

**AMENDED AND RESTATED
RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX
CITY OF RIALTO
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)**

A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries of City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) ("CFD No. 2020-1") and collected each Fiscal Year commencing in Fiscal Year 2023-2024, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2020-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area as calculated by the CFD Administrator. An Acre means 43,560 square feet of land.

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

"Administrative Expenses" means the actual or reasonably estimated costs related to the administration of CFD No. 2020-1 including, but not limited to: the costs of preparing and computing the Special Tax levy (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2020-1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2020-1, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2020-1, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2020-1, or any designee thereof related to an appeal of the Special Taxes; and the City's annual administration fees and third party expenses directly related to CFD No. 2020-1. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2020-1 for any other administrative purposes of CFD No. 2020-1, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special

Tax is being levied, and (ii) that have not been issued a Building Permit on or prior to the May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor” means the Assessor of the County of San Bernardino.

“Assessor’s Parcel” means a lot, unit, 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 designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax A” means the Special Tax of that name described in Section 3.A below.

“Backup Special Tax A” means the Special Tax of that name described in Section 3.B below.

“Base Year” means the Fiscal Year beginning July 1, 2023 and ending June 30, 2024.

“Bonds” means any bonds or other Debt of CFD No. 2020-1, whether in one or more series, secured by the levy of Special Taxes.

“Boundary Map” means the Amended and Restated Boundary Map of the boundaries of CFD No. 2020-1 recorded in the San Bernardino County Recorder’s Office.

“Building Permit” means a building permit for construction of a Residential Unit within CFD No. 2020-1 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such structure and/or by reference to appropriate records kept by the City.

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

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Special Tax roll and/or calculating the Backup Special Tax A.

“CFD No. 2020-1” means City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde).

“City” means the City of Rialto, California.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics for the Riverside-San Bernardino-Ontario, CA metropolitan area in the December preceding the Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the original index.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2020-1 under the Act.

“County” means the County of San Bernardino, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, pledge agreements or other long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1st of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1st of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved Property, provided that the levy of the Special Taxes on such Assessor’s Parcel after such reclassification does not cause the total Special Tax A authorized to be collected within CFD No. 2020-1 to be less than 1.1 times the annual Debt Service on all Outstanding Bonds plus Administrative Expenses, for each future Fiscal Year. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Approved Property.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

“Facilities” mean those facilities described in Resolution No. 7630 of the City adopted on June 9, 2020.

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

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

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

“Land Use Class” means any of the classes listed in Tables 1 through 5 under Section 3 below.

“Lot” means an Assessor’s Parcel created by a Final Map on which one or more Residential Units can be constructed.

“Maximum Special Tax A” means for each Assessor’s Parcel, the Maximum Special Tax A, determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means for each Assessor’s Parcel, the maximum Special Tax B, determined in accordance with Section 3.A below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Minimum Sale Price” means the minimum price at which Residential Units of a given Land Use Class have sold or are expected to be sold in a normal marketing environment and shall not include prices for such Residential Units that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

“Multi-Family Property” means all Assessor’s Parcels of Residential Property for which a Building Permit has been issued for the purpose of constructing a building or buildings comprised of attached Residential Units available for rental by the general public, not for sale to an end user, and under common management.

“Non-Residential Property” means all Assessor’s Parcels for which a building permit has been issued prior to May 1st of the previous Fiscal Year for the purpose of constructing one or more non-residential units or facilities.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“PACE Charges” means a contractual assessment or special tax as established by a public agency pursuant to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

“Prepayment Amount” means the amount required to prepay the Special Tax A Obligation in full for an Assessor’s Parcel as described in Section 6.A below.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2020-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 2020-1 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2020-1, (ii) the City, (iii) any owner of real property in CFD No. 2020-1, or (iv) any real property in CFD No. 2020-1, and (e) is not connected with CFD No. 2020-1 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2020-1 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section 3 herein.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2020-1 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax A levy to the applicable Assigned Special Tax A or Backup Special Tax A is equal for all Assessor’s Parcels of Developed Property. For Approved Property, Provisional Property or

Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is equal for all Assessor’s Parcels of Approved Property, Provisional Property or Undeveloped Property. **“Proportionately”** may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Non-Residential Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8 but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

“Public Property” means any property within the boundaries of CFD No. 2020-1, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Rate and Method” means this Amended and Restated Rate and Method of Apportionment of Special Tax applicable to the property shown on the Boundary Map of CFD No. 2020-1.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Services” means those services described in Resolution No. 7630 adopted by the City on June 9, 2020.

“Special Tax” means any special tax levied within CFD No. 2020-1 pursuant to the Act and this Rate and Method.

“Special Tax A Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax A for the remaining term of Special Tax A pursuant to Section 7 below.

“Special Tax Requirement for Facilities” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay a proportionate share of Administrative Expenses and other costs of CFD No. 2020-1, as applicable; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of Facilities until the thirtieth year of the Special Tax A levy, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Approved Property, Undeveloped Property, or Provisional Property; (vi) accumulate funds to pay directly for capital repair and replacement of facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Approved Property, Undeveloped Property, or Provisional Property; and (vii) pay for reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year;

less (viii) a credit for funds available to reduce the Special Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year to: (i) pay directly for Services in the Calendar Year commencing in such Fiscal Year; (ii) pay a proportionate share of Administrative Expenses and other costs of CFD No. 2020-1, as applicable; (iii) pay for reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax B levied in the previous Fiscal Year; less (iv) a credit for funds available to reduce the Special Tax B levy, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2020-1, which are not exempt from the levy of the Special Taxes pursuant to law or Section 8 below.

“Total Tax Burden” means for any Residential Unit, the annual Special Tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees, and charges which are levied and imposed on such Residential Unit and the real property on which it is located and collected by the County on ad valorem tax bills and which are secured by such Residential Unit and the real property on which it is located, assuming such Residential Unit had been completed, sold, and subject to such levies and impositions, excluding PACE Charges (or any other charge entered into voluntarily by the property owner) and service charges such as those related to sewer and trash.

“Tract Map No. 20092” means City of Rialto Tract Map No. 20092 recorded December 22, 2021, as Document No. 2021-0570933 in the County of San Bernardino.

“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, Approved Property, or Provisional Property.

“Zone” means Zone 1, Zone 2, Zone 3, Zone 4, or Zone 5, as applicable.

“Zone 1” means the specific geographic area identified as Zone 1 within CFD No. 2020-1 as depicted on Exhibit A attached to this Rate and Method, being Lot 1 of Tract Map No. 20092.

“Zone 2” means the specific geographic area identified as Zone 2 within CFD No. 2020-1 as depicted on Exhibit A attached to this Rate and Method, being Lot 6 of Tract Map No. 20092.

“Zone 3” means the specific geographic area identified as Zone 3 within CFD No. 2020-1 as depicted on Exhibit A attached to this Rate and Method, being Lots 2 and 4 of Tract Map No. 20092.

“Zone 4” means the specific geographic area identified as Zone 4 within CFD No. 2020-1 as depicted on Exhibit A attached to this Rate and Method, being Lot 3 of Tract Map No. 20092.

“Zone 5” means the specific geographic area identified as Zone 5 within CFD No. 2020-1 as depicted on Exhibit A attached to this Rate and Method, being Lot 5 of Tract Map No. 20092.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor's Parcel within CFD No. 2020-1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcel of Developed Property shall be assigned to a Land Use Class according to its applicable Zone and land use type based on its Building Square Footage as applicable.

In the event an Assessor's Parcel of Taxable Property lies partially within two or more Zones, it shall be taxed by CFD No. 2020-1 according to only the Zone in which the majority of the Acreage of such Assessor's Parcel lies.

3. SPECIAL TAX RATES

Prior to the issuance of Bonds, CFD No. 2020-1 shall select and engage a Price Point Consultant, and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Residential Units within each Land Use Class of Residential Property. If, based upon such Price Point Study, the CFD Administrator calculates that the Total Tax Burden applicable to Residential Units within one or more Land Use Classes of Residential Property to be constructed within CFD No. 2020-1 exceeds 2.00% of the Minimum Sale Price of such Residential Units, the Assigned Special Tax A shall be reduced to the extent necessary to cause the Total Tax Burden applicable to Residential Units within such Land Use Class(es) not to exceed 2.00% of the Minimum Sale Price of such Residential Units. Each Assigned Special Tax A reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes.

If the Assigned Special Tax A for any Land Use Class in a Zone is reduced pursuant to the preceding paragraph, the CFD Administrator shall calculate a reduced Maximum Special Tax A for Undeveloped Property, Approved Property and Provisional Property within such Zone as well as a reduced Backup Special Tax A for Developed Property within such Zone. The revised Maximum Special Tax A for such Zone shall be equal to the Maximum Special Tax A as set forth in Table 6 below, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Classes of Residential Property in such Zone. The weighted average percentage will be calculated by taking the sum of the products of the number of Residential Units constructed or expected to be constructed in each Land Use Class in such Zone multiplied by the percentage change in the Assigned Special Tax A for each Land Use Class in such Zone (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of Residential Units constructed or expected to be constructed within the Zone and converted to a percentage. The reduced Maximum Special Tax A shall be used to compute the reduced Backup Special Tax A pursuant to Section 3.B.

The Special Tax reductions, if required pursuant to this section, shall be reflected in an amended notice of Special Tax lien, which CFD No. 2020-1 shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit B.

A. Assigned Special Tax A and Maximum Special Tax B for Developed Property

The Assigned Special Tax A and Maximum Special Tax B applicable to an Assessor's Parcel classified as Developed Property for the Base Year shall be determined pursuant to Tables 1 through 5 below.

Table 1
Base Year Assigned Special Tax A and Maximum Special Tax B - Zone 1
(Fiscal Year 2023-2024)

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	≤ 2,300	\$2,650 per Residential Unit	\$341 per Residential Unit
2	Residential Property	2,301 – 2,450	\$2,695 per Residential Unit	\$341 per Residential Unit
3	Residential Property	2,451 – 2,600	\$2,740 per Residential Unit	\$341 per Residential Unit
4	Residential Property	> 2,600	\$2,785 per Residential Unit	\$341 per Residential Unit
5	Multi-Family Property	N/A	\$29,331 per Acre	\$256 per Residential Unit

Table 2
Base Year Assigned Special Tax A and Maximum Special Tax B - Zone 2
(Fiscal Year 2023-2024)

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	< 1,800	\$2,390 per Residential Unit	\$341 per Residential Unit
2	Residential Property	≥ 1,800	\$2,635 per Residential Unit	\$341 per Residential Unit
3	Multi-Family Property	N/A	\$25,127 per Acre	\$256 per Residential Unit

Table 3
Base Year Assigned Special Tax A and Maximum Special Tax B - Zone 3
(Fiscal Year 2023-2024)

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	< 2,500	\$2,705 per Residential Unit	\$341 per Residential Unit
2	Residential Property	≥ 2,500	\$2,835 per Residential Unit	\$341 per Residential Unit
3	Multi-Family Property	N/A	\$22,625 per Acre	\$256 per Residential Unit

Table 4
Base Year Assigned Special Tax A and Maximum Special Tax B - Zone 4
(Fiscal Year 2023-2024)

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	≤ 2,700	\$2,840 per Residential Unit	\$341 per Residential Unit
2	Residential Property	2,701 – 2,950	\$2,955 per Residential Unit	\$341 per Residential Unit
3	Residential Property	2,951 – 3,200	\$3,070 per Residential Unit	\$341 per Residential Unit
4	Residential Property	3,201 – 3,450	\$3,185 per Residential Unit	\$341 per Residential Unit
5	Residential Property	3,451 – 3,700	\$3,300 per Residential Unit	\$341 per Residential Unit
6	Residential Property	3,701 – 3,950	\$3,415 per Residential Unit	\$341 per Residential Unit
7	Residential Property	> 3,950	\$3,530 per Residential Unit	\$341 per Residential Unit
8	Multi-Family Property	N/A	\$19,338 per Acre	\$256 per Residential Unit

Table 5
Base Year Assigned Special Tax A and Maximum Special Tax B - Zone 5
(Fiscal Year 2023-2024)

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	≤ 1,700	\$2,330 per Residential Unit	\$341 per Residential Unit
2	Residential Property	1,701 – 1,900	\$2,410 per Residential Unit	\$341 per Residential Unit
3	Residential Property	> 1,900	\$2,490 per Residential Unit	\$341 per Residential Unit
4	Multi-Family Property	N/A	\$33,877 per Acre	\$256 per Residential Unit

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A in Tables 1 through 5 above shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B shall be increased by the lesser of (i) the twelve month percentage change in the Consumer Price Index since the prior Fiscal Year or (ii) three percent (3%) of the amount in effect the prior Fiscal Year.

B. Backup Special Tax A for Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as Multi-Family Property, within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2023-2024 or such later Fiscal Year in which such Final Map is created, subject to increases as described below. The Backup Special Tax A for Multi-Family Property shall be equal to the Assigned Special Tax A.

1. Calculation of the Backup Special Tax A

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Special Tax A per Lot for the applicable Final Map

U = Maximum Special Tax A per Acre of Undeveloped Property in the applicable Zone for the Fiscal Year the calculation is performed

A = Acreage of Taxable Property expected to exist within such Final Map at the time of calculation, as determined by the Administrator

L = Number of Lots within the applicable Final Map at the time of calculation

2. Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Special Tax A for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- a. Determine the total Backup Special Tax A revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- b. The result of paragraph a. above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- c. The result of paragraph b above shall be divided by 43,560. The result is the Backup Special Tax A per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

3. Increase in the Backup Special Tax A

Each July 1, commencing the July 1 following the initial calculation of the Backup Special Tax A for Developed Property within a Final Map, the Backup Special Tax A for each Lot within such Final Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

C. Maximum Special Tax A for Developed Property

The Maximum Special Tax A for each Assessor's Parcel of Developed Property shall be the greater of the Assigned Special Tax A for such Assessor's Parcel of Developed Property or the Backup Special Tax A for such Assessor's Parcel of Developed Property.

D. Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property

The Base Year Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property shall be determined in accordance with Table 6 below. For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax A rate for Provisional Property, Approved Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

Table 6
Base Year Maximum Special Tax A
Provisional Property, Approved Property and Undeveloped Property
(Fiscal Year 2023-2024)

Zone	Maximum Special Tax A
1	\$29,331 per Acre
2	\$25,127 per Acre
3	\$22,625 per Acre
4	\$19,338 per Acre
5	\$33,877 per Acre

4. METHOD OF APPORTIONMENT

A. Special Tax A

For each Fiscal Year, commencing Fiscal Year 2023-2024, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax A for Approved Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 2 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax A for Undeveloped Property;

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the Maximum Special Tax A for such Assessor's Parcel of Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax A for Provisional Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final

Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax A levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax A levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax A rates and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax A rate levied on all other Undeveloped Property pursuant to Step 2 above multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2).

Notwithstanding the above, under no circumstances will the Special Tax A 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 be increased as a result of a delinquency or default in the payment of the Special Tax A applicable to any other Assessor's Parcel within CFD No. 2020-1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

B. Special Tax B

For each Fiscal Year, commencing Fiscal Year 2023-2024, the CFD Administrator shall levy the Special Tax B Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax Requirement for Services.

5. COLLECTION OF SPECIAL TAXES

Collection of the Special Taxes shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Taxes shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Taxes, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

6. PREPAYMENT OF SPECIAL TAX A OBLIGATION

A. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The following definitions apply to this Section 6.

"Bond Index" means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25-Bond Revenue Index. In the event the 25-Bond Revenue Index ceases to be published, the Bond Index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and S&P's A-plus, as reasonably determined by the City.

“Bond Yield” means the yield of the last series of Bonds issued. For purposes of this calculation, the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or another similar bond issuance document.

“CFD Estimated Proceeds” means \$37,500,000 or such lower number as (i) shall be determined by the CFD Administrator as the estimated aggregate net proceeds of all bonds for CFD No. 2020-1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2020-1.

“Future Facilities Costs” means the CFD Estimated Proceeds minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund that are expected to be available to finance CFD Estimated Proceeds.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax prepayments.

“Present Value” means the net present value of a stream of Special Tax payments for a specific number of future Fiscal Years attributable to an Assessor’s Parcel, using as the discount rate either (i) the Bond Yield if Bonds have been issued, or (ii) the most recently published Bond Index if Bonds have not been issued.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Property may be prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment and such prepayment does not reduce the aggregate value to lien ratio of remaining Developed Property below the aggregate value to lien ratio of Developed Property at the time of issuance of the latest Previously Issued Bonds or other requirements within the Indenture. An owner of an Assessor’s Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for the CFD No. 2020-1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount shall be calculated for each applicable Assessor's Parcel or group of Assessor's Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
plus	Present Value of the Pay-Go Obligation
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Parcel and other conditions of the Indenture are met.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor's Parcel as though all Assessor's Parcels of Taxable Property within CFD No. 2020-1 have been built out. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for such Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property, Undeveloped Property or Provisional Property for which a Building Permit has not been issued, compute the Maximum Special Tax A for the Assessor's Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the estimated total amount of Special Tax A that could be levied at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for all such Assessor's Parcels of Taxable Property not including any Parcels for which the Special Tax A Obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor's Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
10. Subtract the amount derived pursuant to paragraph 9 from the amount derived pursuant to paragraph 8 (the "Defeasance Amount").
11. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
12. Multiply the Maximum Special Tax A derived pursuant to paragraph 2 by nine percent (9%) ("Following Year Pay-Go Obligation").
13. Subtract the number of years the Special Tax A has been levied (including the current Fiscal Year) from 30 ("Remaining Pay-Go Years").
14. Compute the Present Value of a stream of payments starting with the Following Year Pay-Go Obligation and escalating that amount by two percent (2%) each year so that the total number of payments is equal to the Remaining Pay-Go Years calculated in paragraph 13 ("Present Value of Pay-Go Obligation").
15. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

16. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
17. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, the Administrative Fees and Expenses and the Present Value of the Pay-Go Obligation, less the Reserve Fund Credit and the Capitalized Interest Credit.
18. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount and the Present Value of the Pay-Go Obligation shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2020-1.

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

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor’s Parcel for which the Special Tax A Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax A and the release of the Special Tax A lien on such Assessor’s Parcel, and the obligation of the owner of such Assessor’s Parcel to pay the Special Tax A shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

B. Partial Prepayment

The Special Tax A for an Assessor’s Parcel of Developed Property, Approved Property, or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

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

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section 6.A

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax A Obligation

A = the Prepayment Administrative Fees and Expenses from Section 6.A

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax A Obligation, (ii) the percentage by which the Special Tax A Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax A Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel for which the Special Tax A is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 2020-1 that there has been a partial prepayment of the Special Tax A Obligation 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 Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

The Special Tax B cannot be prepaid.

7. TERM OF SPECIAL TAX

The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for Facilities for a period not to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2023-2024, provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on all Outstanding Bonds have been paid.

The Special Tax B shall be levied in perpetuity as necessary to satisfy the Special Tax Requirement for Services.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and (v) Assessor's Parcels classified as Non-Residential Property as determined reasonably by the CFD Administrator, provided that no such classification would reduce the Acreage of Taxable Property

within each Zone of CFD No. 2020-1 to less than the Acreage amount listed in Table 7 below for each Zone.

TABLE 7
MINIMUM TAXABLE ACRES

Zone	Acres
1	12.08
2	13.10
3	26.96
4	14.09
5	14.46

Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of Taxable Property in the applicable Zone to less than the Acreage shown in Table 7 shall be classified as Provisional Property and will continue to be subject to the CFD No. 2020-1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property, except for Non-Residential Property, which will be assigned tax exempt status only after all other eligible property types have been classified as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- (ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- (iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the City Council. Upon the receipt of such notice, the City Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the City Council or designee determines

an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

10. INTERPRETATIONS

The City Council or designee thereof shall interpret this Rate and Method for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Council or designee shall be final.

EXHIBIT A

ZONE MAP

EXHIBIT B

CERTIFICATE OF MODIFICATION OF SPECIAL TAX

(PAGE 1 OF 5)

CITY OF RIALTO AND CFD NO. 2020-1 CERTIFICATE

1. Pursuant to Section 3 of the Amended and Restated Rate and Method of Apportionment of Special Tax for City of Rialto Community Facilities District No. 2020-1 (El Rancho Verde) ("CFD No. 2020-1"), the Assigned Special Tax A for Residential Property within CFD No. 2020-1 has been modified.

The information in Tables 1 through 6 relating to the Assigned Special Tax A for Developed Property within CFD No. 2020-1, as stated in Section 3.A. of the Amended and Restated Rate and Method of Apportionment, has been modified as follows:

CERTIFICATE OF MODIFICATION OF SPECIAL TAX

(PAGE 2 OF 5)

Table 1
Base Year Assigned Special Tax A and Maximum Special Tax B- Zone 1
(Fiscal Year [-])

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A
1	Residential Property	< 2,300	\$[] per Residential Unit
2	Residential Property	2,300 – 2,450	\$[] per Residential Unit
3	Residential Property	2,451 – 2,600	\$[] per Residential Unit
4	Residential Property	> 2,600	\$[] per Residential Unit
5	Multi-Family Property	N/A	\$[] per Acre

Table 2
Base Year Assigned Special Tax A and Maximum Special Tax B- Zone 2
(Fiscal Year [-])

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A
1	Residential Property	< 1,800	\$[] per Residential Unit
2	Residential Property	≥ 1,800	\$[] per Residential Unit
3	Multi-Family Property	N/A	\$[] per Acre

CERTIFICATE OF MODIFICATION OF SPECIAL TAX

(PAGE 3 OF 5)

Table 3
Base Year Assigned Special Tax A and Maximum Special Tax B- Zone 3
(Fiscal Year [-])

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A
1	Residential Property	< 2,500	\$[] per Residential Unit
2	Residential Property	≥ 2,500	\$[] per Residential Unit
3	Multi-Family Property	N/A	\$[] per Acre

Table 4
Base Year Assigned Special Tax A and Maximum Special Tax B- Zone 4
(Fiscal Year [-])

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A
1	Residential Property	< 2,950	\$[] per Residential Unit
2	Residential Property	2,951 – 3,200	\$[] per Residential Unit
3	Residential Property	3,201 – 3,450	\$[] per Residential Unit
4	Residential Property	3,451 – 3,700	\$[] per Residential Unit
5	Residential Property	3,701 – 3,950	\$[] per Residential Unit
6	Residential Property	> 3,950	\$[] per Residential Unit
7	Multi-Family Property	N/A	\$[] per Acre

CERTIFICATE OF MODIFICATION OF SPECIAL TAX
(PAGE 4 OF 5)

Table 5
Base Year Assigned Special Tax A and Maximum Special Tax B- Zone 5
(Fiscal Year [-])

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A
1	Residential Property	< 1,700	\$[] per Residential Unit
2	Residential Property	1,700 – 1,900	\$[] per Residential Unit
3	Residential Property	> 1,900	\$[] per Residential Unit
4	Multi-Family Property	N/A	\$[] per Acre

Table 6
Base Year Maximum Special Tax A
Provisional Property, Approved Property and Undeveloped Property
(Fiscal Year [-])

Zone	Maximum Special Tax A
1	\$[] per Acre
2	\$[] per Acre
3	\$[] per Acre
4	\$[] per Acre
5	\$[] per Acre

2. The Special Tax A may only be modified prior to the first issuance of CFD No. 2020-1 Bonds.
3. Upon execution of this certificate by CFD No. 2020-1, CFD No. 2020-1 shall cause an amended notice of Special Tax lien for CFD No. 2020-1 to be recorded reflecting the modifications set forth herein.

CERTIFICATE OF MODIFICATION OF SPECIAL TAX
(PAGE 5 OF 5)

By execution hereof, the undersigned acknowledge, on behalf of the City and CFD No. 2020-1, receipt of this certificate and modification of the Amended and Restated Rate and Method of Apportionment of Special Tax as set forth in this certificate.

CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2020-1 (EL RANCHO VERDE)

By: _____ Date: _____