the boundaries of the Improvement Area that has been conveyed to individual homeowners or any real property that is the subject of an Assumption Agreement.

"**Semiannual Report**" shall mean any Semiannual Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**Special Taxes**" shall mean the annual special taxes for facilities of the Community Facilities District levied on taxable property within the Improvement Area.

"**State**" shall mean the State of California.

SECTION 3. Provision of Semiannual Reports.

(a) So long as the Developer's obligations hereunder have not been terminated pursuant to Section 7, the Developer shall, or shall cause the Dissemination Agent (if the Dissemination Agent is other than the Developer) to, not later than April 15 and October 15 of each year, commencing April 15, 2023, provide to the MSRB a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, April 15 or October 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day. The Semiannual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent is not the Developer, not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the MSRB, the Developer shall provide the Semiannual Report to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Developer is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be available. If the Dissemination Agent is not the Developer and it does not receive by such date a copy of the Semiannual Report or notification from the Developer that the Developer intends to file the Semiannual Report, the Dissemination Agent shall notify the Developer to determine if the Developer is in compliance with the first sentence of this Section (b).

(c) If the Developer does not provide, or does not cause the Dissemination Agent to provide, a Semiannual Report to the MSRB by the date required in subsection (a), the Developer or the Dissemination Agent shall send in a timely manner a notice (in the form of Exhibit A) to the MSRB in a form that is accepted by the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Semiannual Report the name and address of the MSRB;

(ii) provide each Semiannual Report received by it to the MSRB, as provided herein; and

(iii) to the extent the Semiannual Report has been furnished to it, promptly file a report with the Developer (if the Dissemination Agent is other than the Developer), and the Authority certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system or in another manner approved under Rule 15c2-12.

SECTION 4 Content of Semiannual Report.

(a) The Developer's Semiannual Report shall contain or include by reference the information which is available not more than sixty (60) days prior to the date of the Semiannual Report relating to the following:

1. A discussion of the sources of funds to finance development of the Property owned by the Developer or its Affiliates, and whether any material defaults exist under any loan arrangement related to such financing.

2. A summary of development activity conducted by the Developer or its Affiliates on the Property, including the number of parcels for which building permits have been issued, and as to Property owned by the Developer or its Affiliates, the number of parcels for which sales have closed.

3. Any sale by the Developer or its Affiliates of Property to another Person, other than to buyers of completed homes, including a description of the Property sold (acreage, number of lots, etc.) and the identity of the Person that so purchased the Property.

4. Status of completion of the development being undertaken by the Developer or its affiliates with respect to the Property, and any major legislative, administrative and judicial challenges known to the Developer to or affecting the construction of the development or the time for construction of any public or private improvements to be made by the Developer or its Affiliates on the Property (the "**Developer Improvements**").

5. Information regarding any failure by the Developer or its Affiliates to pay, prior to delinquency, any real property taxes (including Special Taxes) levied on a parcel of Property which was, at the time of the levy, owned by the Developer or its Affiliates.

6. Unless such information has previously been included or incorporated by reference in an Semiannual Report, describe any other significant changes in the information relating to the Developer or its Affiliates or any Property contained in the Official Statement in the second paragraph under the heading "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – The Project," under the heading "PLANNED DEVELOPMENT OF IMPROVEMENT AREA NO. 1 – Status of Home Construction" and under the heading "PROPERTY OWNERSHIP" that would materially and adversely interfere with the Developer's ability to develop the Property as described in the Official Statement.

(b) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) So long as Developer's obligations hereunder have not been terminated pursuant to Section 7, pursuant to the provisions of this Section 5, the Developer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Failure to pay any real property taxes, special taxes or assessments levied on any parcel of Property owned by the Developer.

2. Damage to or destruction of any of the Developer Improvements which has a material adverse effect on the value of the Property.

3. Material default by the Developer on any loan with respect to the construction or permanent financing of the Developer Improvements.

4. Material default by the Developer on any loan secured by the Property.

5. Material payment default by the Developer on any loan of the Developer (whether or not such loan is secured by the Property) which is beyond any applicable cure period in such loan.

6. The filing of any proceedings with respect to the Developer, in which the Developer may be adjudicated as bankrupt or discharged from any or all of its respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts.

7. The filing of any lawsuit against the Developer (with service of process on the Developer having occurred) which, in the reasonable judgment of the Developer, will materially adversely affect the completion of the Developer Improvements or the development of the Property, or litigation which if decided against the Developer, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer in a manner that would materially adversely affect the completion of the development of the Property.

8. A sale or transfer of all or substantially all of the Developer's assets or a sale of a majority of the partnership interests, membership interests or outstanding stock of the Developer (it being understood that if the Developer is a publicly traded company, such majority sale is not meant to include an aggregation of routine, unrelated market trades).

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event described in Section 5(a), the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB and the Authority in a timely manner.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Developer's obligations hereunder shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) the date on which (i) the Developer is no longer a Major Owner and (ii) the Developer no longer has any obligations under this Disclosure Certificate with respect to any Major Owner as a result of such obligations having been assumed under one or more Assumption Agreements unless such Major Owner is a foreclosing creditor and/or lender, or

(c) upon the delivery by the Developer to the Authority of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Certificate is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Developer or a private letter ruling obtained by a similar entity to the Developer.

The Developer's obligations under this Disclosure Certificate with respect to a Major Owner shall terminate upon the earliest to occur of (x) the date on which such Major Owner is no longer a Major Owner, as defined herein, or (y) the date on which the Developer's obligation with respect to such Major Owner are assumed under an Assumption Agreement entered into by such Major Owner; provided, however, that upon the occurrence of any of the events described in clauses (x) or (y), the Developer's obligations hereunder with respect to each other Major Owner, if any, shall remain in full force and effect.

If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Listed Event hereunder.

SECTION 8. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Developer) shall not be responsible in any manner for the content of any notice or report prepared by the Developer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may agree to amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Authority and the Trustee, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(c) The Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture (as such term is defined therein), and the sole remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance. Neither the Developer nor the Dissemination Agent shall have any liability to the Holders of the Bonds or the Beneficial Owners of the Bonds or any other party for monetary damages or financial liability of any kind whatsoever arising from or relating to this Disclosure Certificate.

SECTION 12. 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 in any agreement between the Developer and Dissemination Agent. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Reporting Obligation of Developer's Transferees. The Developer shall, in connection with any sale or transfer of ownership of land within the Improvement Area to a transferee that is not an affiliate of the Developer which will result in the transferee (which term shall include any successors and assigns of such party) becoming a Major Owner, cause such transferee to enter into an Assumption Agreement provided that such transferee's obligations under such Assumption Agreement shall terminate upon the sold or transferred land being improved with structures, or the land owned by the transferee becoming responsible for the payment of less than twenty (20) percent of the annual Special Taxes.

SECTION 14. Developer as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Developer is an independent contractor and not an agent of the Authority.

SECTION 15. Notices. Notices should be sent by regular, overnight or electronic mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

To the Developer:	D.R. Horton BAY, Inc. [_________________] [_________________] Attn: [_________________] Email: [_________________] Phone: [_________________]
To the Underwriter:	RBC Capital Markets, LLC Two Embarcadero Center, Suite 1200 San Francisco, CA 94111 Attn: Bob Williams, Managing Director Email: bob.williams@rbccm.com Phone: (415) 445-8674
To the Authority:	California Statewide Communities Development Authority 1100 K Street, Suite 1001 Sacramento, CA 95814 Attn: Chair Email: info@cscda.org Phone: (925) 391-3590

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Developer, the Dissemination Agent, the Trustee, 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.

SECTION 17. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 18. Governing Law. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California applicable to contracts made and performed in California.

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IN WITNESS WHEREOF, the Developer hereto has executed this Developer Continuing Disclosure Certificate as of the date first above written.

D.R. Horton BAY, Inc., a Delaware corporation

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE SEMIANNUAL REPORT

Name of Issuer:	California Statewide Communities Development Authority
Name of Bond Issue:	California Statewide Communities Development Authority Community Facilities District No. 2022-07 (Watson Ranch), Improvement Area No. 1, Special Tax Bonds, Series 2023
Date of Issuance:	__________, 2023

NOTICE IS HEREBY GIVEN that D.R. Horton BAY, Inc., a Delaware corporation (the "**Developer**") has not provided a Semiannual Report with respect to the above named bonds as required by the Continuing Disclosure Certificate, dated the date of issuance of such Bonds. The Developer anticipates that the Semiannual Report will be filed by __________, 20__.

Date: __________, 20__.

DISSEMINATION AGENT:

By:___________________________________

Its:___________________________________

cc: The Developer
Underwriter

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APPENDIX F

BOOK-ENTRY SYSTEM

The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the Authority takes no responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the 2023 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the bonds (the "2023 Bonds"). The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series and maturity of the 2023 Bonds, each in the principal amount of such series and maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity 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 series and maturity.

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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds

are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 the 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and Paying Agent 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 2023 Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Authority or Paying 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, Paying Agent, or Authority, 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 Authority or Paying 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 2023 Bonds at any time by giving reasonable notice to Authority or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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