PRELIMINARY OFFICIAL STATEMENT DATED _________, 2026

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

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$_________*

CITY OF FULLERTON COMMUNITY FACILITIES DISTRICT NO. 3 (THE PINES AT SUNRISE VILLAGE) 2026 SPECIAL TAX BONDS

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

Authority for Issuance. The bonds captioned above (the "2026 Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"); a resolution adopted on [August 18], 2026, by the City Council of the City of Fullerton (the "City") acting as the legislative body of the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) (the "District"); and a Fiscal Agent Agreement dated as of September 1, 2026, (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2026 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2026 Bonds are payable from Special Tax Revenues (as defined in this Official Statement), which consist of special taxes levied on property within the District according to the rate and method of apportionment of special tax approved by the City Council of the City and the eligible landowner voters in the District. The 2026 Bonds are secured by a first pledge of the Special Tax Revenues and the moneys on deposit in certain funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE 2026 BONDS."

Use of Proceeds. The 2026 Bonds are being issued to (i) [finance the acquisition and construction of certain capital improvements necessary for the development of the property in the District], and (ii) pay costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2026 Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2027. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2026 Bonds will be issued in integral multiples of $5,000. The 2026 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2026 Bonds. See "THE 2026 Bonds – General Bond Terms" and APPENDIX H – "DTC and the Book-Entry Only System."

Redemption. *The 2026 Bonds are subject to optional redemption and mandatory redemption. See "THE 2026 BONDS - Redemption."*

The 2026 Bonds, the interest thereon, and any premiums payable on the redemption of any of the 2026 Bonds, are not indebtedness of the City, the District (except to the limited extent described in this Official Statement), or the State of California (the "State") or any of its political subdivisions, and none of the City, the District (except to the limited extent described in this Official Statement) or the State or any of its political subdivisions is liable on the 2026 Bonds. Neither the faith and credit nor the taxing power of the City, the District (except to the limited extent described in this Official Statement) or the State or any of its political subdivisions is pledged to the payment of the 2026 Bonds. Except for the Special Tax Revenues (other than the Special Tax Revenues to be deposited into the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), no taxes are pledged to the payment of the 2026 Bonds. The 2026 Bonds are not a general obligation of the City or the District but are limited obligations of the City and the District payable solely from the Special Tax Revenues (other than the Special Tax Revenues to be deposited into the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), as more fully described in this Official Statement.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2026 Bonds involves risks that may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2026 Bonds.

The 2026 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2026 Bonds will be passed upon for the City by the City Attorney and by Jones Hall LLP, San Mateo, California, acting as Disclosure Counsel, and for the Underwriter *by Stradling Carlson Yocca Carlson & Rauth LLP, Newport Beach, California. It is anticipated that the 2026 Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about September __, 2026.*

STIFEL

The date of this Official Statement is: ________, 2026.

____

* Preliminary; subject to change.

MATURITY SCHEDULE*

$___________ Serial Bonds
Base CUSIP: † 35982A

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

$____________ ___% Term Bond due September 1, 20__, Yield ___%, Price ___%
CUSIP† No. ____________

* Preliminary; subject to change.

† *CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 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. Neither the City nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2026 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City, the District, any other parties described in this Official Statement, or in the condition of property within the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2026 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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 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.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Changes to Offering Prices. The Underwriter may offer and sell the 2026 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Exemption from Securities Laws Registration. The issuance and sale of the 2026 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act and Section 3(a)(12) of the Exchange Act.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Exchange Act and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" 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. The City does 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.

City Internet Website. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

CITY OF FULLERTON

CITY COUNCIL
Fred Jung, *Mayor*
Nicholas Dunlap, *Mayor Pro Tem*
Shana Charles, *Councilmember*
Jamie Valencia, *Councilmember*
Ahmad Zahra, *Councilmember*

CITY OFFICIALS
Eddie Manfro, *City Manager*
Steven Avalos, *Interim Director of Administrative Services*
Lucinda Williams, MMC, *City Clerk*

BOND AND DISCLOSURE COUNSEL
Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR
Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT
DTA Public Finance, Inc.
Irvine, California

FISCAL AGENT
U.S. Bank Trust Company, National Association
Los Angeles, California

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[REGIONAL MAP]

CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)

OFFICIAL STATEMENT

$_________*
CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
2026 SPECIAL TAX BONDS

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**2026 Bonds**") to be issued by the City of Fullerton, California (the "**City**"), County of Orange (the "**County**"), for and on behalf of the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) (the "**District**").

This introduction is not a summary of this Official Statement and is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement by those interested in purchasing the 2026 Bonds. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in APPENDIX D – "Summary of the Fiscal Agent Agreement – Definitions" and in APPENDIX B – "Rate and Method of Apportionment of Special Tax."

Authority for Issuance

The 2026 Bonds are authorized to be issued under the Mello-Roos Community Facilities Act of 1982, as amended, commencing at Section 53311, et seq., of the California Government Code (the "Act"), a resolution (the "Resolution of Issuance") adopted on [August 18], 2026 by the City Council of the City (the "City Council") acting as the legislative body of the District, and a Fiscal Agent Agreement dated as of September 1, 2026, (the "Fiscal Agent Agreement"), between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2026 Bonds – Authority for Issuance."

Purpose of Issuance

Proceeds of the 2026 Bonds will be used primarily to finance the [acquisition and construction of certain capital improvements] necessary for the development of the property in the District. Proceeds of the 2026 Bonds will also be used to pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

The District

The City is in Southern California in Orange County (the "County"), approximately 30 miles southeast of the City of Los Angeles. The City was founded in 1887 and incorporated in 1904 and operates as a general law city. The City encompasses approximately 22.4 square miles.

* Preliminary; subject to change.

The City is bordered by La Habra and Brea on the north, La Mirada on the northwest, Buena Park on the west, Anaheim on the south, and Placentia on the east. The District was formed by the City in August, 2023 and a landowner election was held within the District and approved the levy of special taxes pursuant to the Rate and Method of Apportionment of Special Tax (the "Rate and Method"). See "THE 2026 Bonds – Authority for Issuance." The District consists of approximately 12.5 acres of property being developed with 64 attached townhomes and 49 detached single-family homes. See "THE DISTRICT – Description and Location" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT".

For a description of the current status of development within the District, see "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Appraised Value of Property in the District. An appraisal of the property within the District, dated [July 6, 2026], (the "**Appraisal**"), was prepared by Stephen G. White, MAI, Fullerton, California (the "**Appraiser**") in connection with issuance of the 2026 Bonds. The purpose of the Appraisal was to estimate the market value of the fee simple estate, subject to the lien of the Special Taxes and overlapping liens, for all the taxable property within the District. Subject to the assumptions contained in the Appraisal, the Appraiser estimated that the taxable property within the District, subject to the lien of the Special Taxes and overlapping liens, had an estimated value of $114,590,000 as of a June 25, 2026 date of value.

See "THE DISTRICT– Appraised Values" for further information on the Appraisal. A complete copy of the Appraisal is attached as APPENDIX C.

Estimated Value-to-Lien Ratios in the District. Based on the appraised value of the taxable property within the District of $114,590,000 and a par amount of 2026 Bonds of $8,305,000*, the overall value-to-lien ratio of the taxable property within the District is approximately 13.80 to 1. This is an overall estimate, however, and the value-to-lien ratios of individual parcels may vary widely from this ratio. There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District. See "THE DISTRICT – Appraised Values."

Security for the 2026 Bonds

Security and Sources of Payment for the 2026 Bonds. The 2026 Bonds are payable from "Special Tax Revenues," consisting of certain proceeds of an annual Special Tax to be levied on property located within the District, and from certain other funds pledged under the Fiscal Agent Agreement. See "THE 2026 BONDS" and "SECURITY FOR THE 2026 BONDS."

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against parcels with delinquent installments of the Special Tax under certain circumstances. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2026 BONDS – Covenant to Foreclose."

Debt Service Reserve Fund. The Fiscal Agent Agreement establishes a debt service reserve fund (the "**Reserve Fund**") to be held by the Fiscal Agent as a reserve for the payment of principal of and interest on the 2026 Bonds. Certain proceeds of the 2026 Bonds will be deposited into the Reserve Fund in an amount equal to the Reserve Requirement (as defined herein). See "SECURITY FOR THE 2026 BONDS – Reserve Fund."

Redemption

The 2026 Bonds are subject to optional redemption and mandatory redemption. See "THE 2026 Bonds – Redemption."

Risk Factors

Investment in the 2026 Bonds involves risks that may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2026 Bonds.

FINANCING PLAN

Authorized Facilities

The net proceeds of the 2026 Bonds will be used to construct and/or acquire various facilities authorized to be financed by the District, including those that may be financed by the payment of capital improvement fees (collectively, "**Authorized Facilities**"). For a description of the Authorized Facilities, see "THE DISTRICT – Authorized Facilities."

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2026 Bonds will be deposited into the following funds established under the Fiscal Agent Agreement:

SOURCES	
Principal Amount of Bonds	$
Plus/Less: Original Issue Premium/Discount	
Total Sources	$
USES	
Deposit into Project Fund	$
Deposit into Costs of Issuance Fund [(1)]	
Deposit to Reserve Fund [(2)]	
Underwriter's Discount	
Total Uses	$

(1) Includes, among other things, the fees and expenses of the Municipal Advisor, Bond Counsel, Disclosure Counsel, and Fiscal Agent; fees of the rating agency and Special Tax Consultant; and the cost of printing the preliminary and final Official Statements.
(2) Equal to the Reserve Requirement with respect to the 2026 Bonds as of the Closing Date.
* Preliminary, subject to change.

THE 2026 BONDS

This section generally describes the terms of the 2026 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX D. Capitalized terms used but not defined in this section are defined in APPENDIX D.

Authority for Issuance

The 2026 Bonds are issued pursuant to the Act, the Resolution of Issuance, and the Fiscal Agent Agreement. Under the Resolution of Issuance, the City Council has authorized the issuance of the 2026 Bonds in a maximum principal amount of $[__________].

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2026 Bonds will be dated their date of delivery (the "**Closing Date**"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2026 Bonds will be issued in fully registered form in integral multiples of $5,000 each.

Interest. The 2026 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2027 (each, an "**Interest Payment Date**") until the principal sum of the 2026 Bonds has been paid.

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2026 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication;

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date (as defined below) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a 2026 Bond, interest is in default thereon, such 2026 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

"**Record Date**" means the 15th day of the calendar month next preceding an Interest Payment Date whether or not such day is a business day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2026 Bonds. The 2026 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). See APPENDIX H – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2026 Bonds, principal of, premium, if any, and interest payments on the 2026 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2026 Bonds, for distribution to the beneficial owners of the 2026 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2026 Bonds (including the final interest payment upon maturity or earlier redemption) is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered owner thereof at such registered owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account in the United States of America made on such Interest Payment Date upon written instructions of any owner of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions will continue in effect until revoked in writing, or until such 2026 Bonds are transferred to a new owner.

The principal of the 2026 Bonds and any interest or premium on the 2026 Bonds are payable in lawful money of the United States of America upon surrender of the 2026 Bonds at the Principal Office of the Fiscal Agent.

Redemption*

Optional Redemption. The 2026 Bonds maturing on or prior to September 1, 20__, are not subject to optional call and redemption. The 2026 Bonds maturing on or after September 1, 20__, are subject to optional call and redemption on any Interest Payment Date on or after September 1, 20__, in whole or in part, pursuant to the Act as directed by the City and by lot within a maturity, in integral multiples of $5,000 from any source of funds at the following redemption prices, expressed as a percentage of the principal amount, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
September 1, 20__, and March 1, 20__	103%
September 1, 20__, and March 1, 20__	102
September 1, 20__, and March 1, 20__	101
September 1, 20__, and any Interest Payment Date thereafter	100

Mandatory Sinking Payment Redemption. The 2026 Bonds maturing on September 1, 20__ (the "**Term Bonds**"), is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Term Bonds Maturing September 1, 20__

Redemption Date (September 1)	Sinking Payment
(maturity)	

* Preliminary; subject to change.

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption as described above or mandatory redemption from Special Tax prepayments, the total amount of all future sinking fund payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of $5,000 as determined by the City.

Mandatory Redemption From Special Tax Prepayments. The 2026 Bonds are subject to mandatory redemption from prepayments of Special Taxes, on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same debt service profile for the 2026 Bonds as in effect prior to such redemption and by lot within a maturity, at the redemption prices set forth below (expressed as a percentage of the principal amount of the 2026 Bonds to be redeemed), together with accrued interest to the date fixed for redemption:

Redemption Date	Redemption Price
Any Interest Payment Date through March 1, 20__	103%
September 1, 20__, and March 1, 20__	102
September 1, 20__, and March 1, 20__	101
September 1, 20__, and any Interest Payment Date thereafter	100

Purchase of Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2026 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement. Any 2026 Bonds purchased under this provision of the Fiscal Agent Agreement will be treated as outstanding Bonds, except to the extent otherwise directed by the Director of Administrative Services of the City.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories, to one or more Information Services, and to the respective registered owners of any 2026 Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2026 Bonds.

The sole remedy for failure to file such notices through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website will be an action by the holders of the 2026 Bonds in mandamus for specific performance or a similar remedy to compel performance.

Any notice of an optional redemption may provide that the proposed redemption is conditioned upon receipt of sufficient funds to accomplish the redemption. The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2026 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement. The City and the Fiscal Agent have no liability to the owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of Bonds for Partial Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2026 Bonds of any maturity (except for mandatory sinking fund redemption), the City will direct the Fiscal Agent regarding the 2026 Bonds to be redeemed, and if not so directed, the Fiscal Agent shall select the 2026 Bonds to be redeemed pro rata among maturities and by lot within a single maturity. In the case of mandatory sinking fund redemption, the Fiscal Agent shall select the 2026 Bonds to be redeemed by lot within the maturity called for redemption.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2026 Bonds so called for redemption have been deposited in the Bond Fund, such 2026 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Registration, Transfer or Exchange

The following provisions regarding the exchange and transfer of the 2026 Bonds apply only during any period in which the 2026 Bonds are not subject to DTC's book-entry system. While the 2026 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX H – "DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2026 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2026 Bond, and will at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2026 Bonds as described below. The City and the Fiscal Agent will treat the owner of any 2026 Bond whose name appears on the Bond register as the absolute owner of such 2026 Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the owner as it appears in the 2026 Bond register for any and all purposes.

Transfer and Exchange. Any 2026 Bond may, in accordance with its terms, be transferred, upon the Bond register, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2026 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City from the Administrative Expense Fund. The Fiscal Agent will collect from the owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Whenever any 2026 Bond is or 2026 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2026 Bond or 2026 Bonds, for a like aggregate principal amount.

No transfers or exchanges of Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to a 2026 Bond after such 2026 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Scheduled Debt Service

The following is the debt service schedule for the 2026 Bonds, assuming no optional redemption.

Period Ending September 1	Principal	Interest	Total Debt Service
	$	$	$
Total	$	$	$

SECURITY FOR THE 2026 BONDS

This section generally describes the security for the 2026 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX D. Capitalized terms used but not defined in the section are defined in APPENDIX D.

General

The payment of the principal of, and interest and any premium on, the 2026 Bonds is secured by a first pledge of the following:

- all of the Special Tax Revenues (other than the Special Tax Revenues to be deposited in the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), and

- all moneys deposited in the Bond Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund.

In addition, the 2026 Bonds are secured by a first pledge (which pledge is effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys and Qualified Reserve Account Credit Instruments deposited in the Reserve Fund. The moneys and Qualified Reserve Account Credit Instruments in the Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2026 Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the 2026 Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

"**Special Tax Revenues**" is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes received by the City, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but does not include any interest in excess of the interest due on the 2026 Bonds or any penalties collected in connection with any such foreclosure.

Amounts in the Costs of Issuance Fund and the Administrative Expense Fund are *not* pledged to the repayment of the 2026 Bonds.

Limited Obligation

The 2026 Bonds, the interest thereon, and any premiums payable on the redemption of any of the 2026 Bonds, are not indebtedness of the City, the District (except to the limited extent described in this Official Statement), or the State of California (the "**State**") or any of its political subdivisions, and none of the City, the District (except to the limited extent described in this Official Statement) or the State or any of its political subdivisions is liable on the 2026 Bonds. Neither the faith and credit nor the taxing power of the City, the District (except to the limited extent described in this Official Statement) or the State or any of its political subdivisions is pledged to the payment of the 2026 Bonds. Except for the Special Tax Revenues (other than the Special Tax Revenues to be deposited into the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), no taxes are pledged to the payment of the 2026 Bonds. The 2026 Bonds are not a general obligation of the City or the District but are limited obligations of the City and the District payable solely from the Special Tax Revenues (other than the Special Tax Revenues to be deposited into the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), as more fully described in this Official Statement.

Special Taxes

Levy of Special Taxes. The City will agree in the Fiscal Agent Agreement to comply with all requirements of the Act to assure the timely collection of Special Taxes, including the enforcement of delinquent Special Taxes.

Under the Act and the Fiscal Agent Agreement, the City is required to levy the Special Taxes each year in an amount required for the following (in each case taking into account the balances on hand in the funds held under the Fiscal Agent Agreement):

- the timely payment of principal of and interest on any outstanding Bonds becoming due and payable during the ensuing calendar year;
- any necessary replenishment or expenditure of the Reserve Fund; and
- an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any rebate obligation) during the ensuing year.

See "– Special Tax Fund" below.

The Fiscal Agent Agreement provides that, in general, the Special Taxes are payable and will be collected in the same manner and at the same time and in the same installment as the general taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Rate and Method

***General*.** The Special Tax is levied and collected according to the Rate and Method, which provides the means for determining the amount of the Special Tax that will need to be collected each Fiscal Year from the property in the District subject to the Special Tax (the "**Taxable Property**").

At the time of formation of the District, the Rate and Method identified Lot 3, Lot 4, and Lot 5, as depicted on Tentative Tract Map No. 19148 as a "Future Excluded Area" intended for commercial use. In accordance with the Rate and Method, a recorded map created separate legal parcels for these commercial lots and a notice has been recorded in the County's real property records to the effect that the obligation to pay the Special Tax has ceased with respect to the property in the Future Excluded Area, and that the lien imposed by the Notice of Special Tax Lien is extinguished with respect to the property in the Future Excluded Area.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as APPENDIX B. The meaning of the defined terms used in this section are as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Special Tax Requirement. Annually, at the time of levying the Special Tax, the CFD Administrator will determine the amount of money to be collected from Taxable Property in the District (the "Special Tax Requirement"), which, after taking into account available amounts held in the funds and accounts under the Fiscal Agent Agreement, will be the amount required in any Fiscal Year to pay the following:

(i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year;

(ii) periodic costs with respect to the 2026 Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year;

(iii) Administrative Expenses;

(iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds;

(v) without duplicating any amounts described in clause (iv), reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax in the previous Fiscal Year, as limited by the Act; and

(vi) directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Special Tax levy beyond the first step described below under "Method of Apportionment".

Method of Apportionment. The Rate and Method provides that commencing with Fiscal Year 2023-24 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and shall provide for the levy of the Special Tax each Fiscal Year as follows:

First: The 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;

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

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

Notwithstanding the above, the CFD Administrator shall, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Special Tax in the first step above when (i) the CFD Administrator is no longer required to provide for the levy of the Special Tax pursuant to the second through fourth steps above in order to meet the Special Tax Requirement, and (ii) all authorized CFD No. 3 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax in the District.

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 be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District 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 so limited, 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.

As of Fiscal Year 2026-27, all Taxable Property within the District is considered Developed Property.

Table 1
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Special Tax and Development Summary

Rate and Method Land Use Class	**No. of Units/Acres as of 5/1/26** (1)	**Fiscal Year 2026-27 Assigned Special Tax**	**Fiscal Year 2026-27 Assigned Special Taxes** (2)
Developed Property			
Det. Res. Prop. (2,400 sq. ft. or greater)	28	$5,494.94	$153,858.32
Det. Res. Prop. (2,200 to less than 2,400 sq. ft.)	0	5,272.08	0.00
Det. Res. Prop. (2,000 to less than 2,200 sq. ft.)	10	4,957.96	49,579.60
Det. Res. Prop. (Less than 2,000 sq. ft.)	11	4,857.15	53,428.65
Attached Res. Prop. (1,900 sq. ft. or greater)	28	3,915.86	109,644.08
Attached Res. Prop. (Less than 1,900 sq. ft.)	36	3,799.12	136,768.32
Non-Residential Property	0.00	132,629.78	0.00
Undeveloped Property	0.00	147,359.34	0.00
TOTAL	**113**	**N/A**	**$503,278.97**

(1) Based on the classification of Taxable Property pursuant to the Rate and Method for Fiscal Year 2026-2027.
(2) Represents the Assigned Special Tax levy against 113 dwelling units classified as Developed Property for Fiscal Year 2026-2027.
Source: DTA Public Finance, Inc.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that, in general, the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be 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. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the City 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 judicial foreclosure sale.

While judicial foreclosure is not mandatory, the City has covenanted in the Fiscal Agent Agreement that on or about March 30 and July 30 of each Fiscal Year, the Director of Administrative Services will compare the amount of Special Taxes previously levied in the District to the amount of Special Tax Revenues received by the City, and if delinquencies have occurred, proceed as follows:

> ***Individual Delinquencies.*** If the Director of Administrative Services determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of [_____] or more installments of the Special Taxes, then the Director of Administrative Services shall, within 60 days of such determination, send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the owner of each parcel delinquent in the payment of three or more installments of the Special Taxes, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 120 days of such determination against each parcel delinquent in the payment of three or more installments of the Special Taxes; provided, however, that the City need not commence or pursue such proceedings with respect to any property owned by a single property owner who is delinquent in the payment of Special Taxes in an amount less than $[_____] if both (i) the total amount of delinquent Special Taxes for the prior Fiscal Year for the entire District does not exceed 5% of the total Special Taxes due and payable for such prior Fiscal Year, and (ii) the amount available to be drawn on the Reserve Fund is not less than the Reserve Requirement.
>
> ***Aggregate Delinquencies.*** If the Director of Administrative Services determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total of delinquencies described above under " – *Individual Delinquencies*"), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the City shall notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and (if the delinquency remains uncured) shall commence foreclosure proceedings within 120 days of such determination against each parcel of land in the District with a Special Tax delinquency.

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

Section 53356.6 of the Act requires that property sold by foreclosure 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 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the Bond Fund, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of any defense by the debtor and the Superior Court calendar. Also, the ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "**FDIC**"). See "SPECIAL RISK FACTORS – Exempt Properties."

No Applicable Teeter Plan

The County has adopted a Teeter Plan for the collection and payment of taxes pursuant to which it pays 100% of the amount levied to participating agencies without regard to the actual amount of collections. However, the City does not participate in the County's Teeter Plan and, as a result, the City receives only the Special Taxes actually collected. Penalties and interest received on the collection of delinquent Special Taxes are paid to the City but are not pledged under the Fiscal Agent Agreement to repay the 2026 Bonds.

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the City must promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit into the Special Tax Fund.

Notwithstanding the foregoing,

> (i) any Special Tax Revenues constituting payment of the portion of the Special Tax levy for Administrative Expenses will be separately identified by the Director of Administrative Services and will be deposited by the Fiscal Agent in the Administrative Expense Fund;
>
> (ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the Director of Administrative Services and will be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the 2026 Bonds; second, for transfer to the Reserve Fund to the extent needed to replenish the amount then on deposit in the Reserve Fund up to the Reserve Requirement or to reimburse any draws on a Qualified Reserve Account Credit Instrument, as applicable; and third, to be held in the Special Tax Fund for disbursements pursuant to the Fiscal Agent Agreement.
>
> Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the City and owners of the 2026 Bonds, will be disbursed as provided below and, pending disbursement, will be subject to a lien in favor of the owners of the 2026 Bonds.

Disbursements. On the fifth Business Day prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) the amount or portion thereof, not exceeding the Administrative Expense Deposit each Fiscal Year, which an Authorized Officer directs the Fiscal Agent in writing to deposit in the Administrative Expense Fund which, when added to the deposit therein, is sufficient to pay (A) Administrative Expenses which the City reasonably expects will become due and payable during such Fiscal Year, and (B) any Administrative Expenses that have previously been incurred and paid by the City from funds other than the Administrative Expense Fund

(ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, and any expected transfers from the Reserve Fund and the Special Tax Prepayments Account, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid;

(iii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement; and

(iv) to the Administrative Expense Fund the amount of Administrative Expenses in excess of the amount previously transferred thereto pursuant to (i) above, as and to the extent directed in writing by an Authorized Officer.

After making the foregoing transfers, as soon as practicable after each September 1, and in any event prior to each October 1, the Fiscal Agent will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the City has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year.

Bond Fund

Deposits. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the City and the owners of the 2026 Bonds and will disburse those funds for the payment of the principal of, and interest and any premium on, the 2026 Bonds as described below.

There is also in the Bond Fund an account designated the "Special Tax Prepayments Account," to the credit of which the Fiscal Agent will deposit amounts transferred from the Special Tax Fund designated as Special Tax Prepayments.

Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Director of Administrative Services in writing as to the principal and premium, if any, and interest due on the 2026 Bonds on the next Interest Payment Date (whether the result of scheduled principal of and interest on the 2026 Bonds, or any redemption of the 2026 Bonds). On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the owners of the 2026 Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the 2026 Bonds. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to clause (ii) under "- Special Tax Payments – Deposits" above will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

At least five Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date.

If amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent shall withdraw from the Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to pay the principal of, and interest and any premium, due and payable on such Interest Payment Date on the 2026 Bonds, the Fiscal Agent will apply the available funds first to the payment of interest on the 2026 Bonds, then to the payment of principal due on the 2026 Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the 2026 Bonds by reason of sinking payments.

Disbursements from Special Tax Prepayments Account. Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of 2026 Bonds can timely be given under the Fiscal Agent Agreement and shall be used (together with any amounts transferred from the Reserve Fund) to redeem 2026 Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

Project Fund

Establishment of Fund. The Project Fund is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent shall deposit a portion of the proceeds of the Bonds, and any funds that may be transferred from the Costs of Issuance Fund pursuant to the Fiscal Agent Agreement.

Disbursement. Amounts in the Project Fund shall be disbursed from time to time to pay Project Costs, as set forth in a requisition executed by the Director of Administrative Services, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

Reserve Fund

Establishment of Fund. The Reserve Fund is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent to the credit of the Fiscal Agent will deposit a portion of the proceeds of the 2026 Bonds in an amount equal to the Reserve Requirement (defined below) for the 2026 Bonds. Thereafter, additional deposits may be made to the Reserve Fund from time to time consisting of amounts transferred from the Special Tax Fund or the Surplus Fund.

The Reserve Fund will be held by the Fiscal Agent for the benefit of the Owners of the 2026 Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2026 Bonds, and will be subject to a lien in favor of the Owners of the 2026 Bonds.

“**Reserve Requirement**” is defined in the Fiscal Agent Agreement to mean $__________, which is the least of (a) Maximum Annual Debt Service on the 2026 Bonds as of the Closing Date, (b) 125% of average Annual Debt Service on the 2026 Bonds as of the Closing Date, (c) 10% of the original principal amount of the 2026 Bonds (or, if the 2026 Bonds have more than a de minimis amount of original issue discount or premium, 10% of the issue price of the 2026 Bonds).

Use of Reserve Fund. Except as described in the succeeding paragraphs, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2026 Bonds or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming 2026 Bonds from the Bond Fund. Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Director of Administrative Services specifying the amount withdrawn.

Transfer of Excess Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Director of Administrative Services, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Director of Administrative Services of the amount of the excess and shall transfer an amount of cash equal to the excess from the Reserve Fund to the Bond Fund, to be used to pay interest on the 2026 Bonds on the next Interest Payment Date.

Transfer for Rebate Purposes. Cash on deposit in the Reserve Fund shall be withdrawn for purposes of making rebate payments to the federal government to comply with the tax covenants of the Fiscal Agent Agreement, upon receipt by the Fiscal Agent of an Officer’s Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; provided, that no amounts in the Reserve Fund shall be used for rebate unless the amount in the Reserve Fund following such withdrawal equals the Reserve Requirement.

Transfer When Balance Exceeds Outstanding 2026 Bonds. If the balance of cash in the Reserve Fund exceeds the amount required to redeem or pay the outstanding 2026 Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Director of Administrative Services, transfer any cash or Permitted Investments on deposit in the Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with the Fiscal Agent Agreement, of all of the outstanding 2026 Bonds. If the cash so transferred exceeds the amount required to pay and redeem the outstanding 2026 Bonds, the balance of cash in the Reserve Fund shall be transferred to the City to be used by the City for any lawful purpose. Notwithstanding the foregoing, no cash shall be transferred from the Reserve Fund until after (i) the calculation of any amounts due to the federal government pursuant to the tax covenants of the Fiscal Agent Agreement and withdrawal of any such amount described above under “– *Transfer for Rebate Purposes*” for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

Transfer Upon Special Tax Prepayment. Whenever Special Taxes are prepaid and 2026 Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, a proportionate amount of the cash on deposit in the Reserve Fund (determined on the basis of the principal of 2026 Bonds to be redeemed and the original principal of the 2026 Bonds, but in any event not in excess of the amount that will leave the balance in the

Reserve Fund following the proposed redemption equal to the Reserve Requirement) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement.

See APPENDIX D for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Qualified Reserve Account Credit Instruments

The City shall have the right at any time to direct the Fiscal Agent to release cash from the Reserve Fund by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument (defined below) issued in an amount equal to the Reserve Requirement, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2026 Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, and upon delivery by the City to the Fiscal Agent of a written calculation of the amount of cash permitted to be released from the Reserve Fund, the Fiscal Agent shall transfer such cash from the Reserve Fund to the Bond Fund to be used for the purposes thereof.

"**Qualified Reserve Account Credit Instrument**" means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of delivery of the irrevocable standby or direct-pay letter of credit is at least "A" from S&P or "A" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of delivery of the insurance policy or surety bond is at least "A" from S&P, or "A" from Moody's or, if not rated by S&P or Moody's but rated by A.M. Best & Company, is rated at the time of delivery in the highest rating category by A.M. Best & Company; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the 2026 Bonds.

If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Bond Fund with respect to the 2026 Bonds.

If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Bond Fund with respect to the 2026 Bonds shall be pro-rata with respect to each such instrument.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent or the Director of Administrative Services will be invested by the Fiscal Agent or the Director of Administrative Services, as applicable, in Permitted Investments. See APPENDIX D for a definition of "Permitted Investments."

Parity Bonds Only for Refunding

The City covenants in the Fiscal Agent Agreement that it will not issue any additional bonds or other indebtedness payable from the Special Tax Revenues on a parity with the 2026 Bonds, other than Refunding Bonds issued to partially refund outstanding 2026 Bonds.

Subordinate Bonds

Under the Fiscal Agent Agreement, the City may issue bonds or other debt secured by a pledge of Special Tax Revenues, including bonds issued to refund all or a portion of any then-outstanding Bonds, subordinate to the pledge of such Special Tax Revenues securing the Bonds.

Limits on Special Tax Waivers and Bond Tenders

The City will covenant in the Fiscal Agent Agreement not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds.

The City will further covenant not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining outstanding following such tender.

THE DISTRICT

Formation and Background

The District was formed by the City in August, 2023 pursuant to the Act. Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of Special Taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the District. The qualified voters in the District at the time of its creation authorized the District to incur bonded indebtedness in an aggregate principal amount not to exceed $9,500,000 and approved the rate and method of apportionment of the Special Taxes for the District. The City Council of the City acts as the legislative body of the District.

Description and Location

General. The District is located in the City and consists of approximately 12.5 acres of property. See APPENDIX A – "GENERAL INFORMATION ABOUT THE CITY OF FULLERTON AND ORANGE COUNTY" for certain demographic and economic information on the area in and surrounding the District. The boundary map of the District is attached as APPENDIX I.

Property Ownership and Development Status. The District is being developed by Lennar Homes of California, LLC, a California limited liability company ("**Lennar**") with 113 residential units, consisting of 49 single-family detached homes and 64 attached townhomes. As of June 25, 2026, Lennar has pulled all 113 building permits and owned: 7 completed model homes, 18 completed but unclosed homes, and 10 homes under construction. The remaining 19 homes (all of which were under construction) were owned by AG EHC II (LEN) CA 3, L.P., a Delaware limited liability company ("Landbank"), which is serving as Lennar's landbank for the development of the District. Lennar has the option, but not the obligation, to acquire lots pursuant to a phased takedown schedule pursuant to an agreement with the Landbank, as described herein.

Between June 25, 2026 and August 1, 2026, Lennar had completed and conveyed __ additional homes within the District to individual homeowners (for a total of __ closings total). As of August 1, 2026, Lennar owned 7 completed model homes, ___ completed but unclosed homes, and __ homes under construction. The remaining ___ homes (all of which were under construction) were owned by the Landbank. [NTD: TO BE UPDATED ON AUGUST 1]

Final tract maps and condominium plans have been recorded for all 113 planned homes within the District. As of June 25, 2026, all lots in the District owned by Lennar and the Landbank were in a finished condition. Lennar currently expects to complete and convey all remaining planned homes by the end of the fourth quarter of 2026.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. Lennar expects to complete the remaining in-tract infrastructure within the District, which consists of landscaping and finishing of certain interior streets as construction of the related homes occurs.

For detailed information about the development status for the property in the District, see "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Authorized Facilities

Under the Resolution of Formation adopted by the City Council, as the legislative body of the District, on August 15, 2023, the District is authorized to finance rehabilitation and preservation of streets, curbs, gutters, landscaping, undergrounding of utilities, and related improvements, park improvements including in the City's park impact fee program, and sewer improvements, including the acquisition of sewer treatment capacity funded with sewer capacity contributions. The Authorized Facilities may be located within or outside the District.

Appraised Values

The Appraisal. The Appraisal was prepared to estimate the separate aggregate market values of the "as-is" condition of the Taxable Property in the District within each of the two product types, reflecting the status of the completed-closed homes (closed and recorded builder sales), completed-unclosed homes (model homes and standing inventory), homes under construction, and vacant lots. The estimated market value contained in the Appraisal is as of a June 25, 2026, date of value.

The Appraisal was intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice for an Appraisal Report, and with the appraisal standard proposed by the California Debt and Investment Advisory Commission.

Basis for Appraisal and Assumptions. The property rights appraised were of a fee simple interest subject to easements of record and the lien of the Special Taxes.

The Appraisal was based on certain assumptions and limiting conditions set forth in APPENDIX C, including the following extraordinary assumptions:

- The Appraisal assumes that there are no soil, geologic, seismic or environmental conditions that would negatively impact the existing or planned uses of the property in the District.

- An estimate of the remaining costs and fees to get the subject lots from their "as-is" condition to finished lot condition has been provided by the builder, and these estimates have been relied upon in the Appraisal as being reasonably accurate and reliable; in addition, the valuations have reflected the proposed 2026 Bond financing such that the deductions of estimated remaining costs/fees do not include any amounts that are to be funded by the anticipated 2026 Bond proceeds.

Value Estimate. The Appraiser estimated that, as of the June 25, 2026, date of value, the market value of the "as-is" condition of the Taxable Property within the Community Facilities District (subject to the lien of the Special Taxes) was as follows:

Product Type	No. of Lots	Market Value
Hazel (Attached Townhomes)		
Individual Owners (completed-closed homes):	30	$31,500,000
Builder Ownership(completed-unclosed homes):	14	11,480,000

Builder/Landbank Ownership (homes under construction):	20	9,800,000
Subtotal:	64	$52,780,000
Torrey (Detached Single-Family Homes)		
Individual Owners (completed-closed homes):	29	$42,920,000
Builder Ownership(completed-unclosed homes):	11	12,320,000
Landbank Ownership (homes under construction):	9	6,570,000
Subtotal:	49	$61,810,000
TOTALS	113	$114,590,000

Valuation Methods. The Appraisal uses the following methods of valuation:

Completed-closed homes**:** The analysis of the completed-closed homes is of the aggregate value on a mass appraisal basis, and by means of the Sales Comparison Approach. Consideration is given to the builder sales of the subject homes, to recent resales of reasonably similar townhomes or detached single-family homes in other areas, and to current builder pricing of reasonably similar new townhomes or detached single-family homes in other areas.

Completed-unclosed homes: For the completed-unclosed homes, the analysis considers a discount due to the bulk ownership by the builder with the discount reflecting holding/sales costs, minor finishing costs and profit in order to sell off the homes.

Homes under construction: For the homes under construction, a simplified Cost Approach is used in which the value is based on an estimate of construction costs expended plus the estimated value of the vacant lot.

Vacant lots: The analysis of the vacant lots is based on the Sales Comparison Approach, considering recent sales of residential land or bulk lots in the general area.

The City and the District make no representation as to the accuracy or completeness of the Appraisal. See APPENDIX C for a complete copy of the Appraisal.

Direct and Overlapping Public Debt

Contained within the boundaries of the District are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges. Many of these local agencies have outstanding debt.

The current and estimated direct and overlapping obligations affecting the property in the District are shown in the following table. The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The City has not reviewed this report for completeness or accuracy and makes no representation in connection therewith.

Table 2
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Direct and Overlapping Debt
As of August 1, 2026

2025-26 Assessed Valuation: $49,382,678

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/26
Metropolitan Water District	0.001%	$ 186
North Orange County Joint Community College District	0.026	65,525
Fullerton Joint Union High School District	0.097	341,579
Fullerton School District	0.199	97,267
City of Fullerton Community Facilities District No. 3	**100.**	**0**(1)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$504,557
OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	0.006%	$24,186
Orange County Board of Education Certificates of Participation	0.006	471
Fullerton Joint Union High School District Certificates of Participation	0.097	33,651
Fullerton School District Certificates of Participation	0.199	2,968
City of Fullerton Lease Revenue Bonds	0.173	1,541
City of Fullerton Judgment Obligation Bonds	0.173	5,973
TOTAL OVERLAPPING GENERAL FUND DEBT		$68,790
COMBINED TOTAL DEBT		$573,347(2)

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($0).. 0.00%
Total Direct and Overlapping Tax and Assessment Debt 1.02%
Combined Total Debt 1.16%

Source: California Municipal Statistics, Inc.
(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Value-to-Lien Burden Ratio Distribution

The following table sets forth the distribution of appraised value-to-lien burden ratios among parcels of Taxable Property, based on their ownership and development status as of June 25, 2026.

Table 3
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Estimated Appraised Value-to-Lien Ratios
(Allocated by Property Owner / Development Status)

Property Owner / Development Status (1)	No. of Units as of 5/1/26 (1)	Fiscal Year 2026-27 Assigned Special Tax (2)	Fiscal Year 2026-27 Projected Special Tax(3)	Pro Rata Share of 2026 Bonds (4)*	Appraised Value (5)	Estimated Appraised Value-to-Lien Ratios(6)*
Lennar						
Model Homes	7	$31,277	$31,277	$516,127	$6,640,000	12.87
Completed-Unclosed	18	78,442	78,442	1,294,438	17,160,000	13.26
Construction - 75%	10	38,458	38,458	634,628	5,200,000	8.19
Subtotal	35	*$148,177*	*$148,177*	*$2,445,193*	*$29,000,000*	*11.86*
Landbank (7)						
Construction - 75%	9	$47,743	$47,743	$787,840	$6,570,000	8.34
Construction - 50%	10	38,458	38,458	634,628	4,600,000	7.25
Subtotal	19	*$86,201*	*$86,201*	*$1,422,468*	*$11,170,000*	*7.85*
Individual Homeowners	59	$268,901	$268,901	$4,437,339	$74,420,000	16.77
TOTAL	**113 Units**	**$503,279**	**$503,279**	**$8,305,000**	**$114,590,000**	**13.80**

* Preliminary; subject to change.
(1) Based on the draft Appraisal with a date of value as of June 25, 2026. Preliminary, subject to change.
(2) Based on the classification of Taxable Property pursuant to the Rate and Method for Fiscal Year 2026-2027.
(3) Represents the Assigned Special Tax levy against 113 dwelling units classified as Developed Property for Fiscal Year 2026-2027.
(4) Based on the levy to fund Administrative Expenses, debt service on the 2026 Bonds, and a direct payment for authorized facilities. Preliminary, subject to change.
(5) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The 2026 Bonds are allocated based on a proportionate share of the Fiscal Year 2026-2027 Projected Special Tax. Preliminary, subject to change.
(6) Calculated by dividing the Appraised Value column by the Pro Rata Share of 2026 Bonds column.
(7) During the term of the Option Agreement and Construction Agreement (see "PROPERTY OWNERSHIP AND DEVELOPMENT"), Lennar is obligated to pay all taxes (including the Special Taxes) on the property subject to the Option Agreement in the District.
Source: DTA Public Finance, Inc.

The following table sets forth the distribution of appraised value-to-lien burden ratios among parcels of Taxable Property, based on their Rate and Method Land Use Class.

Table 4
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Estimated Appraised Value-to-Lien Ratios
(Allocated by Rate and Method Land Use Class)

Rate and Method Land Use Class	No. of Units/Acres as of 5/1/26 (1)	Fiscal Year 2026-27 Assigned Special Tax (2)	Fiscal Year 2026-27 Projected Special Tax(3)	Pro Rata Share of 2026 Bonds (4)*	Appraised Value (5)	Estimated Appraised Value-to-Lien Ratios(6)*
Developed Property						
Det. Res. Prop. (2,400 sq. ft. or greater)	28	$153,858	$153,858	$2,538,936	$35,500,000	13.98
Det. Res. Prop. (2,200 to less than 2,400 sq. ft.)	0	0	0	0	0	N/A
Det. Res. Prop. (2,000 to less than 2,200 sq. ft.)	10	49,580	49,580	818,152	12,580,000	15.38
Det. Res. Prop. (Less than 2,000 sq. ft.)	11	53,429	53,429	881,668	13,730,000	15.57
Attached Res. Prop. (1,900 sq. ft. or greater)	28	109,644	109,644	1,809,323	24,230,000	13.39
Attached Res. Prop. (Less than 1,900 sq. ft.)	36	136,768	136,768	2,256,921	28,550,000	12.65
Non-Residential Property	0	0	0	0	0	N/A
Undeveloped Property	0	0	0	0	0	N/A
TOTAL	**113 Units**	**$503,279**	**$503,279**	**$8,305,000**	**$114,590,000**	**13.80**

* Preliminary; subject to change.
(1) Based on the classification of Taxable Property pursuant to the Rate and Method for Fiscal Year 2026-2027.
(2) Represents the Assigned Special Tax levy against 113 dwelling units classified as Developed Property for Fiscal Year 2026-2027.
(3) Based on the levy to fund Administrative Expenses, debt service on the 2026 Bonds, and a direct payment for authorized facilities. Preliminary, subject to change.
(4) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The 2026 Bonds are allocated based on a proportionate share of the Projected Fiscal Year 2026-2027 Projected Special Tax.
(5) Based on the draft Appraisal with a date of value of June 25, 2026. Preliminary; subject to change.
(6) Calculated by dividing the Appraised Value column by the Pro Rata Share of 2026 Bonds column.
Source: DTA Public Finance, Inc..

The following table sets forth the distribution of appraised value-to-lien burden ratios among parcels of Taxable Property, based on their value-to-lien burden category.

Table 5
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Estimated Appraised Value-to-Lien Burden Ratios

Value-to-Lien Burden Category	No. of Taxable Parcels[1]	Fiscal Year 2026-27 Assigned Special Tax[2]	Fiscal Year 2026-27 Projected Special Tax[3]	Pro Rata Share of 2026 Bonds[4]*	Appraised Value[5]	Estimated Appraised Value-to-Lien Burden Ratio[6]*
20.00:1 and above	0	$0	$0	$0	$0	N/A
15.00:1 to 19.99:1	59	268,901	268,901	4,437,339	74,420,000	16.77
10.00:1 to 14.99:1	25	109,719	109,719	1,810,565	23,800,000	13.15
5.00:1 to 9.99:1	29	124,659	124,659	2,057,096	16,370,000	7.96
Less than 5:00:1	0	0	0	0	0	N/A
	113	**$503,279**	**$503,279**	**$8,305,000**	**$114,590,000**	**13.80**

* Preliminary; subject to change.
(1) Based on the classification of Taxable Property pursuant to the Rate and Method for Fiscal Year 2026-2027.
(2) Represents the Assigned Special Tax levy against 113 dwelling units classified as Developed Property for Fiscal Year 2026-2027.
(3) Based on the levy to fund Administrative Expenses, debt service on the 2026 Bonds, and a direct payment for authorized facilities. Preliminary, subject to change.
(4) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The 2026 Bonds are allocated based on a proportionate share of the Fiscal Year 2026-2027 Projected Special Tax.
(5) Based on the draft Appraisal with a date of value as of June 25, 2026. Preliminary, subject to change.
(6) Calculated by dividing the Appraised Value column by the Pro Rata Share of 2026 Bonds column.
Source: DTA Public Finance, Inc.

General Information Regarding Value-to-Lien Burden Ratios. The value-to-debt burden ratio on bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the outstanding bonds payable from the special taxes.

In comparing the aggregate assessed value of the real property within the District and the principal amount of the 2026 Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the outstanding Bonds is not allocated pro-rata among the parcels within the District; rather, the total Special Taxes have been allocated among the parcels within the District according to the Rate and Method.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of taxable property caused by, among other possibilities, earthquake, flood, wildfire, tsunamis, sea level rise or other natural disaster, could cause a reduction in the assessed value within the District. See "SPECIAL RISK FACTORS – Property Values" and "Bankruptcy and Foreclosure Delays."

No Delinquency History

[Fiscal Year 2026-27 will be the first year Special Taxes will be levied in the District.]

The County has adopted a Teeter Plan for the collection and payment of taxes pursuant to which it pays 100% of the amount levied to participating agencies without regard to the actual amount of collections. However, the City does not participate in the County's Teeter Plan and, as a result, the City receives only the Special Taxes actually collected. Penalties and interest received on the collection of delinquent Special Taxes are paid to the City but are not pledged under the Fiscal Agent Agreement to repay the 2026 Bonds.

Sample Property Tax Bill

The following table reflects the estimated property tax bill of representative property in the District for fiscal year 2026-27.

Table 6
City of Fullerton
Community Facilities District No. 3 (The Pines at Sunrise Village)
Sample Property Tax Bill - Fiscal Year 2026-27

Description		**Hazel Plan 2**	**Hazel Plan 3**	**Torrey Plan 4**	**Torrey Plan 5**	**Torrey Plan 6**	**Torrey Plan 7**
Number of Units		36	28	11	10	14	14
Number of Units Sold [1]		13	17	5	6	9	9
Unit Size		1,842	1,930	1,934	2,011	2,549	2,535
Average Net Price [1]		$1,056,080	$1,141,970	$1,451,730	$1,493,560	$1,575,420	$1,594,290
Less: Homeowner Exemption		($7,000)	($7,000)	($7,000)	($7,000)	($7,000)	($7,000)
Equals: Assumed Taxable Value [2]		$1,049,080	$1,134,970	$1,444,730	$1,486,560	$1,568,420	$1,587,290
Ad Valorem Property Taxes [2][3]	**Percent of Total AV**	**Projected Amount**	**Projected Amount**	**Projected Amount**	**Projected Amount**	**Projected Amount**	**Projected Amount**
Base Property Tax	1.00000%	$10,491	$11,350	$14,447	$14,866	$15,684	$15,873
North OC Community College District G.O. Bonds	0.01806%	189	205	261	268	283	287
Fullerton Elem. School District G.O. Bonds	0.01866%	196	212	270	277	293	296
Fullerton Joint Union. High School District G.O. Bonds	0.03701%	388	420	535	550	580	587
Fullerton High School District G.O. Bonds	0.00810%	85	92	117	120	127	129
Metropolitan Water District G.O. Bonds	0.00700%	73	79	101	104	110	111
Subtotal Ad Valorem Property Tax Rates/Taxes	1.08883%	$11,422	$12,358	$15,731	$16,185	$17,077	$17,283
Parcel Charges, Assessments and Special Taxes [4]							
Orange County Vector Control District Charge		$2	$2	$2	$2	$2	$2
Orange County Mosquito & Fire Ant Assessment		9	9	9	9	9	9
Metropolitan Water District Water Standby Charge		11	11	11	11	11	11
Orange County Regional Sanitation Sewer Fee		384	384	384	384	384	384
Subtotal Parcel Charges, Assessments and Special Taxes		406	406	406	406	406	406
Fullerton CFD No. 3 Assigned Special Tax (FY 2026-27)		$3,799	$3,916	$4,857	$4,958	$5,495	$5,495
Estimated Total Property Taxes		**$15,627**	**$16,680**	**$20,994**	**$21,549**	**$22,978**	**$23,184**
Estimated Total Effective Tax Rate (% of Assessed Value)		***1.48%***	***1.46%***	***1.45%***	***1.44%***	***1.46%***	***1.45%***

(1) Based on number of units sold and average net price for units that have closed to individual homeowners based on the Appraisal.
(2) Assumed Taxable Value and ad valorem taxes incorporate owner-occupied AV exemption of $7,000.
(3) Based on the Fiscal Year 2025-2026 ad valorem rates for TRA 03-003 encompassing the District. Rates subject to change in future years.
(4) Based on charges identified on the Fiscal Year 2025-2026 property tax bills for the project, property tax bills for adjacent properties, conversations with overlapping taxing jurisdictions, and information provided by project landowner. Rates subject to change in future years.

Source: DTA Public Finance, Inc.

Debt Service Coverage

Based on the annual debt service for the 2026 Bonds, the Special Taxes levied at the maximum special tax rates under the Rate and Method, less the priority administrative expense amount and assuming no delinquencies, would generate in each Fiscal Year not less than 110% of debt service payable with respect to the 2026 Bonds. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than 10% above the amount that would have been levied in the fiscal year had there never been any such delinquencies of defaults.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information about the property in the District under this caption has been provided by representatives of Lennar and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City, and the District make no representation as to the accuracy or adequacy of the information contained in this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Net Taxes securing the Bonds and any Parity Bonds are personal obligations of Lennar or any affiliate thereof, the Landbank, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of Lennar or any affiliate thereof, the Landbank, or any property owner or any affiliate thereof. See the caption "SPECIAL RISK FACTORS."

Notwithstanding the belief of Lennar that it will have sufficient funds to complete its planned development in the District, no assurance can be given that amounts necessary to fund the remaining planned development by Lennar in the District will be available when needed. None of Lennar, the Landbank, or any other entity or person, is under any legal obligation of any kind to expend funds for the development of the property as planned by Lennar in the District. Any contributions by Lennar or any other entity or person to fund the costs of its development are entirely voluntary. If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Lennar within the District, the remaining portions of such development may not be completed. Lennar has no legal obligation to Bondholders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. See the caption "SPECIAL RISK FACTORS."

General

The District is generally located to the west of Euclid Street and to the south of Rosecrans Avenue in the City of Fullerton. The property in the District is being developed by Lennar Homes of California, LLC, a California limited liability company (previously defined as "**Lennar**") and is part of a larger master-planned community named "The Pines at Sunrise Village."

The District includes approximately 9.9 gross acres planned for 49 single family detached homes and 64 attached townhomes, for a total of 113 units. As of the Date of Value of the Appraisal Report, June 25, 2026, Lennar had completed and conveyed 59 homes within the District to individual homeowners. As of such date, Lennar has pulled all 113 building permits, and Lennar owned: 7 completed model homes; 18 completed but unclosed homes; and 10 homes under construction. The remaining 19 homes (all of which were under construction) were owned by AG EHC II (LEN) CA 3, L.P., a Delaware limited liability company ("**Landbank**"), which is serving as Lennar's landbank for the development of the District. Lennar has the option – but not the obligation – to acquire lots pursuant to a phased takedown schedule pursuant to an agreement with the Landbank, as described herein.

Between June 25, 2026 and August 1, 2026, Lennar had completed and conveyed __ additional homes within the District to individual homeowners (for a total of __ closings total). As of August 1, 2026, Lennar owned 7 completed model homes, ___ completed but unclosed homes, and __ homes under construction. The remaining ___ homes (all of which were under construction) were owned by the Landbank. [NTD: TO BE UPDATED ON AUGUST 1]

Final tract maps and condominium plans have been recorded for all 113 planned homes within the District. As of June 25, 2026, all lots in the District owned by Lennar and the Landbank were in a finished condition. Lennar currently expects to complete and convey all remaining planned homes by the end of the fourth quarter of 2026.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. Lennar expects to complete the remaining in-tract infrastructure within the District, which consists of landscaping and finishing of certain interior streets as construction of the related homes occurs.

Planned Development Within the District

The property within the District is planned for 113 residential units within two product lines/neighborhoods – Hazel and Torrey. The following tables summarize the status of development within the two neighborhoods planned within the District as of June 25, 2026.

COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
HAZEL
(As of June 25, 2026)

Plan	*Total Units Planned*	*Estimated Home Square Footage*	*Closings to Individual Homeowners*	*Completed Homes Not Closed to Homeowners*	*Homes Under Construction*	*Base Home Prices*[(1)]
1	36	1,842	13	11	12	$1,069,990
2	28	1,931	17	3	8	$1,215,382
	64		30	14	20	

(1) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.
Source: Lennar.

COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
TORREY
(As of June 25, 2026)

Plan	*Total Units Planned*	*Estimated Home Square Footage*	*Closings to Individual Homeowners*	*Completed Homes Not Closed to Homeowners*	*Homes Under Construction*	*Base Home Prices*(1)
1	11	1,934	5	5	1	$1,525,000
2	10	2,011	6	2	2	$1,565,000
3	14	2,535	9	2	3	$1,605,000
4	14	2,549	9	2	3	$1,650,000
	49		29	11	9	

(1) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.
Source: Lennar.

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. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Lennar continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Landbank Arrangement. Lennar is acquiring the property within the District in phased takedowns from the Landbank under an Option Agreement (*The Pines, California*) dated November 29, 2023 (the "**Option Agreement**") pursuant to which Lennar has the option, but not the obligation, to purchase lots from the Landbank. Lennar originally purchased all of the property in the District from the master developer of The Pines at Sunrise Village, and subsequently conveyed such property to the Landbank.

In addition to the Option Agreement, Lennar and the Landbank entered into a Construction Agreement (*The Pines, California*) dated November 29, 2023 (the "**Construction Agreement**") granting Contractor the right to enter upon the land in the District, for the purpose of, among other things, constructing model homes and related subdivision improvements thereon before Lennar acquires the land subject to the Option Agreement from the Landbank. Pursuant to the Option Agreement, Lennar has the right to enter upon the land subject to the Option Agreement for the purpose of constructing production homes thereon before Lennar acquires the subject land.

Under the terms of the Option Agreement, the Landbank granted Lennar the exclusive right and option to purchase all 113 residential lots within the District in consideration for (a) the covenants of Lennar to timely pay monthly option payments; and (b) upon exercise of the option, the payment of the purchase price for each set of lots acquired.

As of the date of this Official Statement, Lennar is in good standing under both the Option Agreement and the Construction Agreement. As of June 25, 2026, Lennar has acquired land housing a total of 94 residential lots under the Option Agreement. The remaining property housing 19 residential lots are scheduled to be acquired by Lennar pursuant to the takedown schedule, typically on the 18th day of each applicable month through August 18, 2026, subject to extension rights as provided in the Option Agreement and further subject to Lennar's right to acquire more lots than scheduled and at earlier times so long as the lots identified in the takedown schedule are acquired by the applicable takedown date and Lennar complies with the terms under the Option Agreement for such accelerated closings. The failure to timely acquire lots could result in a termination of the Option Agreement which could result in Lennar no longer having a right to purchase any of the remaining lots under the Option Agreement. No assurance can be given that the acquisition of the remaining residential lots Lennar plans to acquire under the Option Agreement will occur as expected.

As of June 25, 2026, Lennar had acquired property housing 94 residential units from the Landbank, leaving land housing 19 residential units owned by the Landbank:

Date Option Period Expires	Hazel	Torrey	Total Lots Acquired
Acquired as of 6-25-26 (Cumulative)	54	40	94
July 18, 2026	-	9	9
August 18, 2026	10	-	10
	64	49	113

Source: Lennar

During the term of the Option Agreement and the Construction Agreement, Lennar is obligated to pay all taxes (including the Special Taxes) on the property subject to the Option Agreement in the District.

Environmental Matters

Flood Hazard Map Information. The Federal Emergency Management Agency (FEMA) has designated the property within the District to be located in Zone X which indicates areas that are determined to be outside of the 100- and 500-year floodplains and out of the Special Flood Hazard Area.

Wildfire Hazards. The California Department of Forestry and Fire Protection (CALFIRE) has designated the property within the District to not be located in an area identified as a Fire Hazard Severity Zone.

Seismic Conditions. Like other areas of California, property within the District is subject to the risk of major earthquake damage, however it is determined that the property within the District is not located in an Alquist-Priolo Earthquake Fault Zone.

Environmental Conditions. A passive Vapor Intrusion Monitoring System (VIMS) was required as mitigation for future residential building slabs near the location of a former dry cleaner in the previous commercial center. A Vapor Mitigation System is in place for 40 of the homesites at the southwest corner of the community including both Hazel and Torrey product types.

Utilities. All utilities are available to service the property in the District and have been installed in the in-tract streets at part of the land development work for the community. The utilities are provided as follows:

- Water & Sewer: City of Fullerton
- Electric: Southern California Edison
- Gas: Southern California Gas Company

Lennar

General. Lennar is based in Irvine, California, and has been in the business of developing residential real estate communities in California since 1996. Lennar is wholly-owned by U.S. Home, LLC, a Delaware limited liability company ("**U.S. Home**"). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida ("**Lennar Corporation**"). Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation's Class A and Class B common stock are listed on the New York Stock Exchange under the symbols "LEN" and "LEN.B." respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar and U.S. Home. Lennar Corporation primarily develops residential communities both within the Lennar Corporation family of builders and through consolidated and unconsolidated partnerships in which Lennar Corporation maintains an interest.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the Securities and Exchange Commission (the "**SEC**"). Such filings, particularly Lennar Corporation's annual report on Form 10-K and its most recent quarterly report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such filings can also be accessed over the internet at the SEC's website at www.sec.gov.

Copies of Lennar Corporation's Annual Report on Form 10-K and related financial statements are available from Lennar Corporation's website at www.lennar.com. *The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Lennar is not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City, the District or the Underwriter*.

Financing Plan. To date, Lennar has financed its land acquisition and various site development costs related to its property in the District through internally generated funds. As of June 25, 2026, Lennar has expended approximately $___ million on land acquisition and development, homebuilding, marketing, and sales costs in the District. Lennar expects to incur approximately $____ million on remaining land acquisition and development, homebuilding, marketing, and sales costs for its project in the District. Lennar is using home sales revenues and internal funding to complete its development within the District, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Lennar expects to have sufficient funds available to complete its development in the District as described in this Official Statement, there can be no assurance that amounts necessary to finance the development costs will be available from Lennar, or any other source when needed. Neither Lennar nor any of its subsidiaries or 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 the District. Any contributions by Lennar to fund the costs of such development 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 Lennar within the District and other financing is not put into place, there could be a shortfall in the funds required to complete the planned development by Lennar in the District.

Except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, a representative of Lennar represented in a certificate delivered to the Underwriter that he has no actual knowledge of any impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within the District as described in the Official Statement.

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

Landbank. The Landbank an affiliate of, and managed by, Angelo Gordon & Co., L.P. ("Angelo Gordon"). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately $73 billion across a broad range of credit and real estate strategies. Affiliates of the Landbank have entered into land banking arrangements with Lennar Corporation and its affiliated entities on more than 200 residential development projects. Neither the Landbank nor Angelo Gordon are affiliated entities of Lennar.

SPECIAL RISK FACTORS

The purchase of the 2026 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2026 Bonds. There can be no assurance that other risk factors will not become material in the future.

Limited Obligation

The City has no obligation to pay principal of and interest on the 2026 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. Neither the City nor the District is obligated to advance funds to pay debt service on the 2026 Bonds.

Concentration of Ownership

As of the June 25, 2026 date of value of the Appraisal, Lennar (including through its contractual agreements with the Landbank) is responsible for approximately 47% of the Fiscal Year 2026-27 Special Tax levy. See "THE DISTRICT– Value-to-Lien Burden Ratio Distribution" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

The owners of property in the District are not personally obligated to pay the Special Tax attributable to their property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the City, Fiscal Agent and owners of the 2026 Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Failure of Lennar or any future merchant builder or future owner of significant property subject to the Special Taxes in the District to pay installments of Special Taxes when due could cause the depletion of the Reserve Funds prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax for the City to pay debt service with respect to the 2026 Bonds.

Potential Early Redemption of Bonds from Prepayments

Property owners within the District, including Lennar and individual homeowners, are permitted to prepay the Special Tax obligation applicable to an Assessor's Parcel in the District, subject to certain conditions. Such prepayments will result in a redemption of the 2026 Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment. The resulting redemption of 2026 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2026 Bonds.

Levy and Collection of the Special Tax

The principal source of payment of principal of and interest on the 2026 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District. The annual levy of the Special Tax is subject to the annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2026 Bonds.

Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2026 Bonds, and certainly not a direct relationship.

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

- Reduction in the number of parcels of Taxable Property for such reasons as acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

- Failure of the owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels.

Except as set forth above under “SECURITY FOR THE 2026 BONDS – Special Taxes” and “– Rate and Method,” the Fiscal Agent Agreement provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2026 BONDS – Covenant to Foreclose” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2026 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE 2026 BONDS – Covenant to Foreclose.”

Potential Consequences of Future Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2026 Bonds are derived, are customarily billed to the properties within the District on the ad valorem property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments.

Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued will not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

See "SECURITY FOR THE 2026 BONDS — Covenant to Foreclose," for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquencies in the payment of Special Taxes. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the City's ability to foreclose on the lien of the Special Taxes in certain circumstances

Payment of Special Tax is Not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the City has no recourse against the owner.

Appraised Values

The Appraisal summarized in APPENDIX C estimates the market value of the property that is currently taxable property within the District. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The City has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

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

In addition, the opinion of value is made as of the date of value set forth in the Appraisal, based upon facts and circumstances existing as of the date of value. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the facts and circumstances at the time the Appraisal was prepared.

No assurance can be given that any of the taxable property in the District could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the 2026 Bonds. If a property owner defaults in the payment of the Special

Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Although land in the District is substantially developed, land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, adverse judgments in pending or future litigation that could affect the scope, timing or viability of remaining development, relocation of employers out of the area, stricter land use regulations, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, wildfire, flood or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. In addition to many other potential natural disasters, the areas in and surrounding the City and the District may be subject to the following risks:

- ***Seismic Activity***. The area encompassed by the Taxable Property, like that in much of California, may be subject to unpredictable seismic activity. The City is located within a regional network of several active and potentially active faults. Eight faults could potentially cause damage in the City. Only one, the 17-mile long Norwalk Fault, actually traverses the City. To date, there have been no earthquakes along the Norwalk Fault with a Richter magnitude of greater than 5.0. Other faults within the vicinity of the City are the Whittier/Elsinore Fault, the Newport/Inglewood Fault, the Sierra Madre/San Fernando/Santa Susana Fault, the Palos Verdes Fault, the San Jacinto Fault and the San Andreas Fault.

- ***Drought.*** As with much of the State, the City experiences recurring drought as a result of its climate conditions. Droughts impact public health and safety related to both water supply and wildfire risk, and may impact overall economic activities and outputs. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. While some drought-related water restrictions were eased in May 2023, no assurance can be given that drought conditions will not continue in future years or, subside only to return in the future, potentially impacting the value of Taxable Property within the District, or economic activity within the City.

- ***Wildfire.*** In recent years, wildfires have caused extensive damage to cities throughout the State. In some instances, entire neighborhoods have been destroyed. Areas affected by wildfires may be more prone to flooding and mudslides. In addition to the direct impact of wildfires on health and safety and property damage, the smote from wildfires has negatively impacted the quality of life in the City and may have short-term and future impacts on residential and commercial activity in the City. Recent wildfires in the State have been driven in large measure by drought conditions and low humidity. Experts expect that California will continue to be subject to wildfire conditions as a result of changing weather patterns due to climate change. While the City is not in a fire hazard severity zone and the City believes the possibility of wildfire damage within the City is low, there can be no assurances that wildfires will not occur within the City or the region or that the City will not be negatively impacted by sustained smoky conditions caused by wildfires. Damage resulting from such an event could have a material adverse effect on the value of Taxable Property within the District.

- ***Flood.*** Like most of California, the City is subject to unpredictable seasonal rainfall, with periods of intense and sustained precipitation occurring every few years. Neither the District, nor the City more generally, is located within the 100-year floodplain.

Other natural disasters could include, without limitation, landslides, dam failure, canal failure, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements**.** Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances**.** The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, 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 has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE DISTRICT – Direct and Overlapping Public Debt" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2026 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are of equal priority. In the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy and Foreclosure Delays" below.

Exempt Properties

The Rate and Method provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax may, in certain circumstances described therein, no longer continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property, to the extent necessary to cover outstanding debt, is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. If the federal government or another non-taxable entity successfully takes the position that property owned by it and subject to the Special Tax becomes exempt from taxation, the Special Tax will be reallocated to the remaining taxable properties within the District, subject to the limitation of the maximum authorized rate of levy on each parcel. This could 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 the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay the principal and interest on the 2026 Bonds when due and a default could occur with respect to the payment of such principal and interest.

FDIC/Federal Government Interests in Properties

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

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

The City 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, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2026 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City 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 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.

The City 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 the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2026 Bonds.

No investigation has been made as to whether the FDIC, Fannie Mae, Freddie Mac, or any other governmental entity currently owns or has an interest in any property in the District.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE 2026 BONDS –Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the 2026 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the 2026 Bond owners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2026 Bonds," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2026 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2026 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes 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 Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2026 Bonds and the possibility of delinquent Special Taxes not being paid in full.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While 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 purchaser or lender will consider such special tax obligation in the purchase of property in the District or the lending of money secured by property in the District. The Act requires the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, 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 these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Cyber Security

The City, like many other public and private entities, relies on computers and other digital equipment, networks, and systems to conduct its operations. As a recipient and provider of personal, private, or other sensitive electronic information, the City is potentially subject to multiple cyber threats including, without limitation, hacking, viruses, ransomware, malware, and other attacks.

On June 13, 2019, the City became aware of unauthorized posts on a public website which resulted in disclosure of certain confidential City information. After an investigation to determine the source of the activity, and the nature and scope of the event, and to confirm the security of the City's network, the City discovered an internal data storage account was accessed by unauthorized users on multiple occasions from about 2016 through June 21, 2019. The investigation further revealed the data included copies of emails and attachments containing certain protected information. The City provided written notice to those individuals whose information was found in the data storage account.

The City has implemented a risk management framework based on the National Institute of Standards and Technology Cybersecurity Framework. Education and training are ongoing through a series of online short videos, educational courses, and periodic email awareness campaigns. In addition, the City has convened a Risk and Information Security Governance Committee that assists the City Council in fulfilling its oversight responsibilities; the Committee oversees and reviews (i) the City's internal controls to protect the City's and customers' information and proprietary assets, and (ii) the City's risk governance structure, including the Enterprise Risk Management framework, risk policies and risk tolerances. The City has also implemented various technical tools and processes in line with information security best practices to further protect the City from a recurrence of a breach of this type.

Assurance cannot be given that the City's efforts to manage, minimize, and mitigate cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City or the District, or the administration of the 2026 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2026 Bonds including, without limitation, the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the City, the District, and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners in the future.

No Acceleration Provisions

The 2026 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2026 Bonds or the Fiscal Agent Agreement. So long as the 2026 Bonds are in book-entry form, DTC will be the sole Bond owner and will be entitled to exercise all rights and remedies of Bond holders.

Impact of Certain Events on Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2026 Bonds were to become includable in gross income for purposes of federal income taxation, the 2026 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE 2026 BONDS – Redemption."

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2026 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2026 Bonds might be affected as a result of such an audit of such 2026 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Tax Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Tax Code (as defined under "TAX MATTERS") or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

Voter Initiatives and State Constitutional Provisions

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

> ***Proposition 218.*** Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. 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 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 the legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt.
>
> ***Proposition 26.*** On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote. The Special Taxes and the 2026 Bonds were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization, and the statute of limitations period for any challenges to the formation of the District and the levy of the Special Taxes has expired. The City believes, therefore, that issuance of the 2026 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 have undergone, are likely to undergo, both judicial and legislative scrutiny.

For example, in August 2014, in *City of San Diego. v. Melvin Shapiro*, an Appellate Court invalidated an election held by the City of San Diego to authorize the levying of special taxes on hotels City-wide pursuant to a City charter ordinance creating a convention center facilities district which specifically defined the electorate to consist solely of (1) the owners of real property in the City on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located. The court held that such landowners and lessees are neither "qualified electors" of the City for purposes of Articles XIII A, Section 4 of the California Constitution, nor a proper "electorate" under Article XIIIC, Section 2(d) of the California Constitution. The court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the Act (which was the nature of the voter approval through which the District was formed) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. Accordingly, this case should have no effect on the levy of the Special Taxes.

The City cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the City. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2026 Bonds.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. Pandemic diseases arising in the future could have significant adverse health and financial impacts throughout the world, leading to loss of jobs and personal financial hardships, and/or actions by federal, State and local governmental authorities to contain or mitigate the effects of an outbreak.

Taxpayer assistance measures may include deferral of due dates of property taxes, which was an assistance program during the COVID-19 pandemic, and with or without a deferral some taxpayers may be unable to make their property and Special Tax payments. No assurance can be given that the property tax payment dates will not be deferred in the future, which may cause a delay in the receipt of Special Taxes. In addition, home values may be affected by a reduction in demand stemming from personal finances, or general widespread economic circumstances resulting from pandemic diseases.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2026 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Code), or changes in interpretation of the Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2026 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2026 Bonds or obligations that present similar tax issues as the 2026 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2026 Bond (said term being the shorter of the 2026 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2026 Bond premium is not deductible for federal income tax purposes. Owners of premium 2026 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

LEGAL MATTERS

Legal Opinions

Concurrently with the issuance of the 2026 Bonds, Jones Hall LLP, San Mateo, California, Bond Counsel, will render its opinion substantially in the form set forth in APPENDIX E to this Official Statement. Certain legal matters with respect to the 2026 Bonds will be passed upon for the City and the District by Jones Hall LLP, San Mateo, California, acting as Disclosure Counsel.

No Litigation

The City is not aware of any pending or threatened litigation challenging the validity of the 2026 Bonds, the Special Taxes securing the 2026 Bonds, or any action taken by the City in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2026 Bonds.

NO RATING

The City has not obtained a credit rating on the 2026 Bonds. Nothing should be assumed from any credit rating that the City may obtain for other purposes. Prospective purchasers of the 2026 Bonds are required to make independent determinations as to the credit quality of the 2026 Bonds and their appropriateness as an investment

MUNICIPAL ADVISOR

Urban Futures, Inc., Walnut Creek, California (the "**Municipal Advisor**"), is a California corporation registered as an "Independent Registered Municipal Advisor" with the Securities Exchange Commission and Municipal Securities Rulemaking Board, serving as financial advisor to the City. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the City in connection with the planning, structuring, sale and issuance of the 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement not provided by the Municipal Advisor.

UNDERWRITING

The 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), at a purchase price of $________ (which represents the aggregate principal amount of the 2026 Bonds ($________) less an Underwriter's discount of $________).

The purchase agreement relating to the 2026 Bonds provides that the Underwriter will purchase all of the 2026 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2026 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the 2026 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2026 Bonds. Those professionals include:

- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- Urban Futures, Inc., as Municipal Advisor;
- Stifel, Nicolaus & Company, Incorporated, as Underwriter;
- Kutak Rock LLP, as Counsel to the Underwriter; and
- U.S. Bank Trust Company, National Association, as Fiscal Agent.

CONTINUING DISCLOSURE

City Continuing Disclosure

The City will covenant for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data relating to the District and the 2026 Bonds by not later than nine months after the end of the City's fiscal year (currently March 31 each year based on the City's current fiscal year end of June 30) (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX F.

The City, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance with those undertakings. During the past five years, the City or its related entities have failed to comply with prior undertakings as follows: the City filed the Annual Report for Fiscal Year 2020-21 related to a series of water revenue bonds and lease revenue bonds 37 days late.

Any failure by the City to comply with the provisions of its undertaking will not constitute a default under the Fiscal Agent Agreement (although owners of the 2026 Bonds will have any remedy available at law or in equity as provided in the undertaking). Nevertheless, a failure to comply must be reported in accordance with the Rule. Such a failure may adversely affect the transferability and liquidity of the 2026 Bonds.

To ensure compliance with its continuing disclosure undertakings under the Rule in the future, the City has appointed the City's Director of Administrative Services to coordinate the preparation and filing of annual disclosure reports in accordance with the City's disclosure undertakings and has adopted policies and procedures related thereto. The City has also engaged DTA Public Finance, Inc. to serve as its dissemination agent and assist the City in complying with its continuing disclosure undertakings.

Lennar Continuing Disclosure

The Underwriter does not consider Lennar to be an "obligated person" with respect to the 2026 Bonds for purposes of the Rule. Notwithstanding the foregoing, to provide updated information with respect to the development within the District, Lennar Homes will execute a continuing disclosure certificate, the form of which is set forth in APPENDIX G (the "**Developer Continuing Disclosure Certificate**"), pursuant to which it will covenant to provide semiannual reports until satisfaction of certain conditions set forth in the Developer Continuing Disclosure Certificate. The semiannual reports to be provided by Lennar will contain updates regarding the development within the District as outlined in Section 4 of the Developer Continuing Disclosure Certificate. In addition to its semiannual reports, Lennar Homes will agree to provide notices of certain events set forth in the Developer Continuing Disclosure Certificate.

Lennar's obligations under the Developer Continuing Disclosure Certificate will terminate upon the earliest to occur of: (a) the legal defeasance, prior redemption, or payment in full of all the 2026 Bonds; or (b) at such time the property in Improvement Area No. 2 subject to the Developer Continuing Disclosure Certificate is fewer than 23 residential lots.

Lennar has advised the City that, based on a review of prior continuing disclosure obligations in California, other than as disclosed below, Lennar is not aware of any material failures by it to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it to provide periodic continuing disclosure reports or notices of material events with respect to community facilities districts or assessment districts in California within the past five years. However, in connection with the $5,795,000 City of Rancho Cordova Grantline 208 Community Facilities District No. 2018-1 Special Tax Bonds, Series 2021B, Lennar inadvertently failed to file the initial annual report by the due date of April 1, 2023, but filed a curative report on September 21, 2023.

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EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the City on behalf of the District.

CITY OF FULLERTON, CALIFORNIA,
for and on behalf of
CITY OF FULLERTON COMMUNITY
FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)

By: ________________________________

Eddie Manfro,
City Manager
of the City of Fullerton

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF FULLERTON AND ORANGE COUNTY

*The following information concerning the City of Fullerton (the "**City**") and Orange County (the “**County**”) are included only for the purpose of supplying general information regarding the community. The 2026 Bonds are not a debt of the City, the County, the State of California (the “**State**”) or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

General

The City. The City is located in Southern California, approximately 30 miles southeast of the City of Los Angeles, and covers approximately 22.4 square miles. The City, first settled in 1887 and incorporated in 1904, operates as a general law city, governed by a non-partisan, five-member City Council elected to serve staggered four-year terms.

The City provides the full range of services normally associated with a municipality, including police and fire protection, highways and streets, parks and recreation, library, planning and zoning, building and engineering, various maintenance services and administration. Parking and airport facilities, water, sewer and storm drainage area also provided. The school districts in the City are separate governmental entities which receive no funding from the City.

The County. The County encompasses 798 square miles in Southern California, bordered on the north by Los Angeles and San Bernardino Counties, on the east by Riverside County, on the southeast by San Diego County and on the west and southwest by the Pacific Ocean. There are 34 cities within the County.

Municipal Government

The City is a general law city and is governed by a City Council of five representatives. City Council members were historically elected city-wide on an at-large basis for staggered four-year terms. Effective November 2018, the City Council members are now elected by district.

Population

The following table lists population estimates for the City, the County and the State of California for the last five calendar years, as of January 1.

CITY OF FULLERTON, ORANGE COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2022 through 2026, as of January 1

Year	City of Fullerton	Orange County	State of California
2022	141,941	3,158,984	39,159,480
2023	141,076	3,148,606	39,167,274
2024	141,194	3,169,815	39,446,835
2025	140,901	3,175,509	39,646,907
2026	140,224	3,163,696	39,592,978

Source: California State Department of Finance, as of January 1.

Employment and Industry

The unemployment rate in the County was 4.1% in June 2026, up from a revised 3.5% in May 2026, and below the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 5.2% for the State and 4.4% for the nation during the same period.

The following table summarizes the civilian labor force, employment and unemployment in the County for calendar years 2021 through 2025.

ANAHEIM-SANTA ANA-IRVINE METROPOLITAN DIVISION
(ORANGE COUNTY)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force (1)	1,572,800	1,596,300	1,612,200	1,627,500	1,637,100
Employment	1,479,100	1,545,200	1,556,000	1,563,900	1,569,300
Unemployment	93,700	51,200	56,100	63,600	67,800
Unemployment Rate	6.0%	3.2%	3.5%	3.9%	4.1%
Wage and Salary Employment: (2)					
Agriculture	2,000	1,700	1,700	1,700	1,700
Mining and Logging	400	300	300	400	300
Construction	102,200	105,300	104,500	105,600	104,000
Manufacturing	149,800	155,400	156,600	154,900	149,800
Wholesale Trade	77,500	79,000	81,100	80,500	78,000
Retail Trade	143,400	145,500	145,800	144,700	143,600
Trans., Warehousing, Utilities	31,100	33,800	35,700	35,600	35,100
Information	24,000	24,300	22,700	22,200	22,500
Finance and Insurance	78,100	72,200	63,200	62,600	63,300
Professional and Business Services	321,700	331,500	320,100	316,900	317,200
Educational and Health Services	237,300	249,200	262,200	272,600	284,100
Leisure and Hospitality	180,400	217,900	229,800	234,200	236,000
Other Services	47,500	53,100	55,200	56,100	55,600
Federal Government	11,000	10,800	10,700	10,900	10,700
State Government	34,200	33,400	33,500	35,500	35,300
Local Government	110,500	114,000	115,600	116,300	113,100
Total all Industries (3)	1,589,800	1,667,700	1,679,200	1,691,900	1,690,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the principal employers in the City, as shown in the City's Annual Comprehensive Financial Report for fiscal year ending June 30, 2025.

CITY OF FULLERTON
Major Employers
As of June 30, 2025

Employer	Number of Employees
California State University, Fullerton	3,768
St. Jude Medical Center	1,797
Fullerton Joint Union High School District	1,452
Raytheon Systems Co.	1,200
Fullerton College	1,110
Fullerton School District	1,040
AJ Kirkwood & Associates, Inc.	600
City of Fullerton	577
Albertson's Regional Corporate	400
Morningside of Fullerton	350

Source: City of Fullerton Annual Comprehensive Financial Report for fiscal year ended June 30, 2025.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the calendar years 2022 through 2026.

CITY OF FULLERTON, ORANGE COUNTY AND
THE STATE OF CALIFORNIA AND THE UNITED STATES
EFFECTIVE BUYING INCOME
For Calendar Years 2022 Through 2026

	Year and Area	Total Effective Buying Income (000s omitted)	Median Household Effective Buying Income
2022	City of Fullerton	$5,125,564	$80,218
	Orange County	126,634,581	87,821
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Fullerton	$5,239,301	$81,184
	Orange County	130,684,331	88,523
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Fullerton	$5,527,339	$85,826
	Orange County	135,368,782	91,981
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Fullerton	$5,683,129	$86,264
	Orange County	141,127,397	94,638
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Fullerton	$6,168,925	$93,515
	Orange County	154,312,664	101,975
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years in which data is available is shown in the following tables.

Total taxable sales during calendar year 2025 in the City were reported to be $2,498,261,026 a 1.73% increase over the total taxable sales of $2,455,841,830 reported during calendar year 2024.

CITY OF FULLERTON
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
($000s)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	2,598	$1,716,338	4,767	$2,268,724
2022	2,605	1,931,712	4,807	2,548,828
2023	2,484	1,856,878	4,626	2,480,656
2024	2,442	1,824,556	4,619	2,455,842
2025	2,477	1,815,712	4,720	2,498,261

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2025 in the County were reported to be $87,002,787,988 a 0.77% increase over the total taxable sales of $86,337,412,602 reported during calendar year 2024.

ORANGE COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
($000s)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	67,060	$53,650,590	118,779	$78,253,936
2022	67,272	58,099,122	119,697	88,027,071
2023	65,013	57,322,394	116,309	87,298,417
2024	65,391	56,820,318	117,426	86,337,413
2025	65,211	57,366,280	118,278	87,002,788

Source: State Department of Tax and Fee Administration.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years. Data for fiscal year 2025 is not available.

CITY OF FULLERTON
Total Building Permit Valuations
(Valuations in Thousands)

	2020	2021	2022	2023	2024
Permit Valuation					
New Single-family	$4,074.4	$3,697.0	$3,243.3	$9,000.1	$0.0
New Multi-family	4,881.6	6,025.1	0.0	71,021.1	0.0
Res. Alterations/Additions	6,546.8	1,189.4	10,259.2	19,628.2	0.0
Total Residential	15,502.8	10,911.5	13,502.5	99,649.4	0.0
New Commercial	2,174.8	0.0	3,802.8	1,480.0	0.0
New Industrial	3,448.7	0.0	0.0	0.0	0.0
New Other	1,144.0	443.2	1,310.3	5,035.2	0.0
Com. Alterations/Additions	26,625.0	6,605.3	37,415.9	36,854.5	0.0
Total Nonresidential	33,392.5	7,048.5	42,529.0	43,369.7	0.0
New Dwelling Units					
Single Family	19	6	15	44	0
Multiple Family	25	36	0	359	0
TOTAL	44	42	15	403	0

Source: Construction Industry Research Board, Building Permit Summary.

ORANGE COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2020	2021	2022	2023	2024
Permit Valuation					
New Single-family	$902,643.6	$1,051,349.7	$903,918.4	$787,696.2	$944,569.6
New Multi-family	582,219.6	856,973.7	639,435.9	1,179,137.8	787,697.5
Res. Alterations/Additions	386,094.4	485,637.1	671,417.6	581,003.7	483,763.0
Total Residential	1,870,957.6	2,393,960.5	2,214,771.9	2,547,837.7	2,216,030.1
New Commercial	621,133.5	618,834.6	359,401.4	403,717.8	767,434.3
New Industrial	14,052.7	46,820.3	11,700.0	15,913.6	51,999.9
New Other	409,763.1	371,405.3	414,491.5	387,945.4	251,625.0
Com. Alterations/Additions	939,371.9	788,015.5	1,142,718.8	1,213,290.3	770,223.4
Total Nonresidential	1,984,321.2	1,825,075.7	1,928,311.7	2,020,867.1	1,841,282.6
New Dwelling Units					
Single Family	2,863	3,292	2,929	2,686	2,295
Multiple Family	3,032	4,382	3,405	8,462	3,969
TOTAL	5,895	7,674	6,334	11,148	6,264

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

RATE AND METHOD OF APPORTIONMENT FOR CITY OF FULLERTON COMMUNITY FACILITIES DISTRICT NO. 3 (THE PINES AT SUNRISE VILLAGE)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) ("CFD No. 3") and collected each Fiscal Year, in an amount determined by the City Council of the City of Fullerton, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 3, 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 map, parcel map, condominium plan, or other recorded County map or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"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 California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements with respect to the Special Tax and CFD No. 3 Bonds; the costs to the City, CFD No. 3 or any designee thereof of complying with disclosure requirements of the City, CFD No. 3 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 3 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses related to CFD No. 3 Bonds. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor" means the Assessor of the County.

"Assessor's Parcel" means a lot or parcel to which an Assessor's parcel number is assigned as determined from an Assessor's Parcel Map or the applicable assessment roll.

"Assessor's Parcel Map" means an official map of the Assessor 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.

"Attached Residential Property" means Assessor's Parcels of Developed Property for which building permits have been issued for a residential dwelling unit that shares, or will share, an inside wall with another residential dwelling unit.

"Authorized Facilities" means those facilities eligible to be funded by CFD No. 3.

"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.

"Buildout" means, for CFD No. 3, that all expected building permits for residential dwelling units and/or non-residential development to be constructed within CFD No. 3 have been issued (not including the Future Excluded Area), as reasonably determined by the CFD Administrator.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes, and performing other duties as set forth herein.

"CFD No. 3" means City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village).

"CFD No. 3 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 and secured by the Special Tax levy on property within the boundaries of CFD No. 3 under the Act.

"City" means the City of Fullerton, California.

"Council" means the City Council of the City acting as the legislative body of CFD No. 3.

"County" means the County of Orange.

"Detached Residential Property" means Assessor's Parcels of Developed Property for which building permits have been issued for a residential dwelling unit that is or is expected to be surrounded by freestanding walls and that does not share an inside wall with any other residential dwelling unit.

"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 for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2023 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

"Final Subdivision" means (i) a subdivision of property by recordation of a final map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 that creates an individual lot(s) for which a building permit(s) may be issued without further subdivision. The term "Final Subdivision" shall not include any Assessor's Parcel Map or subdivision map or portion thereof that does not create individual lots for which a building permit may be issued, including Assessor's Parcels that are designated as remainder parcels. Notwithstanding the above, a condominium plan for which one or more building permits have been issued, but no individual lots have been created for such building permits, shall be considered a Final Subdivision, and the portion of the condominium plan for which building permits have been issued shall be defined as Developed Property.

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

"Future Excluded Area" means all property located within Lot 3, Lot 4 and Lot 5 as depicted for commercial uses on Tentative Tract Map No. 19148 approved by Council on January 3, 2023 and as geographically identified in Exhibit A attached hereto. The area geographically identified within the boundaries of the Future Excluded Area may be amended from time-to-time or modified pursuant to a final map or precise site plan for such property only at the discretion of the CFD Administrator provided that such change will not reduce the amount of Assigned Special Taxes below the sum of (i) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (ii) Administrative Expenses.

"Indenture" means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 3 Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 herein.

"Lower Income Households Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel within the boundaries of CFD No. 3 that is subject 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.

"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(s) has been issued by the City permitting the construction of one or more non-residential structures or facilities.

"Outstanding Bonds" means all CFD No. 3 Bonds which are outstanding under the Indenture.

"Property Owner " means, Sunrise Village Owner, LLC and/or its successor.

"Property Owner Association Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 3 for which the owner of record, as determined from the County's assessment roll for the Fiscal Year in which the Special Tax is being levied, is a property owner's association, including any master or sub-association, or (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. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

"Proportionately" means that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" shall similarly be applied to other categories of Taxable Property as listed in Section E herein.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 3 that is (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.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment for CFD No. 3.

"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 and Safety Division of the City, or other applicable City department, as determined by the CFD Administrator.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction thereon of one 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 within CFD No. 3 to fund the Special Tax Requirement.

"Special Tax Requirement" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the CFD No. 3 Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv), above, reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Special Tax levy beyond the first step in Section E herein.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 3 which are not exempt from the Special Tax pursuant to applicable law or Section F herein.

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

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section F 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, Taxable Public Property or Taxable Property Owner Association Property.

Please refer to additional definitions in Section J herein relating to the Prepayment of Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2023-2024, all Taxable Property within CFD No. 3 shall be classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D and E herein.

C. MAXIMUM SPECIAL TAX RATE

Residential Property shall be assigned to Land Use Classes 1 through 6 as listed in Table 1 below based on the type of use and the Residential Floor Area for each residential dwelling unit. Non-Residential Property shall be assigned to Land Use Class 7.

1. Developed Property

(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 or (ii) the amount derived by application of the Backup Special Tax.

(b). Assigned Special Tax

The Fiscal Year 2023-2024 Assigned Special Tax that shall be levied for each Land Use Class is shown below in Table 1.

Table 1

Assigned Special Tax for Developed Property
City of Fullerton CFD No. 3 (The Pines at Sunrise Village)
Fiscal Year 2023-2024

Land Use Class	Description	Residential Floor Area (square feet)	Assigned Special Tax
1	Detached Residential Property	2,400 or greater	$5,178 per unit
2	Detached Residential Property	2,200 to less than 2,400	$4,968 per unit
3	Detached Residential Property	2,000 to less than 2,200	$4,672 per unit
4	Detached Residential Property	Less than 2,000	$4,577 per unit
5	Attached Residential Property	1,900 or greater	$3,690 per unit
6	Attached Residential Property	Less than 1,900	$3,580 per unit
7	Non-Residential Property	NA	$124,980 per Acre

(c). Backup Special Tax

The Fiscal Year 2023-2024 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal the lesser of (a) $138,860 per Acre, or (b) in connection with any reduction in the Assigned Special Taxes as set forth in Section D herein, 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 for CFD No. 3 based on the reduced Assigned Special Taxes for Developed Property permitted pursuant to Section D herein which could be levied on all expected development assuming Buildout of CFD No. 3.

ATP = The sum of the Acreage of all Taxable Property within a Final Subdivision (assuming Buildout) within CFD No. 3 (after excluding Public Property and Property Owner Association Property as set forth in Section F herein) multiplied by 90%.

Furthermore, all Assessors' Parcels within CFD No. 3 shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the CFD Administrator 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

Assessors' Parcels of Developed Property in CFD No. 3 results in 110% debt service coverage (i.e., the Assigned Special Tax that shall be levied against all Developed Property in CFD No. 3 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. 3 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 3.

(d). Increase in the Assigned Special Tax and Backup Special Tax

The Fiscal Year 2023-2024 Assigned Special Taxes, identified in Table 1, above, and the Fiscal Year 2023-2024 Backup Special Tax for CFD No. 3 shall increase annually, commencing on July 1, 2024 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.

(e). Multiple Land Uses

In some instances an Assessor's Parcel may contain both Developed Property and Undeveloped Property. In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to 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 CFD Administrator's allocation to each type of property shall be final.

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

The Fiscal Year 2023-2024 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be $138,860 per Acre, and shall increase annually thereafter, commencing on July 1, 2024 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. MAXIMUM SPECIAL TAX REDUCTION

When CFD No. 3 Bonds have been issued and Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Taxes in CFD No. 3, the Assigned Special Taxes identified in Table 1 herein shall be reduced commencing the next July 1 to the amount required, based upon the Assigned Special Tax revenues at Buildout assumed in sizing the CFD No. 3 Bonds, to equal the sum of (a) 1.10 times the debt service necessary to support the Outstanding Bonds in each corresponding Fiscal Year, assuming the 2.00% increase each Fiscal Year pursuant to Section C.1.d, and (b) annual Administrative Expenses, not to exceed $30,000 in Fiscal Year 2023-2024, also increasing at 2.00% per Fiscal Year thereafter. The Assigned Special Tax reductions permitted pursuant to this Section D, and in connection with such reduction in the Assigned Special Tax the Backup Special Tax reduction calculated pursuant to Section C.1.c herein, shall be reflected in an amended notice of Special Tax lien which CFD No. 3 shall cause to be recorded with the Orange County Recorder as soon as practicable after all authorized CFD No. 3 Bonds have been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 3, provided that all of the following are true:

(a) The balance in the reserve fund established under the Indenture is at or above the reserve requirement (as defined in the Indenture);
(b) CFD No. 3 is not in default in the payment of interest on and principal of all Outstanding Bonds;
(c) The amount of Assigned Special Taxes that may be levied on Taxable Property (assuming Buildout) within CFD No. 3 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property as set forth in Section F herein), after the proposed reduction, 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) Administrative Expenses.
(d) The Special Tax delinquencies in CFD No. 3 for the current Fiscal Year, or if delinquency information is not yet available for the current Fiscal Year than the Special Tax delinquencies in CFD No. 3 for the most recent Fiscal Year closed, are less than 5% of the total CFD No. 3 Special Tax levy for such Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2023-2024, and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and shall provide for the levy of the Special Tax each Fiscal Year as follows:

First: The 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;

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property 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 the Maximum Special Tax for each such Assessor's Parcel;

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

Notwithstanding the above, the CFD Administrator shall, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Special Tax in step one (above), when (i) the CFD Administrator is no longer required to provide for the levy of the Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 3 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by the Special Tax in CFD No. 3.

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. 3 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.

F. EXEMPTIONS

No Special Tax shall be levied on up to 6.1 Acres of Public Property and/or Property Owner Association Property in CFD No. 3, and up to 2.7 acres of Future Excluded Area. Tax-exempt status shall be assigned by the CFD Administrator in the chronological order in which property in CFD No. 3 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 shall, from that point forward, be subject to the Special Tax.

Notwithstanding the above, an Assessor's Parcel in CFD No. 3 that is transferred to a public agency or property owner's association prior to the issuance of the first series of CFD No. 3 Bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 6.1 Acreage limit that can be designated by the CFD Administrator under this Section F shall also be exempted from paying the Special Tax.

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

In addition, no Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption 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 Lower Income Households Welfare Exemption Property.

G. RELEASE OF PROPERTY

As soon as practicable after the CFD Administrator's receipt of a recorded map by the Property Owner which creates separate legal lots for the property within the Future Excluded Area, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate the release of the Special Tax lien on such property within the Future Excluded Area.

H. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, and/or may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels.

I. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment 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 CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, a cash refund shall not be made (except for the last year of levy), but the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year(s). If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payment of Special Taxes. This second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

J. PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 3 is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully prepaid and permanently satisfied or partially prepaid 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 Undeveloped Property for which a building permit has been issued after January 1, 2023, 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 CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to a date that notice of redemption of CFD No. 3 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 J:

"CFD Public Facilities Costs" means either $5,711,068 in 2023 dollars, which shall increase by the Construction Inflation Index on July 1, 2024, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for the Authorized Facilities under the authorized bonding program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it shall not issue any more CFD No. 3 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 Los Angeles, 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 CFD Administrator that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, and (iii) the amount the CFD Administrator 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. 3 Bonds a fund or account held by the City) 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.

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 Undeveloped Property for which a building permit has been issued after January 1, 2023, 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. 3 based on the Assigned Special Taxes for Developed Property which could be levied on all expected development assuming Buildout of CFD No. 3, 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 Taxes at Buildout for the entire CFD No. 3, 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%) set forth in the Indenture, 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 CFD Administrator 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. 3 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 3 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").

2. Prepayment in Part

The amount of the prepayment shall be calculated as in Section J.1; except that a partial prepayment shall be calculated according to the following formula:

PP = [(PE – A) x F] + A

These terms have the following meaning:

PP = the partial prepayment.

PE = the Special Tax Prepayment Amount calculated according to Section J.1.

F = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

A = the Administrative Fees and Expenses calculated according to Section J.1.

3. General Provisions Applicable to the Prepayment of Special Tax

(a). Use of the Special Tax Prepayment Amount

The Special Tax Prepayment Amount, less the Administrative Fees and Expenses calculated according to Section J.1 which shall be retained by CFD No. 3, and less the Future Facilities Amount calculated according to Section J.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.

(b). Full Prepayment of Special Tax

Upon confirmation of the payment of the current Fiscal Year's entire Special Tax obligation, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in accordance with Section J.1, the CFD Administrator 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 of such Assessor's Parcel to pay the Special Tax shall cease.

(c). Partial Prepayment of Special Tax

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section J.3.(a) and (ii) indicate in the records of CFD No. 3 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 E herein.

(d). Debt Service Coverage

Notwithstanding the foregoing, no prepayment of the Special Tax shall be allowed unless the amount of Special Tax that may be levied on Taxable Property (assuming Buildout) within CFD No. 3 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property as set forth in Section F 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) Administrative Expenses.

K. TERM OF SPECIAL TAX

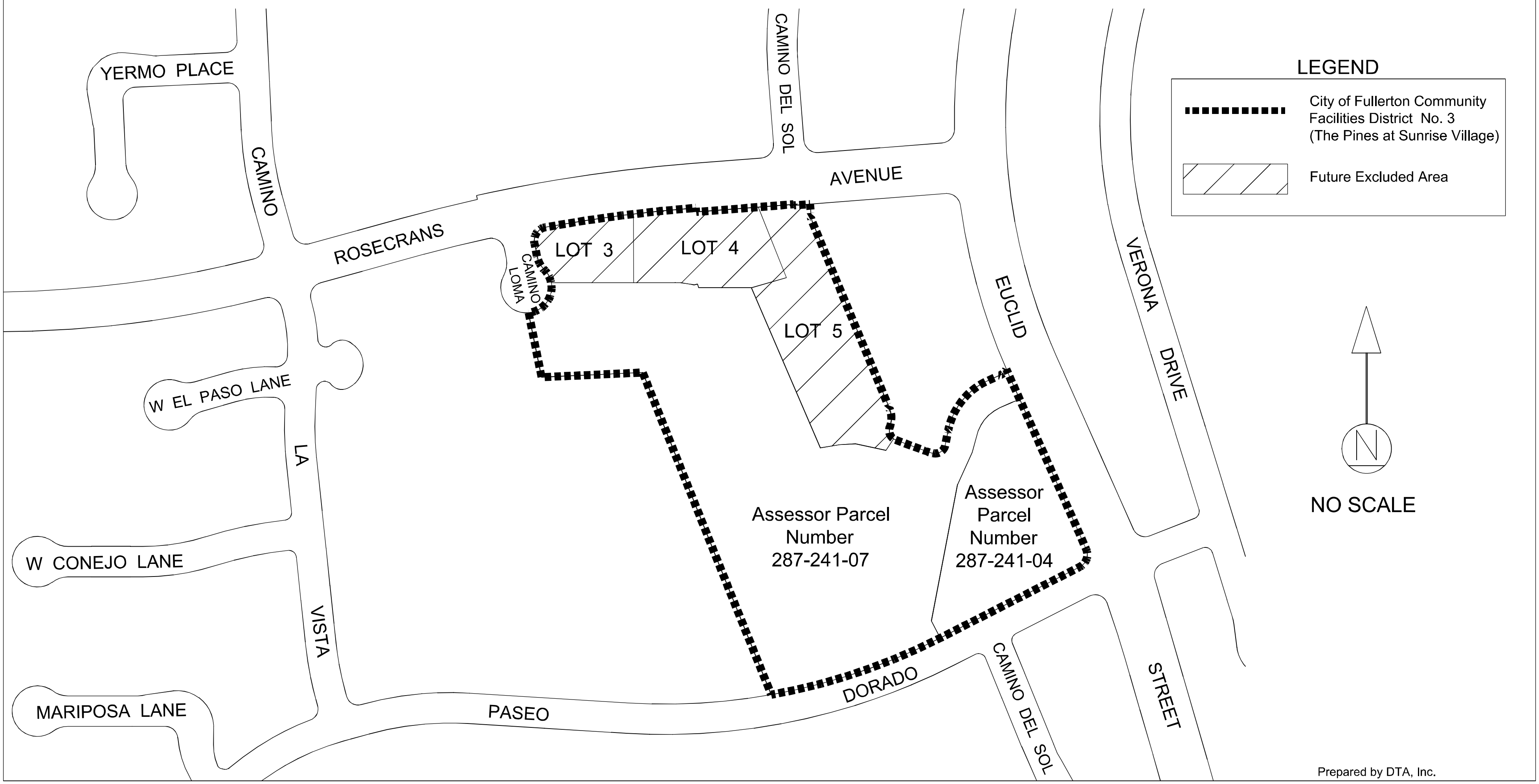
The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall the Special Tax be levied after Fiscal Year 2072-2073.

EXHIBIT A

FUTURE EXCLUDED AREA

SHEET 1 OF 1

CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
COUNTY OF ORANGE, STATE OF CALIFORNIA



Prepared by DTA, Inc.

APPENDIX C

APPRAISAL REPORT

APPENDIX D

SUMMARY OF THE FISCAL AGENT AGREEMENT

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

FORM OF ISSUER CONTINUING DISCLOSURE CERTIFICATE

$________
CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
2026 SPECIAL TAX BONDS

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the City of Fullerton, California (the "City"), on behalf of itself and the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) (the "District"), in connection with the execution and delivery of the bonds captioned above (the "Bonds"). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of September 1, 2026, (the "Fiscal Agent Agreement"), by and between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City, on behalf of itself and the District, for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. In addition to the definitions of capitalized terms set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the meanings ascribed to them below when used in this Disclosure Certificate:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months days after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Business Day*" means any day on which the City is not required or authorized to be closed.

"Dissemination Agent" means DTA Public Finance, Inc. or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*District*" means the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village).

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"Official Statement" means the final official statement dated _____________, 2026, executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 3. <u>Provision of Annual Reports</u>.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <u>Content of Annual Reports</u>. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE CITY NOR THE DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following financial information and operating data with respect to the latest fiscal year of the District, substantially similar to that provided in the Official Statement:

(i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Fiscal Agent Agreement and a statement of the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report

(iii) a list of all taxpayers which own property within the Issuer's boundaries upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes;

(iv) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year;

(v) an update to Tables 4 and 5 of the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report;

(vi) an update to the debt service table under the heading "DEBT SERVICE" based upon the outstanding principal of and interest due on the Bonds as of the September 2 preceding the filing of the Annual Report; and

(vii) any information not already included under (i) through (vi) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected bonds under the Fiscal Agent Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be DTA Public Finance, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _______________, 2026

CITY OF FULLERTON, CALIFORNIA,
on behalf of
CITY OF FULLERTON COMMUNITY
FACILITIES DISTRICT NO. 3
(The Pines at Sunrise Village)

By: ________________________________
Eddie Manfro,
City Manager

AGREED AND ACCEPTED:

DTA PUBLIC FINANCE, INC.,
as Dissemination Agent

By: ________________________________
Name: ______________________________
Title: ______________________________

APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

$________
CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
2026 SPECIAL TAX BONDS

Dated: __________, 2026

This Developer Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by Lennar Homes of California, LLC, a California limited liability company (the “Developer”), in connection with the issuance by the City of Fullerton (the “City”) of the bonds captioned above (the “2026 Bonds”). The 2026 Bonds are being issued under a Fiscal Agent Agreement dated as of September 1, 2026 (the “Fiscal Agent Agreement”), by and between the City, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”). 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 of the 2026 Bonds.

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Affiliate*” means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Developer, and about whom information could be material to potential investors in their investment decision regarding the 2026 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). The Landbank is not considered an Affiliate of the Developer.

“Assumption Agreement” means an undertaking of a Major Owner, for the benefit of the holders and beneficial owners of the 2026 Bonds, containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner’s development and financing plans with respect to the District), whereby such Major Owner agrees to provide semi-annual 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 District owned by such Major Owner and agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 12 hereof.

“*Business Day*” means any day other than (i) a Saturday or a Sunday or (ii) a day which is a federal or a State of California holiday.

"*Dissemination Agent*" means the Developer, or any successor Dissemination Agent designated in writing by the Developer, with the written consent of the City, and which has filed with the Developer and the City a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

"*District*" means the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village).

["*Landbank*" means AG EHC II (LEN) CA 3, L.P., a Delaware limited liability company, the landbank for the Developer pursuant to the Option Agreement.]

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*Major Owner*" means, as of any Report Date, a Person that, together with the Person's Affiliates, owns 23 or more residential lots in the District. A foreclosing creditor shall not be considered a Major Owner.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information.

"*Official Statement*" means the final Official Statement dated ________, 2026, executed by the City in connection with the issuance of the 2026 Bonds.

["*Option Agreement*" means the Option Agreement (*The Pines, California*) dated November 29, 2023, between the Developer and the Landbank.]

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2026 Bonds.

"*Person*" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"*Property*" means (i) the property owned by the Developer in the District as of the Report Date, (ii) [during the term of the Option Agreement, the property owned by the Landbank as of the Report Date, and (iii)] the property in the District that the Developer sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 7(b) that is owned by such Major Owner.

"*Report Date*" means (a) [September 1] of each year, and (b) [March 1] of each year.

"*Semi-Annual Report*" means any Semi-Annual Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Special Taxes"* means the special taxes for facilities levied by the City on the Property.

Section 3. <u>Provision of Semi-Annual Reports</u>.

(a) The Developer shall, or upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing [March 1], 2027, provide to the MSRB, in an electronic format as prescribed by the MSRB, a Semi-Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Participating Underwriter and the City. If, in any year, March 1 or September 1 does not fall on a Business Day, then such deadline shall be extended to the following Business Day. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Semi-Annual Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent (if different from the Developer), Participating Underwriter and the City to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the City may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Semi-Annual Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Semi-Annual Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 7 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Semi-Annual Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in an electronic format as prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine prior to each Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of continuing disclosure reports; and;

(ii) to the extent the Semi-Annual Report has been furnished to it, file a report with the Developer (if the Dissemination Agent is other than the Developer), the City and the Participating Underwriter certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <u>Content of Semi-Annual Reports</u>. The Developer's Semi-Annual Report shall contain or incorporate by reference the information set forth in Exhibit A, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit A, each Semi-Annual Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) So long as the Developer's obligations under this Disclosure Certificate have not been terminated pursuant to Section 7 herein, the Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property prior to the delinquency date, to the extent such failure is not promptly cured by the Developer upon discovery thereof;

(iii) filing of a lawsuit against the Developer or, if known, an Affiliate of the Developer, seeking damages which, if successful, could have a material and adverse impact on the Developer's ability to pay Special Taxes prior to delinquency or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer that continues to exist beyond any applicable notice and cure periods on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the City and the Participating Underwriter.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Duration of Reporting Obligation.

(a) All of the Developer's obligations hereunder shall commence on the date hereof and shall terminate (except as provided in Section 12) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the 2026 Bonds, or

(ii) when the Property is fewer than 23 residential lots, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property is conveyed to a person or entity that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property conveyed to such Major Owner may be assumed by such Major Owner and the Developer's obligations hereunder with respect to the property conveyed will be terminated. In order to effect such assumption, such Major Owner shall enter into an Assumption Agreement in form and substance equivalent to this Disclosure Certificate or as otherwise satisfactory to the City and the Participating Underwriter. However, a Major Owner shall not be required to enter into an Assumption Agreement if such Major Owner is already a party to a continuing disclosure certificate in form and substance similar to this Disclosure Certificate with respect to the 2026 Bonds, and under which the property conveyed to such Major Owner will become subject to future Semi-Annual Reports.

Section 8. Dissemination Agent. The Developer may, from time to time, with the written consent of the City, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with the written consent of the City, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the City and the Developer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer 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, or change in law;

(b) the proposed amendment or waiver either (i) is approved by holders of the 2026 Bonds in the manner provided in the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2026 Bonds.

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 Semi-Annual 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 Semi-Annual 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 Semi-Annual 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, the Fiscal Agent shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the 2026 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 Fiscal Agent Agreement, 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.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. **This Section 12 is only applicable if the Dissemination Agent is other than the Developer.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer 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 reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding (i) losses, expenses and liabilities due to the Dissemination Agent's, and its officers, directors, employees, and agents' negligence or willful misconduct, or failure to perform its duties hereunder, and (ii) losses, expenses and liabilities due to the failure of the City to pay the fees and expenses of the Dissemination Agent. The Dissemination Agent shall be paid compensation for its services provided hereunder from the Administrative Expense Fund established under the Fiscal Agent Agreement in accordance with the Dissemination Agent's schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Developer, the Fiscal Agent, the 2026 Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2026 Bonds, but shall be assumed by a Major Owner from and after the date of such assumption when property is sold to a Major Owner and such Major Owner enters into an assumption agreement.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given by electronic, overnight, or regular mail as follows:

To the Issuer:	City of Fullerton 303 West Commonwealth Avenue Fullerton, CA 92832 Attention: Director of Administrative Services Email: __________
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated [Address]

To the Developer: Lennar Homes of California, LLC
4140 Temescal Canyon Road, Suite 410
Corona, CA 92883
Attn: Geoff Smith
Email: Geoffrey.Smith@lennar.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2026 Bonds, and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By: ___________________________

Name:________________________

Title: _________________________

EXHIBIT A

SEMI-ANNUAL REPORT

[MARCH 1, ____ / SEPTEMBER 1, _____]

$________
CITY OF FULLERTON
COMMUNITY FACILITIES DISTRICT NO. 3
(THE PINES AT SUNRISE VILLAGE)
2026 SPECIAL TAX BONDS

This Semi-Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated as of _________, 2026, executed by the undersigned (the "Developer") in connection with the issuance by the City of Fullerton (the "City") of the bonds captioned above (the "2026 Bonds") for the City of Fullerton Community Facilities District No. 3 (The Pines at Sunrise Village) (the "District").

Capitalized terms used in this Semi-Annual Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of ____________________ (this date must be not more than 60 days before the date of this Semi-Annual Report).

A. Description of the Property currently owned by, [or under option to], the Developer in the District (the "Property"), in substance and form similar to such information in the Official Statement for the 2026 Bonds:

____

____

B. Updated information regarding land development and home construction activities with respect to the Property described in the Official Statement for the 2026 Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

____

____

C. Status of building permits and any material changes to the description of land use or development entitlements for the Property described in the Official Statement for the 2026 Bonds or the Semi-Annual Report last filed in accordance with the Disclosure Certificate:

____

____

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Developer or sales of land to other property owners (other than individual homeowners).

____

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any material change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete the development plan with respect to the Property described in the Official Statement. To the extent that the ownership of the Developer has changed, describe all material terms of the new ownership structure.

____

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan for the Property described in the Official Statement or in a previous Semi-Annual Report.

____

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading "PROPERTY OWNERSHIP AND THE DEVELOPMENT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

____

V. Status of Tax Payments

Describe status of payment of taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property owned by the Developer and its Affiliates.

____
____

VI. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, with respect to the Property and the Developer as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

____
____

Certification

On behalf of the Developer, the undersigned Authorized Representative, based on actual knowledge after reasonable inquiry of employees of Developer and its affiliates, hereby certifies that this Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by the Developer under the Disclosure Certificate.

ANY OTHER STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE 2026 BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS SEMI-ANNUAL REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated:__________________

LENNAR HOMES OF CALIFORNIA, LLC,
a California limited liability company

By:______________________________________

Name:____________________________________

Title:_____________________________________

APPENDIX H

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix has been provided by The Depository Trust Company ("DTC"), New York, NY, for use in securities offering documents, and the City does not take responsibility for the accuracy or completeness thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants mill act in the manner described in this Official Statement.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the

New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). On August 8, 2011, Standard & Poor's downgraded its rating of DTC from AAA to AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments

to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX I

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP