PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2020

NEW ISSUE—BOOK-ENTRY-ONLY **NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rules and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

$3,060,000*
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT 2020 SPECIAL TAX BONDS

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

The Community Facilities District No. 17-1 of the Corona-Norco Unified School District 2020 Special Tax Bonds (the "Bonds") are being issued by the Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "District") to (a) finance certain school facilities, and certain other public facilities serving the District to be owned by the City of Corona; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant 2019-20 Resolution No. 101 adopted by the Board of Education (the "Board") of the Corona-Norco Unified School District (the "School District"), acting as the legislative body of the District and a Bond Indenture, dated as of August 1, 2020 (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board, acting as the legislative body of the District, and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes" and APPENDIX A – "Rate and Method of Apportionment of Special Tax."

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial ownership of the Bonds but will instead receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2021. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS—General Provisions" and APPENDIX H —"BOOK-ENTRY ONLY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE SCHOOL DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to optional redemption, extraordinary redemption from prepaid Special Taxes and mandatory sinking fund redemption prior to maturity as set forth herein. See "THE BONDS—Redemption" herein.

THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "SPECIAL RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is also serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the School District and the District by Parker & Covert LLP, Tustin, California, for the Underwriter by its counsel, James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about August __, 2020.*

STIFEL

Dated: July __, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE*

$3,060,000*
COMMUNITY FACILITIES DISTRICT NO. 17-1
OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
2020 SPECIAL TAX BONDS

Base CUSIP No. †:

Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

$_________- ____% Term Bonds due September 1, 2043, Yield: _____%; CUSIP Suffix†:

$_________- ____% Term Bonds due September 1, 2050, Yield: _____%; CUSIP Suffix†:

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* Preliminary, subject to change.

† *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. Neither the Underwriter, the Municipal Advisor, the School District nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the School District, the Municipal Advisor, or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.*

CORONA-NORCO UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION
Serving as the Legislative Body of
Community Facilities District No. 17-1 of the
Corona-Norco Unified School District

Mary Helen Ybarra, *President*
Bill Pollock, *Vice President*
Elizabeth Marroquin, *Clerk*
Dr. Jose Lalas, *Member*
John Zickefoose, *Member*

SCHOOL DISTRICT ADMINISTRATION

Michael H. Lin, Ed.D., *Superintendent*
Alan P. Giles, *Assistant Superintendent, Business Services*

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation,
San Francisco, California

DISTRICT COUNSEL

Parker & Covert, LLP
Tustin, California

MUNICIPAL ADVISOR

Piper Sandler & Co.
El Segundo, California

SPECIAL TAX CONSULTANT

Cooperative Strategies, LLC
Irvine, California

REAL ESTATE APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the School District and the District. No dealer, broker, salesperson or other person has been authorized by the School District, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the School District, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org. However, the information presented on such website is not incorporated herein by any reference.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the School District or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the School District for further information. While the School District maintains an internet website and certain social media accounts for various purposes, none of the information on such website and social media accounts is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the School District. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

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 United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE COMMUNITY FACILITIES DISTRICT" and "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT."

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 SCHOOL DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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

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

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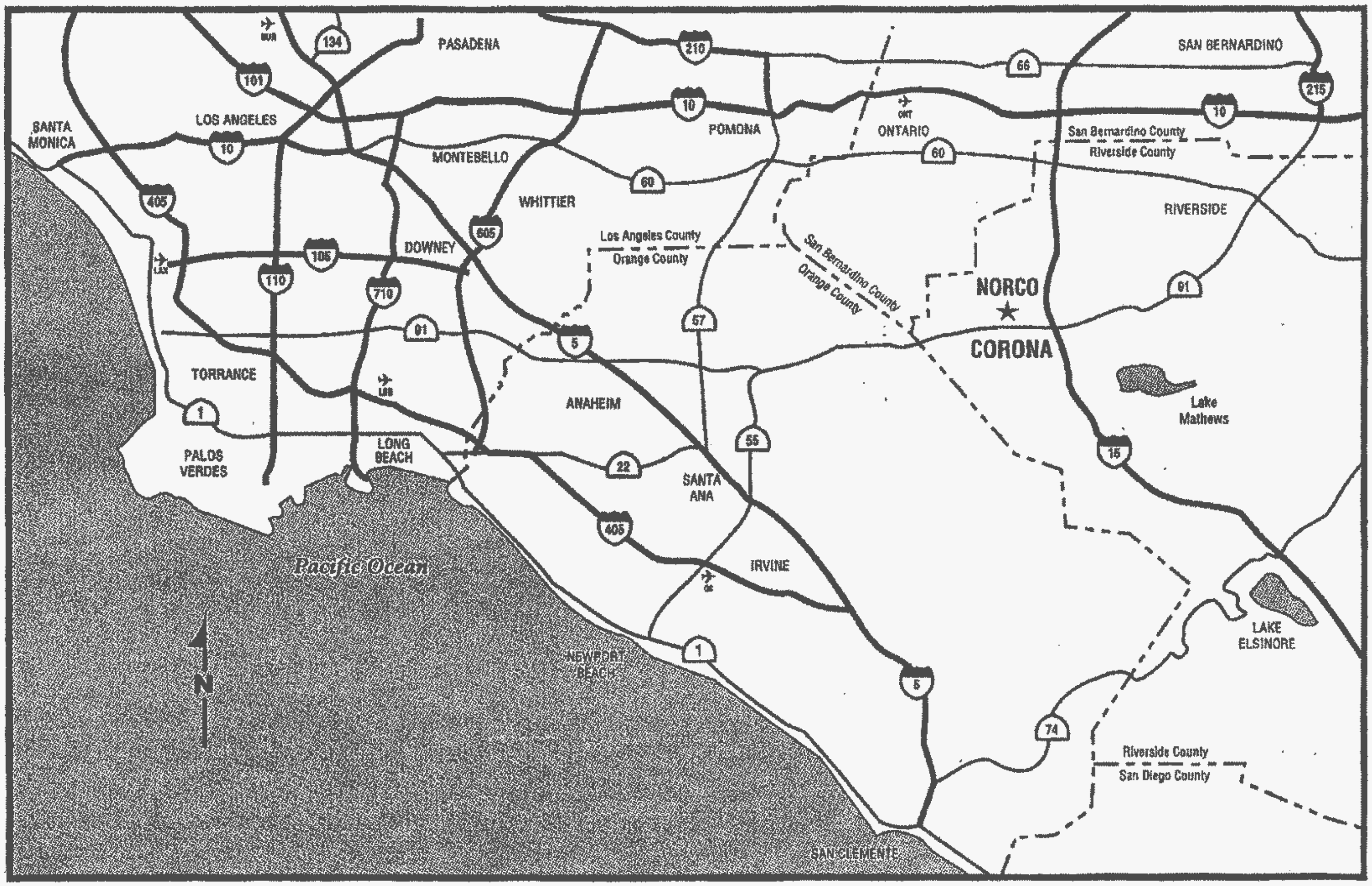
Corona-Norco Unified School District Vicinity Map




Corona-Norco Unified School District
Community Facilities District No. 17-1
(Boardwalk Townhomes)
15
91
North Main Plaza
Shopping Center
Temescal Creek
Harrington Street
River Road
North Lincoln Avenue
Boundaries Approximate
Aerial flown by AirViews 4/22/20

$3,060,000*
COMMUNITY FACILITIES DISTRICT NO. 17-1
OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
2020 SPECIAL TAX BONDS

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, table of contents and the appendices thereto (collectively, the "Official Statement"), provides certain information concerning the issuance by Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "District") of its 2020 Special Tax Bonds (the "Bonds") in the aggregate principal amount of $3,060,000.* The proceeds of the Bonds will be used to (a) finance certain school facilities serving the District, and certain other public facilities serving the District to be owned by the City of Corona (the "City"); (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and pursuant to 2019-20 Resolution No. 101 adopted by the Board of Education (the "Board of Education") of the Corona-Norco Unified School District (the "School District"), acting as the legislative body of the District, on June 23, 2020 and a Bond Indenture dated as of August 1, 2020 (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within the District and all moneys in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account) as described in the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between Stifel, Nicolaus & Company, Incorporated (the "Underwriter") and the District. For more complete information, see "THE BONDS—General Provisions" herein.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFINITIONS" herein.

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* *Preliminary, subject to change.*

The District

General. The District is located in the northern portion of the City. The City is located in northwestern Riverside County, south of the Cities of Norco and Eastvale, southwest of the City of Riverside, and south of the San Bernardino/Riverside County line. The District is along Harrington Street and Temescal Creek, between Lincoln Avenue and Cota Street. LCG Harrington, LLC, a Delaware limited liability company (the "Developer") is developing the property into a single neighborhood marketed as "Boardwalk Townhomes." At build-out, the District is projected to contain 148 three-story townhomes, distributed amongst 39 buildings containing 3, 4 or 5 townhomes. See also "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT."

Formation Proceedings. The District was formed by the School District pursuant to the Act and constitutes a governmental entity separate and apart from the School District.

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

Pursuant to the Act, on October 17, 2017, the Board of Education adopted 2017-18 Resolution No. 64, stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District. On October 17, 2017 the Board of Education also adopted 2017-18 Resolution No. 65, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed $3,500,000 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public school facilities to serve the area within the District, and certain improvements to be acquired by the City. See "THE COMMUNITY FACILITIES DISTRICT—Description of Authorized Facilities."

Subsequent to a noticed public hearing, on December 12, 2017 the Board of Education adopted 2017-18 Resolution No. 73 (the "Resolution of Formation") and 2017-18 Resolution No. 74, which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On January 9, 2018, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed $3,500,000, the rate and method of apportionment of the special tax (the "Rate and Method") and an appropriations limit for the District. A copy of the Rate and Method is attached hereto as Appendix A. A Notice of Special Tax Lien was recorded in the office of the County Recorder on February 2, 2018 as Document No. 2018-0042488. On February 6, 2018, the Board, acting as the legislative body of the District, adopted 2017-18 Resolution and Ordinance No. 82 (the "Ordinance"), which authorized the levy of a special tax pursuant to the Rate and Method.

In connection with forming the District, the School District entered a Joint Community Facilities Agreement (the "JCFA"), dated as of October 17, 2017, by and among the School District, the Developer and the City. The JCFA established mitigation obligations with respect to property within the District, and provided for the financing of certain obligations of the Developer to pay development impact fees.

Forward Looking Statements

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 United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "intend," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE COMMUNITY FACILITIES DISTRICT," "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT" and APPENDIX B—"APPRAISAL REPORT."

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Sources of Payment for the Bonds

General. The Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the Special Taxes pledged under the Indenture, and to the extent necessary, from the moneys on deposit in the Reserve Account. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of the County of Riverside (the "County"). Although the Special Taxes will constitute a lien on the property subject to taxation in the District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Limited Obligations. Except for the Special Taxes pledged under the Indenture, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the School District nor general obligations of the District, but are limited obligations of the District payable solely from Special Taxes collected in the District and amounts held under the Indenture as more fully described herein.

Special Tax. As used in this Official Statement, the term "Special Tax" means the taxes authorized to be levied by the legislative body of the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the January 9, 2018 election in the District, including any Prepayments thereof. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes" and APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Under the Indenture, the District will pledge to repay the Bonds from the Special Tax revenues remaining after the payment of annual Administrative Expenses of the District up to the Administrative Expenses Cap (the "Net Taxes") and from amounts on deposit in the Special Tax Fund established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account), including amounts held in the Reserve Account therein. See "SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund."

Moreover, in addition to the limitation of the maximum Special Tax rates, under no circumstances will the Special Tax levied against any taxable parcel of residential property within the District be increased by more than 10% as a consequence of a delinquency or default by the owner of any other parcel within the District. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Limitation on Special Tax Levy and Potential Impact on Coverage.*"

Foreclosure Proceeds. The District will covenant for the benefit of the owners of the Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid. Notwithstanding the foregoing, however, the District shall not be required to order the commencement of foreclosure proceedings if such level of delinquencies, if not remedied, will not result in a draw on the Reserve Account and no draw has been made thereon that has not been replenished.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds.

The District does not participate in the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (also known as the "Teeter Plan"); accordingly, the collection of Special Taxes is subject to delinquency. See "SOURCES OF PAYMENT FOR THE BONDS—No Teeter Plan" and "THE COMMUNITY FACILITIES DISTRICT – Delinquency History."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE SCHOOL DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Additional Bonds and Liens. The District may not issue additional indebtedness secured by the Net Taxes on a parity with the Bonds except for the purpose of refunding all or a portion of the Bonds then Outstanding. The District may also additional indebtedness that is subordinate to the Bonds. Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within the District by other public agencies which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments."

Appraisal Report

An MAI appraisal of the land and existing improvements within the District (the "Appraisal Report") was prepared by Kitty Siino & Associates, Inc., Tustin, California (the "Appraiser"). The Appraisal Report is dated July 16, 2020, with a date of value of May 1, 2020. See APPENDIX B—"APPRAISAL REPORT." The Appraisal Report provides an estimate of the approximate market value of the property in the District, assuming development of the property as currently planned. As of May 1, 2020, the Appraiser estimates that the market value of all of the Taxable Property within the District subject to the Special Tax was $50,915,327.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in APPENDIX B. The School District and the District do not guarantee the accuracy of the information in the Appraisal Report. See "THE COMMUNITY FACILITIES DISTRICT—Appraisal Report" and "—Appraised Value-to-Lien Ratios." There is no assurance that property within the District can be sold for the values set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the property owner. See "THE COMMUNITY FACILITIES DISTRICT," "SPECIAL RISK FACTORS—Property Values" and APPENDIX B—"APPRAISAL REPORT" herein. The Appraisal Report also does not reflect sales of townhomes by the Developer subsequent to the date thereof.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See APPENDIX H—"BOOK-ENTRY ONLY SYSTEM."

The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption." For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE" herein.

Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

Set forth in APPENDIX C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, see "TAX MATTERS" herein.

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated will serve as the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the School District by Parker & Covert LLP, Tustin, California, for the Underwriter by the James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, as counsel to the Underwriter, and for the Trustee by its counsel. Other professional services have been performed by Kitty Siino & Associates, Inc., Tustin, California, as the Appraiser, Piper Sandler & Co., El Segundo, California, as Municipal Advisor to the School District and the District, and Cooperative Strategies, LLC, Irvine, California, as Special Tax Consultant and initial dissemination agent under the District Continuing Disclosure Agreement (as defined herein).

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

District Continuing Disclosure Agreement. Pursuant to that certain Continuing Disclosure Agreement of the District relating to the Bonds (the "District Continuing Disclosure Certificate"), the District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule") certain financial information and operating data on an annual basis (the "District Reports"). The District has further agreed to provide notice of certain events with respect to the Bonds (the "Listed Events"). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB") available on the Internet at http://emma.msrb.org (however the information presented on such website is not incorporated herein). Notices of Listed Events also will be filed with the MSRB through EMMA. See "CONTINUING DISCLOSURE – Current Undertaking." The District has not entered into any prior continuing disclosure obligations. For additional information regarding compliance by the School District and certain related entities with their respective prior continuing disclosure undertakings pursuant to the Rule, see "CONTINUING DISCLOSURE –Prior Undertakings of the School District and Certain Related Entities."

See APPENDIX F hereto for the form of the District Continuing Disclosure Agreement, which contains a description of the specific nature of the Reports and notices of listed events to be filed by the District.

Developer Continuing Disclosure Certificate. The Underwriter has not determined that the Developer is an "obligated person" with respect to the Bonds for purposes of the Rule 15c2-12. However, to assist in the marketing of the Bonds, the Developer will agree, pursuant to the Developer Continuing Disclosure Certificate relating to the Bonds (the "Developer Continuing Disclosure Certificate"), to provide or cause to be provided to EMMA certain information on a semi-annual basis with respect to such entity and its property ownership and development within the District, and notice of certain listed events, until such time as the Developer and its Affiliates (as such term is defined in the Developer Continuing Disclosure Certificate), in the aggregate, have conveyed 118 homes within the District to individual homeowners. As of July 15, 2020, the Developer had conveyed 111 homes within the District to individual homeowners and anticipates conveying an additional 7 homes to individual homeowners by August 8, 2020. In the event such closings occur prior to the anticipated closing of the Bonds, the Developer would no longer be required to enter into the Developer Continuing Disclosure Certificate.

See APPENDIX G hereto for the form of the Developer Continuing Disclosure Certificate, which contains a description of the specific nature of the Reports and notices of listed events to be filed by the Developer.

Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See "SPECIAL RISK FACTORS" herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board of Education, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the School District at 2820 Clark Avenue, Norco, California 92860, Attention: Assistant Superintendent, Business Services.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds:	
Principal Amount of Bonds	
[Plus/Less] Net Original Issue [Premium/Discount]	
Total Sources	
Uses of Funds:	
Acquisition and Construction Fund(1)	
Costs of Issuance(2)	
Reserve Account	
Total Uses	

(1) Deposit to the Acquisition and Construction Fund includes $___________ in the School Facilities Account and $___________ in the City Facilities Account.
(2) Includes the Underwriter's discount, legal fees, Special Tax Consultant fees, appraisal fees, District formation deposits, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.
Source: The Underwriter.

THE BONDS

General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on March 1, 2021 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. As used herein, Record Date means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX H — "BOOK-ENTRY-ONLY SYSTEM." In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—GENERAL AUTHORIZATION AND BOND TERMS—Transfers Outside Book-Entry System."

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Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE BONDS—Redemption."

Date (September 1)	Principal	Interest	Total
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			

Source: The Underwriter.

Redemption

Optional Redemption.* The Bonds are subject to redemption prior to their stated maturity dates at the option of the District on any Interest Payment Date on or after September 1, 2028, from such maturities as selected by the District (and by lot within any one maturity), in integral multiples of $5,000, at the option of the District from moneys derived by the District from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

Redemption Dates	***Redemption Price***
September 1, 2027 and March 1, 2028	103%
September 1, 2028 and March 1, 2029	102
September 1, 2029 and March 1, 2030	101
September 1, 2030 and any Interest Payment Dates thereafter	100

Extraordinary Redemption from Special Tax Prepayments.* The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Dates	***Redemption Price***
Interest Payment Dates through and including March 1, 2028	103%
September 1, 2028 and March 1, 2029	102
September 1, 2029 and March 1, 2030	101
September 1, 2030 and any Interest Payment Dates thereafter	100

Bonds shall be selected for extraordinary redemption in such manner as shall be directed by the District, or otherwise as nearly as practicable on a pro rata basis among maturities, in increments of $5,000.

Such Prepayments could be made by any of the owners of any of the property within the District including the Developer, or any individual owner; and they could also be made from the proceeds of bonds issued by or on behalf of an over-lapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds. See “SPECIAL RISK FACTORS – Extraordinary Redemption from Prepaid Special Taxes.”

* *Preliminary, subject to change.*

Mandatory Sinking Fund Redemption*. The Bonds maturing on September 1, 20__ (the "Term Bonds") shall be called before maturity and redeemed, from Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20__, and on each September 1 thereafter prior to maturity and shall be paid at maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***

In the event of a partial optional redemption or extraordinary redemption of Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of $5,000.

***Notice of Redemption*.** So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants and not the District or the Trustee to provide such notice to Beneficial Owners. See APPENDIX H — "BOOK-ENTRY ONLY SYSTEM." The Trustee is obligated to provide at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the respective registered owners of the Bonds at the addresses appearing on the Bond registration books; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee. Such notice must further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

So long as notice of redemption has been provided as set forth in the Indenture, the actual receipt by the owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds to be redeemed and upon other conditions set forth in the Indenture and that, if such money shall not have been so received and such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. If any condition stated in the redemption notice for an

* *Preliminary, subject to change.*

optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Effect of Redemption. When notice of redemption has been duly given as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (i) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture; (ii) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds shall be paid to the Owners thereof; (iii) as of the redemption date the Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds, or portions thereof, shall cease to bear further interest; and (iv) as of the date fixed for redemption, no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Purchase in lieu of Redemption. The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF NET TAXES—Redemption Account of the Special Tax Fund."

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account), including amounts held in the Reserve Account therein, for the exclusive benefit of the owners of the Bonds, and foreclosure proceeds resulting from the sale of delinquent parcels if and when available.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE SCHOOL DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE SCHOOL DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF

THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the School District established the District on December 12, 2017, for the purpose of financing the various public improvements required in connection with the proposed development within the District (the "Facilities"). On January 9, 2018, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed $3,500,000, secured by special taxes levied on property within the District to finance the Facilities. The landowners within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness issued for the benefit of the District, including the Bonds.

The District will covenant in the Indenture that it will levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account to the Reserve Requirement. The District will further covenant that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

Special Taxes are authorized to be levied and collected by the District in accordance with the Rate and Method and the Act, including any Prepayments thereof. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are 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. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The "Net Taxes" pledged by the District to the Bonds is defined in the Indenture as the "Gross Taxes" minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds in order to pay Administrative Expenses up to the Administrative Expenses Cap. The Administrative Expenses Cap shall be $25,000 for each Fiscal Year.

"Gross Taxes" is defined in the Indenture as the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

Except for Prepayments which shall be deposited to the Redemption Account, the Trustee will, on each date on which the Gross Taxes are received from the District, deposit the Gross Taxes in the Special Tax Fund. The Trustee will transfer the Gross Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

(1) The Administrative Expense Account of the Special Tax Fund an amount up to the Administrative Expenses Cap;

(2) The Interest Account of the Special Tax Fund;

(3) The Principal Account of the Special Tax Fund;

(4) The Redemption Account of the Special Tax Fund;

(5) The Reserve Account of the Special Tax Fund;

(6) The Rebate Fund; and

(7) The Surplus Fund.

See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF PROCEEDS."

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption "*Limitation on Special Tax Levy and Potential Impact on Coverage*" below and "SPECIAL RISK FACTORS—Insufficiency of Special Taxes."

Rate and Method of Apportionment of Special Tax. The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, i.e., the Rate and Method, which the Board of Education and the electors within the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The meaning of certain defined terms used in this section are as set forth in Appendix A. 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 A.

"*Administrative Expenses*" means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District, the District, or a designee thereof); the costs of collecting the Special Taxes (whether by the School District 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 School District, the District or any designee thereof to comply with arbitrage rebate requirements; the costs to the School District, the District or any designee thereof to comply with School District, the District or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; and the costs of the School District, the District or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account. Administrative Expenses shall also include amounts advanced by the School District or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

"*Assigned Special Tax*" means the Special Tax for each Land Use Category of Developed Property, as set forth in the Table 1 below titled "Special Tax Amounts for Developed Property."

"Association Property" means any property owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right of way has been granted to a property owner association, including any master or sub-association.

"*CFD Administrator*" means an official of the School District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"Developed Property" means all Assessor's Parcels, exclusive of Taxable Association Property and Taxable Public Property, for which a building permit has been issued as of June 30th of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

"*Maximum Special Tax*" means, the maximum Special Tax, determined in accordance with the Rate and Method, which 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 has been issued for a non-residential use.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Assessors' Parcels of Developed Property. For Undeveloped Property, Taxable Public Property and Taxable Association Property, "Proportionately" means that the ratio of actual Special Tax Levy per Acre to the Maximum Special Tax per Acre is the same for all Assessors' Parcels of Undeveloped Property, Taxable Public Property and Taxable Association Property.

"Public Property" means property owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, the City or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act will be taxed and classified under the Rate and Method according to its use.

"*Residential Property*" means all Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"*Special Tax Requirement*" means that amount required in any Fiscal Year to: (i) pay debt service on all outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all outstanding Bonds; (v) pay directly or accumulate funds for the acquisition or construction of facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; less (vi) a credit for funds available to reduce the annual Special Tax, as determined by the Indenture.

"Taxable Association Property" means all Association Property which is not exempt from the Special Tax pursuant to the Rate and Method.

"*Taxable Property*" means all Parcels in the District which are not exempt from the levy of Special Taxes pursuant to the Act or the Rate and Method.

"Taxable Public Property" means all Public Property which is not exempt from the Special Tax pursuant to the Rate and Method.

"*Undeveloped Property*" means all Taxable Property not classified as Developed Property, exclusive of Taxable Association Property and Taxable Public Property.

Exemptions. The CFD Administrator will classify the following Assessor Parcels as exempt property: (i) Public Property, (ii) Association Property and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; provided, however, that no such classification shall reduce the sum of all Taxable Property to less than 3.4 Acres. Notwithstanding the foregoing, the CFD Administrator shall not classify any such Assessor's Parcel as exempt property if such classification would reduce the sum of all Taxable Property to less than 3.4 Acres. Assessor's Parcels which cannot be classified as exempt property will be classified as either Taxable Public Property, Taxable Association Property or Undeveloped Property, as applicable, and shall be taxed as such. Exempt status for purposes of the Rate and Method will be assigned by the CFD Administrator in the chronological order in which property becomes exempt.

The Maximum Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which cannot be classified as exempt property shall be prepaid in full by the seller pursuant to the Rate and Method, prior to the transfer/dedication of such property to such public agency. Until the Maximum Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Taxable Public Property.

Maximum Special Tax. The Maximum Special Tax for an Assessor's Parcel of Developed Property categorized as Residential Property shall be the greater of: (i) the applicable amount set forth in Table 1 below or (ii) the application of the Backup Special Tax. The Backup Special Tax for Developed Property is calculated in accordance with Section C.1.b of the Rate and Method. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The Maximum Special Tax for Undeveloped Property, Taxable Association Property and Taxable Public Property shall be $60,608 per Acre.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 17-1
OF THE CORONA NORCO UNIFIED SCHOOL DISTRICT
SPECIAL TAX AMOUNTS FOR DEVELOPED PROPERTY

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax
1 – Residential	Per Taxable Unit	Less than 1,575 Square Feet	$1,675
2 – Residential	Per Taxable Unit	More than 1,575 and less than 1,625 Square Feet	$1,700
3 – Residential	Per Taxable Unit	More than 1,625 Square Feet	$1,725
4 – Non-Residential	Per Acre	--	$60,608

In accordance with Section 53321(d) of the Government Code of the State of California, the maximum special tax for each Parcel "used for private residential purposes," as defined therein, shall be calculated and thereby established by the date on which the Parcel is first subject to the Special Tax. Under no circumstances will the Special Tax levied on any parcels used for private residential purposes be increased as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Parcel or Parcels by more than ten percent (10%) for any Fiscal Year.

Method of Apportionment of Special Tax. Starting with Fiscal Year 2020-21 and for each subsequent Fiscal Year, the Board of Education shall determine the total amount of Special Taxes to be levied and collected in that Fiscal Year in order to satisfy the Special Tax Requirement for such Fiscal Year. The Board of Education shall levy the Special Tax on all Parcels of Taxable Property in the following priority until it has levied the amount necessary to satisfy the Special Tax Requirement for the Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement; and

Second: If additional moneys 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, and

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax derived by 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; and

Fourth: If additional moneys are needed to satisfy the Special Tax Requirements after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Association Property and/or Taxable Public Property at up to 100% of its Maximum Special Tax.

Notwithstanding the foregoing, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than 10% per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District.

No Special Tax shall be levied on Undeveloped Property in any Fiscal Year to provide any amounts which the Board determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefore, as described in Clause (V) of the definition of Special Tax Requirement.

Prepayment of Special Taxes. The Special Tax levied against Developed Property, Taxable Public Property and Taxable Association Property may be prepaid at an amount, for each Assessor's Parcel, equal to the present value of the Maximum Special Tax applicable to such Assessor's Parcel, using a discount rate that is equal to the yield on the Bonds and the terms of the Bonds. Any unpaid Special Taxes, interest and penalties which have been entered on the Assessor's tax roll that apply to an Assessor's Parcel for which prepayment is sought shall be paid in addition to the prepayment amount.

Duration of Special Tax. Pursuant to Section 55321(d) of the Government Code of the State of California, the tax year after which no further Special Tax shall be levied or collected with respect to any Parcel to satisfy the Special Tax Requirement shall be Fiscal Year 2052-53.

Estimated Debt Service Coverage. Special Taxes are only expected to be levied in an amount needed to pay the debt service due on the Bonds, plus the annual Administrative Expenses up to the Administrative Expenses Cap ($25,000 in each Fiscal Year). The Bonds have been sized so that the Assigned Special Taxes that may be levied in each Fiscal Year produce an amount equal to at least 110% of the debt service due on the Bonds in such Fiscal Year plus Administrative Expenses up to such Administrative Expenses Cap.

Limitation on Special Tax Levy and Potential Impact on Coverage. 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 that Fiscal Year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years. However, subject to the limitations on the District's ability to levy the necessary amount of Special Taxes as imposed by Section 53321(d) of the Government Code, the District can levy Special Taxes on Undeveloped Property to make-up all or a portion of any shortfall in the Special Tax levy.

Collection of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The County assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County, including the Special Taxes for the District. The delinquency dates for property tax payments are December 10 for the first installment and April 10 for the second installment. Once the property taxes are collected, the County conducts its internal reconciliation for accounting purposes and distributes the District's share of such taxes (including the Special Taxes) to the District, periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the District in the Riverside County Investment Pool (the "Pool") which is invested by the County Treasurer. If the County or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that District property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County. The District does not participate in the County's Teeter Plan, which is an alternate method for allocating property taxes by counties. Accordingly, the collection of Special Taxes is subject to delinquencies.

The Special Tax levy in Fiscal Years 2018-19 and 2019-20 were $81,675 and $156,650, respectively. As of May 6, 2020, there were three parcels delinquent, reflecting total Special Tax delinquencies of $3,375 (and equal to 2.15% of the total levy for Fiscal Year 2019-20). See "THE COMMUNITY FACILITIES DISTRICT—Delinquency History."

The District will make certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District will covenant, to the maximum extent the law permits the District to do so, that it will not initiate proceedings to reduce the maximum Special Tax rates, and will oppose the reduction of maximum Special Tax rates by initiative, where such reduction would reduce the maximum Special Taxes below current levels unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds Outstanding will equal at least the sum of the Administrative Expenses Cap and 110% of gross debt service in each Bond Year on all Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds. Notwithstanding the foregoing, the District may modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds Outstanding as of the date of such amendment.

Second, the District will covenant not to permit the tender of Bonds in payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE."

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. In addition to the obligation to pay Special Taxes, properties in the District will be subject to other assessments and special taxes as set forth under Table 4 herein. These other special taxes and assessments are co-equal to the lien for the Special Taxes. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the School District or the landowners in the District. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments." There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

In response to the COVID-19 (as defined herein) pandemic, the County has announced that penalties and interest will accrue if the second installment of property taxes were not paid by the April 10, 2020 delinquency date. However, the County has also announced that taxpayers who are impacted directly by COVID-19 may make a cancellation of penalty request to the County Tax Collector by submitting payment of the base tax amount, documentation supporting the request and a specified cancellation of penalty request form by June 30, 2020. See "SPECIAL RISK FACTORS—COVID-19 (Coronavirus) Pandemic" herein.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (the "Executive Order"), waiving penalties and interest on taxes on property on the secured or unsecured roll through May 6, 2021 under certain conditions, including: (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form prescribed by the tax collector, and (iv) the taxpayer demonstrates economic hardship to the satisfaction of the tax collector. The Executive Order may have an effect on the collection of penalties and interest on delinquent Special Taxes and may otherwise affect a property owner's willingness to pay Special Taxes when due. See "SPECIAL RISK FACTORS—COVID-19 (Coronavirus) Pandemic" herein.

Proceeds of Foreclosure Sales. The net proceeds collected following a judicial foreclosure sale of parcels within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Education, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, in the Indenture the District will covenant for the benefit of the Owners of the Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is less than the Reserve Requirement, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds.

See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTIES."

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the School District and the District. See "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure." Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS—Property Values." Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the School District any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* property taxes.

No Teeter Plan

The District does not participate in the County's Teeter Plan. Accordingly, the collection of Special Taxes is subject to delinquencies.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The Indenture provides that the amount to be maintained as the Reserve Requirement (as defined herein) in the Reserve Account, as of any date of calculation, equal the least of (i) 10% of the initial principal amount of the Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds; (iii) one hundred twenty-five percent (125%) of average annual debt service on the then Outstanding Bonds, or (iv) $205,000,[*] the initial Reserve Requirement (collectively, the "Reserve Requirement")

Subject to the limits in the Act and in the Rate and Method set forth in Appendix A, the District will covenant to levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (i) the principal of and interest on the Bonds when due, (ii) the Administrative Expenses, and (iii) any amounts required to replenish the Reserve Account to the Reserve Requirement. Amounts in the Reserve Account are to be applied to (1) pay debt service on the Bonds, to the extent other moneys in the Interest Account and the Principal Account are insufficient therefor; (2) make any required transfer to the Rebate Fund pursuant to the Indenture; (3) redeem the Bonds in whole or in part; and (4) pay the principal and interest due in the final year of maturity of a series of the Bonds. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF PROCEEDS—Reserve Account of the Special Tax Fund."

Surplus Fund

After the transfer of Administrative Expenses to the Administrative Expense Account, the payment of principal of and interest on the Bonds when due, transfers to the Redemption Account to pay principal and premium, if any, on Bonds called for redemption, transfers to replenish the Reserve Account to the Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each September 1, and

[*] *Preliminary, subject to change.*

in any event prior to each September 15, the Trustee 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 (i) that certain amounts be retained in the Special Tax Fund because the District 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, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for Project Costs.

Moneys deposited in the Surplus Fund may be applied to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, to replenish the Reserve Account to the Reserve Requirement, to pay Administrative Expenses to the extent that the amounts transferred to the Administrative Expense Account exceed the Administrative Expenses Cap, to pay Project Costs, or for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose.

Additional Bonds

The District may not issue additional indebtedness secured by the Net Taxes on a parity with the Bonds, except for the purpose of refunding all or a portion of the Bonds then Outstanding. The District may issue additional indebtedness that is subordinate to the Bonds.

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THE COMMUNITY FACILITIES DISTRICT

General Description of the District

The District is located in the northern portion of the City. The City is located in northwestern Riverside County, south of the Cities of Norco and Eastvale, southwest of the City of Riverside, and south of the San Bernardino/Riverside County line. The District's boundaries are along Harrington Street and Temescal Creek, between Lincoln Avenue and Cota Street. LCG Harrington, LLC, the Developer, is developing the property into a single neighborhood marketed as "Boardwalk Townhomes." At build-out, the District is projected to contain 148 three-story townhomes, distributed amongst 39 buildings containing 3, 4 or 5 townhomes.

Ownership of Property in the District

Development within the District is being completed entirely by the Developer. The status of development within the District as of the May 1, 2020 date of value is set forth in Table 2 below.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
DEVELOPMENT STATUS AS OF MAY 1, 2020[1]

	No. Units	Property Ownership	Condition/Status
	108	Individuals	Completed Units
	3	Developer	Model Units (none in escrow)
	15	Developer	Over 95% (12 in escrow)
	15	Developer	Units Under Construction (4 in escrow)
	7	Developer	Finished Lots (none in escrow)
Total	148		

(1) Between May 1, 2020 and July 15, 2020 an additional three townhomes closed to individual homeowners, resulting in a total of 111 closed townhomes as of July 15, 2020, and building permits were issued and home construction had commenced for the final seven homes. For additional information, see "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT" herein.

Source: The Appraisal Report.

Development within the District, including the anticipated dates for construction and buildout, is subject to delays caused by the COVID-19 pandemic. Because housing construction is currently considered an essential function, the Developer has continued its construction activities in District during the Stay Home Order period. However, no representation can be made regarding the ultimate effects of the COVID-19 outbreak or whether any such effects would have a material adverse effect on the ability to develop the project as planned.

Moreover, six Northern California counties announced on March 31, 2020 that most construction, including residential construction which is not affordable housing, would be temporarily halted to combat the spread of the coronavirus; however, these six counties have announced that effective May 4, 2020 residential construction projects that follow certain safety protocols may proceed. In the event Southern California counties, including the County, impose similar temporary residential construction restrictions, such restrictions could have a material adverse effect on the ability of the Developer to complete its project within the District. However, with housing construction currently considered an essential function in the County, the Developer has largely continued, with certain modifications, its home construction and sales activities in the District since the County and State stay home orders was issued in March 2020. See also OWNERSHIP AND

DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT" and "SPECIAL RISK FACTORS — COVID-19 (Coronavirus) Pandemic."

Description of Authorized Facilities

The Facilities to be financed with proceeds of the Bonds authorized to be constructed and acquired by the School District include the acquisition of school sites and the acquisition, design, construction, lease, equipping and/or improvement thereon of school facilities, together with the costs of formation, administration and debt issuance associated such improvements. The Facilities to be financed with proceeds of the Bonds authorized to be constructed and acquired by the City include sewer systems, water systems, aquatic center facilities, public meeting facilities, library facilities, street lights and traffic signals, law enforcement facilities, as well as public sidewalks, curbs, gutters, roadways, landscaping, storm drainage systems and parks required to be installed as a condition of developing the land in the District.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. There are other taxes and assessments levied on property within the District related to the direct and overlapping debt in the District as set forth in Table 3 on the following page (the "Debt Report"). The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes levied for other than to pay debt service on bonds. The Debt Report does not include the respective principal amounts of the Bonds. The Debt Report has been derived from data assembled and reported to the District by California Tax Data LLC as of May 29, 2020. None of the District, the School District, or the Underwriter has independently verified the information in the Debt Report and none of such entities guarantee its completeness or accuracy.

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TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
OVERLAPPING DEBT SUMMARY

I. Assessed Value						
2019-2020 Secured Roll Assessed Value						**$13,071,763**
II. Secured Property Taxes						
Description on Tax Bill	**Type**	**Total Parcels**	**Total Levy**	**% Applicable**	**Parcels**	**Levy**
Basic 1% Levy	PROP13	923,511	$2,836,919,066.53	0.00460%	45	$130,577.38
City of Corona CFD No. 2016-1	CFDPAYG	321	$245,073.08	7.23001%	44	$17,718.80
City of Corona CFD No. 2016-3, Zone 2	CFDPAYG	44	$17,257.68	100.00000%	44	$17,257.68
Corona-Norco Unified District Debt Service	GOB	78,778	$34,376,866.14	0.03566%	45	$12,257.30
Corona-Norco Unified School District CFD No. 17-1	CFD	45	$156,650.00	100.00000%	45	$156,650.00
Metropolitan Water District of Southern California Debt Service	GOB	268,073	$3,735,631.47	0.01223%	44	$456.99
Metropolitan Water District of Southern California Standby Charge (West)	STANDBY	263,045	$3,562,932.22	0.01139%	44	$405.68
Riverside Community College District Debt Service	GOB	264,428	$15,763,170.16	0.01223%	44	$1,927.29
2019-2020 TOTAL PROPERTY TAX LIABILITY						**$337,251.12**
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2019-2020 ASSESSED VALUATION						**2.58%**
III. Land Secured Bond Indebtedness						
Outstanding Direct and Overlapping Bonded Debt	**Type**	**Issued**	**Outstanding**	**% Applicable**	**Parcels**	**Amount**
Corona-Norco Unified School District CFD No. 17-1	CFD	$0	$0	100.00000%	45	$0
TOTAL LAND SECURED BOND INDEBTEDNESS (1)						**$0**
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (1)						**$0**
IV. General Obligation Bond Indebtedness						
Outstanding Direct and Overlapping Bonded Debt	**Type**	**Issued**	**Outstanding**	**% Applicable**	**Parcels**	**Amount**
Corona-Norco Unified School District GOB 1998	GOB	$64,999,622	$26,808,708	0.03484%	45	$9,341
Corona-Norco Unified School District GOB 2006	GOB	$249,995,412	$244,967,688	0.03484%	45	$85,350
Corona-Norco Unified School District GOB 2014(2)	GOB	$305,435,000	$285,865,000	0.03484%	45	$99,599
Metropolitan Water District of Southern California GOB 1966	GOB	$850,000,000	$50,105,000	0.00666%	44	$3,338
Riverside City Community College District GOB 2004	GOB	$313,998,424	$284,166,017	0.01181%	44	$33,551
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$231,179**
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (1)						**$231,179**
TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						**$231,179.26**
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						**56.54:1**

(1) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for Fiscal Year 2019-20.

(2) On July 16, 2020, the School District entered into a bond purchase contract in connection with a negotiated sale of general obligation refunding bonds in a principal amount of $53,780,000, to refinance bonds from the School District's 2014 bond authorization, currently outstanding in a principal amount equal to $43,250,000. These bonds are expected to be issued on August 5, 2020.

Source: California Tax Data LLC.

Direct and Overlapping Assessments and Taxes

Metropolitan Water District Debt Service. Property within the District is subject to a Metropolitan Water District ("MWD") debt service tax. The rate on such property for Fiscal Year 2019-20 is 0.0035% per $100 of assessed value. The tax is used to pay debt service on bonds which were issued by MWD under an authorization of $850,000,000, of which approximately $48,050,000 was outstanding as of June 30, 2019.

Corona-Norco Unified School District General Obligation Bond. Property within the District is subject to an unlimited *ad valorem* property tax to pay bonded indebtedness of the School District. Such bonds of the School District have been issued to pay for the acquisition, construction and modernization of School District sites and facilities, including the furnishing and equipping thereof. The rate on such property tax for Fiscal Year 2019-20 is 0.09387% per $100 of the assessed value. Bonds of the School District have been issued under original authorizations aggregating $711,000,000, of which approximately $526,867,038 was outstanding as of June 30, 2019.

Riverside Community College District General Obligation Bond. Property within the District is subject to an unlimited *ad valorem* property tax to pay bonded indebtedness of the Riverside Community College District ("RCCD"). Such bonds of RCCD have been issued to pay for the acquisition, construction and modernization of RCCD sites and facilities, including the furnishing and equipping thereof. The rate on such property for Fiscal Year 2019-20 is 0.01476% per $100 of assessed value. Bonds of RCCD have been issued under an authorization of $350,000,000, of which approximately $263,236,895 was outstanding as of June 30, 2019.

Ad Valorem Overrides

City of Corona CFD No. 2016-1. Property within the District is subject to the City of Corona CFD No. 2016-1 ("CFD No. 2016-1") special tax. Such special taxes are levied at a maximum rate of $580.43 per single family residence and $402.70 for multi-family residences. This tax pays for the annual costs of providing police, fire protection, and paramedic services being funded by the special tax for the CFD No. 2016-1. The maximum special tax will increase annually by the percentage increase in the Consumer Price Index or 4%, whichever is greater.

City of Corona CFD No. 2016-3, Zone 2. Property within the District is subject to the City of Corona CFD No. 2016-3, Zone 2 special tax. Such special taxes are levied at a maximum rate of $392.22 for developed property and $6,963.01 per acre of undeveloped property. This tax pays for the annual costs to maintain landscaping, street and pavement, streetlights, traffic signals, drainage, parks and graffiti abatement. The maximum special tax will increase annually by the percentage increase in the Consumer Price Index or 2%, whichever is greater.

Appraisal Report

In order to provide information with respect to the value of the property within the District, the School District engaged Kitty Siino & Associates, Inc., the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the School District and has no material relationships with the School District, the District, or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The School District instructed the Appraiser to prepare its analysis and report in conformity with School District-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX B—"APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the aggregate market value of the "as is" condition of the property within the District subject to the Special Taxes. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the development costs provided to the Appraiser by the Developer include all of the costs necessary to bring the subject properties to a finished lot condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of May 1, 2020 the market value of the Taxable Property within the District was $50,915,327. Table 4 below shows the minimum market value of the various parcels owned by individual homeowners and the value of parcels owned by the Developer as set forth in the Appraisal Report based on ownership as of May 1, 2020.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
SUMMARY OF APPRAISED VALUES

Developer Ownership:	
22 Lots in their "As is" condition	$2,775,207
18 Units	5,681,248
Total Developer Ownership	$8,456,455
Individually Owned Units:	
Plan 1 (36 x $385,640)	$13,883,040
Plan 2A (20 x $387,472)	7,749,440
Plan 2B/2C (17 x $393,976)	6,697,592
Plan 3 (35 x $403,680)	14,128,800
Total Individual Ownership	$42,458,872
Aggregate Value for District	**$50,915,327**

Source: The Appraisal Report.

Reference is made to Appendix B for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal Report.

In determining the value of the individually owned townhomes in the District, the Appraiser arrived at a price value for each floor plan and used the base price as the concluded values. The Appraiser describes this as a mass appraisal technique which arrives at a minimum market value for the individually owned townhomes.

The Appraisal Report merely indicates the Appraiser's opinion as to the market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of the Appraisal Report. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, among other things, the assumptions made in the Appraisal Report are reasonable and, to the best of the Appraiser's knowledge, and subject to certain assumptions and limiting conditions set forth therein, no events or occurrences have been ascertained by the Appraiser or have come to the Appraiser's attention that would substantially change the estimated values stated in the Appraisal Report.

However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within the District.

Appraised Value-To-Lien Ratios

Table 5 on the following page sets forth the estimated appraised value-to-lien ratios for all parcels as of May 1, 2020, by ownership and development classification. The ratios are based on the values assigned to the parcels in the Appraisal Report, the principal amount of the Bonds allocable to each category of parcels, and based on the proposed Fiscal Year 2020-21 Special Tax levy. Based on the principal amount of the Bonds, the estimated appraised value-to-lien ratio of all Taxable Property within the District as of May 1, 2020 is 16.64-to-1,* based on the proposed Fiscal Year 2020-21 Special Tax levy. See also "—Direct and Overlapping Indebtedness" above.

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* *Preliminary, subject to change.*

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE
CORONA-NORCO UNIFIED SCHOOL DISTRICT
APPRAISED VALUE-TO-LIEN RATIOS
BY PROPERTY OWNERSHIP AND DEVELOPMENT CLASSIFICATION

Property Ownership and Development Classification[(1)]	Number of Parcels[(1)]	Appraised Values[(2)]	Bonds[(3)]*	Other Land Secured Debt[(4)]	Total Lien*	Value-to-Lien Ratio[(5)]*	Projected Assigned Annual Special Tax Levy at Development Completion[(6)]	Percent of Assigned Annual Special Tax Levy at Development Completion[(6)]
Individual Homeowners	108	$42,458,872.00	$2,232,513.88	$0.00	$2,232,513.88	19.02:1	$184,000.00	72.96%
LCG Harrington								
Model Units	3	$1,028,536.21	$61,879.46	$0.00	$61,879.46	16.62:1	$5,100.00	2.02%
Over 95% Complete	15	$4,652,711.79	$310,003.97	$0.00	$310,003.97	15.01:1	$25,550.00	10.13%
Units Under Construction	15	$1,892,186.59	$310,610.63	$0.00	$310,610.63	6.09:1	$25,600.00	10.15%
Finished Lots	7	$883,020.41	$144,992.07	$0.00	$144,992.07	6.09:1	$11,950.00	4.74%
Subtotal, LCG Harrington	40	$8,456,455.00	$827,486.12	$0.00	$827,486.12	10.22:1	$68,200.00	27.04%
TOTAL [(7)]	**148**	**$50,915,327.00**	**$3,060,000.00**	**$0.00**	**$3,060,000.00**	**16.64:1**	**$252,200.00**	**100.00%**

* Preliminary, subject to change.

(1) Ownership information and development classification is based on the Appraisal as of May 1, 2020. Between May 1, 2020 and July 15, 2020 an additional three townhomes closed to individual homeowners, resulting in a total of 111 closed townhomes as of July 15, 2020, and building permits were issued and home construction had commenced for the final seven homes. For additional information, see "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT" herein

(2) Appraised value estimated by the Appraiser as of May 1, 2020.

(3) Bond amounts are allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion.

(4) Bond amounts are allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion. There were no overlapping land secured liens associated with properties within the District in Fiscal Year 2019-20. Excludes general obligation bond indebtedness.

(5) Average value-to-liens; actual value-to-lien ratio per Lot may vary.

(6) Amounts shown reflect the projected Fiscal Year 2020-21 Special Taxes to be levied on all properties within the District planned for residential construction, if developed at the building square footage sizes provided by the Developer at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.

(7) Totals may not sum due to rounding.

Source: Cooperative Strategies, LLC.

Table 6 below summarizes the appraised value-to-lien of the individual parcels of Developed Property within the District by value-to-lien range based on development status as of May 1, 2020 and the projected Assigned Special Tax levy for Fiscal Year 2020-21.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
APPRAISED VALUE-TO-LIEN RATIOS BY RANGE

Value-to-Lien Category	Number of Parcels	Appraised Values(1)	Bonds(2)*	Other Land Secured Debt(3)	Total Lien*	Value-to-Lien Ratio(4)*	Projected Assigned Annual Special Tax Levy at Development Completion(5)	Percentage Share of Special Tax(5)
15:1 and Above	117	$45,406,447.88	$2,419,972.24	$0.00	$2,419,972.24	18.76:1	$199,450.00	79.08%
10:1 to 15:1	9	$2,733,672.12	$184,425.06	$0.00	184,425.06	14.82:1	$15,200.00	6.03%
8:1 to 10:1	0	$0.00	$0.00	$0.00	$0.00	NA	$0.00	0.00%
5:1 to 8:1	22	$2,775,207.00	$455,602.70	$0.00	455,602.70	6.09:1	$37,550.00	14.89%
5:1 and Below	0	$0.00	$0.00	$0.00	$0.00	NA	$0.00	0.00%
TOTAL (6)	**148**	**$50,915,327.00**	**$3,060,000.00**	**$0.00**	**$3,060,000.00**	**16.64:1**	**$252,200.00**	**100.00%**

* Preliminary, subject to change.
(1) Appraised value estimated by the Appraiser as of May 1, 2020.
(2) Bond amounts are allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion.
(3) Bond amounts are allocated based on each parcel's proportionate share of the Special Taxes projected to be levied at development completion. There were no overlapping land secured liens associated with properties within the District in Fiscal Year 2019-209. Excludes general obligation bond indebtedness.
(4) Average value-to-liens; actual value-to-lien ratio per Lot may vary.
(5) Amounts shown reflect the projected Fiscal Year 2020-21 Special Taxes that would be levied on all properties within the District planned for residential construction, if developed at the building square footage sizes provided by the Developer at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.
(6) Totals may not sum due to rounding.
Source: Cooperative Strategies, LLC.

Under the District Continuing Disclosure Agreement, the District will update Table 5 if there is an owner responsible for more than 5% of the Special Tax levy, and will update Table 6 (provided, however, that such update shall not be required to include the column labeled "Other Land Secured Debt"). These updates will be on the basis of assessed values and not appraised values.

Special Tax Rates

Special Taxes are levied annually in accordance with the Rate and Method. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Table 7A below sets forth the Assigned Special Taxes levied in the District for Fiscal Year 2019-20 based on land use classification for Fiscal Year 2019-20. Tables 7B and 7C on the following page set forth the projected Assigned Special Taxes for in Fiscal Year 2020-21 based land use classifications and ownership as of May 1, 2020.

TABLE 7A
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
ASSIGNED SPECIAL TAXES FOR FISCAL YEAR 2019-20
BY SPECIAL TAX CLASS

Special Tax Class	Building Square Feet	No. of Parcels[1]	Fiscal Year 2019-20 Assigned Annual Special Tax Rate	Fiscal Year 2019-20 Annual Special Taxes	Percentage Levy of Total
1	Less than 1,575	33	$1,675.00 per Unit	$55,275.00	35.28%
2	1,576 - 1,625	15	$1,700.00 per Unit	$25,500.00	16.28%
3	More than 1,625	44	$1,725.00 per Unit	$75,900.00	48.44%
TOTAL		**92**	**NA**	**$156,675.00**	**100.00%**

(1) Reflects all taxable lots classified as Developed Property for Fiscal Year 2019-2020.
Source: Cooperative Strategies, LLC.

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TABLE 7B
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE
CORONA-NORCO UNIFIED SCHOOL DISTRICT
PROJECTED ASSIGNED SPECIAL TAXES FOR FISCAL YEAR 2020-21
BY SPECIAL TAX CLASS

Special Tax Class	Building Square Feet	Lots Projected at Development Completion[1]	Projected Fiscal Year 2020-21 Assigned Annual Special Tax Rate	Projected Fiscal Year 2020-21 Assigned Annual Special Taxes[2]	Percentage Levy of Total
1	Less than 1,575	48	$1,675.00 per Unit	$80,400.00	31.88%
2	1,576 - 1,625	28	$1,700.00 per Unit	$47,600.00	18.87%
3	More than 1,625	72	$1,725.00 per Unit	$124,200.00	49.25%
TOTAL		**148**	**NA**	**$252,200.00**	**100.00%**

(1) Projected buildout based on the product mix provided by the Developer.
(2) Amounts shown reflect the projected Fiscal Year 2020-21 Special Taxes to be levied on all properties within the District planned for residential construction, if developed at the building square footage sizes provided by the Developer at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.
Source: Cooperative Strategies, LLC.

TABLE 7C
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE
CORONA-NORCO UNIFIED SCHOOL DISTRICT
PROJECTED ASSIGNED SPECIAL TAXES FOR FISCAL YEAR 2020-21
BY OWNERSHIP

Property Ownership[1]	Permitted Status[2]	Currently Owned Lots	Projected Fiscal Year 2020-21 Annual Special Taxes[3]	Percent of Total
Individual Homeowners	Permitted	108	$184,000.00	72.96%
LCG Harrington	Permitted	40	$68,200.00	27.04%
TOTAL	**NA**	**148**	**$252,200.00**	**100.00%**

(1) Ownership is as of May 1, 2020 and based on information provided by the Developer.
(2) Permitted status is based on information provided by the City.
(3) Amounts shown reflect the projected Fiscal Year 2020-21 Special Taxes to be levied on all properties within the District planned for residential construction, if developed at the building square footage sizes provided by the Developer at the time of issuance of the Bonds. These amounts are provided to illustrate the expected classification of the units remaining to be built and are not intended to represent the actual Special Tax levy.
Source: Cooperative Strategies, LLC.

Expected Tax Burden

Table 8 below sets forth Fiscal Year 2019-20 overall tax rates based on the median effective tax rate for an attached townhome unit within the District. Table 8 sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Actual amounts charged may vary or increase in future Fiscal Years. The median effective tax rate for an attached townhome unit within the District for Fiscal Year 2019-20 was approximately 1.75% of the assessed value.

TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
SAMPLE TAX BILL
TAX YEAR 2019-20

Appraised Valuations and Property Taxes			
Total Appraised Value	$403,680.00		
Homeowner's Exemption	($7,000.00)		
Taxable Value [(1)]	$396,680.00		
Ad Valorem Property Taxes		**Percent of Total AV**	**Amount**
General Purposes		1.00000%	$3,966.80
Ad Valorem Tax Overrides			
Corona-Norco Unified District Debt Service		0.09387%	$372.36
Metropolitan Water District of Southern California Debt Service		0.00350%	$13.88
Riverside Community College District Debt Service		0.01476%	$58.55
Total Ad Valorem Property Taxes		**1.11213%**	**$4,411.60**
Assessments, Special Taxes and Parcel Charges			
City of Corona CFD No. 2016-1			$402.70
City of Corona CFD No. 2016-3, Zone 2			$392.22
Metropolitan Water District of Southern California Standby Charge (West)			$9.22
Corona-Norco Unified School District Community Facilities District No. 17-1			**$1,725.00**
Total Assessments, Special Taxes and Parcel Charges			**$2,529.14**
Total Property Taxes			**$6,940.74**
Total Effective Tax Rate			**1.75%**

(1) Appraised valuation for a Multi-Family Attached Unit containing 1,682 building square feet, selected to represent the median effective tax rate for a Multi-Family Attached Unit within the District.

Source: Cooperative Strategies, LLC.

Delinquency History

For each Fiscal Year, the first installment of the Special Taxes becomes due on December 10 and the second installment becomes due on April 10. Special Taxes were first levied in Fiscal Year 2018-19. Table 9 below summarizes the annual secured tax levies within the District and amounts delinquent for Fiscal Years 2018-19 and 2019-20. Future delinquencies could increase as a result of factors such as changes in the local or national economy, increases in the mortgage rates and/or increases in the unemployment rate in the area. See "SPECIAL RISK FACTORS – Special Tax Delinquencies."

TABLE 9
COMMUNITY FACILITIES DISTRICT NO. 17-1
OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
SPECIAL TAX LEVY COLLECTIONS AND DELINQUENCIES

Fiscal Year Ending June 30	Aggregate Special Tax	Total Special Taxes Collected	Parcels Levied	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate
2019[(1)]	$81,675.00	$81,675.00	48	0	$0.00	0.00%
2020[(2)]	$156,650.00	$153,275.00	92	1	$862.50	0.55%

(1) Delinquency information for Fiscal Year 2018/2019 is as of October 9, 2019 due to the delayed availability of tax information from the County of Riverside.
(2) The Aggregate Special Tax for Fiscal Year 2019-20 is $156,650. Amounts shown reflect delinquency information as confirmed by Cooperative Strategies, LLC with the County of Riverside on July 20, 2020. One (1) parcel remains delinquent in the payment of the Fiscal Year 2019-20 Special Taxes and this remaining delinquent parcel is owned by an individual homeowner, as confirmed by Cooperative Strategies.
Source: Cooperative Strategies, LLC.

Largest Taxpayers

Cooperative Strategies, LLC, as Special Tax Consultant to the District, reports that, based on ownership information obtained from the County Tax Assessor, for the Fiscal Year 2019-20 levy, other than the Developer, there are no individuals to whom there is attributed ownership in more than one taxable Assessor's Parcel. The preceding is based on ownership information provided by the County Tax Assessor, and neither the District nor the School District can make any representation as to whether individual persons, corporations or other organizations are liable for Special Tax payments in connection with multiple properties held in various names that in the aggregate may be larger than what is suggested by the preceding information.

OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT

Representatives of the Developer have provided the information in this section regarding the Developer and its development in the District. Neither the Underwriter, the School District nor the District has independently confirmed or verified the information in this section of the Official Statement nor does any such party make any representation as to accuracy or adequacy of this information. Further, there may be material adverse changes in this information after the date of this Official Statement.

The information in this section of the Official Statement regarding ownership of certain taxable property in the District has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to the Developer should not be construed to suggest that the Bonds, or the Special Taxes that will be used to pay the Bonds, are recourse obligations of the Developer or any other property owner in the District. A property owner may sell or otherwise dispose of land within the District or a development or any interest therein at any time.

The Bonds and the Special Taxes are not personal obligations of the Developer or any other current or subsequent property owners and, in the event that the Developer or any other current or subsequent property owner defaults in the payment of the Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of the Developer or any other current or subsequent property owner. As a result, other than as provided in the Official Statement, no financial statements or information is, or will be, provided about the Developer or any other current or subsequent property owner. The Bonds are secured solely by the Special Taxes and other amounts pledged under the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS."

The Developer

References herein to the "Developer" or "LCG Harrington" refer to LCG Harrington, LLC, a Delaware limited liability company. LCG Harrington has two members, Harrington Village, LLC, a California limited liability company ("Harrington Village") and Guardian Investment Capital, LLC, a California limited liability company ("Guardian Capital"). Harrington Village is the manager of LCG Harrington.

Harrington Village has four members and is managed by two individuals, Mr. Jeffrey L. Holbrook and Mr. Stephen H. Hinckley. Mr. Holbrook, with over 35 years of experience as a real estate investor, developer and builder, is a founder and the Chief Operating Officer of LandCap Investment Partners, LLC, a Delaware limited liability company and real estate investment firm ("LandCap"). Mr. Hinckley, with over 40 years of experience in the real estate industry as an entrepreneur, mortgage banker and investor, is the Chief Executive Officer of LandCap. Founded in 2010, LandCap started as a real estate investment firm focused on distressed land and redevelopment of mixed use assets. Since its founding, LandCap has made 19 acquisitions and has successfully exited multiple projects through a proactive approach focusing on entitlement, re-entitlement and development. LandCap has also expanded into investing and managing income properties including in-fill residential, mixed-use, commercial and retail.

Guardian Capital is a privately-held commercial real estate investment firm established in 2009, specializing in joint-venture partnerships, private equity capital and independent real estate development.

The Development Plan

The District consists of 10 acres, 8.3 acres of which is being developed into a single neighborhood marketed as "Boardwalk Townhomes." As of May 1, 2020, the value date of the Appraisal Report, ownership of the property consisted of 126 completed townhomes, including 108 townhomes closed to individual homeowners and 2 homes owned by LCG Harrington, 16 townhomes in escrow, 15 under construction and 7 finished lots without any home construction thereon. It should be noted that homes under contract may not result in closed escrows as sales contracts are subject to cancellation. The table below details the proposed and completed development by LCG Harrington. Between May 1, 2020 and July 15, 2020 an additional three townhomes closed to individual homeowners, resulting in a total of 111 closed townhomes as of July 15, 2020, and building permits were issued and home construction had commenced for the final seven homes.

The following table summarizes the development status of the 148 Boardwalk townhomes proposed to be constructed within the District as of July 15, 2020:

COMMUNITY FACILITIES DISTRICT NO. 17-1
OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
DEVELOPMENT STATUS – BOARDWALK TOWNHOMES
(AS OF JULY 15, 2020)

Plan No.	Estimated Square Feet	Total Units	Units Closed	Completed and in Escrow(1)(2)	Completed and Unsold(1)	Units Under Construction and in Escrow(2)	Units Under Construction and Unsold	Finished Lots	Estimated Base Sales Price(3)
1	1,555	48	37	3	2	4	2	0	$405,990
2A	1,588	28	20	3	1	3	1	0	407,990
2B/2C	1,628	20	17	1	0	1	1	0	415,990
3A/3B	1,682	52	37	3	2	9	1	0	429,990
Total		**148**	**111**	**10**	**5**	**17**	**5**	**0**	

(1) Includes models and sales office.
(2) Homes under contract may not result in closed escrows as sales contracts are subject to cancellation.
(3) Base sales prices are as of July 15, 2020. Base sales prices are subject to change and exclude upgrades, options, and premiums, as well as incentives. There can be no assurance that actual base sales prices of the remaining homes will not be less than the base sales prices set forth above.

Source: LCG Harrington.

LCG Harrington acquired property in the District in three separate transactions that closed in 2013, 2014 and 2017. LCG Harrington began construction in the District in 2017 and has obtained building permits for all 148 units within the District.

Environmental Review. LCG Harrington believes that all environmental approvals from regulatory agencies required to complete the development within the District have been obtained and that all appeal periods with respect to such approvals have expired.

Subdivision Map Status. Tract Map No. 36427, which governs all property in the District, was recorded with the County of Riverside on November 29, 2017 as instrument number 2017-0500418.

Infrastructure and Entitlements. All of the publicly owned infrastructure improvements serving the property have been completed. All discretionary entitlements are in place, and LCG Harrington is not aware of any additional discretionary entitlements required to continue with development of its property in the District.

COVID-19 Pandemic. The spread of the novel strain of coronavirus called COVID-19 is having significant negative impacts throughout the world, including in the County. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by, among other jurisdictions, the County of Riverside, State of California and the United States. The purpose behind these declarations is to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for, and/or seek to prevent, a wider spread of the virus.

The County has closed or may in the future close certain non-essential functions in response to the COVID-19 concerns, and has taken or may take other precautionary measures or institute additional restrictions intended to limit the spread of COVID-19. Other public agencies serving the property and residents within the District may take similar actions. Such actions may limit LCG Harrington's ability to complete its planned development in the time period and within cost estimates described in this Official Statement.

With housing construction considered an essential function in the jurisdiction, LCG Harrington has largely continued, with certain modifications, its home construction and sales activities in the District since the County and State stay home orders were issued in March 2020. That is, LCG Harrington has been able to sell, complete, obtain inspections for and close townhomes during such period, and intends to continue its operations to the extent permitted. LCG Harrington has also taken steps at its model home/sales office site and jobsite to limit the spread of the COVID-19 outbreak, including the institution of mandatory social distancing, face coverings and hygiene/sanitation guidelines in accordance with recommended protocols. Additionally, effective March 16, 2020, LCG Harrington's on-site sales office for its Boardwalk Townhomes remained open, but by in person and virtual appointment only. In response to a resurgence of COVID-19 or orders by applicable governmental authorities, the Developer may experience further negative impacts on its business and operations.

The COVID-19 outbreak is ongoing and, among other things, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to address its impact are uncertain. The ultimate impact of COVID-19 on the District, LCG Harrington's operations and financial condition, homebuyers' willingness and ability to pay Special Taxes when due, and the real estate market and United States economy in general is unknown. See also "SPECIAL RISK FACTORS — COVID-19 (Coronavirus) Pandemic."

Financing Plan

As of May 1, 2020, LCG Harrington had expended approximately $4.4 million in acquiring its land within the District, approximately $29.4 million in construction and onsite improvement costs, and approximately $12.9 million in other development, fees, marketing, sales and miscellaneous costs, for a total of $46.7 million in costs related to its Boardwalk Townhomes project in the District. LCG Harrington expects to spend approximately an additional $4 million to complete its remaining development within the District, as further detailed below.

In connection with the project, LCG Harrington obtained a revolving construction loan from First Bank, a Missouri state chartered bank on February 1, 2017 (the "Construction Loan"). The Construction Loan was initially secured by a Site Development Promissory Note, with a not-to-exceed amount of $7,125,000, and a Revolving Construction Promissory Note with a not-to-exceed amount of $6,000,000. Disbursements under the Construction Loan bear interest at a floating interest rate based on the London Inter-Bank Offered Rates. The terms of the Construction Loan limit the amount LCG Harrington may borrow or have outstanding at any particular time. All draws on the Construction Loan are secured by the lots owned by LCG Harrington within the District and are required to be repaid from the proceeds of closed sales of units within the development as they occur. As of May 1, 2020, there was no balance owed under the Construction Loan. However, the Developer may make additional draws on the Construction Loan through the final completion of development, such that amounts owed under the Construction Loan at any one time will vary.

LCG Harrington expects to finance the remaining costs to complete the project in the District from townhome sales revenues (including repayments of any further draws on the Construction Loan), cash on hand or internal funding. LCG Harrington believes that it will have sufficient funds available to complete its proposed development in the District as described in this Official Statement.

Community Facilities District No. 17-1
of the Corona-Norco Unified School District
Cash Flow as of May 1, 2020

	Total Budget	Actuals Through May 1	Projected Through Build-Out
Sources of Funds			
Sales of Units[(1)]	$59,865,794	$43,530,044	$16,335,750
Estimated Bond Proceeds	2,572,750	--	2,572,750
Cost of Sales	(3,735,049)	(2,825,327)	(909,722)
Total Sources of Funds	**58,703,495**	**40,704,717**	**17,998,778**
Uses of Funds			
Land	4,412,402	4,412,402	0
Architecture/Engineering	1,595,328	1,522,350	72,977
Building Cost	19,858,453	17,881,679	1,976,774
Offsite Costs	9,240,940	8,073,967	1,166,973
Overhead	2,091,983	1,903,796	188,187
Fees and Permits	8,757,236	8,651,451	105,785
Service and Warranty	5,000	830	4,170
Field Expenses	116,373	90,325	26,048
Selling and Marketing	1,851,972	1,677,300	174,672
General and Administrative	55,392	39,997	15,395
Property Taxes & Other	1,184,596	960,408	224,188
Loan Fees	1,591,910	1,519,370	72,540
Total Uses of Funds	**50,761,585**	**46,733,874**	**4,027,711**
NET CASH FLOW	**$7,941,910**	**$(6,029,157)**	**$13,971,067**

(1) Through May 1, 2020, the Developer had made draws on the Construction Loan which, with interest thereon, had been repaid from home sales in an amount equal to $38,589,609.09.

Source: LCG Harrington.

Notwithstanding the belief of LCG Harrington that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to LCG Harrington will be sufficient to complete the property development and home construction as currently anticipated. While LCG Harrington has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither LCG Harrington nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of LCG Harrington to provide internal financing in the past, LCG Harrington has not represented in any way that it will do so in the future. If and to the extent that financing and home sales revenues are inadequate to pay the costs to complete LCG Harrington' planned development in the District and other financing by LCG Harrington is not put into place, there could be a shortfall in the funds required to complete the proposed development by LCG Harrington and portions of the project may not be developed.

History of Property Tax Payments; Loan Defaults; Litigation

Among other things the Developer has represented to the District in a Letter of Representations (the "Developer Letter of Representations") as follows:

1. Except as described in this Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Relevant Entities (as defined below), that are secured by an interest in the Property. To the Actual Knowledge (as defined below) of the Developer, neither

the Developer nor any of its Relevant Entities is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Official Statement or to pay the Special Taxes prior to delinquency with respect to the Property (to the extent the responsibility of the Developer).

2. Except as set forth in this Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body (i) is pending against the Developer (with proper service of process to the Developer having been accomplished), (ii) to the Actual Knowledge of the Developer, is pending against any current Relevant Entity (with proper service of process to such Relevant Entity having been accomplished), or (iii) to the Actual Knowledge of the Developer is threatened in writing against the Developer or any such Relevant Entity which if successful, is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in this Official Statement or to pay the Special Tax or *ad valorem* tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

3. To the Actual Knowledge of the Developer, during the last five years, neither the Developer nor any Relevant Entity (during its period of ownership) has been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property in California owned by the Developer or by any such Relevant Entity (during the period of its ownership) included within the boundaries of a community facilities district or an assessment district that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being filed in a court of law against the delinquent Developer or Relevant Entity.

4. To the Actual Knowledge of the Developer, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Developer, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

As used in the above representations of the Developer, the following defined terms and phrases have the following meanings:

"Relevant Entity" means, with respect to the Developer (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the District and investment decision regarding the Bonds (i.e., information regarding such Person's assets or funds that would materially affect the Developer's ability to develop the Property as described in the Official Statement or to pay its Special Taxes on the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency).

"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. The term "control" (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the Developer, whether through the ownership of voting securities, by contract or otherwise

"Actual Knowledge of the Developer" means, as of the date of signing, the knowledge that the individual signing on behalf of the Developer currently has or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Relevant Entities as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in the Developer Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in the Developer Letter of Representations. The individual signing the Developer Letter of Representations has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's current business and operations. The individual signing the Developer Letter of Representations has not contacted any individuals who are no longer employed by or associated with the Developer or its Relevant Entities.

"Property" means taxable property within the District held in the name of the Developer.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks that are not appropriate investments for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not received a rating from any rating agency. 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 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District and the value of the Bonds in the secondary market. See "– Insufficiency of Special Taxes," "—Property Values" and "– Limited Secondary Market." Finally, the following risk factors are not presented in an order reflective of their relative importance to purchasers of the Bonds

Risks of Real Estate Secured Investments Generally

The Bond owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires, outbreaks of disease, floods, drought, windstorms, and outbreaks of disease), which may result in uninsured losses, and (iv) increased delinquencies due to rising mortgage costs and other factors.

No assurance can be given that any individual homeowners within the District or the Developer will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See "—Bankruptcy and Foreclosure" below, for a discussion of certain limitations on the School District's ability to pursue judicial proceedings with respect to delinquent parcels.

Extraordinary Redemption from Prepaid Special Taxes

Redemption of the Bonds from prepaid Special Taxes could be made by any of the owners of any of the property within the District including the Developer, or any individual owner; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds.

Concentration of Ownership

The levy of Special Taxes on additional lots for which building permits are issued would subject the lots for which building permits were issued to the levy of Special Taxes at a time when these lots were owned by the Developer. The inability of the Developer to build and sell townhomes on the lots that it owns could lessen its incentive to pay Special Taxes that are levied on those lots. The Developer has represented to the District that it is not delinquent in the payment of any installment of *ad valorem* property taxes that were levied on the land that it owns in the District.

Until the construction and sale of the remaining townhomes within the District to individual homeowners, the receipt of the Special Taxes is dependent in part on the willingness and the ability of the Developer to pay the Special Taxes when due. Failure of the Developer, or any successor(s), to pay the annual Special Taxes when due could result in a draw on the Reserve Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the Developer, or its successors, will complete the remaining intended construction and development in the District. See "— Failure to Develop Properties."

No assurance can be given that individual homeowners, the Developer, or its successors, will pay Special Taxes in the future or that Special Taxes will be paid on a timely basis. See "— Bankruptcy and Foreclosure" for a discussion of certain limitations on the School District's ability to pursue judicial proceedings with respect to delinquent parcels. See also "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes." and "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT"

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the School District. Except with respect to the Special Taxes, neither the faith and credit nor the taxing power of the District or the School District is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no owner of the Bonds may compel the exercise of any taxing power by the District or the School District or force the forfeiture of any School District or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the School District or a legal or equitable pledge, charge, lien or encumbrance upon any of the School District's or the District's property or upon any of the School District's or the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the District will generally be based on whether the parcel is Undeveloped Property or Developed Property and the land use class to which a parcel of Developed Property is assigned based on the size thereof. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—Rate and Method of Apportionment of Special Tax" and APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

In connection with the issuance of the Bonds, Cooperative Strategies, LLC, the District's Special Tax Consultant, will certify that the Maximum Special Tax that may be levied on Assessor's Parcels of Developed Property within the District will be at least equal to 110% of maximum annual debt service on the Bonds, plus the Administrative Expenses Cap. Additionally, if necessary due to delinquencies, extraordinary Administrative Expenses or otherwise, Special Taxes up to the maximum Special Taxes as permitted by the Rate and Method and the Resolution of Formation. See "SOURCES OF PAYMENT FOR THE BONDS – Special Taxes – Rate and Method of Apportionment of Special Tax." Notwithstanding that the maximum Special Taxes that may be levied in the District exceeds debt service due on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation as permitted in the Rate and Method.

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time in an amount sufficient to pay the principal of and interest on the Bonds when due, the only other source of funds available to pay the debt service on the Bonds would be amounts in the Reserve Account of the Special Tax Fund held under the Indenture. The District will establish and fund upon the issuance of the Bonds the Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund." The District will covenant to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in the District in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method and may not increase the levy on any parcel for which an occupancy permit for private residential use has been issued as a consequence of a delinquency or default in payment by the Owner of another parcel by more than 10% above the amount that would have been levied had there been no delinquency or default. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Limitations on Special Tax Levy and Potential Impact on Coverage*." As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur.

The District will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*" for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Account of the Special Tax Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See "—Bankruptcy and Foreclosure" for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax only provides for the levy of the Special Tax on certain property located in the District. No Special Tax shall be levied on property within the District that is exempt property as described in the Rate and Method. See APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Act 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 will 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 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. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

In response to the COVID-19 pandemic, the County has announced that penalties and interest will accrue if the second installment of property taxes were not paid by the April 10, 2020 delinquency date. However, the County has also announced that taxpayers who are impacted directly by COVID-19 may make a cancellation of penalty request to the County Tax Collector by submitting payment of the base tax amount, documentation supporting the request and a specified cancellation of penalty request form by June 30, 2020. See "—COVID-19 (Coronavirus) Pandemic" herein.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (defined previously as the "Executive Order"), waiving penalties and interest on taxes on property on the secured or unsecured roll through May 6, 2021 under certain conditions, including: (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form prescribed by the tax collector, and (iv) the taxpayer demonstrates economic hardship to the satisfaction of the tax collector. The Executive Order may have an effect on the collection of penalties and interest on delinquent Special Taxes and may otherwise affect a property owner's willingness to pay Special Taxes when due. See "—COVID-19 (Coronavirus) Pandemic."

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developer or any property owner to pay the Special Taxes when due. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development of land in the District is also subject to the availability of water. Finally, development of land is subject to economic considerations. No assurance can be given that the remaining proposed residential development will be partially or fully completed; and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bond owners should it be necessary for the School District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development of the required infrastructure for development in the District as planned, or substantial delays in the completion of the development or the required infrastructure for the development due to litigation or other causes may reduce the value of the property within the District and increase the length of time during which Special Taxes would be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Taxes when due.

There can be no assurance that land development operations within the District will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Bondowners should assume that any event that significantly impacts the ability to develop the remaining townhomes within the District as planned would cause the property values within the District to decrease substantially from those estimated in the Appraisal Report and could affect the willingness and ability of the Developer, or any successor thereto, to pay the Special Taxes when due.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, droughts or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. According to the County, the property within the District is not located in an Alquist Priolo Earthquake Study Zone. The District is approximately four miles east of the Chino earthquake fault, which is an upper branch of the Elsinor Fault Zone, and is the closest major fault zone to the District. Property within the District does not lie within a designated flood zone.

In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can lead to the destruction of homes. While the District is not aware of any particular risk of wildfire within the District, there can be no assurances that wildfires won’t occur within the District. Property damage due to wildfire could result in a significant decrease in the market value of property in District and in the ability or willingness of property owners to pay Special Taxes when due.

In the event of a severe earthquake, fire, flood, drought, outbreak of disease or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, the Developer or a substantial portion of the individual property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

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 the 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 such substance. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

The value of the taxable property within the District, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The Developer has represented to the District that it is not aware of any hazardous substance condition of the property within the District other than as mentioned in the previous paragraph or in this Official Statement. The District has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within the District has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

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

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the property owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires, outbreaks of disease, floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT—Appraised Value-to-Lien Ratios."

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in Appraisal Report that as of May 1, 2020, the market value of the Taxable Property within the District was approximately $50,915,327. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX B—"APPRAISAL REPORT." The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within the District, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of minimum market value, the Appraiser assumes that any property will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX B—"APPRAISAL REPORT" for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the property within the District from that estimated by the Appraiser.

The actual market value of the property is subject to future events such as a downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the District which is the security for the Bonds. As discussed herein, many factors could adversely affect property values within the District.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—*Commence Foreclosure Proceedings*."

Parity Taxes and Special Assessments

Property within the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within the District. See "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness" and "—Special Tax Rates."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies, and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "—Bankruptcy and Foreclosure."

Neither the District nor the School District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* property taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* property taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within the District described herein. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness" and "—Appraised Value-to-Lien Ratios."

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The School District has caused a Notice of Special Tax Lien to be recorded in the Office of the Recorder for the County against each parcel. 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 a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a special tax under the Act 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 the above 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.

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 Bonds are derived, will be billed to the properties within the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County Tax Collector. 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.

Moreover, the District does not participate in the County's Teeter Plan. See "SOURCES OF PAYMENT FOR THE BONDS – No Teeter Plan."

See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTIES—Covenants—*Commence Foreclosure Proceedings*" for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See "—Bankruptcy and Foreclosure" for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District's ability to foreclosure on the lien of the Special Taxes in certain circumstances.

Pursuant to Section 53321(d) of the Government Code, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor Parcel(s) within the District by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. As a result, in the event of Special Tax delinquencies or defaults, it is possible that the District may not be able to levy the necessary amount of Special Taxes to cover debt service in a given year. However, subject to the limitations on the District's ability to levy the necessary amount of Special Taxes as imposed by Section 53321(d) of the Government Code, the District can levy Special Taxes on Undeveloped Property to make-up all or a portion of any shortfall in the Special Tax levy.

FDIC/Federal Government Interests in Properties

The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution: "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, anything in the Constitution or Laws of any State to the contrary notwithstanding." 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. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property 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 District 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. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "—Insufficiency of Special Taxes."

The District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Bankruptcy and Foreclosure

The collection of the Special Taxes and the ability of the School District to foreclose the lien of a delinquent Special Tax payment may be limited by bankruptcy, reorganization, insolvency, or other similar laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS – Special Taxes—*Proceeds of Foreclosure Sales*." In addition, the prosecution of a foreclosure could be delayed due to crowded local court calendars or legal delaying tactics. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by references to moratorium, bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the lien of Special Taxes to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner could result in a stay of enforcement of the lien for the Special Taxes, a delay in prosecuting superior court foreclosure proceedings, or adversely affect the ability or willingness of a property owner to pay the Special Taxes, and could result in the possibility of delinquent Special Taxes not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the applicable property was 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 Taxes, 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 Bonds. Moreover, amounts received upon foreclosure sales may not be sufficient to fully discharge the related delinquent Special Taxes. Further, no assurance can be provided that foreclosed properties will actually be purchased by a third party. To the extent that a significant percentage of the taxable property in the District is the subject of bankruptcy proceedings, the payment of the Special Taxes and the ability of the School District to foreclose the lien of delinquent Special Taxes could be extremely curtailed by bankruptcy, insolvency, or other laws generally affecting creditors' rights, or by the laws of the State relating to judicial foreclosure.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued an opinion in a bankruptcy case entitled *In re Glasply Marine Industries*, holding that *ad valorem* property taxes levied by a county in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over the claims of a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed subsequent to the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after the claims of all secured creditors. As a result, the secured creditor was able to foreclose on the subject property and retain all the proceeds from the sale thereof except the amount of the pre-petition taxes. Pursuant to this holding, post-petition taxes would be paid only as administrative expenses and only if a bankruptcy estate has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would be subject only to current *ad valorem* property taxes (*i.e.*, not those accruing during the bankruptcy proceeding).

The *Glasply* decision is controlling precedent in bankruptcy court in the State. If *Glasply* were held to be applicable to the Special Taxes, a bankruptcy petition filing would prevent the lien for Special Taxes levied in subsequent Fiscal Years from attaching so long as the property was part of the estate in bankruptcy, which could reduce the amount of Special Taxes available to pay debt service on the Bonds. However, *Glasply* speaks as to *ad valorem* property taxes, and not special taxes, and no case law exists with respect to how a bankruptcy court would treat a lien for special taxes levied after the filing of a petition for bankruptcy.

It should also be noted that on October 22, 1994, Congress enacted 11 U.S.C. §362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Under this law, if a bankruptcy petition is filed on or after October 22, 1994, the lien for *ad valorem* property taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S.C. §362(b)(18) on the Special Taxes also depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* property taxes for this purpose.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the District, such funds may be invested in the name of the School District or the District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under

Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Bondowners do not have a valid and/or prior lien on the Special Taxes or debt service payments where such amounts are deposited in the County investment pool and may not provide the Bondowners with a priority interest in such amounts. In that circumstance, unless the Bondowners could "trace" the funds that have been deposited in the County investment pool, the Bondowners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bondowners could successfully so trace the Special Taxes or debt service payments.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—EVENTS OF DEFAULT; REMEDIES—Limitations on Rights and Remedies of Owners."

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, also known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "Tax Act"). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District. However, the District cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of townhomes in the District, the rate at which such townhomes are sold to end users by the Developer, or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Current or future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 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. Legislative changes have been proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of the pending or future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the 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.

It is possible that subsequent to the issuance of the Bonds there might be federal, State, or local statutory changes (or judicial or regulatory interpretations of federal, State, or local law) that affect the federal, State, or local tax treatment of the Bonds or the market value of the Bonds. Legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur. Before purchasing any of the Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Bonds. See "TAX MATTERS" below.

IRS Audit of Tax-Exempt Municipal Obligations

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

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See "CONTINUING DISCLOSURE." Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of 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.

Cybersecurity

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurance can be given that the School District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the School District or the District. The School District is also reliant on other entities and service providers, such as the County Treasurer for the levy and collection of Special Taxes securing payment of the Bonds, the Trustee in its role as paying agent or the Dissemination Agent in connection with compliance by the School District and the District with their respective continuing disclosure undertakings. No assurance can be given that the School District or the District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Bondowners, e.g., systems related to the timeliness of payments to Bondowners or compliance with disclosure filings pursuant to the District Continuing Disclosure Agreement.

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII

C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the School Board acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, as described in "SOURCES OF PAYMENT FOR THE BONDS – Special Taxes – *Collection of Special Taxes*," to the maximum extent permitted by law, the District will covenant in the Indenture that it will not initiate proceedings to reduce the maximum Special Tax rates on parcel of Developed Property within the District, unless, in connection therewith, the District satisfied certain conditions set forth in the Indenture. Notwithstanding the foregoing, the District may modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amount necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to 110% of the Maximum Annual Debt Service on the Bonds Outstanding as of the date of such amendment.

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in City of San Diego v. Melvin Shapiro, et al. (D063997) (the "San Diego Decision"). The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego ("San Diego"). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD comprises of all of the real property within San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

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

The facts of the San Diego Decision show that there were thousands of registered voters within the CCFD (viz., all of the registered voters in San Diego). The election held in the District had no registered voters within the District at the time of the election to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds.

Landowners within the District approved the applicable Special Tax and the issuance of bonds on January 9, 2018. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

The interpretation and application of Article XIII C and Article XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "SPECIAL RISK FACTORS – Limitations on Remedies."

COVID-19 (Coronavirus) Pandemic

The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") is having significant negative impacts throughout the world, including in the County and the State. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the County, State and the United States. The purposes behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. There have been confirmed cases of COVID-19 in the County, and confirmed cases of COVID-19 are growing throughout the State and health officials are expecting the number of confirmed cases to continue to grow. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

In response to the outbreak of COVID-19, the California State Public Health Officer and Director of the California Department of Public Health has ordered all individuals living in the State of California to stay home or at their place of residence ("Stay Home Order"), except as needed to maintain continuity of operation of the critical infrastructure sectors, critical government services, schools, and construction, including housing construction. Because housing construction is currently considered an essential function, the Developer has continued its construction activities in the District during the Stay Home Order period. However, the impact of COVID-19 and the Stay Home Order is likely to evolve over time, which could adversely impact the development of the project, including, but not limited to, one or more of the following ways: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction where one or more members of the workforce becomes infected with COVID-19; (iv) continued extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession; (vii) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus to counteract the economic impact of the pandemic; (viii) delays in sales or fewer sales due to lower traffic at model home complexes and real estate offices; and (ix) delays in sales, or cancellations, due to mortgage lending issues. Neither the District nor the Developer can predict the ultimate effects of the COVID-19 outbreak or whether any such effects would have a material adverse effect on the ability to develop the project as planned. See also "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT."

Moreover, six Northern California counties announced on March 31, 2020 that most construction, including residential construction which is not affordable housing, would be temporarily halted to combat the spread of the coronavirus; however, these six counties have announced that effective May 4, 2020 residential construction projects that follow certain safety protocols may proceed. In the event Southern California counties, including the County, impose similar temporary residential construction restrictions, such restrictions could have a material adverse effect on the ability of the Developer to complete its project within the District. However, with housing construction currently considered an essential function in the County, the Developer has largely continued, with certain modifications, its home construction and sales activities in the District since the County and State stay home orders was issued in March 2020.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate adverse impact of COVID-19 on the operations and finances of the School District, the District or the Developer, homebuyers' willingness and ability to pay Special Taxes when due, and the real estate market in general is unknown.

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the School District, or local districts to increase revenues or to increase appropriations or on the ability of the Developer to complete the remaining proposed development within the District.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

CONTINUING DISCLOSURE

Current Undertaking

Pursuant to the District Continuing Disclosure Agreement, the District will agree to provide, or cause to be provided, to the MSRB through its EMMA website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule"), certain annual financial information and operating data concerning the District and notices of certain events. The District Reports are to be filed not later than March 1 immediately following the end of the District's Fiscal Year, commencing March 1, 2021. The District does not currently prepare audited financial statements and does not anticipate doing so in the future. As such, the District Reports will include the audited financial statements of the School District. The full text of the District Continuing Disclosure Agreement is set forth in APPENDIX F—"FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT."

Notwithstanding any provision of the Indenture, failure of the District to comply with the District Continuing Disclosure Agreement shall not be an event of default under the Indenture. However, any Owner or Beneficial Owner of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the District Continuing Disclosure Agreement.

To provide updated information with respect to the development within the District, the Developer will execute the Developer Continuing Disclosure Certificate, pursuant to which the Developer will covenant to provide semiannual reports until satisfaction of certain conditions set forth therein. Such periodic reports will contain updates regarding the Developer's development within the District, as provided in Section 4 of the Developer Continuing Disclosure Certificate attached as Appendix G. In addition to the periodic reports, the Developer will agree to provide notices of certain events set forth in the Developer Continuing Disclosure Certificate. The full text of the Developer Continuing Disclosure Certificate is set forth in Appendix G.

Prior Undertakings of the School District and Certain Related Entities

The District has not entered into any prior continuing disclosure obligations. The District has conducted a review of the compliance of the School District, as well as of other community facilities districts and a joint power authority formed by the School District (collectively, the "School District Entities"), with their respective previous continuing disclosure undertakings pursuant to the Rule. This review has concluded that, within the past five years

(i) Community Facilities District No. 06-2 of the Corona-Norco Unified School District failed to file in a timely manner the annual report for Fiscal Year 2015-16 required in connection with its Series 2013 Special Tax Bonds;

(ii) The Corona-Norco Unified School District Public Financing Authority failed to file in a timely manner a portion of the annual report for Fiscal Year 2014-15 required in connection with its Special Tax Revenue Refunding Bonds, 2013 Series A and 2013 Series B;

(iii) The School District Entities failed to file in a timely manner certain notices of listed events; and

(iv) The School District failed to file a portion of the annual report for Fiscal Year 2017-18 required in connection with certain of the School District's outstanding general obligation bonds.

In order to ensure ongoing compliance by the District with its continuing disclosure undertakings, (i) the School District has adopted procedures assigning a single School District staff member the primary responsibility to monitor compliance; and (ii) the School District has contracted with a consultant to assist in filing accurate, complete and timely disclosure reports on behalf of the District.

Prior Undertakings of the Developer

The Developer has represented to the District that it has not previously entered into a contractual undertaking to provide reports or notices of listed events pursuant to the Rule.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owners of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the School District and others and is subject to the condition that the School District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Internal Revenue Code of 1986, as amended (the "Code") might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District will covenant to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the School District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

LEGAL MATTERS

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as Appendix C hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the School District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, for the School District and the District by Parker & Covert, Tustin, California, for the Underwriter by the James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, as counsel to the Underwriter, and for the Trustee by its counsel. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the School District nor the District is aware of any litigation pending or threatened which questions the existence of the District or the School District or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

PENDING INVESTIGATION REGARDING THE SCHOOL DISTRICT

In August, 2017, the School District was informed by the Riverside County Sheriff's Department (the "County Sheriff") that it had initiated an investigation of allegations made by School District employees regarding the possible misappropriation of School District facility funds by a now former School District employee (the "Former Employee"). The County Sheriff's investigation is ongoing, and the School District has no information regarding their findings or the expected completion date of the investigation.

In addition to the County Sheriff's investigation, the School District requested that the Riverside County Office of Education conduct an independent audit of the School District's facilities department and all funds which had been under the supervision and control of the Former Employee. The audit, which was issued in November of 2019, concluded that fraud, misappropriation or other illegal activities may have occurred in connection with School District construction funds paid to a single School District contractor. The audit did not make any finding that School District operating funds were implicated in the activities reviewed by the audit. The full audit is available at www.fcmat.org, however the information presented on such website is not incorporated herein by any reference.

The Former Employee was placed on administrative leave immediately after the School District learned of the County Sheriff's investigation, and several days thereafter the Former Employee resigned from employment with the School District.

The School District does not have information indicating the exact amount or source of funds which may have been diverted by the Former Employee. Management of the former facilities department is now the responsibility of the Assistant Superintendent of Business Services of the School District.

NO RATING

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

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of $____________, being $____________ aggregate principal amount thereof, [plus/less] net original issue [premium/discount] of $____________ and less Underwriter's discount of $____________). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor to the School District, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser and to the Special Tax Consultant are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Municipal Advisor and the Underwriter on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the Superintendent of the School District has been duly authorized by the Board of Education acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 17-1 OF
THE CORONA-NORCO UNIFIED SCHOOL DISTRICT

By:____

Michael H. Lin, Ed.D.
Superintendent of the Corona-Norco Unified School District, acting on behalf of the legislative body of Community Facilities District No. 17-1 of the Corona-Norco Unified School District

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 17-1
CORONA-NORCO UNIFIED SCHOOL DISTRICT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 17-1 of the Corona-Norco Unified School District ("CFD No. 17-1") and collected each Fiscal Year, in an amount determined by the Board of Education of the Corona-Norco Unified School District (the "Board") through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," "Taxable Association Property," and "Taxable Public Property" as described below. All of the real property within CFD No. 17-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on the 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, lot line adjustment, condominium plan, or other recorded parcel map.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 17-1 the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District, CFD No. 17-1, or a designee thereof); the costs of collecting the Special Taxes (whether by the School District or otherwise); the costs of remitting the Special Taxes to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 17-1 or any designee thereof to comply with arbitrage rebate requirements; the costs to the School District, CFD No. 17-1 or any designee thereof to comply with School District, CFD No. 17-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; and the costs of the School District, CFD No. 17-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account. Administrative Expenses shall also include amounts advanced by the School District or CFD No. 17-1 for any other administrative purposes of CFD No. 17-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

"Association Property" means any property owned by, irrevocably offered or dedicated to, or for which an easement for purposes of right of way has been granted to a property owner association, including any master or sub-association.

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

"Backup Special Tax" means the Special Tax amount set forth in Section C.1.b. below.

"Bonds" means any bonds or other indebtedness (as defined in the Act), whether in one or more series, secured by the levy of Special Taxes within CFD No. 17-1.

"CFD Administrator" means an official of the School District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"Developed Property" means all Assessor's Parcels, exclusive of Taxable Association Property and Taxable Public Property, for which a building permit has been issued as of June 30th of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

"Final Subdivision" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

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

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

"Land Use Category" means any of the categories listed in Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, which 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 was issued for a non-residential use.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Assessors' Parcels of Developed Property. For Undeveloped Property, Taxable Public Property and Taxable Association Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Assessor's Parcels of Undeveloped Property, Taxable Public Property and Taxable Association Property.

"Public Property" means property owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of Riverside, or the City of Corona or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"School District" means the Corona-Norco Unified School District.

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

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 17-1 to: (i) pay debt service on all outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for the outstanding Bonds; and (v) pay directly or accumulate funds for the acquisition or construction of facilities to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; less (vi) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

"Taxable Property" means all of the Assessor's Parcels which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Association Property" means all Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means all Public Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means all Taxable Property not classified as Developed Property, exclusive of Taxable Association Property and Taxable Public Property.

B. ASSIGNMENT TO CLASS AND LAND USE CATEGORY

Each Fiscal Year, all Taxable Property shall be classified as Developed Property, Undeveloped Property, Association Property, or Public Property and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D below. Developed Property which satisfies the criteria for Residential Property and Non-Residential Property shall be assigned thereto. Association Property and Public Property which is not exempt from the Special Tax shall be assigned to Taxable Association Property and Taxable Public Property, respectively.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the applicable Assigned Special Tax described in Table 1 below or (ii) the amount derived by application of the Backup Special Tax.

a. Assigned Special Tax

The Assigned Special Tax for each Land Use Category is shown in Table 1 below.

TABLE 1

Assigned Special Taxes for Developed Property
Community Facilities District No. 17-1

Land Use Category	Taxable Unit	Square Feet of Dwelling Unit	Assigned Special Tax per Taxable Unit
1 - Residential	DU	< 1,575	$1,675
2 - Residential	DU	1,576 – 1,625	$1,700
3 - Residential	DU	> 1,625	$1,725
4 - Non-Residential	Acre	N/A	$60,608

b. Backup Special Tax

The Backup Special Tax attributable to each Acre of a Final Subdivision is equal to $60,608 per Acre. The Backup Special Tax attributable to a Final Subdivision is equal to the Backup Special Tax per Acre multiplied by the Acreage of all Taxable Property, exclusive of any Taxable Association Property and Taxable Public Property, within such Final Subdivision. If a Final Subdivision includes Assessor's Parcels of Taxable Property for which building permits for both residential and non-residential construction may be issued, exclusive of Taxable

Association Property and Taxable Public Property, then the Backup Special Tax for each Assessor's Parcel of Residential Property shall be computed exclusive of the Acreage of Assessor's Parcels of property for which building permits for Non-Residential property may be issued.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Subdivision shall be computed by dividing the aggregate Backup Special Tax attributable to the Assessor's Parcels of Taxable Property for which building permits for residential construction have or may be issued, as determined in the preceding paragraph, by the number of such Assessor's Parcels (i.e., the number of single family residential lots or condominium units) within such Final Subdivision.

The Backup Special Tax for each Assessor's Parcel of Non-Residential Property in a Final Subdivision shall be equal to the Backup Tax of $60,608 per Acre multiplied by the Acreage of such Assessor's Parcel within such Final Subdivision.

Notwithstanding the foregoing, if Assessor's Parcels of Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated to equal the amount of the Backup Special Tax that would have been generated if such change did not take place.

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

The Maximum Special Tax for Undeveloped Property, Taxable Association Property and Taxable Public Property shall be $60,608 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2018-2019 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement;

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 moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by 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 moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Association Property and/or Taxable Public Property at up to 100% of its Maximum Special Tax.

Notwithstanding the above, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 17-1.

E. EXEMPTIONS

1. The CFD Administrator shall classify the following Assessor Parcel(s) as exempt property: (i) Public Property, (ii) Association Property, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement; provided, however, that no such classification shall reduce the sum of all Taxable Property to less than 3.4 Acres. Notwithstanding the preceding sentence, the CFD Administrator shall not classify an Assessor's Parcel described in this paragraph as exempt property if such classification would reduce the sum of all Taxable Property to less than 3.4 Acres. Assessor's Parcels which cannot be classified as exempt property because such classification would reduce the Acreage of all Taxable Property to less than 3.4 Acres will be classified as either Taxable Public Property, Taxable Association Property, or Undeveloped Property, as applicable and shall be taxed as such. Tax exempt status for purposes of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes exempt property.

2. The Maximum Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which cannot be classified as exempt property as described in paragraph 1 of Section E shall be prepaid in full by the seller pursuant to Section H, prior to the transfer/dedication of such property to such public agency. Until the Maximum Special Tax obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Taxable Public Property.

F. 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. 17-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 17-1. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The Board may interpret this Rate and Method of Apportionment of Special Tax 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 Board shall be final and binding as to all persons.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax levied against Developed Property, Taxable Public Property, and Taxable Association Property may be prepaid. The prepayment amount for an Assessor's Parcel will be equal to the present value of the Maximum Special Tax applicable to such Assessor's Parcel, using a discount rate that is equal to the yield on the Bonds and the remaining term of the Bonds. For any prepayment that occurs prior to the issuance of Bonds, the discount rate used in this calculation shall be 6.0% and the term shall be the time period over which the Special Tax may be levied as provided for in Section I.

Any unpaid Special Taxes, interest, and penalties which have been entered on the assessor's tax roll that apply to an Assessor's Parcel for which prepayment is sought, shall be paid in addition to the amount determined in the preceding paragraph at the date of prepayment.

I. TERM OF THE SPECIAL TAX

For each year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse CFD No. 17-1 for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than the 2052-2053 Fiscal Year.

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APPENDIX B

APPRAISAL REPORT

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APPRAISAL REPORT

COMMUNITY FACILITIES DISTRICT NO. 17-1
of the
CORONA-NORCO UNIFIED SCHOOL DISTRICT
BOARDWALK TOWNHOMES

City of Corona, Riverside County, California
(Appraiser's File No. 2020-1212)

Prepared For
Corona-Norco Unified School District
2820 Clark Avenue
Norco, CA 92860

Prepared By
Kitty Siino & Associates, Inc.
115 East Second Street, Suite 100
Tustin, California 92780

KITTY SIINO & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

July 16, 2020

Mr. John Vondriska, Administrator Director, Facilities
Corona-Norco Unified School District
2820 Clark Avenue
Norco, CA 92860

Reference: Appraisal Report
Community Facilities District No. 17-1
Of the Corona-Norco Unified School District
Boardwalk by LCG Harrington
SEC N Lincoln Avenue and Harrington Street, Corona

Dear Mr. Vondriska:

At the request and authorization of the Corona-Norco Unified School District, we have completed an Appraisal Report for the sale of the bonds for Community Facilities District No. 17-1 of the Corona-Norco Unified School District ("CNUSD CFD No. 17-1"). CNUSD CFD No. 17-1 encompasses Boardwalk, a townhome community being developed by LCG Harrington. Boardwalk consists of 148 planned townhomes situated on a ten-acre parcel of land. Boardwalk offers one product type with four floorplans, all of which are in the style of three-story row townhomes. The community is gated and includes a pool and spa, community barbeque area and a small park with a tot lot. The amenities are complete and serving the community. The effect of the COVID 19 pandemic on the subject property has been considered in our analysis.

The valuation method used in this report is the Sales Comparison Approach along with a discounted cash flow analysis in the instances of bulk-ownerships. The fee simple estate of the subject property has been valued subject to the bonds for the CNUSD CFD No. 17-1 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by the Special Tax Bonds of CNUSD CFD No. 17-1. As a result of our investigation, the concluded minimum market value for the subject property is shown below.

Boardwalk Townhomes:	
LCG Harrington Ownership (22 sites & 18 units)	$ 8,456,455
Individual Owners (108 units)	$ 42,458,872
Total Aggregate Value	**$ 50,915,327**

The values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of May 1, 2020.

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2020) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which our opinion of value is, in part, predicated.

Respectfully submitted,

KITTY SIINO & ASSOCIATES, INC.

K. Siino

Kitty S. Siino, MAI
California State Certified General
Real Estate Appraiser (AG004793)

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ASSUMPTIONS AND LIMITING CONDITIONS

1. This report might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. It is assumed that the subject property is subject to the special tax lien of CNUSD CFD No. 17-1.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.

7. It is assumed that there are no hidden or unapparent conditions of either property, subsoil or structures that would render them more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch or photograph included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps, photographs and exhibits found in this report are provided for reader reference

purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements (if any) are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.

16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992 and have been updated several times since then. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.

17. It is assumed there are no environmental concerns that would slow or thwart development of the subject properties and that the soils are adequate to support the highest and best use conclusions.

18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document for the CNUSD CFD No. 17-1 Special Tax Bonds.

EXTRAORDINARY ASSUMPTION

1. It is assumed that the cost information provided by the builders is true and accurate. We have reviewed and analyzed the costs and they appear reasonable; however, we do not have expertise in cost estimating. If the costs differ, it may affect the value of the property.

2. It is assumed that there are no conditions of development that can stop the sale of the remaining townhomes. There is a traffic signal that is associated with the project that has been held up due to the relocation of some Edison lines. While the costs of the signal are included in our analysis as remaining hard costs to be paid by the builder, it is assumed that no certificates of occupancy will be held up due to this.

HYPOTHETICAL CONDITION

1. It is assumed that all improvements and benefits to the subject properties, which are to be funded by CNUSD CFD No. 17-1 Special Tax Bond proceeds, are completed and in place.


Corona-Norco Unified School District
Community Facilities District No. 17-1
(Boardwalk Townhomes)
15
91
North Main Plaza
Shopping Center
Temescal Creek
Harrington Street
River Road
North Lincoln Avenue
Boundaries Approximate
Aerial flown by AirViews 4/22/20

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of the CNUSD CFD No. 17-1 Special Tax Bonds.

THE SUBJECT PROPERTY

The subject property is encompassed by CNUSD CFD No. 17-1 and is proposed for 148 three-story townhomes within the City of Corona located northeast of the 91 Freeway and Lincoln Avenue. The site is covered by Tract Map Number 36427 for condominium purposes which encompasses ten acres and divides the site into one single lot along with four lettered lots which include setback and landscaped areas. Lot 1 of Tract No. 36427 totals 8.3 acres and is further divided into 36 residential buildings which comprise 148 condominium units or townhome units. Included within Lot 1 is the internal street (Savi Drive) along with all driveways and access roads within the project. Thirteen Phases of Condominium Plans were recorded which further divide the site into the 36 residential buildings, each comprised of three, four or five units, totaling 148 units. The subject property is being developed by LCG Harrington and is being marketed as a single neighborhood, known as Boardwalk Townhomes ("Boardwalk"), as detailed below.

Description	**No. Units**	**Owner**	**Product / Condition / Status**
Units 1-44, 56-117, 119-120	108	Individuals	Completed Units
Units 46-48	3	LCG Harrington	Model Units (none in escrow)
Units 45, 118, 121-129, 134-137	15	LCG Harrington	Over 95% Complete (12 in escrow)
Units 130-133, 138-148	15	LCG Harrington	Units Under Construction (4 in escrow)
Units 49-55	7	LCG Harrington	Finished Sites (none in escrow)
TOTAL CNUSD CFD No. 17-1	**148**		

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the Corona-Norco Unified School District, will utilize this report in disclosure documents related to the sale of the Special Tax Bonds of CNUSD CFD No. 17-1. This report may be included in the Official Statement or similar document to be distributed in connection with the marketing and offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

DEFINITIONS

Market Value

The term "Market Value" as used in this report is defined as:

> *"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*
>
> 1. *buyer and seller are typically motivated;*
> 2. *both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;*
> 3. *a reasonable time is allowed for exposure in the open market;*
> 4. *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
> 5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*[1]

Inherent in the Market Value definition is exposure time or the time the subject property would have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions,

[1] The Appraisal of Real Estate, 13th Edition

the exposure time for the builder's ownership, or each individually owned unit, is less than one year.

Aggregate Retail Proceeds

As used in the Discounted Cash Flow Analysis, Aggregate Retail Proceeds is defined:

> *"The sum of the appraised values of the individual units, as if all of the units were completed and available for retail sale, at date of value. This is not the market value of the project in bulk."*

Bulk Value

Bulk Value is defined as:

> *The value of a group of lots, parcels, or homes to a single purchaser, on a specified date, under the terms and conditions of the definition of market value.*

Discounted Cash Flow (DCF) Analysis

A Discounted Cash Flow Analysis is:

> *The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate*.

Finished Lot

The term "Finished Lot" is defined as:

> *"A parcel which has legal entitlements created by a recorded subdivision map, whose physical characteristics are a fine graded level pad per lot with infrastructure contiguous to each individual lot, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable development fees with the exception of building permit and plan check fees."*

Finished Pad

The term "Finished Pad" is defined as:

> *"A parcel which has legal entitlements created by a condominium map, whose physical characteristics are a fine graded level pad with infrastructure contiguous to each individual unit, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable*

development fees with the exception of building permit and plan check fees."

Hypothetical Condition

The Term "Hypothetical Condition" is defined by USPAP as:

> "That which is contrary to what exists but is supposed for the purpose of the analysis"

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by the CNUSD CFD No. 17-I Special Tax Bonds.

Extraordinary Assumptions

The term "extraordinary assumption" is defined by USPAP as:

> *"An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusion"*

There are two extraordinary assumptions in this report. The first is that the reported remaining costs as received from the builders are true and accurate. We have reviewed the costs and they appear reasonable; however, we are not experts in the field of cost estimating. It should be noted that these costs were relied upon in the valuation of the subject property and if the costs change, the values may change. The second extraordinary assumption is that there are no conditions which could hold up certificates of occupancy on the proposed townhomes within the project. A condition of the subject tract map is to install a signal at Lincoln Avenue and Harrington Street. Southern California Edison is relocating some wires in the area which has held up construction of the signal.

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple estate interest, subject to easements of record and subject to the CNUSD CFD No. 17-1 special tax lien. The definition of "fee simple estate" is defined as:

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

EFFECTIVE DATE OF VALUE

The subject properties are valued as of May 1, 2020.

DATE OF REPORT

The date of this report is July 16, 2020.

SCOPE OF APPRAISAL

As previously stated, the purpose of this appraisal is to report the appraiser's best estimate of the market value for the subject property, CNUSD CFD No. 17-1, which encompasses 148 townhomes being marketed as Boardwalk, a planned community in the City of Corona. This valuation is for the property in its "as is" condition assuming the improvements to be funded by the bonds of CNUSD CFD No. 17-1 are in place or have accrued to the property. The property is currently under development by LCG Harrington with models open and marketing and selling townhomes. This appraisal will be presented in the following format:

- County of Riverside Description
- City of Corona Description
- Immediate Surroundings Description
- Brief Description of CNUSD CFD No. 17-1
- Subject Property Description
- Riverside County Residential Market Analysis
- Highest and Best Use Analysis
- Valuation Procedure, Analysis and Conclusion
- Appraisal Report Summary

In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

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[2] The Appraisal of Real Estate, 13th Edition

"…a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sales prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparables is available."[3]

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject that have recently been sold, are listed for sale or are under contract. In addition, a Discounted Cash Flow Analysis will be utilized due to the builder owning several units. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results.

The due diligence of this appraisal report included the following:

1. Compiled demographic information and related that data to the subject property to perform a feasibility/demand analysis.

2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macro-economic outlook within Riverside County and the Corona area.

3. Toured and inspected the subject property between April 20, 2020 and May 1, 2020.

4. Had the site flown by an aerial photographer on April 22, 2020.

5. Interviewed representatives and/or their consultants from LCG Harrington in order to obtain project information.

6. Reviewed cost information on the remaining costs and fees to complete the development of the lands to true finished lots.

7. Reviewed mapping on the subject property.

8. Reviewed a Title Report on the subject property.

9. Reviewed Geotechnical and Environmental Reports for the subject property.

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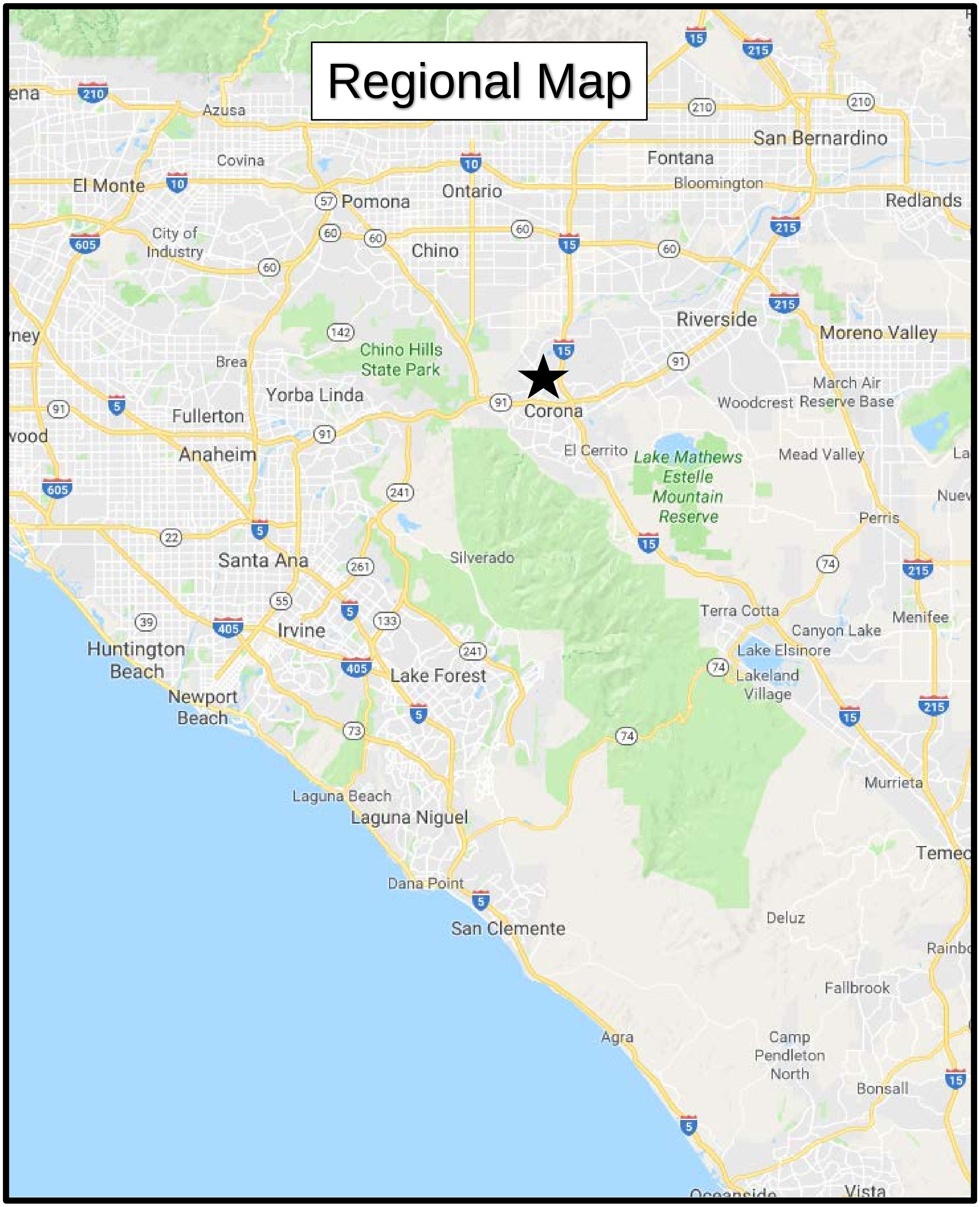
[3] Dictionary of Real Estate Appraisal, Fourth Edition, 2002

10. Reviewed brochures and sales information for the subject property.

11. Searched the area for relevant comparable residential land sales and verified each sale with a buyer or seller or broker familiar with the transaction.

12. Searched the area for comparable new home projects considered to be competition for the subject neighborhood and inspected and interviewed sales offices for the comparables.


Regional Map
Azusa
San Bernardino
Fontana
Bloomington
Covina
El Monte
Pomona
Ontario
Redlands
City of Industry
Chino
Riverside
Moreno Valley
Chino Hills State Park
Brea
Yorba Linda
March Air Reserve Base
Woodcrest
Corona
Fullerton
Anaheim
El Cerrito
Lake Mathews Estelle Mountain Reserve
Mead Valley
Perris
Silverado
Santa Ana
Terra Cotta
Canyon Lake
Menifee
Lake Elsinore
Irvine
Huntington Beach
Lake Forest
Lakeland Village
Newport Beach
Murrieta
Laguna Beach
Laguna Niguel
Dana Point
San Clemente
Deluz
Fallbrook
Agra
Camp Pendleton North
Bonsall
Vista

COUNTY OF RIVERSIDE AREA DESCRIPTION

Location

The subject property is located in the northwestern portion of Riverside County (the "County") in the City of Corona. More specifically, Boardwalk is located at the southeast corner of Harrington Street and North Lincoln Avenue, north of State Route 91 ("SR-91") and west of Interstate 15 ("I-15") and near the northern border of the City of Corona.

The County encompasses approximately 7,300 square miles, and includes large expanses of undeveloped deserts, valleys, canyons and mountains. The County is a major beneficiary of outward urban pressure from Orange and Los Angeles Counties as well as growth from San Diego County to the south. Although located at the periphery of most urban activity in Southern California, Riverside County, particularly the western area, has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

Transportation

The subject property is situated about approximately one mile west of I-15 and just under one mile north of SR-91. Interstate 15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. State Route 91 travels in a northeasterly/westerly direction, providing access to Orange and Los Angeles Counties to the west and connecting with the 60 Freeway and Interstate 215 to the north in Riverside County. State Route 60 provides access to the west (Los Angeles) and to the east where it merges with Interstate 10 ("I-10") providing access to Arizona.

The County is served by Amtrak and Metrolink as well as several rail freights lines. The Ontario International Airport provides regional air service and is located approximately 12 miles north of the subject property. The Corona Airport is located about one mile west of the subject property. A general aviation airport that is home to 350-400 aircraft, the Corona Airport is a recreational airport with no commercial flights, however extremely active with approximately 50,000 annual operations. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways and state freeways.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2019 County population was 2.44 million (most current information from the State of California). This represented a one-year increase of 1.1 percent. This compares to an average annual growth rate over the past eight years of 1.24 percent and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. Current State projections for Riverside County suggest the population is anticipated to reach approximately 2.857 million by 2030, indicating an average annual increase of approximately 1.4 percent over the next ten years. The current growth of 1.1 percent is slightly lower than the previous eight-year annual average of 1.24 percent, however significantly lower than the previous 18 years average (2.5 percent) likely due to the Great Recession. The future growth is predicted assuming a more stable market than was seen prior to the Great Recession.

Economy

Beginning February 20, 2020, the U.S. began experiencing an unprecedented economic disruption due to the COVID-19 pandemic. Original predictions were for between 100,000 and 240,000 American deaths due to the virus overwhelming hospitals and staff. While the U.S. has lost over 100,000 due to COVID 19, except for a few exceptions, hospitals have had the capacity to treat the patients. The Federal, State, County and City Governments ("Governments") shut down non-essential businesses and areas where social gathering occurs in order to slow the spread of the virus. This created a strain on small and large businesses alike. Restaurants and hotels have been hit hard and travel has reduced drastically as citizens are being urged to stay home. Layoffs have occurred with reports of 33 million people filing for unemployment in the past seven weeks. This disruption has caused extreme volatility in the stock market with an overall drop of 19.1 percent (as of May 4, 2020 based on the Dow Jones Industrial Average), however the drop was over 36 percent on March 23, 2020. The Federal Government is attempting to curtail the job losses and hardships with the approval of the Coronavirus Aid, Relief and Economic Security (CARES) Act which was signed into law March 27, 2020. The CARES Act appropriated over two-trillion dollars to people and businesses who have been financially stunted by the COVID-19 pandemic. Deposits to individuals began April 15, 2020 from the CARES Act and the small business stimulus funds from the CARES Act was all spoken for by April 17, 2020. On April 9, 2020 the Federal Reserve took additional action to provide up to $2.3 trillion in loans to support the economy. Additionally, on April 23, 2020, Congress passed $484 billion in additional relief for small business and hospitals. It is still too early to determine how much this will help the economy and how soon the government will be able to get cash and loans into the hands of businesses that need it most. The Governments are trying to navigate the optimum timing of re-opening various businesses without increasing the spread of the virus. Some good recent news was that while a couple weeks ago the major issue in the news was flattening the curve, now the major issue is re-opening the economy. Most economists believe the economy will have substantial growth once the pandemic recedes but no one yet knows when that will happen. The consensus appears to be that the longer the disruption lasts, the longer it will take the economy to bounce back.

Prior to the COVID-19 pandemic, the nation was experiencing a strong economy. As with the rest of the nation, the Inland Empire experienced a strong multi-year recession, now referred to as the Great Recession, between 2006 and 2012. The MSA, which had strong employment over the ten previous years saw unemployment rates increase significantly between December 2006 and early 2010 at which time a leveling off occurred followed by continued employment growth, generally since July 2011.

The unemployment rate for the MSA was estimated at 5.1 percent (per the Employment Development Department – March 2020), which reflects a significant decrease from the peak during the recession of 15.1 in 2010, however an increase of 1.1 percent from the February 2020 unemployment rate of 4.0, prior to the pandemic outbreak. As of March 2020, Riverside County had a 5.3 unemployment rate while San Bernardino County had a 4.9 percent unemployment rate. The current unemployment rate for the MSA of 5.1 percent is lower than the California rate of 5.6 percent and higher than the March 2020 National rate of 4.5 percent. Note that these numbers are from the beginning of the COVID-19 pandemic economic disruption with reports of 33 million filing for unemployment in the past seven weeks, most of which are not included in the March numbers. Below is a table depicting Riverside County's unemployment rates to the unemployment rates of the surrounding counties as of March 2020.

Jurisdiction	As of	Unemployment Rate
Los Angeles County	3/20	6.3%
Riverside County	3/20	5.3%
San Bernardino County	3/20	4.9%
Orange County	3/20	3.6%
San Diego County	3/20	4.1%

Source: State of California E.D.D.

Over the past 20 years, the Riverside County economy has had significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Riverside County housing market seeing an improvement beginning in mid-2012. While coastal Southern California housing enjoyed significant increases between 2012 and 2015, the Inland Empire bounced back slower. Overall Riverside County has just recently passed the previous median home price peak; however, sales are significantly slower than prior to the recession. In late 2016 and 2017 Riverside County saw builder land purchases increase however 2018 and 2019 saw a slowdown in residential land sales once again in the area. While 2020 was slated to have increases in residential builder land sales, the pandemic has essentially stopped most closings. Builders had slowed production due to the hard lessons learned in the previous recession when inventories sat and some new home projects had to close.

During the Great Recession, The Federal Government attempted to correct the struggling economy by implementing several economic stimulus packages during the Great Recession. The Federal Reserve Board ("Board") kept interest rates below historical averages, dropping rates to near zero in December 2008 until the December 2015 Board meeting, when they began raising interest rates. There were nine interest rate hikes by the Board (each time at one-quarter percent) which brought the federal funds rate to 2.25 to 2.5 percent. The final increase in December 2018 appeared to affect the economy with home sales slowing and stock market volatility. In 2019, with a weakening economy, the Board dropped the rate three times bringing the federal funds rate to 1.50 – 1.75 percent which appeared to stabilize the economy. On March 3, 2020 the Board dropped rates 50 basis points due to the stock market reaction to the COVID-19 pandemic while on March 16, 2020 the Board dropped the rate another 100 basis points to the historical level of 0 – 0.25 percent. The Federal Interest Rate in the US averaged 5.69 percent from 1971 to 2019 reaching an all-time high of 20 percent in March 1980 and a previous low of .25 percent in December 2008. While the Government is currently enacting several stimulus packages to try and stabilize the economy during the COVID-19 pandemic, it is too early to tell how much and how fast these will help.

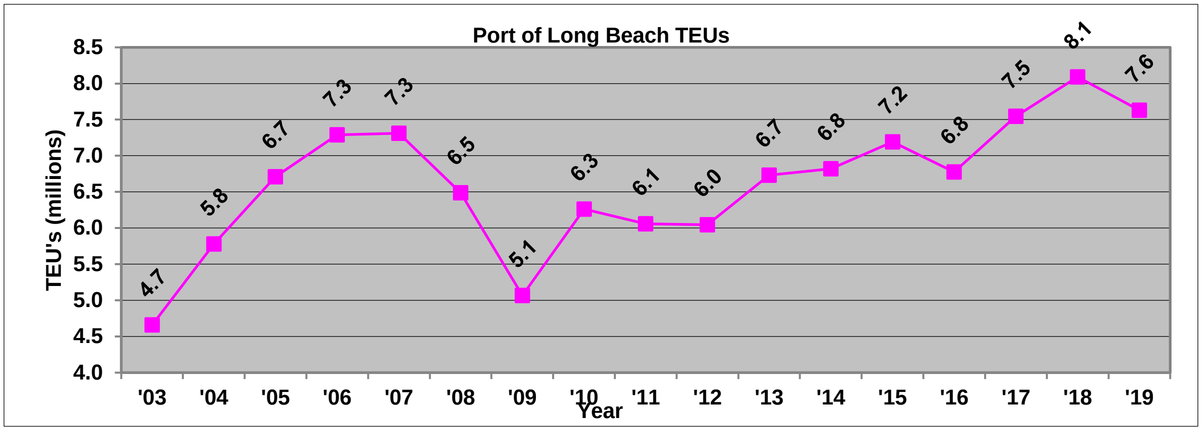
The most recent UCLA Anderson Forecast was issued March 12, 2020. However, for the first time in its 68-year history, the Forecast was updated March 16, 2020 due to the COVID-19 pandemic. The Forecast states the national economy has entered a recession (ending the expansion that began in July 2009) and estimates the recession will continue, at minimum, through the end of September. Their estimate is based on a review of the economic disruption which occurred in 1957-1958 due to the H2N2 influenza pandemic. After the economy had a solid start to 2020, the escalating effects for the COVID-19 pandemic in March have reduced the first quarter 2020 forecast of GDP growth to 0.4 percent with second quarter estimated to slow by 6.5 percent and slow by 1.9 percent in third quarter with the fourth quarter getting back to a GDP growth rate of 4 percent. For the full 2020 year the Forecast is estimating the GDP will have declined by 0.4 percent. In 2021 they are estimating the economy will grow at 1.5 percent with a full recovery now expected in 2022. The Forecast for the nation concludes that the lone bright spot is that in response to the reduced interest rates, the housing market should be much stronger than previously forecast once the pandemic ends.

The UCLA Forecast for California headlines that the recession is expected to be more severe in California than for the nation overall. California has a larger proportion of economic activity in tourism and trans-Pacific transportation which means the recession will be more severe. Employment in California is anticipated to contract by 0.7 percent in 2020 with the second and third quarters anticipated to contract at an annual rate of 2.6 percent. They anticipate the State's unemployment rate to rise to 6.3 percent by the end of the year with the average rate for 2021 to be 6.6 percent (currently the State's unemployment rate is 5.6 percent). Of the 280,000 jobs California is expected to lose by first quarter 2021, more than one-third are anticipated to be in the leisure and hospitality and transportation and warehousing sectors. The Forecast comes with a caveat that if the pandemic is much worse than assumed, the forecast will be too optimistic and if the pandemic abates quickly because of the extraordinary measures being put into place, then the predictions will be too pessimistic.

According to John Husing's Inland Empire Economic Partnership's Quarterly Economic Report dated January 2020, the Inland Empire has created its own major employment hubs. It should be noted that these next few paragraphs relate to this Report which was written prior to the COVID-19 pandemic. There are currently three employment hubs in the Inland Empire with the first being the urban core of Riverside County, the second the west end of San Bernardino and the third being the east San Bernardino Valley. The west end of San Bernardino includes the cities from Ontario to Fontana which houses 368,863 total jobs which is 26 percent of the Inland Empire's 1,425,528 jobs. The urban core of Riverside County includes Riverside, Corona (subject area), Norco, Eastvale and Jurupa Valley which houses 299,072 jobs. The East San Bernardino Valley which includes Colton, Grand Terrace, Highland, Loma Linda, Redlands, Rialto, San Bernardino and Yucaipa houses 251,101 jobs. The Coachella Valley houses 146,137 jobs while Southwest Riverside County houses 118,400 jobs. This area is considered a net commuter area. The Moreno Valley to Perris area houses 102,188 jobs while the high desert area houses 79,279 jobs. The remaining areas, the Pass Area, Yucca Valley-Twentynine Palms area, Mountains area, outlying deserts and Mountains areas house a total of 59,489 jobs. This number of jobs shows the Inland Empire evolving as economic activity is migrating from the communities of Los Angeles, Orange and San Diego Counties.

Per Husing's report, the Inland Empire's job growth for 2019 was at 32,708 or a 2.2 percent growth rate. This compares to the previous six years when job growth averaged 45,000 per year. The slowdown was partially in the Construction Industry which had a gain of 7,442 workers in 2018 and a loss of 200 in 2019. This is thought to be due to the increase of interest rates in late 2018 which appeared to disrupt the economy and slowed housing sales (and therefore housing production) in the first and second quarter of 2019. Looking at the period since the Great Recession, the Inland Empire has added 384,917 jobs or about 27 percent to its local job base. That growth led all metropolitan areas in California. The logistics industry (wholesale trade, trucking and warehousing) has been the primary driver of the inland economy in recent years. The fact e-commerce continues to expand at a 15+ percent compounded annual rate throughout 2010 to 2019 has forced retailers to begin aggressively embracing and staffing large, regional fulfillment centers. The Inland Empire's location and access from the Port of Long Beach along with land availability has made it the top area in Southern California for building fulfillment centers which typically cover over one-million square feet.

As a final indicator of overall economic activity for the region we have reviewed the rise or fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the inland communities as it represents much of the growth in development of West Coast distribution centers and warehouses linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there has been increases since 2009 with the exception of a slight dip in 2016 and again in 2019 which ended with a 5.6 percent downturn. The downturn is believed to be due to the volatility of the government tariff situation and was anticipated to be corrected this year, however the COVID-19 pandemic now has weakened China exports and appears to be creating volatility. It should be noted that the 2019 number of containers was 1.1 percent higher than 2017 which is the second all-time high after 2018.



Government

A Board of Supervisors oversees the County as the governing body of the County, certain County special districts and the County Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts and appropriates funds, determines land use zoning for unincorporated areas and appoints certain County officers and members of various boards and commissions. The Board of Supervisors is elected from five different districts within the County.

Education

The subject area is served by the Corona-Norco Unified School District ("CNUSD"). The district began in a single classroom above a store in what is now Corona in 1888 and has evolved into a district with 49 schools which houses over 53,000 students. CNUSD operates eight high schools, eight middle schools, 29 elementary schools and three academies which combine elementary and intermediate schools along with one adult education school. Community Colleges are available near the subject at Norco College (approximately two miles north), Riverside City College (12 miles northeast) and Santiago Canyon College (13 miles southwest). Higher education is available within an hour's drive, at the University of California campuses at Riverside and Irvine, or California

State University campuses in San Bernardino, San Marcos, Fullerton and Pomona. In addition, the area offers many excellent private colleges.

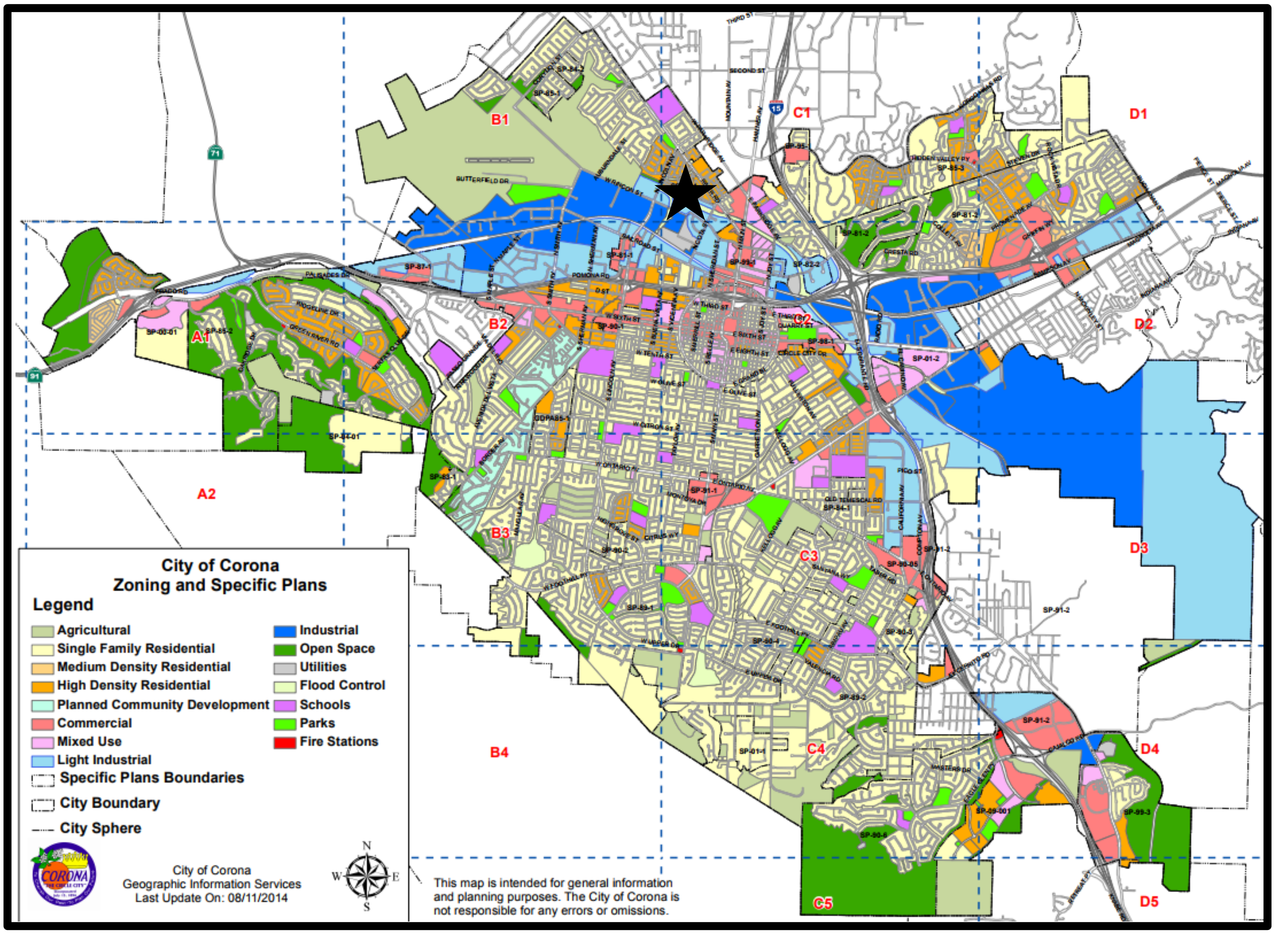
Conclusion

Population in the County has increased over the past 30 years with predictions for continued population growth. The nation's economy stalled starting in 2006 due to the housing downturn, unemployment and the credit crisis. The housing market saw a resurgence beginning the second half of 2012 however existing home prices in the Inland Empire are still slightly below the previous peak. The past ten-years average new home sales in the Inland Empire are substantially below the sales numbers for new homes previous to the recession. The economy typically has cycles and most signs were suggesting the U.S. economy and Riverside County's economy which had been on an upswing was perhaps slowing with 12 to 18 months additional in the expansion then possibly a recession in 2021. However, no one is predicting a decline similar to the Great Recession, but rather more of a slowdown. These predictions were all prior to the COVID 19 pandemic. California's administration is suggesting they want to gear up housing construction, however, time will tell how fast any changes can actually occur. The region's affordability coupled with the rising prices in the coastal market and the need for new housing is setting up for a potential boom in the Inland Empire, however with a slowing economy it is hard to anticipate when this may occur. One additional unknown is the long-term effect of the Coronavirus (COVID-19). In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land and the relatively lower land and housing prices in comparison to adjacent Orange and Los Angeles Counties.

CITY OF CORONA DESCRIPTION

General Area

The subject property is located in the northern portion of the City of Corona ("City") in northwestern Riverside County. The black star on the below map shows the approximate location of CNUSD CFD No. 17-1.



History

Corona was originally a small rural community known as South Riverside. The City incorporated in July 13, 1896, shortly after Riverside County was established (1893). Citizens of Corona were largely of English and Irish descent, but immigrants from Mexico and Italy soon came to the region seeking work in the citrus fields. Corona's climate and soil lent itself to citrus tree cultivation, and by the early 1900s, the City was known as the "Lemon Capital of the World." Sunkist merged with the Exchange Lemon Products company, Corona's largest citrus grower. However, in the 1980s, citrus farms gave way to urban development and the population of the City began to explode. The agricultural industry shifted to Central California and Sunkist closed its Corona plant in 1982. New diversity was brought to the City as the African American, Asian-American, and Hispanic population growing significantly. Corona became known as the "Gateway to the Inland Empire" and is a major bedroom community for Orange County and Los Angeles County as high real estate prices in the coastal markets have pushed people farther inland. Corona has a total area of 39.55 square miles.

Population

Corona has historically been one of the fastest growing areas in the County, with a larger majority of this growth occurring between the years 1980 and 2000. In 1980, the population of Corona was at approximately 38,000 people. This doubled over the next ten years, and almost doubled a second time between 2000 and 2010. Per the most recent data from Census.gov, Corona's July 2018 population was estimated at 168,819 residents with 49,658 households with an average household size of 3.32 persons. This represents a population percent change of 10.7% between 2010 and July of 2018.

Housing

Corona has a 2019 estimate of 49,277 existing housing units per the Southern California Association of Governments. Between 1980 and 2005, homes in the Corona area sold at an exceptionally rapid pace due to the City's location and the increasing prices in Orange and Los Angeles Counties. Within Corona, most homes are located within a Community Facilities District with typical overall tax rates ranging from 1.5 to 2.0 percent. Corona was hit particularly hard by the housing bubble burst of the late 2000s. A large portion of the City's homes were sold between 2000 and 2007 at inflated prices fueled somewhat by the availability of subprime mortgages. In 2006, the median existing home in Corona was valued at $580,000 while in 2009 the median price was $315,000, an approximately 50 percent decrease in home values over the three-year span. Per the Southern California Association of Governments, the median home price in Corona in 2019 was $490,000 (last reports by SCAG). This suggests an increase from the bottom of the market over 55 percent, however still 16 percent below the previous peak in 2006. However, when reviewing Trulia, Redfin and Zillow websites, the current median home sold price (March 2020) is between $506,000 and $512,000.

Corona was one of the first areas within the Inland Empire to bounce back into the housing market after the Great Recession. While the City was largely built out, home builders consider it an “A” market and have jumped on the few building opportunities that have come about. Looking forward, the largest development left in the City is the master planned community of Bedford by the New Home Company which is currently actively selling. The subject property Boardwalk is not part of a master plan but rather an infill site.

Economy

Corona’s convenient location at the junction of State Route 91 and Interstate 15 provides optimal locations for businesses, retailers, and the easy movement of goods and services. The congestion on the Riverside Freeway has played a part in the development of commerce and industry in the City, as many firms have left Orange County to be closer to their employee’s homes in Corona and Riverside. Furthermore, Corona’s low cost of business also appeals to companies. According to the City of Corona, education and healthcare, manufacturing and retail trade are the leading industries. Construction, which formerly led the industries is now represented by 7.9 percent of the workforce (per Coronaca.gov). The leading employers being Corona-Norco Unified School District (5,478 employees), Corona Regional Medical Center (1,200 employees) and Kaiser Permanente (995 employees). The City of Corona Economic Development Department notes that there are over 34 million square feet of industrial space and over three million square feet of office space either existing, under construction or planned.

There are four regional shopping centers along I-15 within 20 miles of Corona. The first, Dos Lagos, is located in the City on the east side of I-15, approximately seven miles south of the subject property. It includes a luxury theater, Taps Brewery, Trader Joe’s Grocery Store, Z Gallery, Wood Ranch BBQ, and Victoria’s Secret. The second is

Corona Crossings which is located at the northeast quadrant of I-15 and Cajalco Road (approximately six miles south of the subject) and includes Edwards Cinema, Kohl's, BevMo, Target, Ulta and Pier 1 Imports along with over 40 additional retail and service shops. The third center is Ontario Mills Mall which opened in 1996, is a regional outlet mall located approximately 13 miles north from the subject, while Victoria Gardens in Rancho Cucamonga (the fourth which opened in 2005), is the premier regional mall in San Bernardino County and is located approximately 15 miles north of the subject. The COVID 19 pandemic is disrupting the economy in the City as with most of California and the Nation.

Summary

Over the past 35 years Corona has transitioned from a citrus farming town to a large, incorporated city with thousands of homes. The City's convenient location lends itself to being the "Gateway to the Inland Empire" and positions it as a convenient bedroom community for Orange County, Inland Empire, or Los Angeles commuters. Corona has become the home of more and more businesses while industrial space continues to be built, ensuring a prosperous future economy for the City. Shopping and the ease of transportation corridors also contribute to the City's bustling economy. Nearing residential build-out, the City has minimal large land parcels available for development with a few new projects currently selling. There is currently only one master planned community called Bedford with actively selling new communities. While median housing prices have risen substantially since 2009, they are still below the previous peak of 2006.

IMMEDIATE SURROUNDINGS

Boardwalk is located in the northern portion of Corona, along the southerly side of Harrington Street, east of North Lincoln Avenue, approximately one mile west of Interstate 15. The parcel is surrounded by existing residential neighborhoods, Temescal Creek, some light commercial/industrial, the east end of the Corona Airport and vacant lands. The site is very long and shallow in size, roughly representing a long irregular rectangle. Boardwalk is located just less than one mile north of State Route 91.

The subject property is surrounded by older residential neighborhoods in the north and northwest including both single family and multi-family housing. Immediately east of the subject are light industrial buildings. Within one-quarter mile east at Harrington and Cota Street is a small commercial strip center known as River Road Plaza. Riverside County Flood Control’s Temescal Creek makes up the southern border of the subject site while beyond Temescal Creek are some flood zone lands and light industrial use. To the west of the subject is vacant lands, light industrial and the Corona Airport.

There are three entrances into Boardwalk, all of which are off of Harrington Street with the main entrance being Tangelo Way. Freeway accessibility to the site is convenient: from SR-91, take the Lincoln Avenue exit one mile north and turn right onto Harrington. From I-15, exit Hidden Valley Parkway and head west for one half mile, then turn left (south) onto First Street. First street turns into North Lincoln Avenue and Harrington will be on the left approximately one mile from Hidden Valley Parkway. The main entrance into the community at Tangelo Way is gated with a large kiosk and directory. The two additional side entrances are both gated as well, but without monuments.

The closest neighborhood shopping center is one half mile east of the subject on the corner of North Main Street and East Parkridge Avenue at North Main Plaza which is anchored by a Smart & Final, Big Lots! and Burlington Coat Factory. Just north on Hamner Avenue and Mountain Avue is a plethora of dining options including: Chick-fil-A, Starbucks, McDonald’s, Chipotle, Denny’s and Popeyes Louisiana Kitchen along with a Target.

CORONA-NORCO USD COMMUNITY FACILITIES DISTRICT NO. 17-1

On October 17, 2017 by adoption of Resolution No. 64 (2017/18), the Corona-Norco Unified School District's Board of Education ordered the preparation of a Special Tax Report for CNUSD CFD No. 17-1 to describe the proposed facilities and services to be financed by CFD No. 17-1.

Per the Special Tax Report, CNUSD CFD No. 17-1 will finance the following improvements:

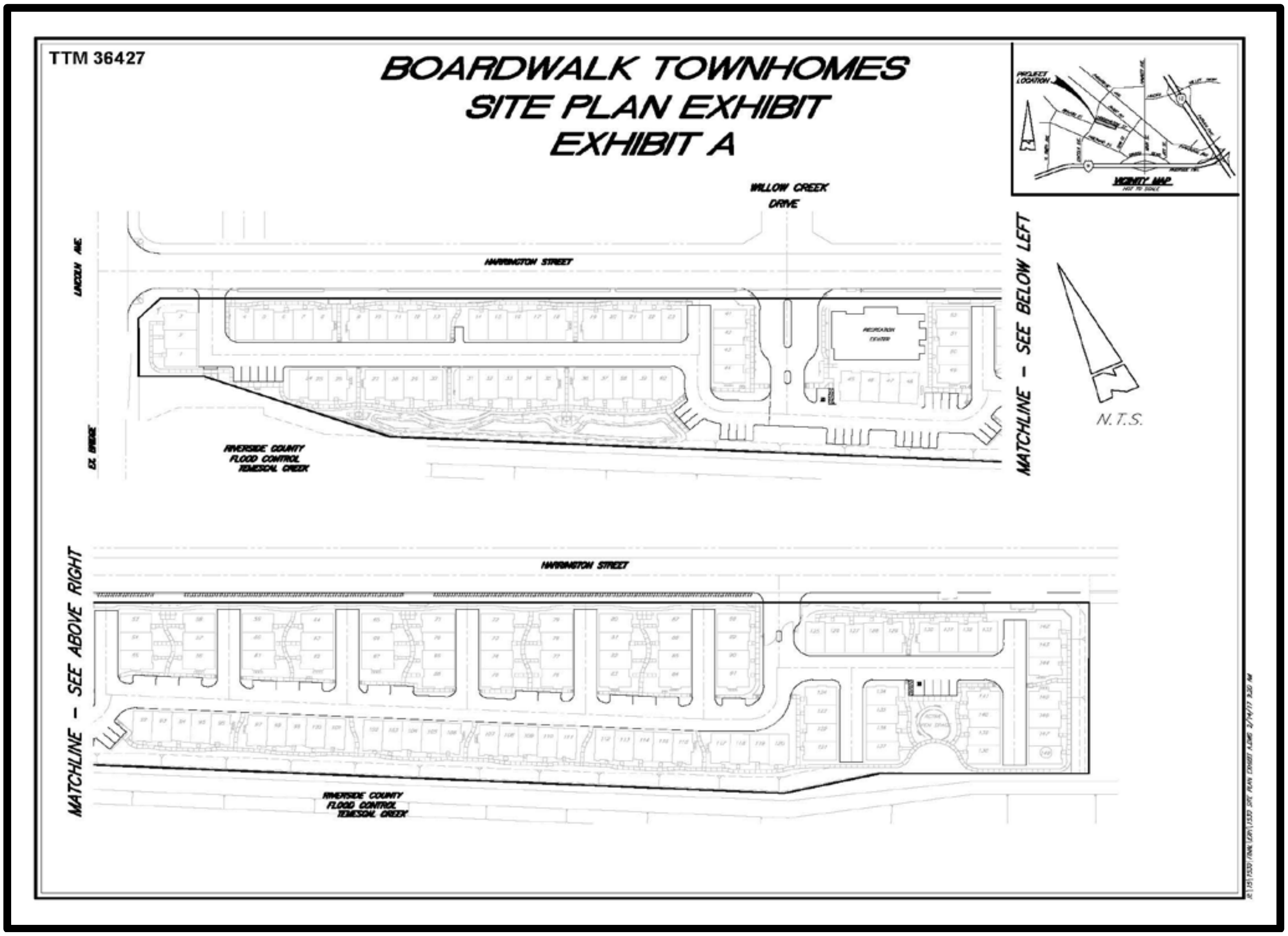
School Facilities – An estimated amount of $1,398,638 in school improvements for 148 units to be built within CNUSD CFD No. 17-1. The amount is for the purchase, construction, expansion or rehabilitation of school facilities or administration with a useful life of five years or longs.

City and Subdivision Facilities – City Facilities include Sewer Connection Fee, Water Capital Improvement Fee, Water Meter Fee, Aquatics Center Facilities Fee, Public Meetings Facilities Fee, Library Expansion Facilities Fee, Street and Signal Fee, Drainage Fee and Law Enforcement Fee which total $13,740 per unit (amount subject to change). Subdivision Facilities include public sidewalks, curbs, gutters, roadways, landscaping, water systems, sewer systems, storm drainage systems, and parks required to be installed in satisfaction of the conditions to development in Tract No. 36427. At time of the report the City and Subdivision Facilities were estimated at $1,055,891.

Per the latest numbers available, the Bonds are anticipated to fund $1,389,638 in School Facilities and $1,055,891 in City Facilities (all amounts are subject to change). The boundary map showing CNUSD CFD No. 17-1 is shown in the Addenda.

SUBJECT PROPERTY DESCRIPTIONS

The subject property known as Boardwalk Townhomes is covered by Tract Map No. 36427 and is being developed and marketed by LCG Harrington. The subject property which encompasses CNUSD CFD No. 17-1 includes a total of 148 proposed row townhome style condominium residential units within a single neighborhood. Boardwalk is described below.



Location:	Southeast corner of North Lincoln Avenue and Harrington Street, City of Corona, Riverside County. This location is generally one mile north of SR-91 and one mile west of I-15.
Legal Property Description:	Boardwalk is known as Lots 1, A, B, C and D of Tract No. 36427, City of Corona, County of Riverside. The property is also known as Unit Nos. 1-148 per the Site Plan Exhibit.

Property Owner: Individual Owners as to Units 1-44; 56-117 and 119-120. LCG Harrington LLC as to Units 45-55, 118 and 121-148.

Assessors Parcel Nos.: The subject covers the following APNs: 119-191-001 through -014, 017 through 026, 028 through 036, 038 through 048, 053 through 063; 119-192-001 through -008 , 010 through 020, 022 through 033, 035 through 047, 049 through 061, 063 through 070; and 119-193-001 through 015, 017 through 029. (for further review please see APN maps in the addenda).

Property Taxes: The property taxes for sample APN 119-191-001 relates to an assessed value of $410,330 with General Purpose Tax of $4,103.30, Corona-Norco Unified School tax of $385.18, Riverside City Community College tax of $60.56, MWD West of $14.36, as well as the following special assessments: Corona-Norco USD CFD 17-1 (subject) of $1,700, MWD Standby West of $9.22, and Public Services CFD 2016-1 of $402.70 and Zone 2 CFD 2016-3 of $392.22 for a total tax bill of $7,067.54 which equates to an overall tax rate of 1.72 percent based on Assessed Value.

Three-Year Sales History: Harrington Villages LLC (dba LCG Harrington) have owned the property for more than three years. The original Purchase and Sale Agreement for the transaction of the site has not been provided. LCG Harrington began closing units to individual owners on August 17, 2018.

Size and Shape: Boardwalk is long and rectangular in shape and contains 10 acres per Tract Map No. 36427. Lot 1 of Tract No. 36427 includes a total of 8.3 acres while Lots A-D encompass 1.7 acres.

Zoning: Per the City of Corona zoning map, the subject property is zoned “High Density Residential” and is covered by SP-82-1, also known as The Township in Corona Specific Plan. Under the Specific Plan, the site is confirmed at High Density Residential with a maximum density of 26.69 dwelling units per acre. SP82-1 was originally adopted by City Council on January 5, 1983.

Entitlements: Boardwalk is entitled by Tract Map No. 36427 which was recorded on November 29, 2017 and thirteen corresponding Condominium Plans were recorded. Tract Map No. 36427, as described above, divides the subject site into one large numbered lot and four smaller lettered lots, while the condominium maps allow for the 148 units to be built within 36 residential buildings with three, four or five units in each building.

Home Owner's Association: The Boardwalk HOA fee is currently $252 per month however is estimated to be $257 per month at buildout. The HOA includes access to and maintenance of the pool, spa, BBQ area, tot lot as well as maintenance of all landscaping, electronic gate, streets and all community areas. The HOA fees also covers the building structure and exterior (including the roof).

Topography: The subject lands are generally flat and sit above the Temescal Creek which boarders the site to the south. Boardwalk has been fully graded and is level with the surrounding residential tracts to the north. Drainage appears to be going into an engineered street system.

Soils Condition: We have reviewed the "Report of Geotechnical Testing and Observation Services During Earthwork Construction" for Tract 36427 which was prepared in two reports, the first for the models and rec center dated May 22, 2017 and the second dated August 24, 2017. Both reports were prepared by Geo Tek, Inc., of Corona, California. Both reports conclude that the rough grading, to the best of their knowledge, was completed in general accordance with the approved geotechnical reports for the site, applicable provisions of the 2013 California Building Code and City of Corona guidelines.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

Seismic Information: Per Riverside County, the subject property is not located within an Alquist Priolo Earthquake Study Zone and is not within one half mile of an active fault.

Environmental Concerns: We have reviewed a Phase I Environmental Site Assessment on the subject site dated August 4, 2016 prepared by Gaston & Associates. The report concluded there were no Recognized Environmental Conditions ("RECs") identified on the site. In addition, there were no historic RECs identified and there were no controlled RECs identified the thus, no further investigation was recommended.

It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

Flood Information: We have reviewed the Federal Emergency Management Agency (FEMA) Map 06065C0693G dated August 28, 2008 and the Letter of Map Revision effective February 1, 2018 (Panel 693 of 3805) which appears to show the subject outside of a designated flood zone. The appraiser is not a flood zone expert and it is recommended that any concerns relating to flood zones be addressed to appropriate experts.

Easements and Encumbrances: We have reviewed a Preliminary Title Report prepared by Orange Coast Title Company dated April 21, 2020 issued for the subject property. The exceptions are as follows:

Item 1 thru 10 refer to property taxes and tax notices and for the Special tax for CFD No. 17-1. Item 11, 12, 14, 15, 17-19, 33-39 refer to easements on the property. Item 13 pertains to CC & Rs recorded on the site. Item 16 states the site is located within the City of Corona Redevelopment Agency Redevelopment Area. Item 20 – 23 refer to grant deeds and quitclaim deeds between Corona Housing Authority and Redevelopment Agency of the City of Corona. Item 24 is in regards to an agreement between Harrington Village and the City of Corona. Item 25 is for a deed of trust on the site for construction purposes. Item 26 refers to an assignment of rents, royalties, issues and profits in accordance with the deed of trust. Item 27 refers to the Water Quality Management Plan for the site. Item 28 pertains to the dedication on said tract map 36427. Item 29 is in regards to a deed of trust. Item 30 pertains to assessments due the managing association. Item 31 is in regards to a Disclosure Notice recorded while Item 32 is in regards to a Master Dispute Resolution Declaration recorded for the site for any possible disputes. Item 40 states the title company will require a certificate of registration to transact business in the State of California from the builder prior to issuing title insurance. Item 41 states a Notice of Completion be recorded and that the statutory lien period expire or that a satisfactory indemnity be established with the company to eliminate said lien period. Item 42 refers to any claims for mechanic's liens that may be recorded by reason of a work of improvement, disclosed by an inspection. Item 43 refers to any facts, rights, interest or claims which may be shown by inspection of land. Item 44 states the report will need to be updated prior to issuing title insurance.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CNUSD CFD No. 17-1, and the easements noted above. The appraiser is not a title expert and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

Utilities:	All normal utilities will serve the subject by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	City of Corona
Schools:	Corona-Norco Unified School District

Streets/Access: Access to Boardwalk is available via both I-15 and SR-91. From SR-91, take the Lincoln Avenue exit one mile north and then turn left onto Harrington. From I-15, exit Hidden Valley Parkway and head west for one half mile, then turn left (south) onto First Street. First street turns into North Lincoln Avenue and Harrington will be on the left approximately one mile from Hidden Valley Parkway. The main entrance to the community from Tangelo Way is gated with a large kiosk and directory.

I-15 is a major north/south freeway providing access to international borders both north and south. I-15 is located one mile east of the subject.

SR-91 is a major east/west freeway providing access between Orange County and Riverside County. SR-91 is located one mile south of the subject.

North Lincoln Avenue provides access to Harrington Avenue, which contains all three entrances to the property. Lincoln Avenue has on/off ramps at SR-91 providing good access.

Harrington Street composes the northern border to the subject site, and provides the only access to the three entrances into Boardwalk. The main entrance is via Tangelo Way, which is Willowcreek Drive on the other side of Harrington.

Savi Drive is the main internal street in the subject and loops to terminus into Harrington Street to make the secondary entrances.

Current Condition: Boardwalk is being developed into 148 attached residential units. Upon our inspection there were 126 units over 95 percent complete including 108 individually owned units, three models and 15 production units (12 of which are in escrow), 15 additional units under construction (four in escrow) and seven remaining finished lots.

Costs to Complete: The subject property has an estimated $476,100 in remaining hard costs for the land development which is detailed as follows:

Surveying	$ 4,000
Traffic Control	4,500
Demo Curb/Gutter	7,500
Miscellaneous AC Demo	11,100
New Curb/Gutter, Sidewalk	37,000
Grind & Pave Harrington	166,000
Excavate Bio Swale Parkway	15,000
Landscape Bio Swale Parkway	56,000
Complete Traffic Signals & Street Lights	143,000
Complete Signage & Striping	22,000
Contingency	10,000
Total	$476,100

Dividing these hard costs by the builder owned units (40 units) equates to an average $11,902.50 per unit in remaining hard costs. In addition, for the remaining finished lots, there are remaining fees for the remaining lots of:

School Fees	$ 10,033
Water Fees	5,756
Sewer Fees	4,644
DIF Fees	13,693
TUMF	6,134
Subtotal	$ 40,260
To be funded by CNUSD CFD 17-1	(34,126)
Remaining Fees paid by builder	$ 6,134

This appraisal includes the hypothetical condition that CNUSD CFD No. 17-1 has funded and that the benefits have accrued to the subject site. Therefore, the remaining fees total $42,938 ($6,134 x seven remaining lots).

The above remaining costs will be taken into consideration in the valuation later within this report. Please note that it is an Extraordinary Assumption of this report that the costs as reported above are true and correct. While the amounts appear reasonable, we do not have expertise in cost estimating.

Proposed Improvements: Boardwalk includes four attached townhome floorplans ranging in size from 1,555 square feet to 1,682 square feet. There are three model units, Plan 2 B/C is not modeled. The model units are located in a central location adjacent to the community pool and spa. Boardwalk features modern three level townhomes, each with private decks and direct access two car garages. The townhomes feature modern designed great rooms with both eat-in and island kitchens. The kitchen features granite countertops and GE Stainless Steel appliances. The first level of all floorplans includes the side by side two car garage and either a bedroom or den (per plan). Master suites include walk in closets and quartz countertops with dual vanities. All floorplans feature 9-foot ceilings throughout and interior laundry rooms with included built-in cabinetry. One hundred and eight of the 148 proposed units have closed to individual homebuyers with closing dates between August 17, 2018 and April 30, 2020. Actual sales prices (including premium, upgrades, options and incentives) have ranged from $390,288 to $461,342. There are three model units and 15 production units over 95 percent complete (12 which are in escrow). There are an additional 15 units currently under construction (four which are in escrow) and seven remaining lots. Current starting prices range from $396,990 to $413,990. Our search of the MLS revealed no resales and no current resale listings. Our physical search noted all units appear to be in excellent condition. The plans are detailed below.

Boardwalk Townhomes by LCG Harrington

Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
1	3 / 2.5	3 / 2	1,555	36	6*
2A	3 / 2.5	3 / 2	1,588	20	4*
2B/C	3 / 2.5	3 / 2	1,628	17	1
3	3 / 2.5	3 / 2	1,682	35	7*
Total				108	18

*Includes one model unit per that plan.

In addition to the above units, there are 15 units under construction (12 of which are in escrow) and seven additional finished lots.

RIVERSIDE COUNTY HOUSING MARKET

In analyzing the area's housing market, population growth and economic conditions need to first be considered.

Population

The County population grew at a 1.1 percent increase over the past year. This compares to an approximate 2.5 percent average annual increase prior to the recession. The slowdown in population growth is primarily due to the sluggish national economy. This slowdown is similar to other Southern California counties during this time period. Predictions are for the County to grow at an average annual rate of 1.4 percent over the next twelve years. This equates to an increase of approximately 35,000 residents per year suggesting the need for about 10,000 homes per year within the County.

Economic Conditions

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than in other areas of Southern California. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 was considerably steeper than almost anywhere in the state. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012. The price appreciation in the housing market since then helped alleviate the negative equity situation in the Inland Empire.

Economic growth in the Inland Empire was strong between 2002 and 2007. Job losses occurred between 2007 and 2009, with a leveling out in 2010, a slight upturn in 2011, and general increases since that time. The unemployment rate for the MSA was 5.1 percent (per the March 2020 Employment Development Department report), significantly lower than the high of 15.1 percent in July 2010. The current rate is slightly below California's unemployment rate of 5.6 percent and slightly higher than the March 2020

National rate of 4.5 percent. It should be noted these rates only reflect through March and due to COVID 19, an estimated 33 million Americans have lost their jobs.

The housing market was a significant factor in strengthening the impact of the Great Recession. Due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives such as sub-prime and non-conventional mortgages to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up due to the problems in the sub-prime and non-conventional mortgage markets. In March 2007, the Federal Government initiated efforts to stop or limit sub-prime mortgages. Unfortunately, the damage had already been done with sub-prime mortgages playing a role in the 2008 shake out of Wall Street and contributing significantly to the U.S. economic downturn. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years. With the exception of a small increase in 2010, primarily due to government offered homebuyer credits, prices/sales essentially remained flat until mid-2012 when home prices began a steady climb.

Home ownership during this period across the U.S. saw a significant decline. Historically, since the 1970s, home ownership generally was between 64 and 66 percent until around 2000 when it began growing with a peak at 69.2 percent in fourth quarter 2004 prior to the Great Recession. After falling to a low of 62.9 percent in second quarter 2016, home ownership has been climbing with the estimated current rate at 64.8 percent per 2019 third quarter data from FRED (Federal Reserve Economic Data). As of the end of 2018 (latest confirmed statistics available from FRED), Riverside County's home ownership rate was estimated at 65.3 percent, one-half percent higher than the overall US average.

The December 2017 approval of the Tax Cuts and Job Act ("TCJA") by the Federal Government caused concern for homebuyers. The two largest changes for homeowners are the limitation at $10,000 for the deduction for state income tax and local taxes ("SALT"), along with a limitation on the mortgage deduction for loans that exceed

$750,000. While this amount does not affect most people looking to buy subject-type homes in the Inland Empire (generally in the $350,000 to $550,000 range), the SALT deduction may limit their tax deductions which could affect the more discretionary new-homebuyers in the market. One positive is that the TCJA will not affect the Inland Empire as much as the California coastal cities where mortgages are generally larger due to higher home costs and therefore may be affected more. There is a possibility of the government negating the SALT deduction limitation due to stimulus due to the COVID 19 pandemic, however this has not yet been decided.

Home loan mortgage rates have been and are still playing a large part in the housing market. The Federal Reserve Board ("Board") had held mortgage rates at all-time lows after the Great Recession in an attempt to assist the housing market. Low rates appeared to help for quite a while however first-time buyers are now having a hard time entering the housing market due to rising prices. The Board had kept interest rates below historical averages dropping rates to zero in December 2008. There had been eight subsequent one-quarter point increases with the December 2018 increase bringing the Federal Rate to 2.25-2.5 percent which appeared to have a negative impact on home sales. On July 30, 2019 the Board reduced the rate one-quarter percent (the first reduction in over 10 years) in an effort to spur the economy followed by two additional rate cuts of one-quarter percent each in September and October of 2019. This appeared to help as housing was a bright spot in the economy in early 2020, prior to the COVID 19 pandemic. On March 3, 2020, due to the COVID 19 pandemic economic disruption, the Board reduced the Federal Rate one-half percent then again on March 16 they reduced the rate one percent to the current Federal Rate of 00.0 – 0.25 percent, the lowest rate in history. The quoted average U.S. rate for a 30-year fixed mortgage per FRED (Federal Reserve Economic Data) as of May 7, 2020 was 3.26 percent which is near historical lows, and below the previous low of 3.3 percent which occurred in the January 2013. The volatility of the stock market, the significantly increasing unemployment and the unknown factors of the pandemic has resulted in the two latest decreases not yet reducing mortgage rates accordingly. In the past month, banks have been tightening their lending restrictions with several not offering jumbo loans and most going back to tighter restrictions including 20 percent down payments, again due to the uncertainty in the market. It does not appear the tightening of the jumbo loans will affect the subject as their prices are below jumbo loan criteria. Most economists are predicting that, once the economy gets going again, the lower interest rates will help the housing market bounce back.

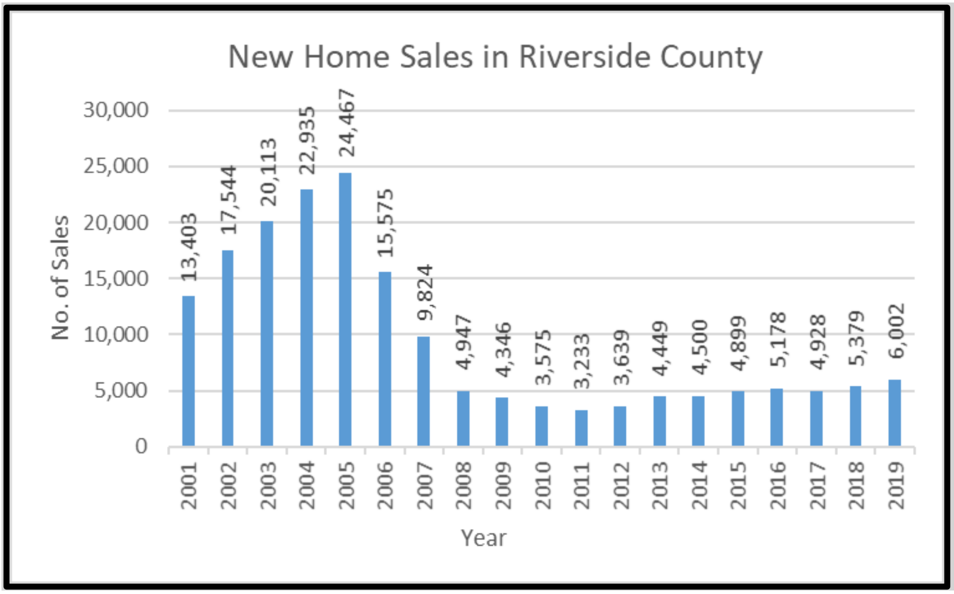
Residential Land Development

While there had been little land development going on in most of the Inland Empire during the years 2008-2011, the second half of 2012 saw a resurgence in the more coveted areas such as Corona, Eastvale, Ontario Ranch, Riverside and Jurupa Valley in West Riverside County and Murrieta, Lake Elsinore, Menifee and Temecula in Southern Riverside County. The increase in housing prices since 2012 coupled with the limited availability of supply made land development feasible once again for homebuilders. It is thought that the increase in regulations, which has significantly increased the time of processing entitlements, has limited the master developers in California. While prior to the recession it was not unusual to see several large master-planned communities selling lots to builders, there are few available in Riverside County more recently. Bedford, Spring Mountain Ranch, Terramor, Summerly, Spencer's Crossing and Audie Murphy Ranch are six currently selling master-planned communities Riverside County with Bedford the only one located in Corona. In addition, financing for land development is hard to obtain. The majority of land sales over the past few years include single tracts of land with maps ready to record. Land sales slowly grew from 2012 up to a peak in 2017. In a review of builder land transactions in Western Riverside County it was noted that residential land purchases were down slightly 2018 and 2019 with 41 builder transactions in 2017, 36 builder land transactions in 2018, and 29 builder land deals in 2019. However, due to the high number of land sales in 2017, new homes projects have increased. Overall prices have increased to near the previous peak in most of Southern California with the Inland Empire at about 92 percent of the previous peak. While overall Southern California prices have still risen year over year, within the Inland Empire the first half 2019 saw some decreases documented; however, the summer selling period coupled with lower interest rates seemed to stabilize pricing. New-home sales continued its strong pace through the first quarter of 2020 until the COVID-19 pandemic. As of May 2020, reports are stating that sales have steeply declined. The state's "stay-at-home order" and the disruption in the economy appear to be impacting the real estate market.

Home Sales and Pricing

We have researched new single-family homes within the subject real estate market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. New home sales in Riverside County were up 15.1 percent year over year from the fourth quarter of 2018 to the fourth quarter of 2019 (from 1,552 new home sales in Q4 2018 to 1,787 sales in Q4 2019) per John Husing's Q4 Quarterly Economic Report (the Q1 2020 report is not yet available). This significant increase was amplified due to the increases in interest rates in 2018 (which slowed sales) and the three decreases in interest rates in the second half of 2019 (which increased sales). As rates go down, purchasing power becomes larger which gives new homebuying a boost. The beginning of 2020 saw the market heading in a very positive direction with even stronger sales numbers (not yet published), however the onset of the COVID-19 took the economy to a screeching halt. While we know it hasn't positively impacted new home sales, we do not yet know how truly detrimental it has been. Per Metrostudy, a new home sales research company, as of the beginning of May, 2020, 84 percent of homebuilders are stating base pricing has remained flat or increased; however, 22 percent of homebuilders are reporting increased concessions.

The years 2018 and 2019, as well as the first quarter of 2020, saw a significant increase in new homes projects in the Inland Empire. Due to the high number of land sales in 2017, new homes projects increased 83 percent over the past two years in the Inland Empire from 131 new home projects in January 2018 to 240 new home projects in March 2020 (according to Ryness Company Reports dated April 5, 2020 and January 27, 2018). While this sounds like a huge increase, the number of new home sales is still running about 75 percent below the average of 2002 through 2006. The fact that new homes sales volume has not increased as fast as new home projects in the past two years, suggests there is a slowdown in average absorption rates for new home projects. Below is a graph showing Riverside County new home sales (both attached and detached SFR) between 2001 and 2019. This compares with Riverside County's population growth suggesting the need for about 10,000 new residential units per year. As of fourth quarter 2019 there had been 6,002 new home sales in Riverside County, an increase from 2018 of 11.6 percent.

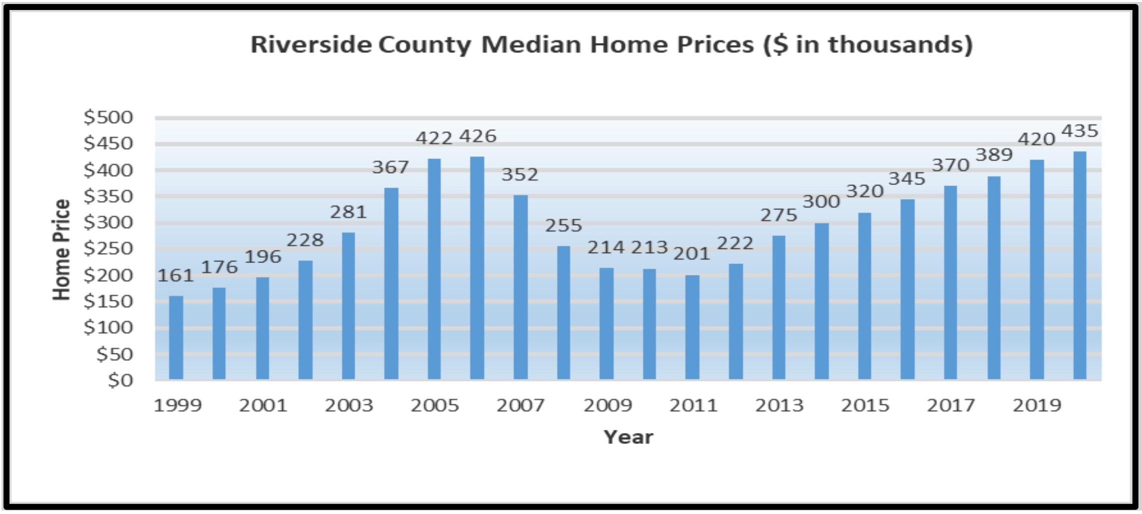


Source: John Husing Quarterly Reports January 2020

New single-family home prices (combines both attached and detached) in the Inland Empire has also seen changes, however, not as drastic as the changes in sales numbers. The median new home price changed from the peak value of $437,200 in the third quarter of 2006 to $268,155 in early 2009 (decrease of 39 percent) while the current new home median price is a record high of $457,348 per John Husing's fourth quarter 2019 information (latest information available). This reflects an increase of over 65 percent from the bottom of the cycle and an increase of 4.6 percent over its previous peak. It is important to note that building trends have changed to building smaller, more economical homes being built since pre-recession, so this increase likely demonstrates and even higher increase when looking at a price per square foot basis. New home sale prices fluctuate based on the land value more than the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis do not fluctuate as much as land values, however there have been inflationary increases in construction costs adding to this increase.

Existing single-family homes (again, combined both attached and detached) in the Inland Empire has seen similar changes to the new home sales prices. The median existing home price changed from the peak value of $389,924 in third quarter 2006 to $155,319 in 2009 (decrease of over 60 percent) while the fourth quarter 2019 existing home median price is $370,206 per Husing. This is still 5.1 percent below the existing home sales price previous peak; however, it reflects an increase of over 138 percent from the bottom of the cycle and an increase of 4.9 percent from the previous year.

One major cause of the slower sales of new homes in the area since the recession is thought to be the FHA Loan Limits. FHA financing requires a three percent down payment which allows for first time homebuyers to enter the market easier than the typical 20 percent down payment. During the recession, the FHA Loan Limits were increased in order to make financing via the Federal Housing Authority easier. However, in January 2015 the FHA loan limits were reduced in Riverside County to $356,500. The 2020 FHA Loan Limits within Riverside County increased to a single-family home limit of $442,750. This is a step in the right direction from the 2015 limit, but still not completely in tune with the Riverside County housing market. A three percent down payment (minimum allowed with FHA financing) suggests the maximum price paid for a home purchased through FHA financing would be in the $445,000 range. With the Riverside County's fourth quarter 2019 median new home price at $440,505 per Husing, it shows approximately half of the new home buyers can use FHA financing. In 2019 and the beginning of 2020, new financing opportunities came on the market allowing for less than a 20 percent down payment, some of which don't require PMI (mortgage insurance). However, since the COVID 19 pandemic, financing, especially for jumbo loans, have become much more difficult to obtain. The subject property's base pricing is below the FHA financing limits, considered a positive for sales. Below is a chart showing Riverside County median home prices over the past 20 years.



According to the California Association of Realtors, within California, the median price paid for an existing home in March 2020 ($612,440) is up 5.6 percent month over month from February 2020 ($579,770), and up 8.3 percent year over year from $565,740 in March 2019. Existing home sales in overall California were down 6.1 percent year over year as of March 2020. The overall California numbers compare to Riverside County with $435,000 as the median price paid for an existing home in the County in March 2020 (up 1.6 percent from February 2020) and a year over year sales increase of 5.6 percent. Below is a table showing the sales and prices for the Southern California area by County per the California Association of Realtors.

Southern California Existing Home Sales						
County	March 2020	February 2020	March 2019	Price MTM % Change	Price YTY % Change	Sales YTY % Change
Los Angeles	$567,910	$580,690	$525,520	-2.2%	8.1%	-2.9%
Orange	$882,000	$880,000	$809,500	0.2%	9.0%	1.6%
Riverside	$435,000	$428,000	$412,000	1.6%	5.6%	4.5%
San Bernardino	$316,000	$329,000	$309,950	-4.0%	2.0%	-3.7%
San Diego	$675,000	$670,000	$623,800	0.7%	8.2%	-1.3%
Ventura	$705,000	$649,500	$640,000	8.5%	10.2%	2.7%

Source: California Association of Realtors March 2020

Based on March 2020 median existing homes prices, in comparison to the majority of the surrounding counties, Riverside County has a definite price advantage. The "Riverside County Advantage" (price difference between Riverside and surrounding counties) is $132,910 as compared to Los Angeles County, $240,000 as compared to San Diego County, $237,000 as compared to Ventura County and $447,000 as compared to Orange County. That is, in March 2020, the median priced home in Riverside County was $447,000 less (or 50 percent less) than the median priced home in Orange County ($882,000). However, San Bernardino County has a $119,000 price advantage over Riverside County. As the price advantage widens, homebuyers are more open to commuting to further out areas.

In a separate attempt to capture the increase in home prices, the resale activity of existing homes in the subject's immediate area (per CoreLogic) has been reviewed. The number of sales and sale prices of existing homes within market areas in the area of the subject are shown in the table below. The information shows the higher price points in the Corona area in regards to overall Riverside County. Please note, the sales statistics below reflect single family homes; the condominium resale data is too small of a sample sized to be deemed reliable.

Community Name	Zip Code	Border To Subject	Sales of SFD Homes March 2020	March 2020 Median Price SFR	March 2020 Median Price SFR/SF	Price % Change from March 2019
Corona	92880	Subject	72	$600,000	$204	11.3%
Norco	92860	East/NE	26	$609,000	$285	16.0%
Corona	92879	East/SE	22	$517,000	$243	13.6%
Corona	92882	South	44	$587,000	$267	18.5%
Chino Hills	91709	West	64	$625,000	$349	-6.2%

Source: CoreLogic Southern California Home Resale Activity March 2020

The table above depicts price changes over the past year on single-family home sales prices for existing single-family homes. The subject area's median home sales price is $600,000 towards the upper end of the range of the surrounding area. The above price fluctuations from year to year relate to the California Department of Real Estate's overall Riverside County detached home resale price increase of 4.5 percent from March 2019 to March 2020.

According to the Ryness Report dated May 3, 2020, there are currently 39 new home projects in the Northwest Riverside market segment. Corona houses 17 of the 39, which the majority belonging to the masterplans Bedford and Terramor. It is important to note that Boardwalk (subject) does not report to the Ryness company and is not included in these statistics.

Boardwalk Sales and Pricing

Boardwalk opened for sale October 2017 with base pricing from the high \$300,000s to the low \$400,000s. Actual sales prices, including options, upgrades and premiums, have ranged from \$390,288 to \$461,342 not including the model homes. They have sold 124 homes to date which equates to an average sales rate of 4.0 sales per month. Per the Ryness Report dated January 7, 2020, the average sales rate for the Inland Empire for 2019 was 3.9 sales per month while the average sales rate for 2018 was 2.76 sales per month. Reviewing the 2020 First Quarter Ryness Quarterly Summary Data, Q1 of 2020 revealed an average sales rate per project of 4.6 sales per month. It is important to note that this data was prior to the COVID-19 pandemic panic taking the U.S. by storm. According to the Inland Empire sales rates, the subject has been performing slightly above both the 2018 and 2019 regional averages, and slightly lower than the 1st Quarter 2020 average.

Summary

Riverside County has seen a substantial increase in pricing since 2012 with 2016 through 2020 showing some double-digit increases. The number of new home projects have increased significantly in the Inland Empire over the past three years. The Corona new home market is limited outside of the one master planned community, and projects are performing at market, resulting in average to good sales rates within the comparable projects in the area. The Corona area saw an increase in pricing consistent with most of Southern California in 2019 and thus far in 2020. While there appeared to be a market disruption in the fourth quarter 2018, sales picked up due to loans becoming easier to obtain and interest rates declining with the remainder 2020 poised for continued growth, prior to the COVID-19 market shake up. Sales in the immediate vicinity of the subject are brisker than the overall average in the Northwest Riverside County market area. Despite uncertainty hitting the market with the COVID-19 outbreak, most observers agree that the Riverside County housing market is still positive and healthy population growth is occurring in the County. It is believed that as population continues to increase, housing growth will also continue.

HIGHEST AND BEST USE ANALYSIS

The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

> *"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"*[4]

Proper application of this analysis requires the subject properties to first be considered "As If Vacant" in order to identify the "ideal" improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

"As If Vacant"

In the following analysis, we have considered the sites probable uses, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible uses, or those uses which generate a positive return on investment; and the maximally productive uses, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

Physically Possible Uses

The subject property consists of 10.0 acres of land, located near the northern border of the City of Corona in Riverside County. The site is long and narrow limiting the type of development. The site's original topography was generally level at street grade of Harrington Street. The site has been mass graded and developed into 148 generally level townhome pads. The site is adjacent to the Temescal Wash, a drainage channel.

[4] The Appraisal of Real Estate, 11th Edition

We have reviewed Geotechnical Reports and a Phase I Site Assessment in reference to the subject property. All studies reviewed concluded the property was suitable for residential development. It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that there are no environmental issues which would slow or thwart development of the site. This is evidenced by City approvals along with City inspectors on site.

An engineered street drainage system has been designed to alleviate any potential flooding problems and to control project water runoff. The site has good access from the 91 Freeway via Lincoln Avenue and from I-15 via Hidden Valley Parkway.

Based on the physical analysis, the size, access and topography make the subject property physically suited for numerous types of development; however, the grading and development that has occurred on the site suggests residential use.

Legality of Use

The subject property is located within the incorporated City of Corona in the County of Riverside. Per the current Corona Zoning map the site is designated for High Density Residential while per the Corona General Plan the site is also designated High Density Residential. In addition, Tract Map No. 36427 recorded on the site November 29, 2017 which divided the site into one large lot and several lettered lots. Condominium maps were also approved which divided Lot 1 of Tract 36427 into 36 residential buildings and 148 condominium units. The lettered lots refer to the setback area at the west end of the site and along Harrington Street. The approved mapping is consistent with both the current zoning and general plan designation on the property. Based on the legality of use analysis, the type of development for which the subject property can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. From the late 1990s residential prices generally escalated rapidly with good residential sale activity and a strong resale market drawing move-up residential buyers to the area. In 2005 home sales volumes began to drop dramatically due to the great recession. New home sales within Riverside County slowed dramatically between 2005 and 2011. Since 2012 there has been an increase in both sales and prices in the County with current new home pricing surpassing the previous peak. As discussed under the Riverside County Housing Market section earlier within this report, the Corona market is essentially built-out with surrounding communities showing good absorption and increases in pricing over the past few years.

Due to the limited availability of land for development within the City limits, we expanded our search to the surrounding communities of Eastvale and Chino. There are currently six new home communities which we considered to be comparable to the subject property. All six comparable communities are attached townhome projects. These competing developments in Corona, Eastvale and Chino are all having average to good sales rates. The subject property is one of the few actively selling communities in the City of Corona. Bedford, located in South Corona is a master planned community which is selling five different neighborhoods via three builders. In the past year, Van Daele sold out of Valencia and Seville, a small lot and "cluster" project in Corona and TriPointe sold out of their Terrassa project (cluster and small lot homes), also in Corona. While these two neighborhoods were not attached, they were small lots with shared driveways which were also considered to be entry-level homes in Corona. The closing out of new, entry level projects in Corona suggest there is a demand for new, entry level homes.

Based on the above analysis, the highest and best use for the subject property appears to be for high density residential development.

Maximum Productivity

The current housing market is giving some mixed messages. While population is still growing, home sales are still below historic average rates and prices are rising. High prices, limited financing choices and limited credit availability are making it hard for first time buyers to enter the housing market. However, the limited availability of homes for sale, population growth and historically low interest rates all point to demand for new housing in the subject area with upward pressure still being placed on prices. Based on the current active projects in the area, coupled with population growth projected, it is our opinion that the subject property is feasible for high density residential development.

Highest and Best Use Conclusion – "As if Vacant"

The final determinant of highest and best use, as if vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property "As if Vacant" is for high density residential development.

Highest and Best Use – "As Improved"

Boardwalk Townhomes consists of 148 proposed attached townhome units. The first unit closing occurred in August 2018. There have been 124 sales and 108 closings within Boardwalk Townhomes resulting in an average sales rate of 4.0 sales per month, considered to be a good sales rate. Boardwalk Townhomes has units ranging from 1,555 to 1,682 square feet with base pricing from $396,990 to $413,990. Our search within the subject area found seven projects (including the subject) considered to be comparable with similar sized homes. The sales rates within these projects ranged from 3.50 units per month to 6.39 units per month. Our search of the Multiple Listing Service and on-site inspection revealed zero current re-sale listings and zero re-sales within the subject neighborhood.

The sales rate within the subject and the competitive projects in the immediate area suggest there is demand for new homes in the current market at the right price points. All homes are of good design and appear to be of good quality workmanship. Based on the subject neighborhood's sales rates, it is our conclusion that the highest and best use for the subject property is for continued use, as improved.

VALUATION ANALYSIS AND CONCLUSION

The Sales Comparison Approach will be the primary approach used to value the subject property. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the property, a unit of comparison needs to be addressed. For single-family condominiums, the units are typically sold on a “finished lot” or per unit basis (even though the lots may be condominium lots). That is, the sales price is determined by a finished lot value and then the remaining costs to develop the property to a finished lot condition are taken into account in the sales price. Therefore, in determining a current market value for the lands, the current condition of the lots will be considered. In the case of the existing unit valuations, a single new-home sale is the unit of comparison. Our search will include the surrounding market area to find comparable new homes for sale. In determining the value for each unit, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home.

The valuation will be presented as follows. First, a discussion of the single-family condominium and small lot market data will be given. Each of the comparable market data (on a finished unit pad basis) will be detailed along with a comparison discussion of their relationship to the subject property. The remaining construction costs, if any, will be taken into consideration. This analysis will be followed by a finished lot or unit pad value conclusion. Units which are under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement. In the case of the completed (over 95 percent complete) builder owned models and production units, the homes will be valued using the Sales Comparison Approach to value to conclude on a retail value for each plan, followed by a Discounted Cash Flow (“DCF”) Analysis due to the single ownership. The DCF will take into account the fair market value of the completed homes (utilizing the Sales Comparison Approach), remaining development costs (if any), the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period. In the case of the individually owned homes, a concluded base value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. All of the value conclusions will take into consideration improvements funded by the CNUSD CFD No. 17-1 Special Tax Bonds and the corresponding special tax lien. A summary of the final value conclusions will be reported at the end of this valuation section. A summary of the final value conclusions will be reported at the end of this valuation section.

Market Data Discussion –Residential Lots

Within Boardwalk Townhomes, there are a total of 108 individually owned homes, 18 homes over 95 percent complete (including three model units), 15 units under construction, and seven finished lots. The units under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially completed unit; therefore, 22 lots will be valued.

We have searched the area and found the seven transactions summarized in the Addenda to be most comparable to the subject property. While some of the lands are being developed into condominiums and others into alley loaded or cluster type small lot developments, the density of development is similar. Two of the seven sales are located within the City of Corona, three are located within the city of Chino, one is located in the city of Eastvale and one is located within the city of Riverside. The sales are reported both on a purchase price basis (when available) and on a “finished lot” basis. The actual purchase price is typically less, depending on the condition of the land (lots) at the time the property was acquired. Although some of the sales refer to lands in a nearly finished condition, they are typically physically finished lots with some fees remaining to be paid in order to be considered true “finished lots.” Below are the details of each of the comparable land sales along with a discussion of each transaction in relationship to the subject lands.

Data No. 1 refers to Lennar's single purchase of two communities at The Preserve in Chino. Lennar purchased 55 detached small-lot units known as Olive Grove and 148 detached six-pack alley-load units known as Summerfield. The site was purchased in September 2018 for $23,619,000 or $159,588 per unit for an estimated blended finished lot price of $220,000. The seller was the Lewis Group, who delivered the lots in a finished condition with an approved final map. In comparison with the subject property this transaction is considered superior due to the overall master-planned amenities and the detached product.

Data No. 2 refers to TRI Pointe Homes single purchase of two communities at the Preserve in Chino. Tri Pointe Homes purchased 113 attached townhomes called Ivy and 133 attached courtyard cluster units called Hazel. The projects were purchased for $21,631,000 or $87,931 per unit for an estimated blended finished lot price of $140,000. Similar to Data No. 1, the Lewis Group delivered the projects in a finished lot condition with an approved final map. Although these products offer similar product to the subject property, it is considered superior due to overall master-planned community amenities, however slightly inferior in location (Chino versus Corona).

Data No. 3 refers to TRI Pointe Homes two phase purchase of 101 attached townhome lots in the master-planned community of Bedford in the City of Corona. Tri Pointe Homes purchased Phase 1 that included 35 units on August 2018 and then later closed on the remaining 66 units. The pads were delivered in a finished condition with an approved final map for an estimated finished lot value of $161,000. Although these products offer similar product to the subject property, it is considered superior due to overall master-planned community amenities.

Data No. 4 refers to Lennar's single purchase of two communities called the Landings in Chino. Lennar purchased 94 townhome units known as Waypoint (at Landings) and 106 detached six-pack cluster units known as Crosswinds (at Landings). The site was purchased in June 2018 for $14,699,000 or $73,495 per unit for an estimated blended finished lot price of $204,000. The seller was Richland Communities, who delivered the lots in an unimproved condition with final engineering plans in process. In comparison with the subject property this transaction is considered superior due to the sites partial detached product type.

Data No. 5 refers to the purchase of 65 small detached lots with minimal yard space. The community is known as Sausalito in Corona and is gated with a central clubhouse/pool common area. Woodside Homes purchased the site from Planet Home Housing Pool 2 in June 2018 for $94,962 per unit based on an estimated finished lot price of $189,000. The property closed with an approved tentative tract map, however without final engineering plans and in an unimproved condition. The site had surrounding streets in place as it is an infill parcel in the area known as Home Gardens in Corona. The property consisted of 4.27 gross acres resulting in an overall density for the 65 lots of 15.22 units per acre which is typical of attached or cluster projects as well as small detached lots. The property is not located within a CFD. In comparison to the subject property this location is considered inferior as it is an infill site located adjacent to Corona Palms, a mobile home park and, however superior in overall tax rate (no CFD) and the detached product.

Data No. 6 refers to Lennar's single purchase of three communities called Prado in Eastvale. Lennar purchased 86 attached townhomes known as Emilia, 93 attached townhomes known as Palermo, and 64 detached six-pack alley-load units. The site was purchased in January 2018 for $21,277,500 or $87,562 per unit for an estimated blended finished lot price of $180,000. The seller was the Lewis Group, who delivered the lots in an unimproved condition with an approved Tract Map. In comparison with the subject property this transaction is considered superior due to the sites partial detached product type.

Land Sale No. 7 This is an infill site located in Riverside. The property closed in February 2017 with an approved tentative tract map for a townhome product making it similar in terms of density and product type to the subject townhome site. The purchase price is $879,984 or $24,444 per proposed dwelling unit. It is reported that the finished lot (unit) price was $104,144 per unit. The project is known as Harris Farm with home sizes from 1,450 to 1,950 square feet is now sold out. This location is considered inferior to the subject in that it is in central Riverside and also considered inferior in that it does not have similar amenities such as a pool.

The chart below summarizes the various differences in the market data as compared to the subject property.

Data No.	Location	Date of Sale	Lot Size / Density	Finished Lot Price	Comparison to Subject
1	The Preserve Chino	9 / 18	Various / 15 du/ac	$220,000	Superior – Amenities, detached Slightly Inferior – location
2	The Preserve Chino	9 / 18	Townhomes / 18 du/ac	$140,000	Superior – Amenities Slightly Inferior – location
3	Bedford Corona	8 / 18	Townhomes / 15 du/ac	$161,000	Superior – Amenities
4	The Landings Chino	6 / 18	Various / 10 du/ac	$204,000	Superior – part detached Slightly Inferior - location
5	Home Gardens / Corona	6 / 18	1,500 sf / 16 du/ac	$189,000	Superior – detached, tax rate Inferior - surroundings
6	Prado Eastvale	1 / 18	Various / 12 du/ac	$180,000	Superior – part detached
7	Riverside	2 / 17	Townhomes / 12 du/ac	$104,000	Inferior – Location, Amenities

The market data has an overall finished lot range from $104,000 to $220,000. This wide range is largely due to various densities and product types. Single family detached product types tend to have the higher finished lot prices depending on other factors being equal and attached units will generally indicate lower finished lot prices. All of the sales have taken place since February 2017. Adjustments were considered primarily made due to location, amenities and product type.

Data Nos. 2, 3, and 7 are the most comparable due to being exclusively attached townhome product similar to the subject property. These deals have an overall range of $104,000 to $161,000 per finished lot. Data Nos. 1 and 6 are small lots or detached condominium lots are considered superior. These sales indicate a range of $189,000 to $220,000 per finished lot or unit. Data Nos. 4 and 6 have both attached townhomes and detached small lot/condominium lots. These sales indicate a range of from $180,000 to $204,000 per finished lot or unit. Data No. 3 is the most similar comparable given its exclusively townhome product and in the city of Corona. However, Data No. 3 is considered superior due to being in the new master-planned community of Bedford. Most new residential product being built in the subject market area consists of detached homes. However, based on density, small lot detached product is considered to be comparable to the subject property. We have concluded that the subject property has a finished lot (or unit pad) value of $140,000.

Finished Lot Value Conclusion

Boardwalk Townhomes includes 108 closed units, 18 units over 95 percent complete, 15 units under construction and seven remaining townhome sites. We will value the units under construction (under 95 percent complete) on the basis of a finished lot rather than attribute value to a partially completed improvement, thus we will value 22 “lots” or homesites. The density for the 148 units is 14.8 dwelling units per acre. We have estimated a finished “lot” value for Boardwalk Townhomes on the basis of $140,000 per finished lot. As discussed under the property description section above, there are $11,902.50 per unit in remaining hard costs per all builder-owned units and $42,938 in remaining impact and facility fees for the seven remaining lots which have not yet begun construction. The concluded “as is” value for the lands is as follows:

22 “Lots” x $140,000	$ 3,080,000
Less: Remaining Hard Costs ($11,902.50 x 22)	(261,855)
Remaining Fees ($6,134 x 7)	(42,938)
“As Is” Value Lands	**$ 2,775,207**

Retail Townhome Valuation

Due to the single ownership of multiple units by the builder within the subject property including model units and production units over 95 percent complete, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the townhomes. First, a retail value for each plan will be concluded followed by a DCF which will take into account the absorption time to sell off the builder-owned units, the costs associated with selling off the units and any remaining costs owed by the builder. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

The DCF builder-owned final value will be followed by a reporting of the concluded values for the individually owned units using the concluded base retail value for each plan with a separate check of the analysis utilizing a mass appraisal technique based on actual sales prices of the homes.

Boardwalk Townhomes by LCG Harrington

Boardwalk Townhomes consists of 108 individually owned units, three model units, 15 production units over 95 complete (twelve in escrow), 15 units under construction (4 in escrow) and seven finished lots owned by the builder. The units under construction and the remaining lots have been valued above. The 18 builder-owned units over 95 percent complete (including three model units) are being addressed in this section with a separate valuation for each plan.

Below is a summary of the floor plans within Boardwalk Townhomes. A listing of the improved residential comparable properties is located in the Addenda of this report. All of the improved residential properties are located within Corona, Eastvale and Chino. Our search of the subject property and the local Multiple Listing Service (MLS) has resulted in no re-sales or current listings within Boardwalk Townhomes.

Boardwalk Townhomes by LCG Harrington					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
1	3 / 2.5	3 / 2	1,555	36	6*
2A	3 / 2.5	3 / 2	1,588	20	4*
2B/C	3 / 2.5	3 / 2	1,628	17	1
3	3 / 2.5	3 / 2	1,682	35	7**
Total				108	18

*Each asterisk designates one model unit per that plan. In addition to the above units, there are 15 units under construction (12 which are in escrow) and seven additional finished lots.

The most appropriate new home comparable data for Boardwalk Townhomes Plan 1 are:

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2.5	3 / 2	1,555	--
1	2A	3 / 2.5	3 / 2	1,588	$245.90
2	3	3 / 2.5	2 / 2	1,551	$266.88

3	3	3 / 2.5	2 / 2	1,586	$261.92
4	2	2 / 2.5	2 / 2	1,453	$267.65
5	1	3 / 2.5	2 / 2	1,463	$259.73
5	2	3 / 2.5	2 / 2	1,485	$259.93
6	2	3 / 2.5	2 / 2	1,462	$261.29
6	3	3 / 2.5	2 / 2	1,536	$258.65
7	2	3 / 2.5	3 / 2	1,573	$239.03

All new home comparables are located within the City of Corona, Eastvale and Chino. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new homes comparables have a base price less concessions range from $239.03 to $267.65. Boardwalk Townhomes Plan 1 has a current base asking price less incentives of $250.47 per square foot. There have been 36 closings of Plan 1 with sales prices ranging from $251.36 to $276.46 per square foot. There are eight escrows of Plan 1 with sales prices ranging from $254.66 to $260.44 per square foot. It should be noted that the reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base market value of $248.00 per square foot. This calculates as follows:

1,555 sf x $248.00 = $385,640

The most appropriate new home comparable data for Boardwalk Townhomes Plan 2A are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2A	3 / 2.5	3 / 2	1,588	--
1	1	3 / 2.5	3 / 2	1,555	$250.47
1	2B/C	3 / 2.5	3 / 2	1,628	$244.77
2	3	3 / 2.5	2 / 2	1,551	$266.88
3	3	3 / 2.5	2 / 2	1,586	$261.92
4	2	2 / 2.5	2 / 2	1,453	$267.65
5	1	3 / 2.5	2 / 2	1,463	$259.73
5	2	3 / 2.5	2 / 2	1,485	$259.93
6	2	3 / 2.5	2 / 2	1,462	$261.29
6	3	3 / 2.5	2 / 2	1,536	$258.65
7	2	3 / 2.5	3 / 2	1,573	$239.03

All new home comparables are located within the City of Corona, Eastvale and Chino. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new homes comparables have a base price less concessions range from $239.03 to $267.65. Boardwalk Townhomes Plan 2 has a current base asking price less incentives of $245.90 per square foot. There have been 20 closings of Plan 2 with sales prices ranging from $245.77 to $278.06 per square foot. There are 3 escrows of Plan 2 with sales prices ranging from $249.99 to $254.40 per square foot. It should be noted that the reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of $244.00 per square foot. This calculates as follows:

1,588 sf x $244.00 = $387,472

The most appropriate new home comparable data for Boardwalk Townhomes Plan 2B/C are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	2B/C	3 / 2.5	3 / 2	1,628	--
1	2A	3 / 2.5	3 / 2	1,588	$245.90
1	3	3 / 2.5	3 / 2	1,682	$241.67
2	3	3 / 2.5	2 / 2	1,551	$266.88
3	3	3 / 2.5	2 / 2	1,586	$261.92
5	3	3 / 2.5	2 / 2	1,668	$243.40
6	3	3 / 2.5	2 / 2	1,536	$258.65
6	4	3 / 2.5	2 / 2	1,773	$239.71
7	2	3 / 2.5	3 / 2	1,573	$239.03

All new home comparables are located within the City of Corona, Eastvale and Chino. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new homes comparables have a base price less concessions range from $239.03 to $266.88.

Boardwalk Townhomes Plan 2B/C has a current base asking price less incentives of $244.77 per square foot. There have been 17 closings of Plan 2B/C with sales prices ranging from $248.38 to $276.51 per square foot. There are currently zero escrows of Plan 2B/C. It should be noted that the reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2B/C has a base current market value of $242.00 per square foot. This calculates as follows:

1,628 sf x $242.00 = $393,976

The most appropriate new home comparable data for Boardwalk Townhomes Plan 3 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	3 / 2.5	3 / 2	1,682	--
1	2B/C	3 / 2.5	3 / 2	1,628	$244.77
2	3	3 / 2.5	2 / 2	1,551	$266.88
3	3	3 / 2.5	2 / 2	1,586	$261.92
5	3	3 / 2.5	2 / 2	1,668	$243.40
6	3	3 / 2.5	2 / 2	1,536	$258.65
6	4	3 / 2.5	2 / 2	1,773	$239.71
7	2	3 / 2.5	3 / 2	1,573	$239.03

All new home comparables are located within the City of Corona, Eastvale and Chino. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new homes comparables have a base price less concessions range from $239.03 to $266.88 per square foot. Boardwalk Townhomes Plan 3 has a current base asking price less incentives of $241.67 per square foot. There have been 35 closings of Plan 3 with sales prices ranging from $246.00 to $274.28 per square foot. There are 6 escrows of Plan 3 with sales prices ranging from $246.72 to $255.64 per square foot. It should be noted that the reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of $240.00 per square foot. This calculates as follows:

1,682 sf x $240.00 = $403,680

Builder-Owned Retail Values

Within Boardwalk Townhomes there are 18 builder-owned units over 95 percent complete which includes three model units and 15 production units, 12 which are in escrow. Per interviews with builders, upgrades and landscape/hardscape of up to $100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar for dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a $35,000 premium has been included with each of the model units. As concluded above, the retail base value conclusions for the builder-owned units are calculated as follows:

Plan 1 (6 x $385,640)	$ 2,313,840
Plan 2A (4 x $387,472)	1,549,888
Plan 2B/C (1 x $393,976)	393,976
Plan 3 (7 x $403,680)	2,825,760
Model Upgrades (3 x $35,000)	105,000
Total Retail Value	$ 7,188,464

Absorption Period

In order to arrive at an absorption period for the 18 builder-owned homes, the absorption rate for the subject neighborhood along with the surrounding developments has been reviewed. Boardwalk Towns opened in October 2017. There have been 124 sales suggesting an average absorption of 4.0 units per month which is considered to be a very good absorption rate. Taking into consideration the product, concluded sales prices, current escrows and current market conditions including the COVID 19 pandemic, it has been concluded that the 18 builder-owned homes will be absorbed within a five-month period at the concluded values.

Remaining Costs

As discussed under the property description section there are $11,902.50 per lot remaining for hard development costs. For the 18 builder-owned homes, this equates to $214,245 ($11,902.50 x 18) in remaining costs. For purposes of this analysis, it is assumed the costs will be spent averaged over the five-month absorption period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the early 1990s recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have been increasing. An eight percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Corona area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property

The homes within Boardwalk Townhomes began selling in October 2017 with the product being well received in the marketplace with a 4.00 sales per month average. Based on the sales rate within the subject project, the competition, the product and location, a 10 percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder-owned homes within Boardwalk Townhomes is $5,681,248.

Boardwalk Townhomes – Builder Ownership Valuation

The builder-owned homes within Boardwalk Townhomes consist of four models along with thirteen production homes over 95 percent complete, 15 homes under construction (valued based on a finished lot) and seven remaining finished "lots" owned by LCG Harrington. The final valuation of the LCG Harrington owned property is:

22 "Lots" in their "As Is" condition	$ 2,775,207
18 Units (LCG Harrington)	5,681,248
Total LCG Harrington Ownership	**$ 8,456,455**

Boardwalk Townhomes – Individual Owned Homes Valuation Conclusion

There are 108 individually owned homes within Boardwalk Townhomes. Based on the concluded value for each plan, the individually owned units within Boardwalk Townhomes are:

Plan 1 (36 x $385,640)	$ 13,883,040
Plan 2A (20 x $387,472)	7,749,440
Plan 2B/C (17 x $393,976)	6,697,592
Plan 3 (35 x $403,680)	14,128,800
Total Individually Owned	**$ 42,458,872**

In an additional review, we have reviewed the original builder sales prices for the homes within Boardwalk Townhomes. Closings for the 108 homes occurred between August 17, 2018 and April 30, 2020. The reported closing prices by the builder for the individually owned homes total $44,972,108. The concluded minimum market value of $42,458,872 is within 5.6 percent of the actual sales prices. The builder's reported prices include premiums, upgrades and purchased options as well as took into consideration the concessions given by the builder. The above valuation is for the minimum market value as it takes into consideration the base plan price only and does not take into account any options, premiums or upgrades which were purchased by the buyers. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property within CNUSD CFD No. 17-1 which consists of 148 proposed units known as Boardwalk Townhomes in the City of Corona. Out of the total 148 proposed townhome units, 108 are completed and have closed to individuals, 18 are 95% complete and owned by the builder (including three model homes), 15 are under construction and there are seven finished lots. We have reviewed the builder sales and reviewed the areas Multiple Listing Service. Our search resulted in no re-sales or current listings of re-sale homes within Boardwalk Townhomes.

The subject property was valued utilizing the Sales Comparison Approach to value, a Discounted Cash Flow when needed and a mass appraisal technique for the individually owned homes. A minimum value was determined by concluding at a base value for the homes. The valuation took into account the improvements/benefits to be funded by Special Tax CNUSD CFD No. 17-1 Bond Proceeds along with the CNUSD CFD No. 17-1 special tax lien. The concluded value for the subject properties, subject to their respective special tax lien, as:

Boardwalk Townhomes:	
LCG Harrington (22 sites & 18 units)	$ 8,456,455
Individual Owners (108 units)	$ 42,458,872
Total Aggregate Value	**$ 50,915,327**

The above values are stated as of said date of value and subject to the attached Assumptions and Limiting Conditions and Appraiser's Certification.

APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.

3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.

4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

7. Kitty Siino and Larry Heglar have made a personal inspection of the property that is the subject of this report.

8. Kitty Siino and Larry Heglar have not performed any appraisal services on the subject property in the past three years.

9. No other appraisers have provided significant professional assistance to the persons signing this report.

10. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

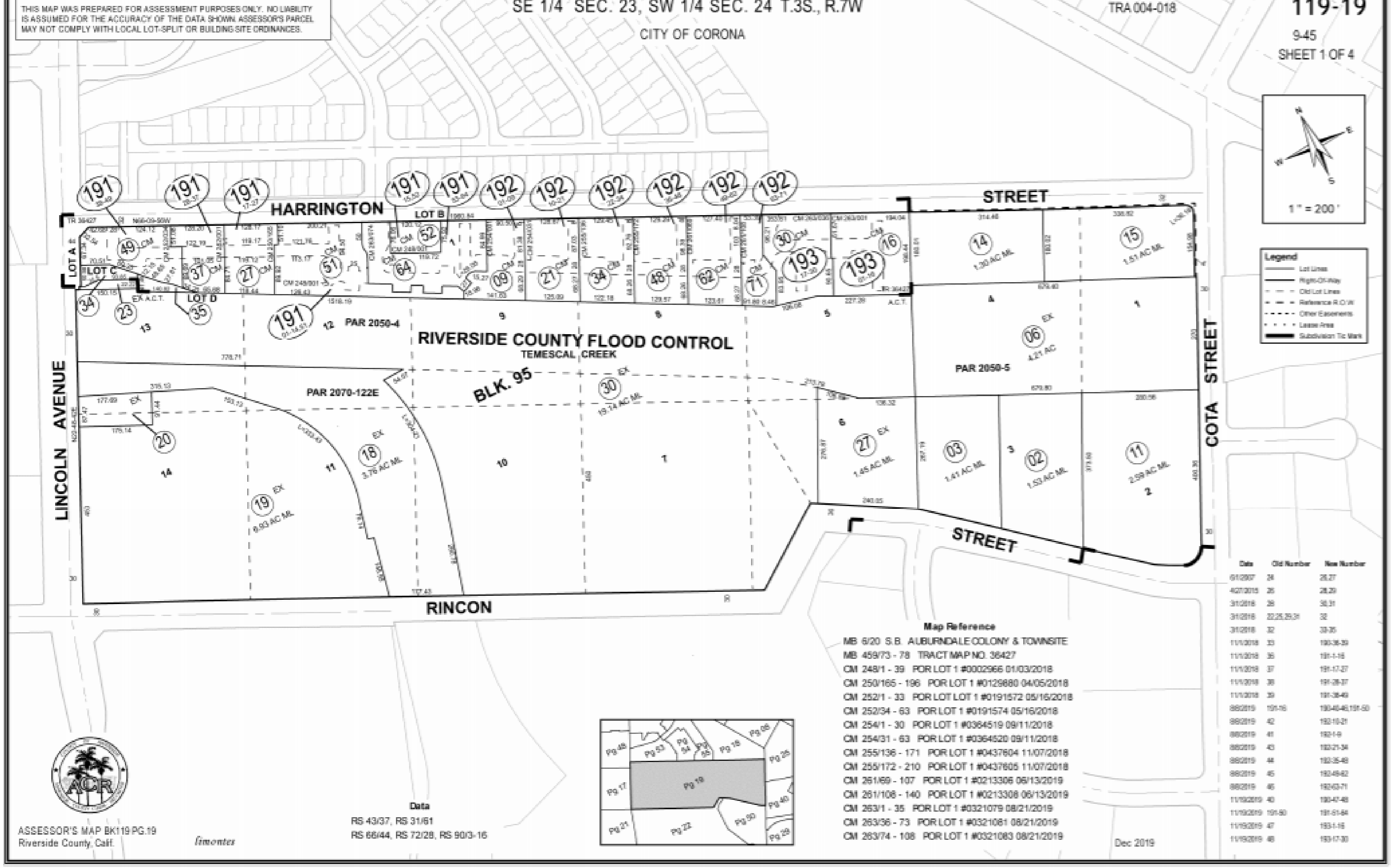
12. As of the date of this report, Kitty Siino and Larry Heglar have completed the requirements of the continuing education program of the Appraisal Institute.

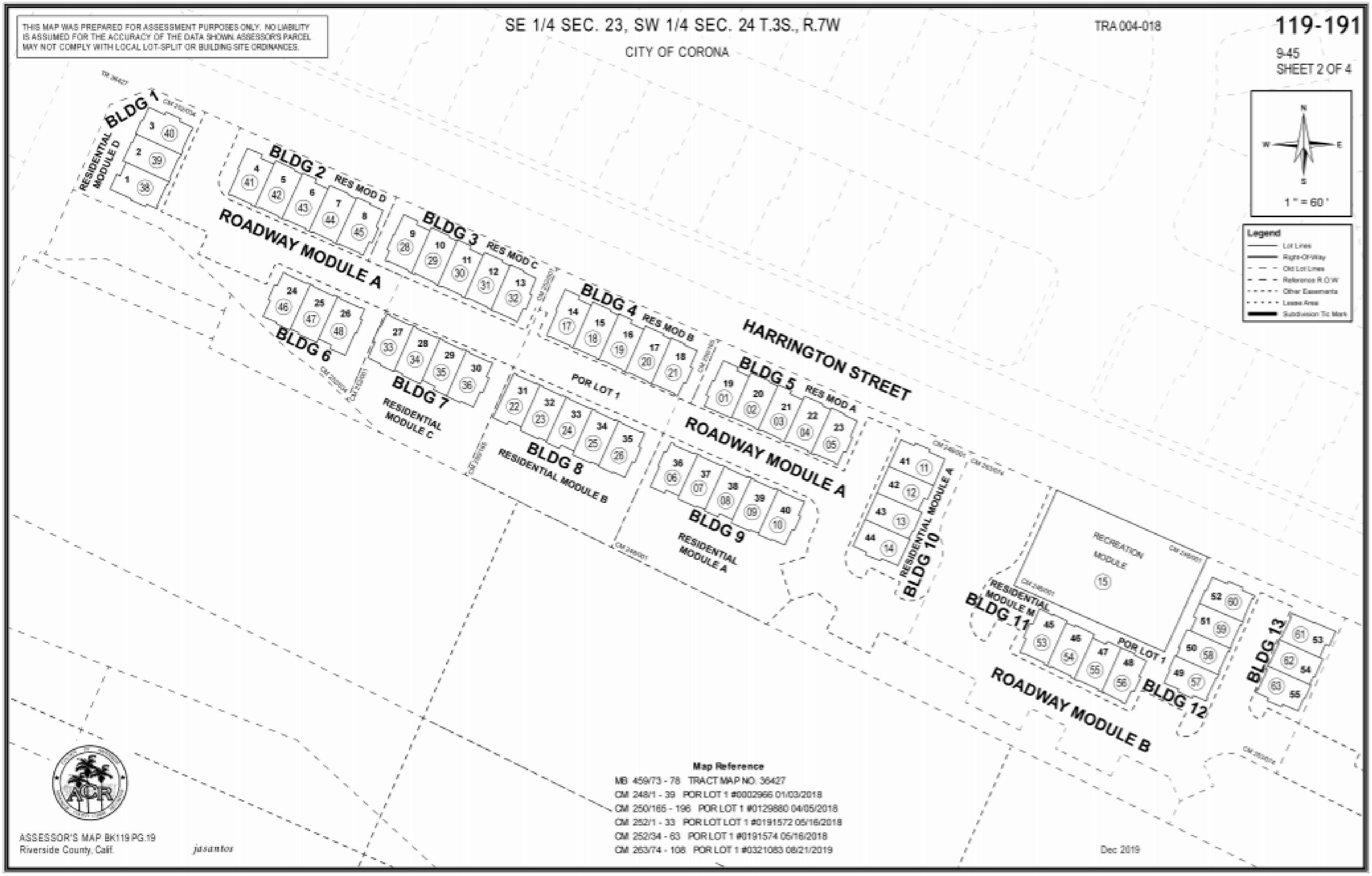
K. Siino

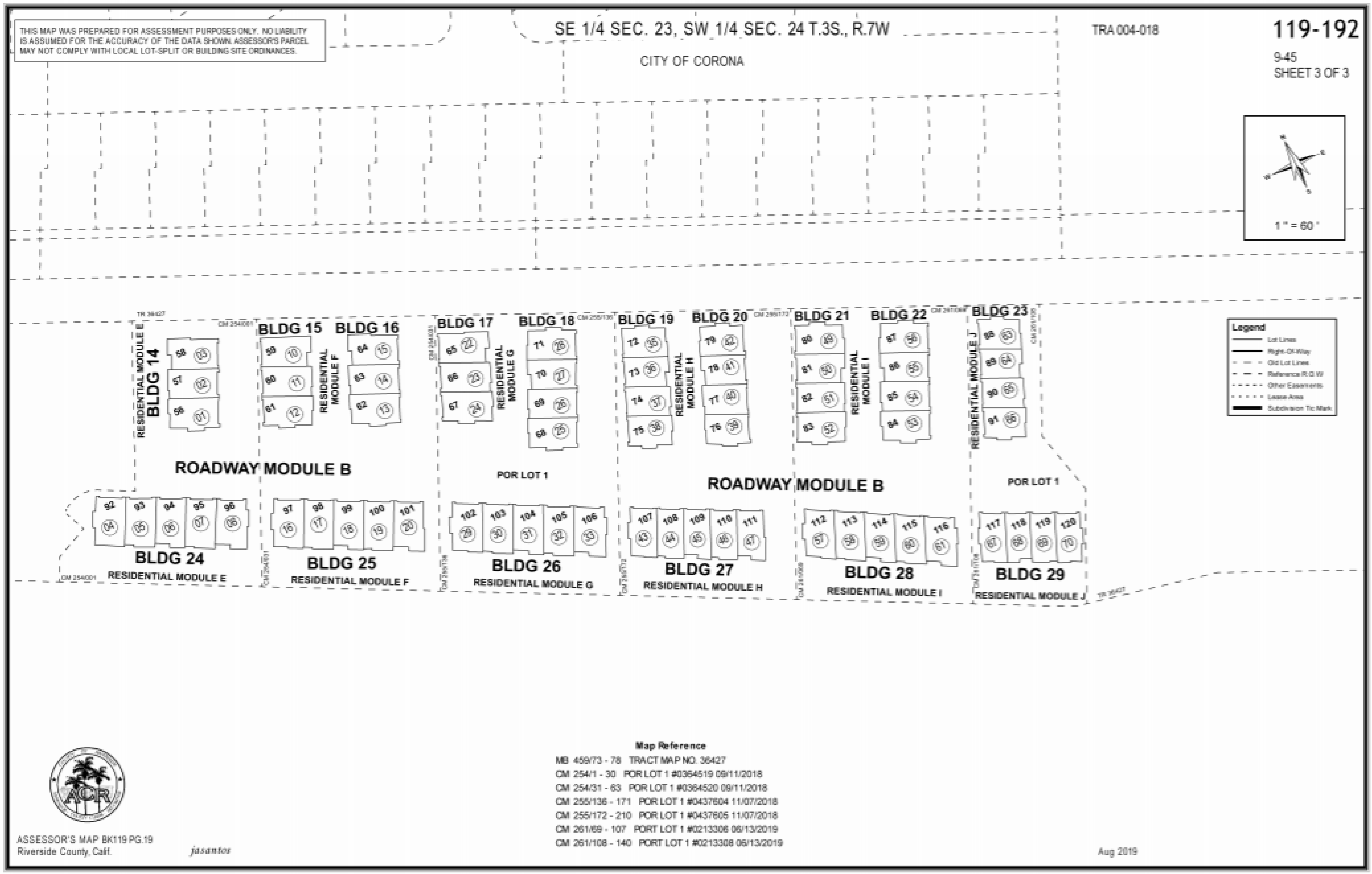
Kitty S. Siino, MAI
State Certified General
Real Estate Appraiser (AG004793)

ADDENDA

APN MAPS


THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.
SE 1/4 SEC. 23, SW 1/4 SEC. 24 T.3S., R.7W
CITY OF CORONA
TRA 004-018
119-19
9-45
SHEET 1 OF 4
1" = 200'
HARRINGTON
STREET
LINCOLN AVENUE
COTA STREET
RINCON
STREET
RIVERSIDE COUNTY FLOOD CONTROL
TEMESCAL CREEK
BLK. 95
PAR 2050-4
PAR 2050-5
PAR 2070-122E
LOT A
LOT B
LOT C
LOT D
Legend
Lot Lines
Right-Of-Way
Old Lot Lines
Reference R.O.W.
Other Easements
Lease Area
Subdivision Tic Mark
Map Reference
MB 6/20 S.B. AUBURNDALE COLONY & TOWNSITE
MB 459/73 - 78 TRACT MAP NO. 36427
CM 248/1 - 39 POR LOT 1 #0002966 01/03/2018
CM 250/165 - 196 POR LOT 1 #0129880 04/05/2018
CM 252/1 - 33 POR LOT LOT 1 #0191572 05/16/2018
CM 252/34 - 63 POR LOT 1 #0191574 05/16/2018
CM 254/1 - 30 POR LOT 1 #0364519 09/11/2018
CM 254/31 - 63 POR LOT 1 #0364520 09/11/2018
CM 255/136 - 171 POR LOT 1 #0437604 11/07/2018
CM 255/172 - 210 POR LOT 1 #0437605 11/07/2018
CM 261/69 - 107 POR LOT 1 #0213306 06/13/2019
CM 261/108 - 140 POR LOT 1 #0213308 06/13/2019
CM 263/1 - 35 POR LOT 1 #0321079 08/21/2019
CM 263/36 - 73 POR LOT 1 #0321081 08/21/2019
CM 263/74 - 108 POR LOT 1 #0321083 08/21/2019
Data
RS 43/37, RS 31/61
RS 66/44, RS 72/28, RS 90/3-16
ASSESSOR'S MAP BK119 PG.19
Riverside County, Calif.
limontes
Dec 2019


THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.
SE 1/4 SEC. 23, SW 1/4 SEC. 24 T.3S., R.7W
CITY OF CORONA
TRA 004-018
119-191
9-45
SHEET 2 OF 4
N
W
E
S
1 " = 60 '
Legend
Lot Lines
Right-Of-Way
Old Lot Lines
Reference R.O.W
Other Easements
Lease Area
Subdivision Tic Mark
BLDG 1
RESIDENTIAL MODULE D
BLDG 2
RES MOD D
BLDG 3
RES MOD C
BLDG 4
RES MOD B
BLDG 5
RES MOD A
BLDG 6
BLDG 7
RESIDENTIAL MODULE C
BLDG 8
RESIDENTIAL MODULE B
BLDG 9
RESIDENTIAL MODULE A
BLDG 10
RESIDENTIAL MODULE A
BLDG 11
RESIDENTIAL MODULE M
BLDG 12
BLDG 13
ROADWAY MODULE A
ROADWAY MODULE A
ROADWAY MODULE B
HARRINGTON STREET
POR LOT 1
POR LOT 1
RECREATION MODULE
Map Reference
MB 459/73 - 78 TRACT MAP NO. 36427
CM 248/1 - 39 POR LOT 1 #0002966 01/03/2018
CM 250/165 - 196 POR LOT 1 #0129880 04/05/2018
CM 252/1 - 33 POR LOT LOT 1 #0191572 05/16/2018
CM 252/34 - 63 POR LOT 1 #0191574 05/16/2018
CM 263/74 - 108 POR LOT 1 #0321083 08/21/2019
ASSESSOR'S MAP BK119 PG.19
Riverside County, Calif.
jasantos
Dec 2019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SE 1/4 SEC. 23, SW 1/4 SEC. 24 T.3S., R.7W
TRA 004-018
119-192
9-45
SHEET 3 OF 3
CITY OF CORONA
1" = 60'
BLDG 14
BLDG 15
BLDG 16
BLDG 17
BLDG 18
BLDG 19
BLDG 20
BLDG 21
BLDG 22
BLDG 23
RESIDENTIAL MODULE E
RESIDENTIAL MODULE F
RESIDENTIAL MODULE G
RESIDENTIAL MODULE H
RESIDENTIAL MODULE I
RESIDENTIAL MODULE J
ROADWAY MODULE B
POR LOT 1
ROADWAY MODULE B
POR LOT 1
BLDG 24
RESIDENTIAL MODULE E
BLDG 25
RESIDENTIAL MODULE F
BLDG 26
RESIDENTIAL MODULE G
BLDG 27
RESIDENTIAL MODULE H
BLDG 28
RESIDENTIAL MODULE I
BLDG 29
RESIDENTIAL MODULE J
Legend
Lot Lines
Right-Of-Way
Old Lot Lines
Reference R.O.W.
Other Easements
Lease Area
Subdivision Tic Mark
Map Reference
MB 459/73 - 78 TRACT MAP NO. 36427
CM 254/1 - 30 POR LOT 1 #0364519 09/11/2018
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CM 255/136 - 171 POR LOT 1 #0437604 11/07/2018
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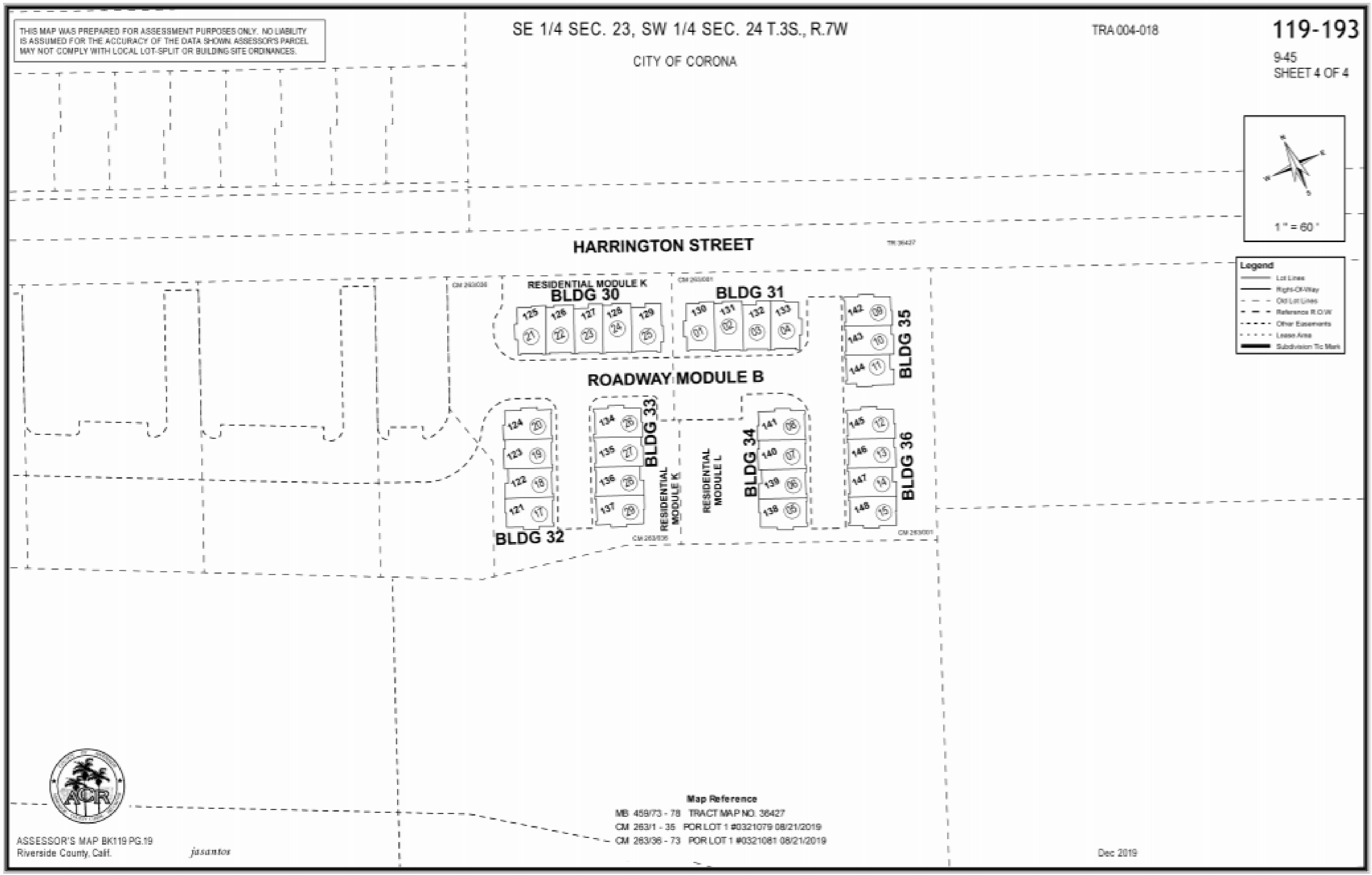
CM 261/69 - 107 PORT LOT 1 #0213306 06/13/2019
CM 261/108 - 140 PORT LOT 1 #0213308 06/13/2019
ASSESSOR'S MAP BK119 PG.19
Riverside County, Calif.
jasantos
Aug 2019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SE 1/4 SEC. 23, SW 1/4 SEC. 24 T.3S., R.7W
CITY OF CORONA
TRA 004-018
119-193
9-45
SHEET 4 OF 4
1" = 60'
Legend
Lot Lines
Right-Of-Way
Old Lot Lines
Reference R.O.W
Other Easements
Lease Area
Subdivision Tic Mark
HARRINGTON STREET
RESIDENTIAL MODULE K
BLDG 30
BLDG 31
BLDG 32
BLDG 33
BLDG 34
BLDG 35
BLDG 36
ROADWAY MODULE B
RESIDENTIAL MODULE K
RESIDENTIAL MODULE L
125 126 127 128 129
21 22 23 24 25
130 131 132 133
01 02 03 04
142 143 144
09 10 11
124 123 122 121
20 19 18 17
134 135 136 137
26 27 28 29
141 140 139 138
08 07 06 05
145 146 147 148
12 13 14 15
Map Reference
MB 459/73 - 78 TRACT MAP NO. 36427
CM 263/1 - 35 POR LOT 1 #0321079 08/21/2019
CM 263/36 - 73 POR LOT 1 #0321081 08/21/2019
ASSESSOR'S MAP BK119 PG.19
Riverside County, Calif.
jasantos
Dec 2019

TRACT MAP NO. 36427
AND SITE PLAN EXHIBIT

IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 36427

"FOR CONDOMINIUM PURPOSES"

BEING A SUBDIVISION OF A PORTION OF LOTS 5, 8, 9, 12 AND 13 IN BLOCK 95 OF AUBURNDALE COLONY AND TOWNSITE, AS SHOWN BY MAP ON FILE IN BOOK 6, PAGE 20, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY IN SECTION 23, TOWNSHIP 3 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN.

KWC ENGINEERS JULY 2016

SURVEYOR'S NOTES:

1. ● INDICATES MONUMENT FOUND AS NOTED.
2. ○ INDICATES SET 1 1/2" O.D. X 18" IRON PIPE, TAGGED L.S. 9029 FLUSH WITH THE SURFACE, UNLESS OTHERWISE NOTED, AT ALL BOUNDARY CORNERS
3. □ INDICATES SET 3/4" O.D X 18" IRON PIPE, TAGGED L.S. 9029 OR LEAD AND TACK TAG L.S. 9029 IN CONCRETE FLUSH WITH THE SURFACE, AT ALL LOT CORNERS, STREET CENTERLINES AND OTHER POINTS OF CONTROL UNLESS OTHERWISE NOTED.
4. ( ) INDICATES RECORD DATA PER RIV. CO. FLOOD CONTROL RIGHT OF WAY MAP, SHEET 3A, DWG. NO. 2-91.
5. R1 INDICATES RECORD DATA PER R.S. 66/44.
6. R2 INDICATES RECORD DATA PER TR. 24716-5 MB 260/53-56
7. R3 INDICATES RECORD DATA PER R.S. 90/3-16
8. R4 INDICATES RECORD DATA PER DEED REC. 8/27/2002 AS INST. NO. 2002-473294 O.R.
9. R5 INDICATES RECORD DATA PER GRANT DEED REC. 03/25/93 AS INST. NO. 93-110590 O.R.
10. SFN INDICATES SEARCHED AND FOUND NO MONUMENT
11. INDICATES RESTRICTED VEHICULAR ACCESS
12. S.B.CO. INDICATES SAN BERNARDINO COUNTY

EASEMENT NOTES:

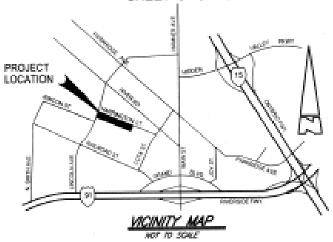
1. AN EASEMENT IN FAVOR OF HETTY J. JAMESON, FOR WATER PIPELINES AND INCIDENTAL PURPOSES, RECORDED MAY 2, 1907 IN BOOK 247 OF DEEDS, PAGE 128, O.R. NOT PLOTTABLE.
2. AN EASEMENT IN FAVOR OF THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY FOR POLE LINES, CONDUITS AND INCIDENTAL PURPOSES, RECORDED JUNE 11, 1954 IN BOOK 1597, PAGE 181, O.R.
3. AN EASEMENT IN FAVOR CITY OF CORONA FOR STREET, SEWER, WATER AND PUBLIC UTILITIES RECORDED JANUARY 22, 1998, AS INSTRUMENT NO. 98-021574, O.R.
4. AN EASEMENT IN FAVOR OF RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT FOR INGRESS AND EGRESS AND INCIDENTAL PURPOSES RECORDED AUGUST 27, 2002 AS INSTRUMENT NO. 02-473295, O.R. (TO BE ABANDONED HEREON).
5. AN EASEMENT IN FAVOR OF SOUTHERN CALIFORNIA EDISON COMPANY FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED APRIL 19, 2005 AS INSTRUMENT NO. 05-0304553, O.R.
6. AN EASEMENT FOR FLOOD CONTROL AND INCIDENTAL PURPOSES, IN FAVOR OF RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT RECORDED APRIL 15, 1971 AS INSTRUMENT NOS. 38703 AND 38704, BOTH OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA. (PORTIONS TO BE ABANDONED HEREON LYING WITHIN THE TRACT BOUNDARY).

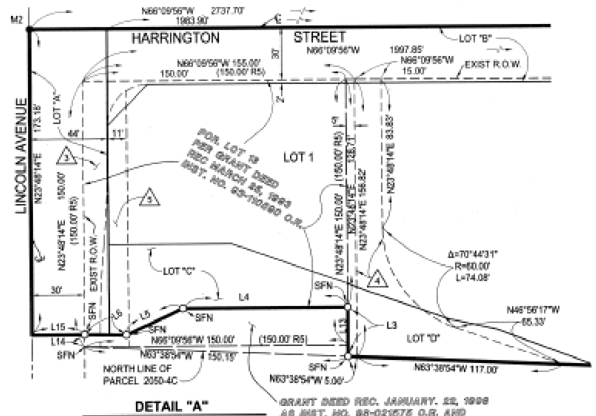
EASEMENTS:

- (A) INDICATES EASEMENT FOR EMERGENCY INGRESS AND EGRESS PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.
- (B) INDICATES EASEMENT FOR WATER, SEWER, STORM DRAIN AND PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.
- (C) INDICATES EASEMENT FOR PUBLIC INGRESS AND EGRESS PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.
- (D) INDICATES EASEMENT (BLANKET IN NATURE OVER LOT 1) FOR INSTALLATION OF RADIO TOWER IN FAVOR OF THE CITY OF CORONA.

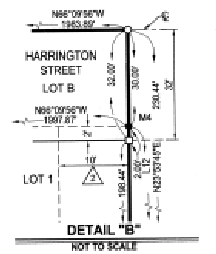
LINE TABLE (THIS SHEET ONLY)

LINE	BEARING	LENGTH
L1	N66° 07' 42"W (N67° 09' 41"W)	137.45' (137.42') (137.58' R3)
L2	N78° 40' 44"W (N79° 40' 34"W)	198.12' (198.28') (198.12' R3)
L3	N23° 48' 14"E	27.88'
L4	N66° 12' 05"W (N67° 11' 18"W R4)	93.85' (93.85' R4)
L5	N89° 25' 19"E (N88° 24' 27"E R4)	35.50' (35.51' R4)
L6	N65° 29' 04"W (N66° 28' 46"W R4)	23.81' (23.81' R4)
L8	N78° 40' 44"W	106.08'
L9	N66° 07' 42"W	227.28'
L10	N23° 53' 45"E	20.00'
L11	N78° 40' 44"W	92.04'
L12	N23° 53' 45"E (N22° 55' 14"E R1)	180.44' (180.01' R1)
L13	N23° 48' 14"E (N22° 48' 42"E R4)	21.29' (21.22' R4)
L14	N23° 48' 14"E (N22° 48' 42"E R4)	6.84' (6.84' R4)
L15	N66° 11' 46"W	30.00'

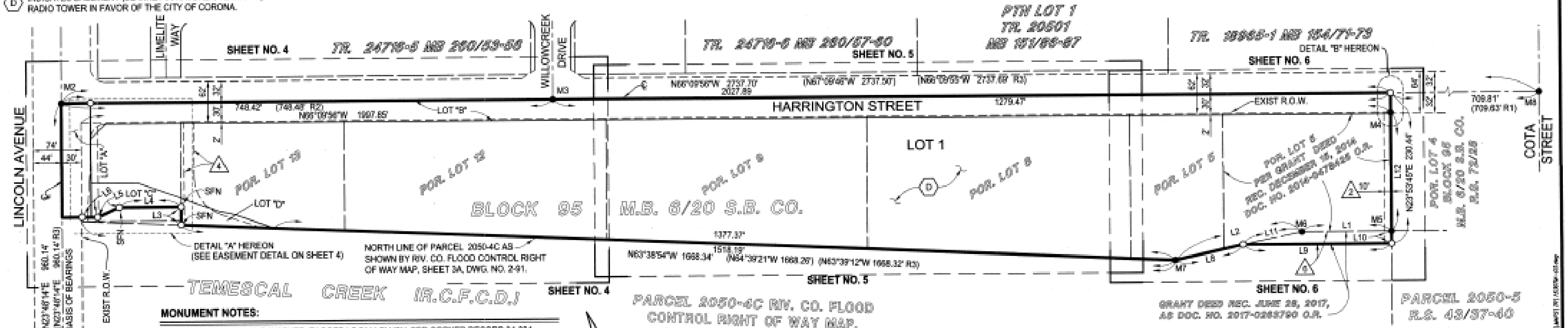




DETAIL "A"
SCALE: 1"=40'
(SEE EASEMENT DETAIL ON SHEET 4)



DETAIL "B"
NOT TO SCALE



MONUMENT NOTES:

- M1.....FOUND PK AND WASHER, TAGGED LS 5411 FLUSH, PER CORNER RECORD 04-324
- M2.....FOUND PK AND WASHER, TAGGED LS 5411 FLUSH, PER CORNER RECORD 04-325
- M3.....FOUND 1" IP W/PP TAGGED LS 4933 DOWN 0.10', PER TR. 24716-5 MB 260/53-56
- M4.....FOUND 1" IP, NO TAG, DOWN 0.10', ACCEPTED AS NORTHEAST CORNER OF LOT 5, BLOCK 95, M.B. 6/20 S.B. CO. PER R.S. 66/44
- M5.....FOUND 1" IP TAGGED LS 3807 DOWN 0.60', PER RS 66/44
- M6.....FOUND 1-1/4" BRASS DISK IN CONC. STAMPED RCFC &WCD PER R.S. 90/3-16
- M7.....FOUND 3/4" IP WITH RED PLASTIC PLUG. STAMPED RCFC &WCD PER R.S. 90/3-16
- M8.....FOUND 1" I.P. NO REF., DOWN 0.25', IN LIEU OF 1" I.P TAGGED R.C.E. 23323 PER R.S. 90/3-16 ACCEPTED AS CENTERLINE INTERSECTION

SCALE 1"=100'

BASIS OF BEARINGS

THE BASIS OF BEARINGS SHOWN HEREON ARE BASED ON THE CENTERLINE OF LINCOLN AVENUE AS SHOWN ON A RECORD OF SURVEY RECORDED IN BOOK 90 PAGES 3 THROUGH 16, INCLUSIVE OF RECORD OF SURVEYS, OF RIVERSIDE COUNTY, BEING N. 23°48'14" E.

BOUNDARY AND SHEET INDEX MAP

IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 36427

"FOR CONDOMINIUM PURPOSES"

BEING A SUBDIVISION OF A PORTION OF LOTS 5, 8, 9, 12 AND 13 IN BLOCK 95 OF AUBURNDALE COLONY AND TOWNSITE, AS SHOWN BY MAP ON FILE IN BOOK 6, PAGE 20, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY IN SECTION 23, TOWNSHIP 3 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN.

KWC ENGINEERS JULY 2016

LINE TABLE (THIS SHEET ONLY)

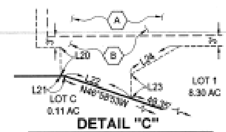
LINE	BEARING	LENGTH
L1	N65° 29' 04"W	23.81'
L2	N65° 29' 04"W	14.00'
L3	N65° 29' 04"W	9.81'
L4	N89° 25' 19"E	35.50'
L5	N68° 49' 14"E	32.54'
L6	N66° 09' 56"W	36.00'
L7	N23° 48' 14"E	27.88'
L8	N23° 48' 14"E	13.57'
L9	N23° 48' 14"E	41.46'
L11	N66° 09' 56"W	2.00'
L13	N23° 50' 04"E	37.42'
L14	N23° 50' 04"E	11.98'
L15	N23° 50' 04"E	4.33'
L16	N23° 50' 04"E	36.08'
L17	N23° 50' 04"E	7.78'
L18	N66° 09' 56"W	44.00'
L19	N66° 11' 46"W	30.00'
L20	N23° 50' 04"E	8.27'
L21	N66° 09' 56"W	1.11'

LINE TABLE (THIS SHEET ONLY)

LINE	BEARING	LENGTH
L22	N46° 58' 53"W	20.00'
L23	N23° 50' 04"E	6.97'
L24	N83° 50' 04"E	15.73'
L25	N23° 48' 14"E	8.96'
L26	N66° 09' 56"W	9.00'
L27	N66° 09' 56"W	16.00'
L28	N66° 09' 56"W	11.00'

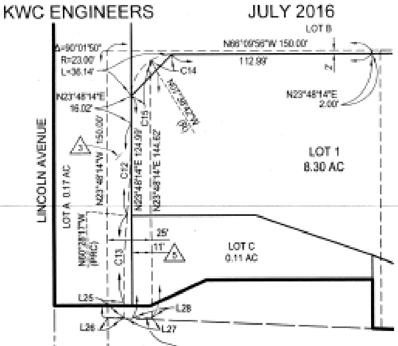
CURVE TABLE (THIS SHEET ONLY)

CURVE	DELTA	RADIUS	LENGTH
C1	87° 28' 58"	29.00'	44.28'
C2	90° 00' 00"	15.00'	23.56'
C3	90° 00' 00"	15.00'	23.56'
C4	87° 28' 58"	43.00'	65.65'
C5	87° 28' 58"	15.00'	22.90'
C6	92° 31' 02"	15.00'	24.22'
C7	87° 28' 58"	15.00'	22.90'
C8	38° 34' 22"	25.00'	16.83'
C9	38° 34' 22"	30.00'	20.20'
C10	43° 20' 30"	30.00'	22.69'
C11	43° 20' 30"	25.00'	18.91'
C12	05° 43' 29"	513.25'	51.28'
C13	05° 43' 29"	489.25'	48.88'
C14	31° 28' 46"	23.00'	12.64'
C15	58° 33' 04"	23.00'	23.50'



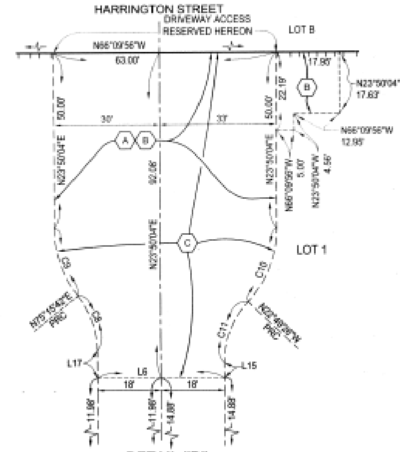
DETAIL "C"

SCALE: 1"=20'



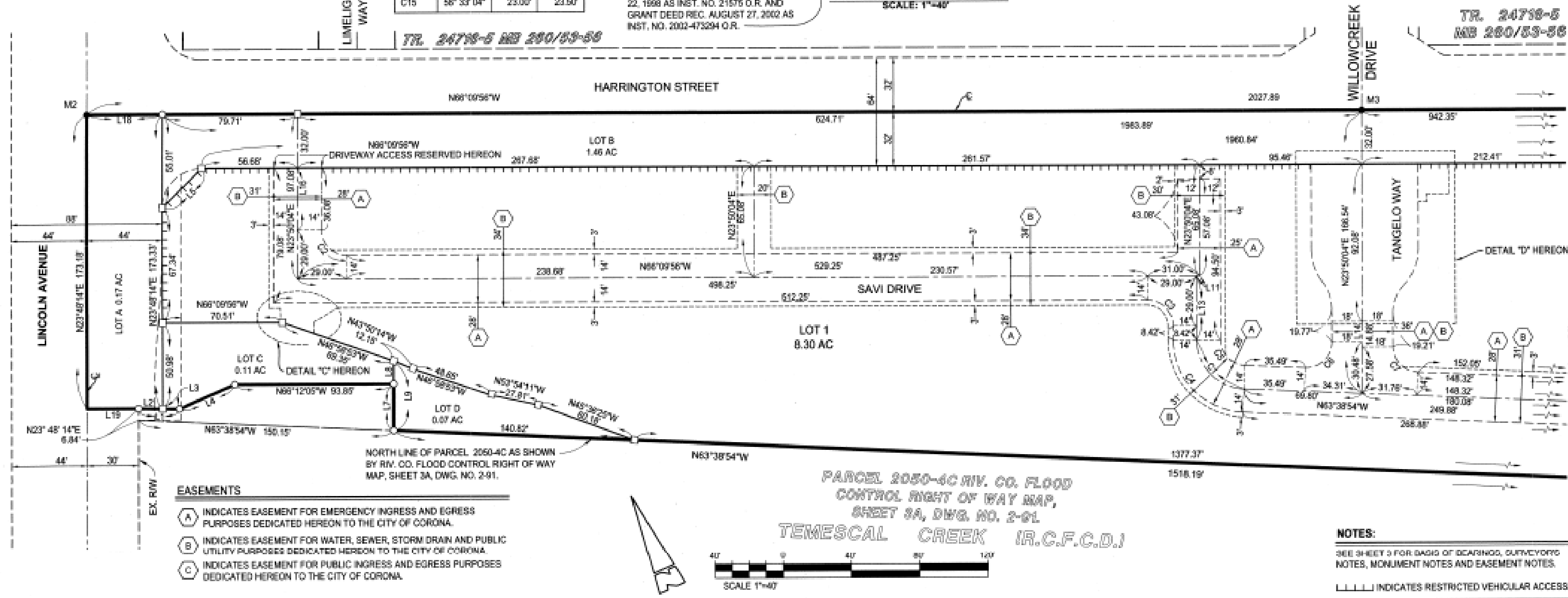
EASEMENT DETAIL

SCALE: 1"=40'



DETAIL "D"

SCALE: 1"=20'



SEE SHEET 5

EASEMENTS

(A) INDICATES EASEMENT FOR EMERGENCY INGRESS AND EGRESS PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

(B) INDICATES EASEMENT FOR WATER, SEWER, STORM DRAIN AND PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

(C) INDICATES EASEMENT FOR PUBLIC INGRESS AND EGRESS PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

NOTES:

SEE SHEET 3 FOR BASIS OF BEARINGS, SURVEYOR'S NOTES, MONUMENT NOTES AND EASEMENT NOTES.

INDICATES RESTRICTED VEHICULAR ACCESS.

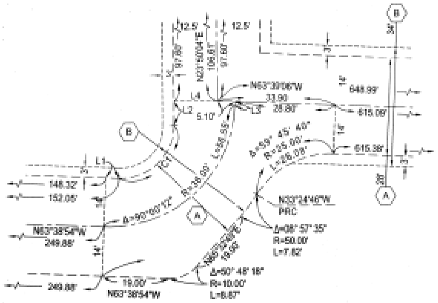
IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 36427

"FOR CONDOMINIUM PURPOSES"

BEING A SUBDIVISION OF A PORTION OF LOTS 5, 8, 9, 12 AND 13 IN BLOCK 95 OF AUBURNDALE COLONY AND TOWNSITE, AS SHOWN BY MAP ON FILE IN BOOK 6, PAGE 20, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY IN SECTION 23, TOWNSHIP 3 SOUTH, RANGE 7 WEST, SAN BERNARDINO MERIDIAN.

KWC ENGINEERS JULY 2016

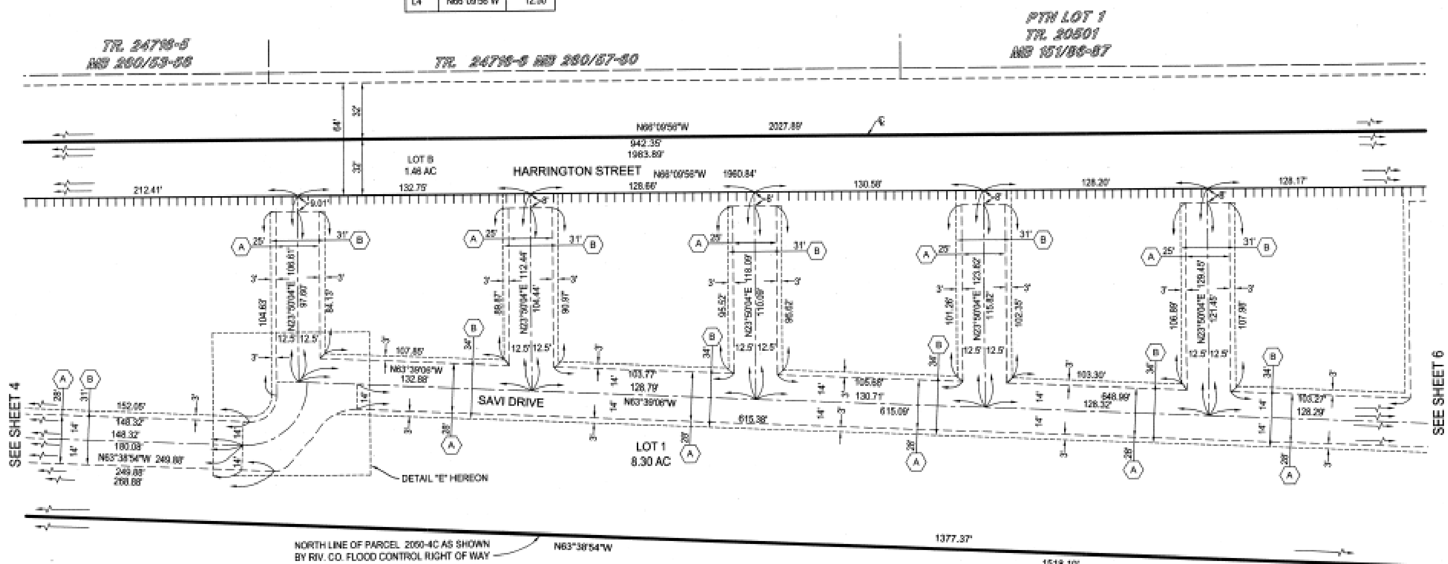


DETAIL "E"
SCALE: 1"=20'

LINE TABLE (THIS SHEET ONLY)		
LINE	BEARING	LENGTH
L1	N63° 38' 54"E	3.73'
L2	N23° 50' 04"E	7.03'
L3	N26° 20' 54"E	1.23'
L4	N66°09'56"W	12.50'

CURVE TABLE (THIS SHEET ONLY)			
CURVE	DELTA	RADIUS	LENGTH
C1	92° 31' 02"	15.00'	24.22'

SCALE: 1"=40'



EASEMENTS

(A) INDICATES EASEMENT FOR EMERGENCY INGRESS AND EGRESS PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

(B) INDICATES EASEMENT FOR WATER, SEWER, STORM DRAIN AND PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

NOTES:

SEE SHEET 3 FOR BASIS OF BEARINGS, SURVEYOR'S NOTES, MONUMENT NOTES AND EASEMENT NOTES.

⊥⊥⊥⊥⊥ INDICATES RESTRICTED VEHICULAR ACCESS.

IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TRACT NO. 36427

"FOR CONDOMINIUM PURPOSES"

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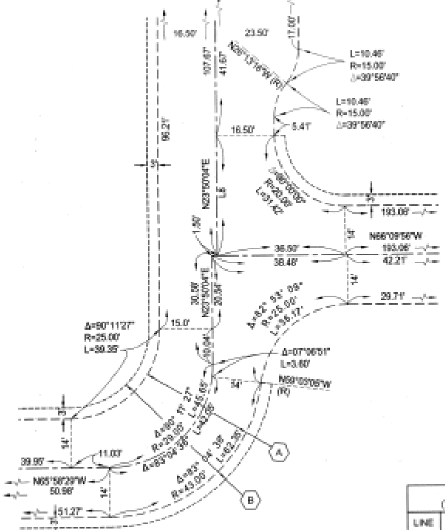
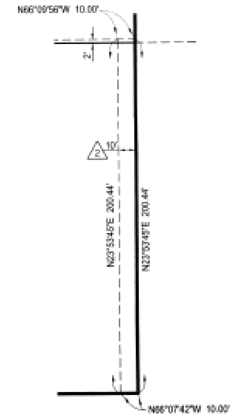
KWC ENGINEERS JULY 2016



DETAIL "F"

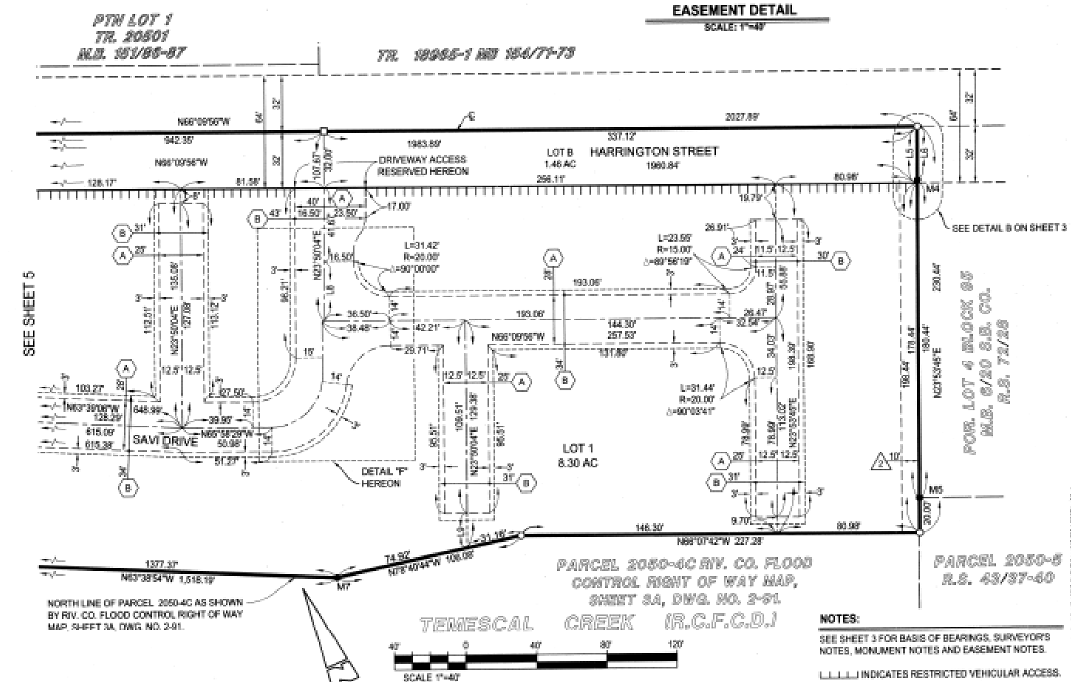
SCALE: 1"=20'

LINE TABLE (THIS SHEET ONLY)		
LINE	BEARING	LENGTH
L5	N23° 53' 45"E	32.00'
L6	N23° 53' 45"E	30.00'
L8	N23° 50' 04"E	34.00'
L9	N23° 50' 04"E	19.87'



EASEMENT DETAIL

SCALE: 1"=40'



EASEMENTS

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(B) INDICATES EASEMENT FOR WATER, SEWER, STORM DRAIN AND PUBLIC UTILITY PURPOSES DEDICATED HEREON TO THE CITY OF CORONA.

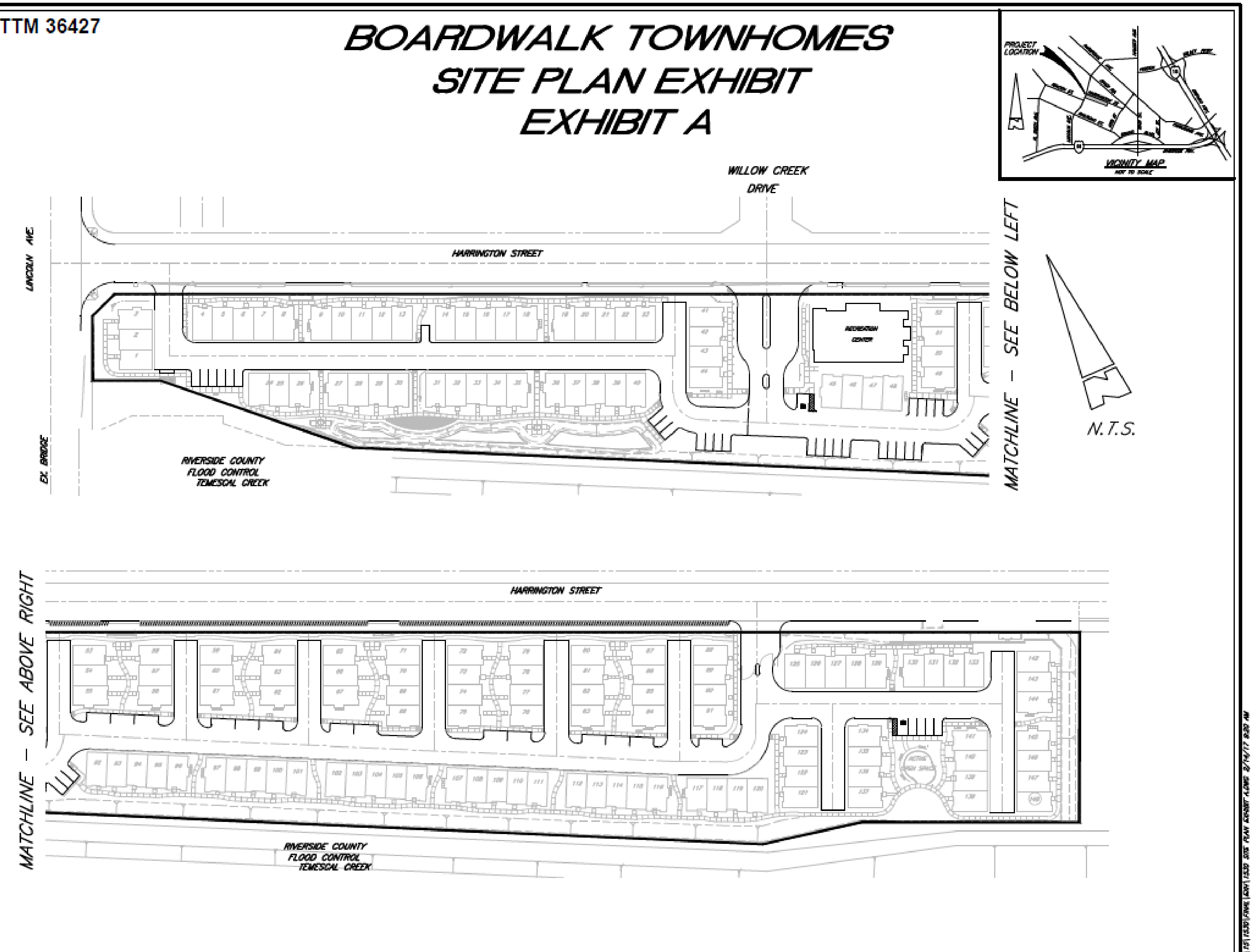
NOTES:

SEE SHEET 3 FOR BASIS OF BEARINGS, SURVEYOR'S NOTES, MONUMENT NOTES AND EASEMENT NOTES.

INDICATES RESTRICTED VEHICULAR ACCESS.

TTM 36427

BOARDWALK TOWNHOMES
SITE PLAN EXHIBIT
EXHIBIT A

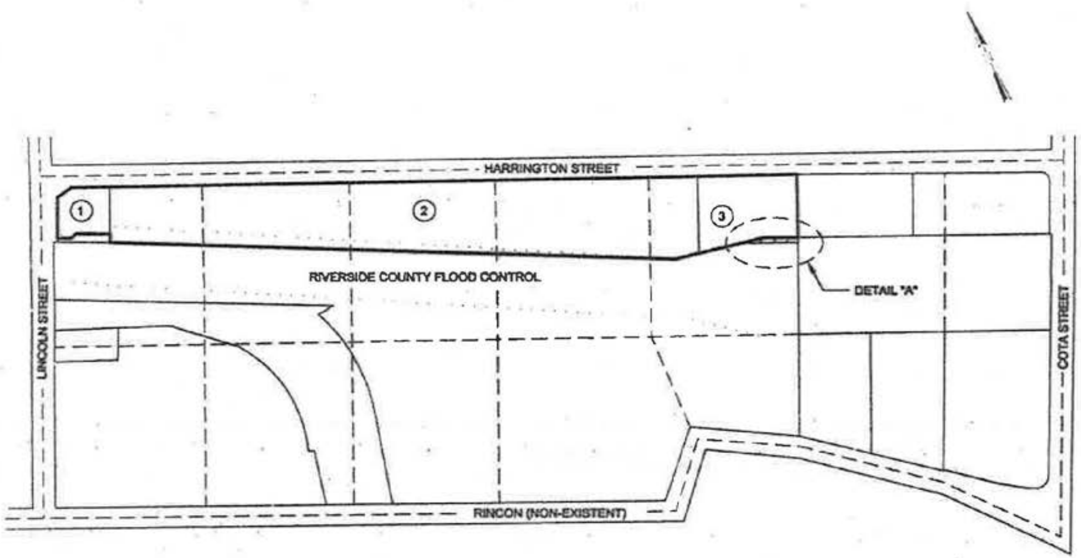


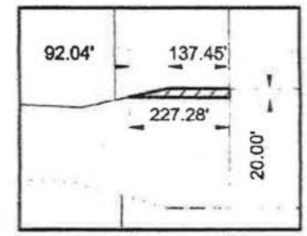
CNUSD CFD 17-1 BOUNDARY MAP

PROPOSED BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 17-1

OF THE
CORONA-NORCO UNIFIED SCHOOL DISTRICT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

(BOARDWALK - TRACT 36427)





DETAIL "A"
FUTURE ANNEXATION AREA

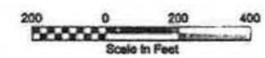
LOT DESIGNATION	
MAP REF NO.	ASSESSOR'S PARCEL NO.
1	119-190-022
2	119-190-025
3	119-190-029

LEGEND:

① LOT NUMBER

COMMUNITY FACILITIES DISTRICT BOUNDARY

FUTURE ANNEXATION AREA



FILED IN THE OFFICE OF THE SECRETARY OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT THIS 11TH DAY OF OCTOBER, 2017.

MICHAEL LIN, ED.D.
SECRETARY OF THE BOARD OF EDUCATION
CORONA-NORCO UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 07-1, OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF EDUCATION AT A REGULAR MEETING THEREOF, HELD ON THE 17TH DAY OF OCTOBER, 2017, BY ITS RESOLUTION NO. 64.

MICHAEL LIN, ED.D.
SECRETARY OF THE BOARD OF EDUCATION
CORONA-NORCO UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

FILED THIS 22ND DAY OF NOVEMBER, 2017, AT THE HOUR OF 9:00 O'CLOCK A.M. IN BOOK 81 AND PAGE 77 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE — AND AS INSTRUMENT NO. 2017-0490640 IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, STATE OF CALIFORNIA. Fee: $10.00

Peter Aldana

COUNTY RECORDER
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

SDFA
SPECIAL DISTRICT FINANCING & ADMINISTRATION

437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

NOTE: FOR PARTICULARS OF LINES AND DIMENSIONS OF ASSESSOR'S PARCELS, REFERENCE IS MADE TO THE RIVERSIDE COUNTY ASSESSOR'S PARCEL MAPS.

SHEET	1 OF 1
DATE	JULY 2017
JOB NO.	CFD 071-0717

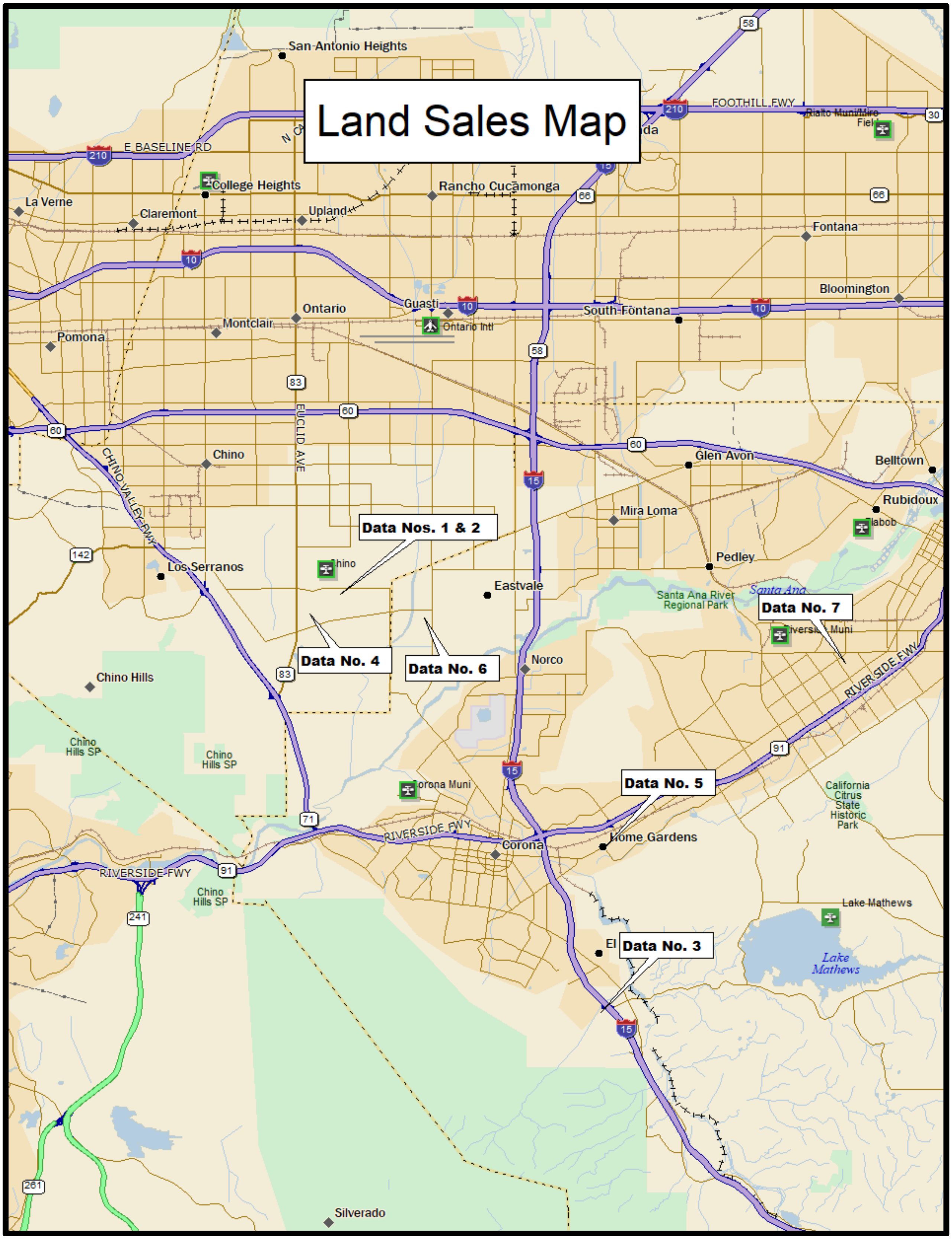
BK 81 PG 77 DOC# 2017-0490640 ON NOV. 22, 2017

DISCOUNTED CASH FLOW ANALYSIS

Boardwalk Townhomes Discounted Cash Flow Analysis

MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	**TOTAL**
	5						
INCOME:							
Retail Sales	7,188,464	$1,437,693	$1,437,693	$1,437,693	$1,437,693	$1,437,693	$7,188,464
TOTAL INCOME		$1,437,693	$1,437,693	$1,437,693	$1,437,693	$1,437,693	$7,188,464
EXPENSES:							
Remaining Costs		($42,849)	($42,849)	($42,849)	($42,849)	($42,849)	($214,245)
Marketing & Carrying Expenses	8%	($115,015)	($115,015)	($115,015)	($115,015)	($115,015)	($575,077)
Profit	8%	($115,015)	($115,015)	($115,015)	($115,015)	($115,015)	($575,077)
TOTAL EXPENSES		($272,880)	($272,880)	($272,880)	($272,880)	($272,880)	($1,364,399)
NET CASH FLOW		$1,164,813	$1,164,813	$1,164,813	$1,164,813	$1,164,813	$5,824,065
Discount Factor	10%	0.9917	0.9835	0.9754	0.9673	0.9594	
DISCOUNTED CASH FLOW		$1,155,186	$1,145,639	$1,136,171	$1,126,781	$1,117,469	$5,681,248
CUMULATIVE DISCOUNTED CASH FLOW		**$1,155,186**	**$2,300,826**	**$3,436,997**	**$4,563,779**	**$5,681,248**	**$5,681,248**

FINISHED AND LOT LAND SALES MAP & SUMMARY CHART


Land Sales Map
Data Nos. 1 & 2
Data No. 3
Data No. 4
Data No. 5
Data No. 6
Data No. 7
San Antonio Heights
E BASELINE RD
FOOTHILL FWY
College Heights
La Verne
Claremont
Upland
Rancho Cucamonga
Fontana
Bloomington
Guasti
Ontario
Ontario Intl
Montclair
Pomona
South Fontana
EUCLID AVE
Chino
Glen Avon
Belltown
Rubidoux
Mira Loma
Pedley
CHINO VALLEY FWY
Los Serranos
Eastvale
Santa Ana River Regional Park
Norco
Chino Hills
Chino Hills SP
Corona Muni
RIVERSIDE FWY
Corona
Home Gardens
California Citrus State Historic Park
Lake Mathews
Silverado

FINISHED LOT LAND SALES SUMMARY CHART

Data No.	Location / APN / Buyer / Seller	Sales Date	# Lots	Type / Density	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
1	Olive Grove & Summerfield at The Preserve, NWC of Bickmore Avenue & Alpine Meadows Avenue, Chino / 1055-422-43 & -80 / Lennar / Lewis Group of Companies	09 / 18	148	Detached Small Lots / 15 du/ac	$23,619,000 / $159,588	$220,000	Lennar purchased these two communities in a single transaction. Olive Grove consists of 55 detached small-lot units and Summerfield consists of 148 detached six-pack alley-load units. The lots were delivered in finished condition with an approved final map.
2	Ivy & Hazel at The Preserve, SWC of East Preserve Loop & Forest Park Street, Chino / 1055-441-10 thru -13 / TRI Pointe Homes / Lewis Group of Companies	09 / 18	246	Attached /18 du/ac	$ 21,631,000 / $87,931	$140,000	TRI Pointe purchased these two communities in a single transaction. Ivy consists of 113 attached townhomes and Hazel consists of 133 attached 14-pack courtyard cluster units. The pads were delivered in finished condition with an approved final map.
3	Citron at Bedford, NWC of Hudson House Drive & Cutter Drive, Corona / 282-790-001 thru -004 / TRI Pointe Homes / The New Home Company	08 / 18	101	Attached / 15 du/ac	Unknown	$161,000	TRI Pointe Homes purchased the attached townhome pads in two phases. The first phase included 13 units within the model complex and an additional 22 units within the community. The second phase included the 66 units. The pads were delivered in finished condition with an approved final map.
4	The Landings, NWC & NEC of Bickmore Avenue & Osprey Avenue, Chino / 1055-604-40 + 123 parcels / Lennar / Richland Communities	06 / 18	200	Detached & Attached / 10 du/ac	$14,699,000 / $73,495	$204,000	The Landings consists of two product lines. Waypoint consists of 94 attached townhomes and Crosswind consists of 106 detached 6-pack detached courtyard cluster units. The property was delivered in unimproved condition with final engineering in process.
5	Sausalito, SWC of Magnolia Avenue & Grant Street, Home Gardens / 115-300-047, -049, & -052 / Woodside Homes / Planet Home Living	06 / 18	65	Detached & Attached / 16 du/ac	$6,172,500 / $94,962	$189,000	Sausalito consists of 65 detached small-lot units with a minimum lot size of approximately 1,500 sf. The property was delivered in unimproved condition with an approved tentative tract map.

Data No.	Location / APN / Buyer / Seller	Sales Date	# Lots	Type / Density	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
6	Prado, SW of Schleisman Road & Archibald Avenue, Eastvale / 144-060-041 / Lennar / Lewis Group of Companies	01 / 18	243	Detached & Attached / 12 du/ac	$21,277,500 / $87,562	$180,000	Prado consists of three product lines. Emilia consists of 86 attached townhomes, Palermo consists of 93 attached townhomes, and detached six-pack alley-load units. The property was delivered in unimproved condition with an approved tentative tract map.
7	Harris Farm, SE of Jefferson Street & California Avenue, Riverside / 227-130-031 & -033, 227-131-011 & -020 / R.C Hobbs Companies / Margaret Trimble	02 / 17	36	Attached / 12 du/ac	$880,000 / $24,444	$104,000	Harris Farm consists of 36 attached townhomes. The property was delivered in unimproved condition with an approved tentative tract map.

IMPROVED RESIDENTIAL SALES MAP & SUMMARY CHART


Improved Sales Map
Chino
Mira Loma
Los Serranos
Data Nos. 6 & 7
Chino
Data Nos. 3 & 4
Eastvale
Data No. 5
D AVE
Rivertrails Park
Norco
Santa Ana River
Naval Reservation
Chino Hills SP
CHINO VALLEY FWY
Subject Property Data No. 1
Corona Muni
RIVERSIDE FWY
RIVERSIDE FWY
RIVERSIDE FWY
Home Gardens
Corona
Chino Hills SP
El Cerrito
Data No. 2
Cleveland NF
15
60
83
71
91

IMPROVED RESIDENTIAL SALES SUMMARY CHART

Data No.	Project Name Location/Developer	Plan	Room Count	Size (SF)	Floors/ Parking	Lot Size/ Absorp	Base Sales Price	Incentives / Concessions	Price less Incentives	Price/SF After Incentives
1 Sub.	Boardwalk Townhomes; North Lincoln Ave. and Harrington St., Corona / Harrington Village LLC (dba LCG Harrington)	1 2A 2B/C 3	3 / 2.5 3 / 2.5 3 / 2.5 3 / 2.5	1,555 1,588 1,628 1,682	3 / 2 3 / 2 3 / 2 3 / 2	Town-homes / 4.00	$396,990 $397,990 $405,990 $413,990	$7,500 for Preferred Lender	$389,490 $390,490 $398,490 $406,490	$250.47 $245.90 $244.77 $241.67
2.	Citron at Bedford; SWQ I-15 and Eagle Glen Pkwy., Corona / TriPointe Homes	1 2 3	3 / 2.5 3 / 2.5 3 / 2.5	1,289 1,381 1,551	2 / 2 2 / 2 2 / 2	Town-homes/ 3.55	$391,833 $394,500 $421,430	$7,500 for Preferred Lender	$384,333 $387,000 $413,930	$298.16 $280.23 $266.88
3	Palermo at Prado; SWC of Schleisman Rd. and Vernazza Pl., Eastvale / Lennar	1 2 3	2 / 2.5 3 / 2.5 3 / 2.5	1,308 1,440 1,586	2 / 2 2 / 2 2 / 2	Town-homes / 3.50	$379,900 $392,336 $422,400	$7,000 for Preferred Lender	$372,900 $385,336 $415,400	$285.09 $267.59 $261.92
4	Emilia at Prado; SWC of Schleisman Rd. and Vernazza Pl., Eastvale / Lennar	1 2 3 4	2 / 2 2 / 2.5 3 / 3 3 / 3	1,215 1,453 1,829 1,832	2 / 2 2 / 2 2 / 2 2 / 2	Town-homes / 4.09	$374,015 $395,900 $459,400 $461,900	$7,000 for Preferred Lender	$367,015 $388,900 $452,400 $454,900	$302.07 $267.65 $247.35 $248.31
5	The Landings: Waypoint; Blackmore Ave. and Osprey Ave., Chino / Lennar	1 2 3 4	3 / 2.5 3 / 2.5 3 / 2.5 4 / 3.5	1,463 1,485 1,668 2,159	2 / 2 2 / 2 2 / 2 2 / 2	Town-homes / 4.10	$388,990 $394,990 $414,990 $469,990	$9,000 for Preferred Lender	$379,990 $385,990 $405,990 $460,990	$259.73 $259.93 $243.40 $213.52
6	Ivy at The Preserve; Lindbergh Ave. and Explorer St., Chino / Tripointe Homes	1 2 3 4	3 / 2.5 3 / 2.5 3 / 2.5 3 / 2.5	1,250 1,462 1,536 1,773	3 / 2 2 / 2 2 / 2 2 / 2	Town-homes/ 3.83	$375,232 $387,000 $402,290 $430,000	$5,000 for Preferred Lender	$370,232 $382,000 $397,290 $425,000	$296.19 $261.29 $258.65 $239.71

7	Hazel at The Preserve; Lindbergh Ave. and Explorer St., Chino / Tripointe Homes	1 2 3 4 5	2 / 2 3 / 2.5 3 / 3 3 / 3.5 2 / 3	1,229 1,573 1,806 1,904 1,937	1 / 2 3 / 2 3 / 2 3 / 2 2 / 2	Town-homes/ 6.39	$373,000 $381,000 $397,000 $415,000 $429,500	$5,000 with preferred lender	$368,000 $376,000 $392,000 $410,000 $424,500	$299.43 $239.03 $217.05 $215.34 $219.15

APPRAISER’S QUALIFICATIONS

QUALIFICATIONS OF KITTY S. SIINO, MAI

Education

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

Employment

1988 - Present:

Self-Employed Real Estate Appraiser. Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona-Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos and City of Moreno Valley.

1986-1988:

Project Manager of Development for Ferguson Partners, Irvine, California. Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California. Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

Investment Counselor, Newport Equity Funds, Newport Beach, California. Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

Licenses

Real Estate Sales Person, State of California, 1980
Certified General Appraiser, State of California (#AG004793)

Organizations

MAI #11145 - The Appraisal Institute

Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, 2018 and 2019

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

[Closing Date]

Board of Education
Corona-Norco Unified School District
Norco, California

Re: $_______________ Community Facilities District No. 17-1 of the Corona-Norco Unified School District 2020 Special Tax Bonds

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Corona-Norco Unified School District (the "School District") taken in connection with the authorization and issuance by the Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "District") of its 2020 Special Tax Bonds in the aggregate principal amount of $_______________ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the Board of Education of the School District, acting in its capacity as the legislative body of the District (the "Board"), on June 23, 2020, and the Bond Indenture dated as of August 1, 2020 (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on March 1, 2021, at the rates per annum set forth in the Indenture. The Bonds are registered bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the School District, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the School District, the County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues for the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

(7) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District and the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the School District have covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on the Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF CORONA, EASTVALE, JURUPA VALLEY AND NORCO AND RIVERSIDE COUNTY

The following information regarding the City of Corona ("Corona"), the City of Eastvale ("Eastvale"), the City of Jurupa Valley ("Jurupa Valley"), the City of Norco ("Norco," and together with Corona, Eastvale and Jurupa Valley, the "Cities") and Riverside County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, the School District, the Underwriter or the Municipal Advisor.

General

City of Corona. A city of ethnically diverse, young, well-educated families, Corona is located in the western portion of the County, 44 miles east of Los Angeles along State Route 91 and U.S. Interstate 15. The City encompasses 39.2 square miles in area with includes 394 acres of parks and outdoor sports fields. Incorporated in 1896, Corona operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year terms. The City Council elects one of the City Council members as Mayor.

City of Eastvale. Eastvale is the second newest city in the state of California. Eastvale incorporated on October 1, 2010 and has a growing population and a total area of 13.1 square miles. Eastvale is located directly northwest of Norco. The proximity of Los Angeles County approximately 8 miles northwest of Eastvale and Orange County approximately 5 miles to the southwest has made Eastvale something of a commuter town. Eastvale has a Council-Manager form of government. Its City Council consists of 5 Council Members, elected within districts, including a Mayor and Mayor Pro Temp. Biannual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

City of Jurupa Valley. Jurupa Valley was incorporated as a general law city effective July 1, 2011. Jurupa Valley is the 28th city in Riverside County and the newest city in California. The City is located approximately 50 miles southeast of Los Angeles. Located in Western Riverside County, in an area also known as the Inland Empire, the city covers approximately 46 square miles, with the borders running along the 15 freeway to the west, the Santa Ana River to the south and east and San Bernardino County to the north. The City operates under a Council-Manager form of government.

City of Norco. Norco is located directly north of Corona in the western portion of the County, 44 miles east of Los Angeles along U.S. Interstate 15 and is approximately 17 square miles in area. Also known as "Horsetown USA," Norco is an equestrian-oriented and animal-keeping community. Incorporated in 1964, Norco operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year term. The City Council elects one of the City Council members as Mayor.

Riverside County. The County of rivers, mountains, deserts and fertile valleys is the fourth largest county in the State of California (the "State"), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County has experienced a long period of growth and development including events as diverse as the Bob Hope Golf Classic to the mega-concerts of Coachella and Stagecoach. It is currently the eleventh most populous county in the United States. The County, incorporated in 1893, is a general law county governed by five elected members of the Board of Supervisors and the County seat located in the City of Riverside.

Population

The following table shows historical population figures for the Cities, County and State of California for the past 10 years.

POPULATION ESTIMATES
2011 through 2020
City of Corona, City of Eastvale, City of Jurupa Valley,
City of Norco, Riverside County and State of California

Year[1]	City of Corona	City of Eastvale	City of Jurupa Valley	City of Norco	Riverside County	State of California
2011	153,764	54,354	--	27,076	2,216,250	37,561,624
2012	155,644	56,058	96,753	27,243	2,244,472	37,924,661
2013	157,482	57,709	97,449	26,828	2,268,660	38,269,864
2014	159,540	59,600	97,865	26,765	2,290,907	38,556,731
2015	160,420	61,002	98,855	26,058	2,315,706	38,870,150
2016	161,294	63,331	100,196	26,543	2,343,785	39,131,307
2017	164,745	64,645	102,468	26,618	2,376,580	39,398,702
2018	166,154	65,416	104,728	26,557	2,400,762	39,586,646
2019	166,723	65,611	106,115	26,426	2,422,146	39,695,376
2020	168,248	66,413	107,083	27,564	2,442,304	39,782,870

(1) As of January 1.
Source: 2011-20 (2010 Demographic Research Unit Benchmark): California Department of Finance.

Income

The following table shows per capita personal income for the County, State and the United States for 2009 through 2018.

PER CAPITA PERSONAL INCOME
2009 through 2018
Riverside County, State of California and United States

Year	Riverside County	State of California	United States
2009	$33,276	$33,276	$39,284
2010	34,373	34,373	40,546
2011	35,527	35,527	42,735
2012	36,438	36,438	44,599
2013	37,728	37,728	44,851
2014	39,802	39,802	47,058
2015	41,855	41,855	48,978
2016	42,701	42,701	49,870
2017	43,405	43,405	51,885
2018	44,793	44,793	54,446

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for 2015 through 2019 for the Cities, County, and State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2015 through 2019[1]
City of Corona, City of Eastvale, City of Jurupa Valley, City of Norco, Riverside County and State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2015	City of Corona	79,700	75,500	4,200	5.2
	City of Eastvale	28,700	27,400	1,300	4.5
	City of Jurupa Valley	45,300	41,300	4,000	8.7
	City of Norco	11,100	10,600	600	5.4
	County of Riverside	1,033,300	964,100	69,200	6.7
	State of California	18,828,800	17,660,700	1,168,100	6.2
2016	City of Corona	81,500	77,700	3,800	4.7
	City of Eastvale	30,100	28,800	1,300	4.3
	City of Jurupa Valley	45,800	43,200	2,600	5.7
	City of Norco	11,500	10,900	600	5.2
	County of Riverside	1,051,400	987,200	64,200	6.1
	State of California	19,021,200	17,980,100	1,041,100	5.5
2017	City of Corona	82,600	79,200	3,300	4.0
	City of Eastvale	31,300	30,100	1,200	3.7
	City of Jurupa Valley	47,100	44,900	2,200	4.7
	City of Norco	11,500	11,000	500	4.3
	County of Riverside	1,072,200	1,015,800	56,300	5.3
	State of California	19,176,400	18,257,100	919,300	4.8
2018	City of Corona	83,700	80,900	2,800	3.4
	City of Eastvale	32,400	31,400	1,000	3.2
	City of Jurupa Valley	48,400	46,500	1,900	3.9
	City of Norco	11,600	11,100	400	3.7
	County of Riverside	1,091,400	1,042,700	48,700	4.5
	State of California	19,280,800	18,460,700	820,100	4.3
2019	City of Corona	84,700	82,100	2,600	3.1
	City of Eastvale	32,800	31,800	1,000	2.9
	City of Jurupa Valley	49,000	47,200	1,800	3.7
	City of Norco	11,700	11,300	400	3.5
	County of Riverside	1,104,000	1,057,900	46,100	4.2
	State of California	19,411,600	18,627,400	784,200	4.0

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019.

Industry

Employment data by industry is not separately reported on an annual basis for the Cities but is compiled in the following table for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"), which includes all of the County and San Bernardino County from 2015 through 2019.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Riverside-San Bernardino-Ontario Metropolitan Statistical Area
2015-2019

	2015	2016	2017	2018	2019
Total Farm	14,800	14,600	14,500	14,500	15,100
Mining and Logging	1,300	900	1,000	1,200	1,200
Construction	85,700	92,000	97,400	105,200	105,900
Manufacturing	96,200	98,700	99,200	101,100	101,200
Wholesale Trade	60,500	61,600	62,600	65,500	66,700
Retail Trade	174,400	178,300	180,900	181,200	181,300
Transportation, Warehousing & Utilities	98,100	108,000	122,100	132,900	142,800
Information	11,700	11,800	11,600	11,400	11,500
Financial Activities	43,700	44,300	43,900	43,800	44,200
Professional and Business Services	147,400	144,900	146,900	151,400	155,500
Education and Health Services	206,300	215,700	226,700	239,500	250,100
Leisure and Hospitality	151,700	160,200	166,300	170,600	175,200
Other Services	44,000	44,600	45,400	45,800	45,800
Government	233,300	242,300	251,000	257,200	260,500
Total All Industries	1,369,100	1,417,900	1,469,400	1,521,200	1,556,900

Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2019 Benchmark.

Principal Employers

The following tables list the principal employers located in Corona, Eastvale and Norco, and the County. Information on the largest employers in Jurupa Valley is currently unavailable.

PRINCIPAL EMPLOYERS
City of Corona
As of June 30, 2019

Company	Employees
Corona-Norco Unified School District	5,478
Corona Regional Medical Center	1,200
Kaiser Permanente	995
All American Asphalt	840
City of Corona	785
TWR Framing Enterprises	750
Fender USA Corona	675
Monster Energy	607
Thermal Structures	500
Veg Fresh Farms	425

Source: City of Corona 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
City of Eastvale
As of June 30, 2019

Company	Employees
Amazon Fulfillment Center	4,000
Corona-Norco Unified School District	894
Walmart Distribution	786
Ingram Micro	445
Costco	275
Grainger Inc	200
Kmart Distribution Center	175
Komar Distribution Services	169
Home Depot	161
Corningware Corelle & More	127

Source: City of Eastvale 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
City of Norco
As of June 30, 2019

Company	Employees
Corona-Norco Unified School District	5,078
Naval Surface Warfare Center	1,564
California Rehabilitation Center	1,176
Riverside Community College	561
Quick Crete Products Corp.	180
Western Hospitality Group	159
International E-Z Up, Inc.	135
Hidden Villa Ranch	120
Winco Foods, LLC	114
Hemborg Ford, Inc.	110

Source: City of Norco 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
Riverside County
As of June 30, 2019

Company	Employees
County of Riverside	21,215
March Air Reserve Base	9,000
University of California at Riverside	8,735
Wal-Mart	--
Kaiser Permanente Riverside Med. Center	5,592
Stater Bros. Markets	--
Corona-Norco Unified School District	4,989
Pechanga Resort & Casino	4,683
Riverside Unified School District	4,335
Hemet Unified School District	4,302
Eisenhower Medical Center	3,743
Moreno Valley Unified School District	3,684

Source: County of Riverside, California 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2019.

Commercial Activity

Summaries of annual taxable sales for the Cities and County from 2015 through 2019 are shown in the following tables.

ANNUAL TAXABLE SALES
2015 through 2019
City of Corona
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	2,477	1,960,713	4,369	3,358,691
2016	2,534	1,972,531	4,489	3,434,509
2017	2,507	2,084,193	4,439	3,704,978
2018	2,602	2,170,981	4,714	3,859,555
2019	2,676	2,135,737	4,874	3,865,113

Source: Taxable Sales in California, CDTFA. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2015 through 2019
City of Eastvale
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	517	$348,680	808	$656,460
2016	540	359,099	848	633,526
2017	631	385,707	1,001	742,347
2018	704	462,838	1,127	787,483
2019	793	551,155	1,278	831,797

Source: Taxable Sales in California, CDTFA. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2015 through 2019
City of Jurupa Valley
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	2,674	$496,373	3,329	$867,419
2016	2,695	522,981	3,419	888,831
2017	2,759	561,549	3,562	968,736
2018	2,822	615,474	3,731	1,093,186
2019	2,987	636,537	3,977	1,256,060

Source: Taxable Sales in California, CDTFA. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2015 through 2019
City of Norco
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	726	445,175	1,106	543,871
2016	797	467,463	1,199	565,886
2017	886	512,967	1,324	603,813
2018	903	537,203	1,375	627,794
2019	885	562,280	1,397	654,063

Source: Taxable Sales in California, CDTFA. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2015 through 2019
Riverside County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2015	37,304	23,537,475	55,857	33,166,660
2016	38,378	24,274,686	57,742	34,483,694
2017	38,967	25,856,341	58,969	36,407,460
2018	39,577	27,977,809	61,433	38,837,736
2019	40,491	29,020,401	64,063	40,557,845

Source: Taxable Sales in California, CDTFA. Some previously reported data has been revised by the CDTFA.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for 2015 through 2019 for the Cities and County are shown in the following tables.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Corona
(Dollars in Thousands)

Valuation ($000's)	2015	2016	2017	2018	2019
Residential	$52,535	$23,341	$43,818	$95,141	$127,097
Non-residential	89,581	81,914	36,514	115,688	66,061
Total	$142,116	$105,225	$80,332	$210,829	$193,158
Residential Units:					
Single family	28	66	113	206	195
Multiple family	533	0	108	240	400
Total	561	66	221	446	595

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Eastvale
(Dollars in Thousands)

Valuation ($000's)	2015	2016	2017	2018	2019
Residential	$143,652	$96,958	$34,678	$25,412	$47,333
Non-residential	34,930	79,637	162,800	41,737	21,025
Total	$178,582	$176,595	$197,478	$67,149	$68,358
Residential Units:					
Single family	445	351	141	100	174
Multiple family	30	0	0	5	0
Total	475	351	141	105	174

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Jurupa Valley
(Dollars in Thousands)

Valuation ($000's)	2015	2016	2017	2018	2019
Residential	$69,629	$77,116	$145,482	$59,749	$26,373
Non-residential	39,710	9,539	24,982	50,171	17,532
Total	$109,339	$86,655	$170,464	$109,920	$43,905
Residential Units:					
Single family	332	346	515	298	181
Multiple family	39	0	0	0	0
Total	371	346	515	298	181

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Norco
(Dollars in Thousands)

Valuation ($000's)	2015	2016	2017	2018	2019
Residential	$286	$2,644	$1,718	$2,533	$4,648
Non-residential	1,253	8,950	16,755	15,345	9,052
Total	$1,539	$11,594	$18,473	$17,878	$13,700
Residential Units:					
Single family	0	1	2	4	7
Multiple family	0	6	0	0	0
Total	0	7	2	4	7

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
County of Riverside
2015-2019
(Dollars in Thousands)

Valuation ($000's)	**2015**	**2016**	**2017**	**2018**	**2019**
Residential	$1,536,742	$1,759,535	$1,903,417	$2,558,081	$2,275,405
Non-residential	911,465	1,346,020	1,433,691	1,959,680	1,285,856
Total	$2,448,207	$3,105,555	$3,337,108	$4,517,761	$3,561,261
Residential Units:					
Single family	5,007	5,662	6,265	7,540	6,563
Multiple family	1,189	1,039	1,070	1,628	1,798
Total	6,196	6,701	7,335	9,168	8,361

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain definitions and provisions of the Indenture which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.

DEFINITIONS

"Account" means any account created pursuant to the Indenture.

"Acquisition and Construction Fund" means the fund by that name established pursuant to the Indenture.

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

"Administrative Expense Account" means the account by that name created under the Indenture.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the School District 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 School District, the District or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, the District or any designee thereof of complying with disclosure requirements of the School District, the District 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 School District, the District or any designee thereof related to an appeal of any Special Tax levy; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by a third party retained by the School District for the purpose of administering the District or advanced by the School District or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

"Administrative Expenses Cap" means $25,000 per Fiscal Year.

"Annual Debt Service" means the principal amount of any Outstanding Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds in such Bond Year, if the Bonds are retired as scheduled.

"Authorized Representative of the District" means the President of the Board of Education of the School District, the Superintendent of the School District, the Assistant Superintendent, Business Services or any other person or persons designated by the Superintendent or the Assistant Superintendent, Business Services by a written certificate signed by the Superintendent or the Assistant Superintendent, Business Services and containing the specimen signature of each such person.

"Bond Counsel" means (i) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (ii) an an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Register" means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds shall be recorded.

"Bondowner" or "Owner" means the person or persons in whose name or names any Bond is registered.

"Bonds" means the District's 2020 Special Tax Bonds issued on August ___, 2020 in the aggregate principal amount of $_________.

"Bond Year" means the twelve-month period ending on September 1 of each year; provided, however, that the first Bond Year shall begin on the Delivery Date and end on September 1, 2020.

"Business Day" means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

"Certificate of an Authorized Representative" means a written certificate or warrant request executed by an Authorized Representative of the District.

"Certificate of the Special Tax Consultant" means a certificate of Cooperative Strategies, LLC, or any successor entity appointed by the District, to administer the calculation and collection of the Special Taxes.

"City" means the City of Corona, California.

"City Facilities Account" means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

"City Project Costs" means the share of the Project Costs relating to facilities to be owned and operated by the City.

"Code" means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement dated as of August 1, 2020 between the District and Cooperative Strategies, LLC, as initial dissemination agent, relating to the Bonds, together with any amendments thereto.

"Costs of Issuance" means the costs and expenses incurred in connection with the issuance and sale of the Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final official statements for the Bonds, fees of financial consultants, fees of special tax consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the District.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"Delivery Date" means, with respect to the Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

"Depository" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor appointed pursuant to the Indenture.

"Developed Property" has the meaning ascribed to it in the RMA.

"Developer" means LGC Harrington, LLC, a Delaware Limited Liability Company.

"District" means Community Facilities District No. 17-1 of the Corona-Norco Unified School District established pursuant to the Act and the Resolution of Formation.

"District Project Costs" means the share of the Project Costs relating to facilities to be owned and operated by the District.

"Event of Default" shall mean the "event of default" described in the Indenture.

"Federal Securities" means any of the following: (a) United States Treasury Obligations, (b) obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal, or (c) evidence of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next following June 30.

"Gross Taxes" means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

"Indenture" means the Bond Indenture pursuant to which the Bonds are issued, together with any Supplemental Indenture approved pursuant to the Indenture.

"Independent Financial Consultant" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

(1) is in fact independent and not under the domination of the District or the School District;

(2) does not have any substantial interest, direct or indirect, in the District or the School District; and

(3) is not connected with the District or the School District as a member, officer or employee of the District or the School District, but who may be regularly retained to make annual or other reports to the District or the School District.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called bonds as the District may designate to the Trustee in writing.

"Interest Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Interest Payment Date" means each March 1 and September 1, commencing March 1, 2021; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

"Investment Agreement" means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Permitted Investments.

"Joint Community Facilities Agreement" means that certain Joint Community Facilities Agreement relating to the District, dated as of October 17, 2017, by and among the School District, the City and the Developer, together with any amendments thereto.

"Maximum Annual Debt Service" means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of all Bonds Outstanding in such Bond Year if the Bonds are retired as scheduled.

"Maximum Special Tax" has the meaning ascribed to it in the RMA.

"Moody's" means Moody's Investors Service, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the School District.

"Net Taxes" means Gross Taxes minus amounts set aside to pay Administrative Expenses up to the Administrative Expenses Cap.

"Nominee" shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Ordinance" means 2017-18 Resolution and Ordinance No. 82 adopted by the legislative body of the District on February 6, 2018, providing for the levying of the Special Tax, as such document may be amended from time to time, or any other document adopted by the Board of Education of the School District levying the Special Taxes.

"Outstanding" or "Outstanding Bonds" means all Bonds theretofore issued by the District, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture; and

(3) Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

"Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

"Permitted Investments" means any of the following that at the time of investment are legal investments under the laws of the State for the monies proposed to be invested therein (provided that the Trustee may rely upon investment direction of the District as a determination that such investment is a legal investment):

(1) Federal Securities.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
  Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
  Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
  Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
  Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
  Senior debt obligations
  Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
  Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
  Debt obligations
- Resolution Funding Corporation (REFCORP)
  Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least $5 million.

(6) Commercial paper (having original maturities of not more than 270 days rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

(7) Money market funds rated "AAm" or "AAm-G" by Standard & Poor's, or better (including those of the Trustee or its affiliates).

(8) “State Obligations,” which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by Standard & Poor’s, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by Standard & Poor’s and “Prime-l” by Moody’s.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by Standard & Poor’s and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by a trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee.

(10) Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's and Moody's, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Trustee have agreed to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(D) the District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(E) the investment agreement shall provide that if during its term.

(1) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee; and

(F) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(G) the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of the Indenture.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Prepayments" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

"Principal Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Principal Office of the Trustee" means the corporate trust office of the Trustee located in Los Angeles, California, provided that for purposes of redemption payment, exchange, transfer or surrender of Bonds shall mean the corporate trust office of the Trustee located in St. Paul, Minnesota, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its corporate trust and agency business.

"Project" means those public facilities described in the Resolution of Formation (and defined as "Facilities" therein) which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities.

"Project Costs" means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds, and to pay any other "incidental expenses" of the District, as such term is defined in the Act

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Record Date" means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

"Redemption Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Regulations" means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

"Representation Letter" shall mean the Blanket Letter of Representations from the District to the Depository as described in the Indenture.

"Reserve Account" means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

"Reserve Requirement" means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds, or (iv) $________, the initial Reserve Requirement as of the Delivery Date of the Bonds.

"Resolution of Formation" means 2017-18 Resolution No. 73 adopted by the Board of Education on December 1, 2017 June 14, 2016 pursuant to which the School District formed the District and authorized the levy of Special Taxes therein.

"RMA" means the Rate and Method of Apportionment of Special Tax for the District approved by the qualified electors of the District at the January 9, 2018 election, as amended from time to time.

"School District" means the Corona-Norco Unified School District.

"School Facilities Account" means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

"Sinking Fund Payment" means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in the Indenture.

"Special Tax Fund" means the fund by that name created and established pursuant to the Indenture.

"Special Taxes" means the taxes authorized to be levied by the legislative body of the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the January 9, 2018 election in the District, including any Prepayments thereof.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business or its successors and if such organization shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the School District.

“Subordinated Bonds” means any bonds or indebtedness of the District that have a lien, charge, pledge or encumbrance on the Net Taxes junior and subordinated to the lien, charge, pledge and encumbrance thereon for the Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Taxable Property” has the meaning ascribed to it in the RMA.

“Term Bonds” means the Bonds maturing on September 1, 20__ and September 1, 20__.

“Treasurer” means the Treasurer-Tax Collector of the County of Riverside, or his or her written designee.

“Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

“Undeveloped Property” has the meaning ascribed to it in the RMA.

“United States Treasury Obligations” means non-callable direct obligations of the United States of America (other than obligations subject to variation in principal repayment).

GENERAL AUTHORIZATION AND BOND TERMS

Type and Nature of Bonds. Neither the faith and credit nor the taxing power of the School District, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the School District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account of the Special Tax Fund), as more fully described in the Indenture. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds from amounts in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account of the Special Tax Fund) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the School District or the forfeiture of any of their property. The principal of and interest on the Bonds and premiums upon the redemption thereof, if any, are not a debt of the School District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account of the Special Tax Fund) which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the legislative body of the District or the Board of Education of the School District nor any persons executing the Bonds, are liable personally on the Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds, or for the performance of any covenants contained therein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Equality of Bonds and Pledge of Net Taxes. Pursuant to the Act and the Indenture, the Bonds shall be secured by a pledge, charge, lien and encumbrance upon and equally payable from the Net Taxes and other amounts in the Special Tax Fund (exclusive of amounst in the Administrative Expense Account of the Special Tax Fund) without priority for number, date of the Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account of the Special Tax Fund), which are set aside for the payment of the Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by the Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund, the Costs of Issuance Fund or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in the Indenture shall preclude, subject to the limitations contained in the Indenture, the redemption prior to maturity of any Bonds subject to call and redemption and payment of said Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as later amended, or under any other law of the State of California.

Place and Form of Payment. The Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest shall be payable from the dated date of such Bond, as applicable; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond, interest on that Bond shall be payable from its dated date. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of $1,000,000 or more in principal amount of the Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

Bond Register. The Trustee will keep or cause to be kept, at the Principal Office of the Trustee, sufficient books for the registration and transfer of the Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in the Indenture, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds as provided in the Indenture.

The District and the Trustee may treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of that Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any 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 his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of (i) Bonds for a period of fifteen (15) days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to the Indenture. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver, a new Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued in lieu of any Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued under the Indenture. The Trustee shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of the Indenture, in lieu of delivering a new Bond which has been mutilated, lost, destroyed or stolen, and which has matured or been called for redemption, the Trustee may make payment with respect to such Bonds.

Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any defect in any proceedings taken by the District and the recital contained in the Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

Book-Entry System. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in the Indenture, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such new nominee of the Depository

Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of the Indenture.

Payments to the Nominee. Notwithstanding any other provisions of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Creation of Funds; Application of Proceeds.

(a) The Trustee has established and will maintain the following funds and accounts in accordance with the Indenture:

(1) The Community Facilities District No. 17-1 Proceeds Fund (the "Proceeds Fund").

(2) The Community Facilities District No. 17-1 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account and an Administrative Expense Account).

(3) The Community Facilities District No. 17-1 Rebate Fund (the "Rebate Fund").

(4) The Community Facilities District No. 17-1 Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there shall be established a School Facilities Account, and a City Facilities Account).

(5) The Community Facilities District No. 17-1 Costs of Issuance Fund (the "Costs of Issuance Fund").

(6) The Community Facilities District No. 17-1 Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds and accounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds and accounts in accordance with the provisions of the Indenture and shall disburse investment earnings thereon in accordance with the provisions of the Indenture.

(b) The proceeds of the sale of the Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as set forth in the front part of the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS."

Deposits to and Disbursements from Special Tax Fund.

(a) Except for Prepayments which shall be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which the Gross Taxes are received from the District, deposit the Gross Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Gross Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

(1) the Administrative Expense Account of the Special Tax Fund;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Reserve Account of the Special Tax Fund;

(6) the Rebate Fund; and

(7) the Surplus Fund.

(b) At maturity of all of the Bonds and, after all principal and interest then due on the Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, monies in the Special Tax Fund and any accounts in the Indenture may be used by, or otherwise transferred to, the District for any lawful purpose.

Administrative Expense Account of the Special Tax Fund. The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund therein from time to time amounts necessary to make timely payment of Administrative Expenses; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit in the Indenture, that is sufficient to pay the interest and principal on all Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account of the Special Tax Fund to the extent necessary to collect delinquent Special Taxes on Undeveloped Property. Monies in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds until maturity, other than principal due upon optional or extraordinary redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds will be made when due, after making the transfer required by the Indenture, at least five (5) Business Days prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account five (5) Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Monies in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account five (5) Business Days prior to September 1 of each year, commencing September 1, 2021, shall equal the principal payment due on the Bonds on such September 1, whether at maturity or by Sinking Fund Payment, and any principal payment due on a previous September 1 which remains unpaid. Monies in the Principal Account shall be used for the payment of the principal of such Bonds as the same become due at maturity or by Sinking Fund Payment.

Redemption Account of the Special Tax Fund.

(a) After making the transfer to the Administrative Expense Account, and the deposits to the Interest Account and the Principal Account of the Special Tax Fund pursuant to the Indenture, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, the Trustee shall establish the Redemption Account and transfer from the Special Tax Fund and deposit in the Redemption Account monies available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account) may be applied to optionally redeem Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account, along with any amounts that an Authorized Officer of the District directs to be transferred from the Reserve Account to the Redemption Account in connection with any Prepayments, shall be applied on the redemption date established pursuant to the Indenture for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds to be redeemed with such Prepayments; provided that amounts shall be transferred from the Reserve Account only if immediately following such redemption the amount in the Reserve Account will meet the Reserve Requirement.

(c) Monies set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, monies deposited in the Redemption Account, may be used to purchase Outstanding Bonds in the manner provided in the next sentence. Purchases of Outstanding Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of monies set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account of the Special Tax Fund. There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account shall be applied as follows:

(a) Monies in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that the monies in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor and for the purpose of making any required transfer to the Rebate Fund pursuant to the Indenture upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account of the Special Tax Fund or the Rebate Fund, as applicable, monies necessary for such purposes.

(b) Whenever monies are withdrawn from the Reserve Account, after making the required transfers to the Administrative Expense Account, the Interest Account, the Principal Account and the Redemption Account, the Trustee shall transfer to the Reserve Account from available monies in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Monies in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District, subject to any limitations in the Act, shall include the amount necessary to fully restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates and the limitations of the Act.

(c) In connection with a redemption or a partial defeasance of Bonds in accordance with the Indenture, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds, as applicable, in the final Bond Year for such issue. Monies in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of the Indenture summarized above shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and transferred to the Interest Account of the Special Tax Fund.

Rebate Fund.

(a) The Trustee shall establish when needed, and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. The District shall cause to be deposited in the Rebate Fund such amounts as required under the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund with respect to the Bonds shall be governed by the Indenture and the Tax Certificate.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final treasury regulations as may be applicable to the Bonds from time to time, which the District covenants to pay or cause to be paid to the United States at the times and in the amounts determined under the Tax Certificate. The Trustee agrees to comply with all instructions given to it by the District in accordance with this covenant. The Trustee shall conclusively be deemed to have complied with the provisions of the Indenture and the Tax Certificate if it follows the instructions of the District and shall not be required to take any actions under the Indenture in the absence of instructions from the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds after payment in full of such issue and after making the payments required to comply with the Indenture and the applicable Tax Certificate for such issue may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the requirements of the Indenture summarized under the heading "—Rebate Fund," shall survive the defeasance and final payment of the Bonds.

(d) Amendment Without Consent of Owners. The foregoing may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds issued on a tax-exempt basis. Notwithstanding any provision of the Indenture, if the District shall provide to the Trustee an opinion of a nationally recognized bond or tax counsel that any specified action required thereunder is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds issued on a tax-exempt basis, the Trustee and the District may conclusively rely on such opinion in complying with the foregoing requirements, and the covenants under the Indenture shall be deemed to be modified to that extent.

Surplus Fund. After making the foregoing transfers required by the Indenture, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee shall 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 (i) that certain amounts be retained in the Special Tax Fund because the District 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 pursuant to the Indenture, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project; provided, however, that, if a transfer is made to the Acquisition and Construction Fund and unexpended proceeds of the Bonds remain in the Acquisition and Construction Fund, the Trustee shall establish a subaccount of the School Facilities Account for amounts transferred from the Surplus Fund. Monies deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the

District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds when due in the event that monies in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the School District for deposit to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the monies in the Surplus Fund to pay debt service on any Outstanding Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the monies on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Permitted Investments, the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Costs of Issuance Fund.

(a) The monies in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District to pay Costs of Issuance, substantially in the form attached to the Indenture, and all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate, and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to their authenticity or the authority under which they were given.

(b) Upon the receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Trustee shall transfer all or such specified portion, as applicable, of the monies remaining on deposit in the Costs of Issuance Fund to the School Facilities Account of the Acquisition and Construction Fund. On the date which is six months after the date of issuance of the Bonds, all amounts remaining in the Costs of Issuance Fund shall be transferred to the School Facilities Account of the Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed.

Acquisition and Construction Fund.

(a) The Trustee shall hold the monies in the City Facilities Account and the School Facilities Account and apply such monies to pay City Project Costs and District Project Costs, respectively. Amounts for Project Costs shall be disbursed by the Trustee on behalf of the District from the Acquisition and Construction Fund or the accounts therein as specified in a Request for Disbursement of Project Costs, substantially in the form attached to the Indenture, which must be submitted by an Authorized Representative of the District to the Trustee in connection with each requested disbursement. Amounts in the City Facilities Account shall go to pay City Project Costs and amounts in the School Facilities Account shall go to pay District Project Costs. At any time, an Authorized Representative of the District may direct (i) that the Trustee withdraw funds from the City Facilities Account and transfer such funds to the School Facilities Account to be used to pay District Project Costs, and (ii) that the Trustee withdraw funds from the School Facilities Account and transfer such funds to the City Facilities Account to pay City Project Costs. With respect to requisitions from the City Facilities Account only, the District shall not provide the Trustee with a Request for Disbursement of Project Costs until the District has received from the City: (i) the exact amount sought to be disbursed in such Request for Disbursement of Project Costs, and (ii) all invoices required to be attached to such Request for Disbursement of Project Costs.

(b) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or in any of the accounts therein is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the monies remaining on deposit in the Acquisition and Construction Fund and the accounts therein to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

(c) The Acquisition and Construction Fund shall be closed once no monies remain on deposit therein.

Investments. Monies held in any of the Funds and Accounts under the Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such Funds and Accounts. Any loss resulting from such Permitted Investments shall be credited or charged to the Fund or Account from which such investment was made, and any investment earnings on a Fund or Account shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein and applied as set forth in the Indenture. Monies in the Funds and Accounts held under the Indenture shall be invested by the Trustee as directed in writing by the District, from time to time, in Permitted Investments subject to the following restrictions:

(a) Monies in the Costs of Issuance Fund and the Acquisition and Construction Fund shall be invested in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the monies represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund and the Acquisition and Construction Fund.

(b) Monies in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.

(c) Monies in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments; provided that no such Permitted Investment of amounts in the Reserve Account shall mature later than the earlier of the final maturity date of the Bonds.

(d) Monies in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government or in Permitted Investments of the type described in clause (10) of the definition thereof as the District shall designate on forms provided by the Trustee.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Permitted Investments specified in clause (7) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such monies uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment whenever it may be necessary to do so in order to provide monies to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least annually within five (5) Business Days prior to each September 1. In making any valuations under the Indenture, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide monies to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of the Indenture, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but shall account for each separately.

REDEMPTION

Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity.

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (a) the Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture; (b) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds shall be paid to the Owners thereof; (c) as of the redemption date the Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds, or portions thereof, shall cease to bear further interest; and (d) as of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

COVENANTS AND WARRANTY

Warranty. The District warrants that it shall preserve and protect the security pledged under the Indenture to the Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds; provided, however, that said covenants do not require the District to expend any funds or monies other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee as soon as reasonably practicable following their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien, charge, pledge or encumbrance upon the Net Taxes senior or superior to the Bonds or on a parity with the Bonds, except for refunding bonds issued to refund Outstanding Bonds pursuant to the Indenture. Nothing in the Indenture shall prevent the District from issuing Subordinated Bonds or incurring other indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds.

(b) Levy of Special Tax. Beginning in Fiscal Year 2020-21 and so long as any Bonds issued under the Indenture are Outstanding, subject to the limitations set forth in the Act and the RMA, the legislative body of the District covenants to levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (i) the principal of and interest on the Bonds when due; (ii) the Administrative Expenses; and (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

Notwithstanding the foregoing, however, the District shall not be required to order the commencement of foreclosure proceedings if such level of delinquencies, if not remedied, will not result in a draw on the Reserve Account and no draw has been made thereon that has not been replenished.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds, to bring the amount on deposit in the Reserve

Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account), or which might impair the security of the Bonds then Outstanding; provided, however, that nothing contained in the Indenture shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the improvements constructed with the proceeds of bonded indebtedness issued by the District, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect) or of the Owners of not less than 10% of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be "private activity bonds" within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and will comply with the covenants and requirements stated in the Indenture and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds issued on a tax-exempt basis.

(g) Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in the Indenture would interfere with the timely retirement of the Bonds. The District determines it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds Outstanding will equal at least the sum of the Administrative Expenses Cap and 110% of gross debt service in each Bond Year on all Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds.

Notwithstanding the foregoing, the District may modify, alter or amend the RMA in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds Outstanding as of the date of such amendment.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Agreement to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall preserve and protect the security pledged to the Bonds against all claims and demands as long as the Bonds are Outstanding and shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond payments;

(c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute later in effect, or to comply with the Code or regulations issued under the Indenture, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding; or

(d) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners or that is contrary to the rules and regulations of the Municipal Securities Rulemaking Board.

Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described in the preceding paragraph, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon; (c) a preference or priority of any Bond over any other Bond; or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of the Indenture shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Indenture, Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

TRUSTEE

Trustee. U.S. Bank National Association has been appointed the Trustee for the Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements under the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

Resignation of Trustee. The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the Principal Office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the receipt of notice by the District, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of the Indenture. Any such successor Trustee appointed by such court shall become the successor Trustee under the Indenture notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 90-day period.

EVENTS OF DEFAULT; REMEDIES

Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds.

The Trustee has agreed to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 10 days of the Trustee's knowledge of a default of the type described in (c) above which, if not cured, with the passage of time would become an Event of Default.

Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the Trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds.

No remedy conferred in the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or later existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee has been appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non-Waiver. Nothing in the Indenture or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes and other monies pledged in the Indenture for such payment.

Limitations on Rights and Remedies of Owners. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bonds as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

DEFEASANCE

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds pursuant to the Indenture, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee, in trust, or an escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and monies then on deposit in the Special Tax Fund (exclusive of amounts in the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture with respect to such Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon and except for the federal tax covenants of the District relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the monies or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds to be defeased in accordance with the Indenture, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with the Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds which have been defeased under the Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Additional Bonds. The District shall not issue any additional bonds, notes or other similar evidences of indebtedness payable, in whole or in part, out of Net Special Taxes except: (i) bonds issued to fully or partially refund the Outstanding Bonds; and (ii) Subordinated Bonds.

MISCELLANEOUS

Cancellation of Bonds. All Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds, as provided by law, and furnish to the District a certificate of such destruction.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of the Indenture (except as otherwise provided therein), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in the Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters stated therein which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent

Unclaimed Monies. Anything to the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds which remain unclaimed for two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee shall, at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture shall constitute a contract between the District and the Bondowners and the provisions of the Indenture shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture shall be irrepealable, but shall be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture shall be deemed to restrict or prohibit the District from making contracts or issuing Subordinated Bonds or creating other indebtedness payable from a pledge, lien, charge and encumbrance upon the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Severability. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and the Indenture, the Bonds issued pursuant to the Indenture shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

APPENDIX F

FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2020, is executed and delivered by Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "Issuer") and Cooperative Strategies, LLC, as dissemination agent, in connection with the issuance and delivery by the Issuer of its 2020 Special Tax Bonds (the "Bonds"). The Bonds are being issued pursuant to that certain Bond Indenture (the "Indenture"), dated as of August 1, 2020, by and between the Issuer and U.S. Bank National Association, as Trustee (the "Trustee"). The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

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

"*Annual Report*" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Beneficial Owner*" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

"*Disclosure Representative*" shall mean the Superintendent of the School District, the Assistant Superintendent of Business Services of the School District, or such other officer or employee as one of the foregoing officers shall designate in writing to the Dissemination Agent from time to time.

"*Dissemination Agent*" shall mean, initially, Cooperative Strategies, LLC, or any successor Dissemination Agent designated in writing by the Issuer which has filed with the then current Dissemination Agent a written acceptance of such designation.

"*EMMA*" shall mean the Electronic Municipal Market Access system of the MSRB.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

"*Listed Events*" shall mean any of the events listed in Section 5(a) and (b) of this Disclosure Agreement.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

"*Participating Underwriter*" shall mean Stifel, Nicolaus & Company, Incorporated.

"*Repository*" shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"School District" means the Corona Norco Unified School District.

SECTION 3. Provision of Annual Reports.

(a) Not later than March 1 immediately following the end of the Issuer's fiscal year, commencing March 1, 2021, the Issuer shall provide, or shall cause the Dissemination Agent to provide, to the Repository an Annual Report in an electronic format and accompanied by identifying information as prescribed to the MSRB which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 Agreement; provided that the audited financial statements of the School District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the Repository of a change in the fiscal year dates.

(b) In the event that the Dissemination Agent is an entity other than the Issuer, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Issuer is the Dissemination Agent and the Issuer is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer, in a timely manner, shall send a notice to the Repository in substantially the form attached to this Disclosure Agreement as Exhibit A. If the Dissemination Agent is other than the Issuer and if the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent, in a timely manner, shall send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository if other than the MSRB; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the School District for the most recent fiscal year of the School District then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the School District in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the School District shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the School District may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the School District shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to the Repository as provide in Section 5(b), including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of Bonds outstanding as of September 30 of each year;

(ii) the balance in each fund under the Indenture as of the September 30 preceding the filing of the Annual Report, including the Reserve Account and a statement of the Reserve Requirement;

(iii) any changes to the Rate and Method approved or submitted to the electors for approval prior to the filing of the Annual Report;

(iv) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(v) an update of the information set forth in Table 5 of the Official Statement, if there is any owner responsible for more than 5% of the Special Tax levy, and an update of the information set forth in Table 6 of the Official Statement (each on the basis of assessed values), provided, however, that the update of Table 6 shall not be required to include the column labeled "Other Land Secured Debt";

(vi) an update of the information set forth in Table 9 of the Official Statement; and

(vii) any information not already included under (i) through (vi) above that the District 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.

In addition to any of the information expressly required to be provided under paragraphs (a) or (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements set forth in clauses (i) to (vii), in the light of the circumstances under which they were made, not misleading.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice to the Repository of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);

6. tender offers;

7. defeasances;

8. ratings changes; and

9. bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, Trustee or similar officer for an obligated person 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in accordance with Section 5(d) below:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

3. appointment of a successor or additional trustee or the change of the name of a trustee;

4. nonpayment related defaults;

5. modifications to the rights of Owners of the Bonds;

6. notices of redemption; and

7. release, substitution or sale of property securing repayment of the Bonds.

8. incurrence of a Financial Obligation of an obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect Bondowners.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice, or cause the Dissemination Agent to file a notice, of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement 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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Special District Financing and Administration. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Agreement may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Participating Underwriter, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners, or such amendment shall have been approved by the Owners in the same manner as an amendment to the Indenture, and (5) the Issuer shall have delivered copies of such opinion and amendment to the Repository.

(b) This Disclosure Agreement also may be amended by written agreement of the parties upon obtaining consent of Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Owners of the Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied.

(c) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made to the basis on which financial statements are prepared, 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. Such comparison shall include a quantitative and, to the extent reasonably feasible, 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.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Issuer 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 Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended may apply to the Issuer, and that under some circumstances compliance with this Disclosure

Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner 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 Issuer and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and 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 their 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. Any Dissemination Agent other than the Issuer shall be paid (i) compensation by the Issuer for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, 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 by the Issuer pursuant to this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 15. Notices. Any notice or communications to be among any of the parties to this Disclosure Agreement may be given as follows:

Issuer:	Corona-Norco Unified School District 2820 Clark Avenue Norco, California 92860 Attention: Superintendent
Dissemination Agent:	Cooperative Strategies 8955 Research Drive Irvine, CA 92618
Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated 515 South Figueroa Street, Suite 1800 Los Angeles, California 90071

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 16. Future Determination of Obligated Persons. In the event the Securities Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within the Issuer to be an obligated person as defined in the Rule, nothing contained herein shall be construed to require the Issuer to meet the continuing disclosure requirements of the Rule with respect to such obligated person and nothing in this Disclosure Agreement shall be deemed to obligate the Issuer to disclose information concerning any owner of land within the Issuer except as required as part of the information required to be disclosed by the Issuer pursuant to Section 4 and Section 5 hereof.

SECTION 17. Governing Law. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California.

SECTION 18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 19. Merger. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing of any paper or any further act.

COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT

By: ______________________________
Its: Superintendent of the Corona-Norco Unified School District, which is acting in its capacity as the legislative body of Community Facilities District No. 17-1 of the Corona-Norco Unified School District

COOPERATIVE STRATEGIES, LLC, as Dissemination Agent

By: ______________________________
Its: Authorized Officer

EXHIBIT A

NOTICE TO THE REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	$__________ COMMUNITY FACILITIES DISTRICT NO. 17-1 OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT 2020 SPECIAL TAX BONDS
Date of Issuance:	____________, 2020

NOTICE IS HEREBY GIVEN that Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of ________ 1, 2020. [The Issuer anticipates that the Annual Report will be filed by ________.]

Dated: ______________

COOPERATIVE STRATEGIES, LLC, as Dissemination Agent

cc: Corona-Norco Unified School District

APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate of LCG Harrington, LLC (the "Disclosure Certificate") dated as of August 1, 2020 is executed and delivered by LCG Harrington, LLC, a Delaware Limited Liability Company ("LCG"), in connection with the execution and delivery by the Community Facilities District No. 17-1 of the Corona-Norco Unified School District (the "District") of $_________ of its Series 2020 Special Tax Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted on June 23, 2020, by the Board of Trustees of the Corona-Norco Unified School District, acting as the legislative body of the District, and the Bond Indenture dated as of August 1, 2020 by and between the District and U.S. Bank National Association, as Trustee. LCG covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by LCG to assist the Underwriter in the marketing of the Bonds.

SECTION 2. Definitions. Unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Affiliate" shall mean, with respect to LCG, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, twenty-five percent (25%) or more of any class of Equity Securities of LCG, or (b) each Person that controls, is controlled by or is under common control with LCG or any Affiliate of LCG; provided, however, that in no case shall the District be deemed to be an Affiliate of LCG for purposes of this Disclosure Certificate. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean initially LCG, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by LCG and which has filed with LCG and the District a written acceptance of such designation.

"District" shall mean Community Facilities District No. 17-1 of the Corona-Norco Unified School District.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

"Equity Securities" of any Person shall mean (a) all common stock, preferred stock, participations, shares, general partnership interests or other equity interests in and of such person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"Government Authority" shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Listed Event" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement, dated ________, 2020, relating to the Bonds.

"Person" shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

"Property" shall mean the property within District owned by LCG.

"Repository" shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Semiannual Report" shall mean any report to be provided by LCG on or prior to December 15 and June 15 of each year, commencing December 15, 2020, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"State" shall mean the State of California.

"Underwriter" shall mean the original underwriter of the Bonds, which is Stifel, Nicolaus & Company, Incorporated.

SECTION 3. Provision of Semiannual Report.

(a) Until such time as LCG's reporting requirements terminate pursuant to Section 6 below, LCG shall, or upon receipt of the Semiannual Report from LCG the Dissemination Agent shall, not later than December 15 and June 15 of each year, commencing December 15, 2020, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, June 15 or December 15 falls on a Saturday, Sunday or a holiday, such deadline shall be extended to the next following day that is not a Saturday, Sunday, or holiday. The Semiannual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) Not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, LCG (i) shall provide the Semiannual Report to the Dissemination Agent or (ii) shall provide notification to the Dissemination Agent that LCG is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be filed. If by such date, the Dissemination Agent has not received a copy of the Semiannual Report or notification as described in the preceding sentence, the Dissemination Agent shall notify LCG of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide a Semiannual Report to the Repository by the applicable June 15th or December 15th or to verify that a Semiannual Report has been provided to the Repository by LCG by the applicable June 15th or December 15th, the Dissemination Agent shall send a timely notice to the Repository in the form required by the Repository.

(d) The Dissemination Agent shall promptly after receipt of the Semiannual Report file a report with LCG and the District certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system.

SECTION 4. Content of Semiannual Report.

(a) LCG's Semiannual Report shall contain or include by reference the information which is updated through a date which shall not be more than 60 days prior to the date of the filing of the Semiannual Report relating to the following:

1. An update of the development activity conducted by LCG and its Affiliates within the District, including the number of homes for which building permits were issued within the Property and the number of homes within the Property conveyed to individual homeowners.

2. To the extent not previously disclosed in a prior Semiannual Report, a discussion of any material change in LCG's sources of funds to finance its development of the Property as disclosed in the Official Statement under the caption in the Official Statement entitled "OWNERSHIP AND DEVELOPMENT OF THE COMMUNITY FACILITIES DISTRICT – Financing Plan," and, if applicable, whether any material defaults exist under any loan arrangement related to such financing.

3. Any significant amendments to land use entitlements that are known to LCG with respect to the Property.

4. Status of Special Tax payments with respect to the Property owned by LCG or any Affiliates.

(b) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. LCG shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, LCG shall give, or cause to be given, notice of the occurrence of any of the following events, if material under clauses (b) and (c) as soon as practicable after LCG obtains knowledge of any of the following events:

1. Failure to pay any real property taxes, special taxes or assessments levied within the Property by LCG or any Affiliate;

2. Material default by LCG or any Affiliate on any loan with respect to the construction or permanent financing for the development of the Property for which LCG or any Affiliate has been provided a notice of default;

3. Payment default by LCG or any Affiliate on any loan of LCG or any Affiliate (whether or not such loan is secured by property within the District) which is beyond any applicable cure period in such loan and, in the reasonable judgment of LCG, such payment default will adversely affect the completion of the development of the Property or would materially adversely affect the

financial condition of LCG or its Affiliates and their respective ability to complete development of the Property;

4. The filing of any proceedings with respect to LCG in which LCG may be adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of its debts;

5. The filing of any proceedings with respect to an Affiliate in which the Affiliate may be adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay its debts or a reorganization or readjustment of its debts, if such adjudication will adversely affect the completion of the development of parcels within the Property, or would materially adversely affect the financial condition of LCG or any Affiliate that owns any parcels within the Property and their respective ability to complete development of such Property; and

6. The filing of any lawsuit against LCG or any of its Affiliates (for which LCG has actual notice, as through receipt of service of process) which, in the reasonable judgment of LCG, will materially adversely affect the completion of the development of the Property, or litigation which if decided against LCG, or any of its Affiliates, in the reasonable judgment of LCG, would materially adversely affect the financial condition of LCG or any Affiliate that owns any parcels within the Property and their respective ability to complete development of such Property.

(b) Whenever LCG obtains knowledge of the occurrence of a Listed Event, LCG shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent, if other than LCG, shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If LCG determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, LCG shall promptly (i) file a notice of such occurrence with the Dissemination Agent which shall then distribute such notice to the Repository, with a copy to the District, or (ii) file a notice of such occurrence with the Repository, with a copy to the Dissemination Agent and the District.

SECTION 6. Termination of Reporting Obligation. LCG's obligations under this Disclosure Certificate shall terminate upon the earlier to occur of the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or

(b) at such time as LCG and its Affiliates, in the aggregate, have conveyed 118 homes within the District to individual homeowners.

If such termination occurs prior to the final maturity of the Bonds, LCG shall give notice of such termination in the same manner as for a Listed Event hereunder.

SECTION 7. Dissemination Agent. LCG may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not LCG, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by LCG pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing (i) thirty days written notice to LCG and the Dissemination Agent and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, LCG 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements or a change in law;

(b) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Trustee with the consent of owners of the Bonds, or (ii) does not, in the written opinion of nationally recognized bond counsel addressed to the District and the Dissemination Agent, materially impair the interests of the owners or Beneficial Owners of the Bonds; and

(c) LCG, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) above to the District and the Trustee.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, LCG shall describe such amendment in the next Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent LCG from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If LCG chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, LCG shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

LCG acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to LCG, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of LCG under such laws.

SECTION 10. Default. In the event of a failure of LCG or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Underwriter or any owner 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 LCG or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. Notwithstanding the foregoing sentence, the sole remedy under this Disclosure Certificate in the event of any failure of LCG or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for LCG, the Underwriter, owners of the Bonds or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from LCG or an opinion of nationally recognized bond counsel. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent may conclusively rely upon the Semiannual Report provided to it by LCG as constituting the Semiannual Report required of LCG in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. The Dissemination Agent shall have no duty to prepare the Semiannual Report nor shall the Dissemination Agent be responsible for filing any Semiannual Report not provided to it by LCG in a timely manner in a form suitable for filing with the Repositories. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 12. LCG as Independent Contractor. In performing under this Disclosure Certificate, it is understood that LCG is an independent contractor and not an agent of the District.

SECTION 13. Notices. Notices should be sent in writing by electronic mail, regular mail or overnight mail to the following addresses. The following information may be conclusively relied upon until changed in writing.

LCG/Dissemination Agent:	LCG Harrington, LLC 27132-B Paseo Espada, Suite 1206 San Juan Capistrano, California 92675 Attention: Jeffrey Holbrook
Underwriter:	Stifel, Nicolaus & Company, Incorporated 515 South Figueroa Street, Suite 1800 Los Angeles, California 90071 Attention: Dawn Vincent, Managing Director

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of LCG, the District, the Dissemination Agent, the Underwriter and owners of the Bonds and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. California Law. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

SECTION 16. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

LCG Harrington, LLC,
a Delaware limited liability company

By: Harrington Village, LLC,
a California limited liability company
its Manager

By: ___________________________________
Jeffrey Holbrook, Manager

By: ___________________________________
Stephen Hinckley, Manager

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests 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 to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect 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.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

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

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

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

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, 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, the Trustee, or the District, 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 the District or the Trustee, 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.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.