NEW ISSUE **NOT RATED**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2020 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS – Tax Exemption."

$12,805,000
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)
IMPROVEMENT AREA 1
2020 SPECIAL TAX BONDS

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

Authority for Issuance. The bonds captioned above (the "2020 Bonds") are being issued by the County of Madera (the "County") for and on behalf of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) (the "District") with respect to its Improvement Area 1 ("Improvement Area 1") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement dated as of November 1, 2020 (the "Fiscal Agent Agreement"), by and between the County and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). See "THE 2020 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2020 Bonds are payable from proceeds of Special Tax Revenues (as defined herein) levied on property within Improvement Area 1 according to the rate and method of apportionment of special tax approved by the Board of Supervisors of the County (the "Board"), acting as legislative body of the District, and the eligible landowner voters in Improvement Area 1 of the District. The 2020 Bonds are secured by a first pledge of the revenues derived from the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement, on a parity with bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. See "SECURITY FOR THE 2020 BONDS." The 2020 Bonds and any Parity Bonds (as defined herein) are referred to herein as the "Bonds."

Use of Proceeds. The 2020 Bonds are being issued to (i) finance the acquisition and construction of certain public improvements, (ii) fund a debt service reserve fund for the 2020 Bonds, (iii) pay a portion of the interest due through and including September 1, 2021, and (iv) pay the costs of issuing the 2020 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2020 Bonds is payable on March 1, 2021, and semiannually thereafter on each March 1 and September 1. The 2020 Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. The 2020 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2020 Bonds. See "THE 2020 BONDS – General Bond Terms" and "APPENDIX D – DTC and the Book-Entry Only System."

Redemption. The 2020 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes and payments of the One-Time Special Tax (as defined herein). See "THE 2020 BONDS – Redemption."

The 2020 Bonds are not general obligations of the County, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the County (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California (the "State") or any political subdivision thereof is pledged to the payment of the 2020 Bonds.

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2020 Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2020 Bonds.

The 2020 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, has served as disclosure counsel to the County. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as counsel to the Underwriter. It is anticipated that the 2020 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about November 18, 2020.

STIFEL

The date of this Official Statement is: October 29, 2020.

MATURITY SCHEDULE

$1,860,000 Serial Bonds
(Base CUSIP†: 55646M)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	$70,000	3.000%	0.700%	104.074	BY0
2023	85,000	4.000	0.990	108.250	BZ7
2024	100,000	4.000	1.290	109.980	CA1
2025	115,000	4.000	1.590	111.062	CB9
2026	135,000	4.000	1.830	111.860	CC7
2027	150,000	4.000	2.030	112.427	CD5
2028	170,000	4.000	2.220	112.660	CE3
2029	190,000	4.000	2.380	112.648 [C]	CF0
2030	210,000	4.000	2.530	111.639 [C]	CG8
2034	305,000	3.000	3.080	99.104	CL7
2035	330,000	3.000	3.130	98.467	CM5

$770,000 4.000% Term Bond due September 1, 2033, Yield: 2.880%, Price: 109.326 [C]
CUSIP† No. CK9

$2,085,000 4.000% Term Bond due September 1, 2040, Yield: 3.420%, Price: 104.785 [CC]
CUSIP† No. CN3

$2,985,000 4.000% Term Bond due September 1, 2045, Yield: 3.590%, Price: 103.353 [CC]
CUSIP† No. CP8

$5,105,000 4.000% Term Bond due September 1, 2051, Yield: 3.640%, Price: 102.937 [CC]
CUSIP† No. CQ6

C: Priced to optional redemption date of September 1, 2027 at 103%
CC: Priced to optional redemption date of September 1, 2030 at par.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. None of the County, the District, or the Underwriter takes any responsibility for the accuracy of the CUSIP data.

COUNTY OF MADERA

MEMBERS OF
BOARD OF SUPERVISORS

Brett Frazier, District 1
David Rogers, District 2
Robert L. Poythress, District 3
Max Rodriguez, District 4
Tom Wheeler, District 5

COUNTY STAFF

Jay Varney, County Administrative Officer
Joel Bugay, Deputy County Administrative Officer
Tracy Kennedy, Treasurer-Tax Collector
Anthony Loza, Assistant Treasurer-Tax Collector
Todd E. Miller, County Auditor-Controller

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

SPECIAL TAX CONSULTANT

NBS Government Finance Group
Temecula, California

APPRAISER

BBG, Inc.
Sacramento, California

MARKET ABSORPTION CONSULTANT

The Gregory Group
Folsom, California

FISCAL AGENT

U.S. Bank National Association
San Francisco, California

Madera County, California
Tesoro Viejo CFD – Regional Location Map

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2020 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2020 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within Improvement Area 1 of the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2020 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2020 Bonds.

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

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

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

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the 2020 Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2020 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the 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," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

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OFFICIAL STATEMENT

$12,805,000
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)
IMPROVEMENT AREA 1
2020 SPECIAL TAX BONDS

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**2020 Bonds**") to be issued by the County of Madera (the "**County**") on behalf of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) (the "**District**") with respect to its Improvement Area 1 ("**Improvement Area 1**").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2020 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The County. The County is located in the Central Valley of California (the "**State**"), bordered by the Counties of Fresno, Mariposa, Merced, and Mono. It is approximately 20 miles from the City of Fresno, 88 miles from Yosemite National Park, 166 miles from the San Francisco Bay Area, and 240 miles from the City of Los Angeles. The County encompasses approximately 2,147 square miles and includes the Cities of Chowchilla and Madera. The population of the County was 150,865 as of 2010 and was estimated at 158,147 as of 2020. The City of Madera is the county seat.

The District and Improvement Area 1. The District is located in the southeastern portion of the County and is part of the Tesoro Viejo master-planned community (the "**Tesoro Viejo Project**"). The Tesoro Viejo Project is an approximately 1,600-acre master planned community subject to the County's Rio Mesa Area Plan and the Tesoro Viejo Specific Plan. The Tesoro Viejo Project has been approved for approximately 5,190 dwelling units and approximately three million square feet of non-residential development. The Tesoro Viejo Specific Plan calls for development in phases, beginning with Improvement Area 1. Improvement Area 1 is located on the north side of Madera Canal, east of State Highway 41. Land uses immediately surrounding Improvement Area 1 include: undeveloped areas to the north and northwest; residential and small commercial development to southwest; Madera Canal and other planned phases of the Tesoro Viejo Project to the south; and other planned phases of the Tesoro Viejo Project to the east.

The District and Improvement Area 1 were formed and established by the Board of Supervisors of the County (the "**Board of Supervisors**"), as legislative body of the District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to a resolution adopted by the Board following a public hearing, and a landowner election at which the qualified electors of Improvement Area 1 authorized the County to incur bonded indebtedness with respect to Improvement Area 1, and approved the levy of special taxes within Improvement Area 1. See “THE DISTRICT AND IMPROVEMENT AREA 1 – Formation and Background.”

Authority for Issuance of the 2020 Bonds. The 2020 Bonds are issued under the Act, a resolution adopted by the Board of Supervisors on October 20, 2020 (the “**Resolution of Issuance**”), and a Fiscal Agent Agreement, dated as of November 1, 2020 (the “**Fiscal Agent Agreement**”), by and between the County and U.S. Bank National Association, as fiscal agent (the “**Fiscal Agent**”). The Board of Supervisors, as legislative body of the District, has authorized the issuance of the 2020 Bonds in an aggregate principal amount not to exceed $14,000,000. See “THE 2020 BONDS – Authority for Issuance.”

Purpose of the 2020 Bonds. Proceeds of the 2020 Bonds will be used primarily to finance the acquisition and construction of certain authorized improvements. Proceeds of the 2020 Bonds will also fund a debt service reserve fund for the 2020 Bonds, pay a portion of the interest due through and including September 1, 2021, and pay the costs of issuing the 2020 Bonds. See “FINANCING PLAN.”

Redemption of Bonds before Maturity. The 2020 Bonds are subject to optional redemption, mandatory sinking fund redemption and special redemption from prepaid Special Taxes (as defined below) and payment of the One-Time Special Tax (as defined below). See “THE 2020 BONDS – Redemption.”

Security and Sources of Payment for the 2020 Bonds. The Board of Supervisors (i) annually levies special taxes on the property in Improvement Area 1 (the “**Annual Facilities Special Taxes**”) in accordance with the Rate and Method of Apportionment for Improvement Area 1 (the “**Rate and Method**”) and Resolution No. 2020-027, entitled “A Resolution Regarding Reduction in the Levy of Special Taxes Within Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo),” adopted by the Board of Supervisors on March 10, 2020 (the “**Resolution Regarding Special Tax Levy**”) and (ii) will levy, when required by the Rate and Method, an additional tax (the “**One-Time Special Tax**,” and together with the Annual Facilities Special Taxes, the “**Special Taxes**”). The One-Time Special Tax is to be levied in certain specified circumstances in order to assure maintenance of the required debt service coverage ratio on indebtedness payable from the Special Taxes. See “SECURITY FOR THE 2020 BONDS – Rate and Method – *One-Time Special Tax*.” The Rate and Method also provides for a Services Special Tax (as defined in the Rate and Method) (the “**Services Special Tax**”) to be levied for services described in the Rate and Method. As used in this Official Statement, the terms “**Special Tax**” or “**Special Taxes**” refer only to the Annual Facilities Special Tax (as defined in the Rate and Method) and the One-Time Special Tax and does not include the Services Special Tax. The Services Special Tax is not pledged under the Fiscal Agent Agreement, nor is the Services Special Tax available to pay debt service on the 2020 Bonds. The Special Tax will be levied against certain property within Improvement Area 1 pursuant to the Act, the ordinance approving the levy of Special Taxes (the “**Ordinance**”) and the Fiscal Agent Agreement and in accordance with the Rate and Method and the Resolution Regarding Special Tax Levy. The lien of the Special Tax will be co-equal with the lien of the Services Special Tax. See “SECURITY FOR THE 2020 BONDS – Rate and Method.”

The 2020 Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the “**Special Tax Revenues**”), on a parity with any bonds that may be issued in the future, subject to the conditions set forth in the Fiscal Agent Agreement. The 2020 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See “SECURITY FOR THE 2020 BONDS.”

Debt Service Reserve Fund. In order to further secure the payment of principal of and interest on the 2020 Bonds (and any series of Parity Bonds the principal of and interest on which is payable from amounts in the Reserve Fund), certain proceeds of the 2020 Bonds will be deposited into the Reserve

Fund in an amount equal to the Reserve Requirement (as defined herein). See "FINANCING PLAN" and "SECURITY FOR THE 2020 BONDS – Reserve Fund."

Covenant to Foreclose. The County has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2020 BONDS – Covenant to Foreclose."

Property Ownership and Development Status. Improvement Area 1 consists of approximately 236 gross acres, of which approximately 114 acres are expected to be built into 804 residential units subject to the Special Taxes. Other uses of property comprising Improvement Area 1 include a TK-8 school, park space, an amphitheater, and recreational center. Improvement Area 1, which is also known as "Hillside Village," is the first of nine residential "villages" of the larger Tesoro Viejo Project, an approximately 1,600-acre master planned community, and is subject to the County's Rio Mesa Area Plan. As of September 15, 2020, the date of value of the Appraisal (as defined below), of the 804 residential lots anticipated to be developed within Improvement Area 1, 580 lots were in finished condition, and 224 lots were in rough graded condition. Included in the 580 finished lots are 133 single-family homes that have been conveyed to individual homeowners.

The land in Improvement Area 1 is being developed by Hillside RM, LLC, a Delaware limited liability company (the "**Master Developer**"). The Master Developer is not a homebuilder and is developing the property in Improvement Area 1 in eight distinct products through the sale to merchant builders, such as Redrock RM, LLC, a Delaware limited liability company ("**Redrock RM**"), Treasure Hills, LLC, a Delaware limited liability company ("**Treasure Hills**"), K. Hovnanian CA Land Holdings, LLC, a California limited liability company ("**K. Hovnanian**"), and D.R. Horton CA3, Inc., a Delaware corporation ("**D.R. Horton**" and, together with Redrock RM, Treasure Hills, K. Hovnanian, the "**Merchant Builders**"). Redrock RM and Treasure Hills share common management with a 50% owner of the Master Developer. As of September 15, 2020, the date of value of the Appraisal, the status of the ownership for Improvement Area 1 was as follows:

Table 1
Ownership of the Property in Improvement Area 1
(as of September 15, 2020)

Product	Property Ownership	Number of Lots
1	Master Developer [(1)]	12
2	Individual Homeowners	28
	Treasure Hills	22
	Master Developer (under contract with Treasure Hills)[(2)]	3
	Master Developer (expected to be sold to Treasure Hills)[(2)]	62
3	Individual Homeowners	20
	D.R. Horton	19
	Master Developer (under contract with Redrock RM)[(3)]	83
4	Master Developer [(4)]	136
5	Individual Homeowners	9
	Treasure Hills	43
	Master Developer (under contract with Treasure Hills)[(2)]	34
7	Individual Homeowners	15
	K. Hovnanian	9
	Master Developer (under contract with K. Hovnanian)[(5)]	88
8	Master Developer (expected to be sold to Redrock RM) [(3)]	99
10	Individual Homeowners	61
	Redrock RM	35
	Master Developer (under contract with Redrock RM)[(3)]	26
	Total	**804**

(1) The 12 lots in product 1 are expected to be sold as finished lots to individual buyers, who are expected to make their own arrangements for home construction.
(2) Lots owned by the Master Developer in the applicable product are under contract for sale to Treasure Hills with staged closings occurring no later than December 31, 2022. In product 2, 3 lots are under contract to Treasure Hills. Treasure Hills is also in negotiations for a contract to purchase an additional 62 lots, for a total of 65 lots under contract or expected to be under contract in product 2. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Treasure Hills."
(3) Lots owned by the Master Developer in products 3 and 10 are under contract for sale to Redrock RM with staged closing occurring no later than February 28, 2022 for product 3 and December 31, 2021 for product 10. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Redrock RM." Redrock RM is in negotiations with the Master Developer for the purchase of all 99 lots in product 8, with staged closings expected to occur no later than December 31, 2022. No assurance can be given that any such sale will occur or as to the timing or terms of any such sale.
(4) The Master Developer is in negotiations with a merchant builder for the purchase of 72 lots in product 4. No assurance can be given that any such sale will occur or as to the timing or terms of any such sale.
(5) Lots owned by the Master Developer in product 7 are under contract for sale to K. Hovnanian with staged closing occurring no later than June 1, 2022. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – K. Hovnanian."

Source: BBG, Inc.; Hillside RM, LLC.

For additional information about the current development status and proposed development plans for the Property in Improvement Area 1, see "PROPERTY OWNERSHIP AND DEVELOPMENT OF STATUS."

Appraised and Assessed Value of Property in Improvement Area 1. An appraisal of certain property within Improvement Area 1, dated September 18, 2020 (the "**Appraisal**"), was prepared by BBG, Inc., Sacramento, California (the "**Appraiser**"), in connection with issuance of the 2020 Bonds. The purpose of the Appraisal was to estimate the fee simple market value of the properties within Improvement Area 1 by ownership, subject to the lien of the Special Tax, with the sum of values by ownership representing an aggregate value.

The value is subject to a hypothetical condition that bonds had just been sold and the property was encumbered with Special Taxes. Subject to the assumptions and limiting conditions contained in the Appraisal, the Appraiser estimated that the taxable property within Improvement Area 1, as of the September 15, 2020 date of value, had an estimated not-less-than market value of $123,090,000.

See “THE DISTRICT AND IMPROVEMENT AREA 1 – Appraised Values” for further information on the Appraisal. A complete copy of the Appraisal is included in this Official Statement as APPENDIX G.

Estimated Value-to-Lien Ratios in Improvement Area 1. Based on the appraised value of the taxable property within Improvement Area 1 of $123,090,000 and the original principal amount of 2020 Bonds of $12,805,000, the overall value-to-lien ratio of the taxable property within Improvement Area 1 is approximately 9.27 to 1, not including general obligation bond indebtedness. See “THE DISTRICT AND IMPROVEMENT AREA 1 – Direct and Overlapping Governmental Obligations.” This is an overall estimate, however, and the value-to-lien ratios of individual parcels varies widely from this ratio.

Market Absorption Study. In connection with the issuance of the 2020 Bonds, the County commissioned The Gregory Group, Folsom, California (the “**Market Absorption Consultant**”), to prepare a market absorption study for the homes planned for Improvement Area 1, dated August 2020 (the “**Absorption Study**”). See “THE DISTRICT AND IMPROVEMENT AREA 1 – Market Absorption Study,” and APPENDIX H.

COVID-19 Pandemic. The financial and operating data contained in this Official Statement are the latest available, but unless otherwise indicated are as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the current financial condition or future prospects of the District, Improvement Area 1, the County, and the region. See, in particular, “BOND OWNERS' RISKS – COVID-19 Pandemic.”

Risk Factors Associated with Purchasing the 2020 Bonds. Investment in the 2020 Bonds involves risks that may not be appropriate for some investors. See “BOND OWNERS' RISKS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, including the potential impact of the COVID-19 pandemic, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2020 Bonds.

FINANCING PLAN

Authorized Facilities

The net proceeds of the 2020 Bonds will be used to construct and/or acquire various facilities authorized to be financed by the District, including Improvement Area 1. For a complete list of the authorized facilities, see "THE DISTRICT AND IMPROVEMENT AREA 1 – Authorized Facilities."

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2020 Bonds will be used as follows:

SOURCES	Amount
Principal Amount of 2020 Bonds	$12,805,000.00
Plus: Net Original Issue Premium	551,018.85
Total Sources	$13,356,018.85
USES	
Deposit into Improvement Fund	$11,442,497.85
Deposit into Reserve Fund (1)	966,830.22
Deposit to Capitalized Interest Account of Bond Fund (2)	261,772.03
Costs of Issuance (3)	684,918.75
Total Uses	$13,356,018.85

(1) Equal to the Reserve Requirement with respect to the 2020 Bonds as of their date of delivery.
(2) Represents an amount scheduled to pay a portion of the interest due through and including September 1, 2021.
(3) Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, printing the Preliminary and final Official Statements, the Fiscal Agent, the Municipal Advisor, and the Special Tax Consultant, and Underwriter's discount.

THE 2020 BONDS

This section generally describes the terms of the 2020 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The 2020 Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the 2020 Bonds may be issued in a maximum principal amount of $14,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2020 Bonds will be dated their date of delivery (the "**Closing Date**") and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2020 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple of $5,000 in excess thereof.

Calculation of Interest. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2020 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2021 (each, an "**Interest Payment Date**").

Each 2020 Bond will bear interest from the Interest Payment Date next preceding its date of authentication unless:

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

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

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

provided, however, that if at the time of authentication of a 2020 Bond, interest is in default thereon, such 2020 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

"**Record Date**" means the 15th day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2020 Bonds, principal of, premium, if any, and interest payments on the 2020 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2020 Bonds, for distribution to the beneficial owners of the 2020 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2020 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first-class mail to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2020 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which will continue in effect until revoked in writing, or until such 2020 Bonds are transferred to a new Owner.

The principal of the 2020 Bonds and any premium on the 2020 Bonds are payable in lawful money of the United States of America upon surrender of the 2020 Bonds at the Principal Office of the Fiscal Agent.

Redemption

Optional Redemption from any Source other than Prepayments. The 2020 Bonds maturing on or after September 1, 2028, are subject to optional redemption as directed by the County, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 2027, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2020 Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
September 1, 2027 through August 31, 2028	103%
September 1, 2028 through August 31, 2029	102
September 1, 2029 through August 31, 2030	101
September 1, 2030 and any date thereafter	100

Mandatory Sinking Fund Redemption. The 2020 Bonds maturing on September 1, 2033 (the "**2033 Term Bonds**"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the County from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	Sinking Payments
2031	$235,000
2032	255,000
2033 (maturity)	280,000

The 2020 Bonds maturing on September 1, 2040 (the "**2040 Term Bonds**"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the County from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	**Sinking Payments**
2036	$355,000
2037	385,000
2038	415,000
2039	450,000
2040 (maturity)	480,000

The 2020 Bonds maturing on September 1, 2045 (the "**2045 Term Bonds**"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the County from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	**Sinking Payments**
2041	$520,000
2042	555,000
2043	595,000
2044	635,000
2045 (maturity)	680,000

The 2020 Bonds maturing on September 1, 2051 (the "**2051 Term Bonds**" and, together with the 2033 Term Bonds, the 2040 Term Bonds, and the 2045 Term Bonds, the "**Term Bonds**"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the County from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	**Sinking Payments**
2046	$725,000
2047	770,000
2048	820,000
2049	875,000
2050	930,000
2051 (maturity)	985,000

However, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption or a redemption from Special Tax Prepayments or One-Time Special Tax payments, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on such basis in integral multiples of $5,000 as determined by the County, notice of which will be given by the County to the Fiscal Agent.

Redemption from Special Tax Prepayments and One-Time Special Tax. Special Tax Prepayments, payment of the One-Time Special Tax, and any corresponding transfers from the Reserve Fund under the Fiscal Agent Agreement will be used to redeem 2020 Bonds on the next Interest Payment Date for which notice of redemption can timely be given under the Fiscal Agent Agreement, among maturities so as to maintain substantially the same debt service profile for the 2020 Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2020 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Price
March 1, 2021	103%
September 1, 2021 and March 1, 2022	102
September 1, 2022 and March 1, 2023	101
September 1, 2023 and any Interest Payment Date thereafter	100

See "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments and One-Time Special Tax" for a discussion of the potential for the 2020 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity or the optional redemption date. See "BOND OWNERS' RISKS – Collection of One-Time Special Tax" for a discussion of the manner of collection of the One-Time Special Tax.

Purchase in Lieu of Redemption. In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2020 Bonds upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2020 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2020 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first-class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, the Securities Depositories, and to the respective registered Owners of any 2020 Bonds designated for redemption, at their addresses appearing on the 2020 Register; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2020 Bonds. In addition, the Fiscal Agent will file each notice of redemption with the MSRB through its EMMA system.

However, while the 2020 Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the County and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the Beneficial Owners of the 2020 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2020 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Conditional Redemption Notice and Rescission of Redemption. Any redemption notice may specify that redemption on the specified date will be subject to receipt by the County of moneys sufficient to cause such redemption (and shall specify the proposed source of such moneys), and neither the County nor the Fiscal Agent shall have any liability to the Owners or any other party as a result of its failure to redeem the Series 2020 Bonds as a result of insufficient moneys.

The County has the right to rescind any notice of the optional redemption of 2020 Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2020 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement.

The County and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of 2020 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all the 2020 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2020 Bonds to be redeemed from all 2020 Bonds or such given portion thereof not previously called for redemption as directed by the County or, in the absence of direction by the County, on a pro rata basis among maturities, and, within a maturity, by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2020 Bonds called for redemption have been deposited in the Bond Fund, those 2020 Bonds will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2020 Bonds apply only during any period in which the 2020 Bonds are not subject to DTC's book-entry system. While the 2020 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX D – DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2020 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2020 Bond and will at all times be open to inspection by the County during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2020 Bonds as provided in the Fiscal Agent Agreement. The County and the Fiscal Agent will treat the Owner of any 2020 Bond whose name appears on the Bond Register as the absolute Owner of such 2020 Bond for any and all purposes, and the County and the Fiscal Agent will not be affected by any notice to the contrary. The County and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes.

Registration of Exchange or Transfer. Any 2020 Bond may, in accordance with its terms, be transferred, upon the Bond Register by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2020 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. 2020 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2020 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the County. The Fiscal Agent will collect from the

Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2020 Bond or 2020 Bonds are surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new 2020 Bond or 2020 Bonds, for a like aggregate principal amount. No transfers or exchanges of 2020 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2020 Bonds for redemption or (ii) with respect to a 2020 Bond after such 2020 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2020 Bonds (including sinking fund redemptions), assuming there are no optional redemptions or special redemptions from Special Tax Prepayments or payment of the One-Time Special Tax.

Year Ending September 1	2020 Bonds Principal	2020 Bonds Interest	2020 Bonds Total
2021	--	$397,104.03	$397,104.03 (1)
2022	$70,000.00	505,150.00	575,150.00
2023	85,000.00	503,050.00	588,050.00
2024	100,000.00	499,650.00	599,650.00
2025	115,000.00	495,650.00	610,650.00
2026	135,000.00	491,050.00	626,050.00
2027	150,000.00	485,650.00	635,650.00
2028	170,000.00	479,650.00	649,650.00
2029	190,000.00	472,850.00	662,850.00
2030	210,000.00	465,250.00	675,250.00
2031	235,000.00	456,850.00	691,850.00
2032	255,000.00	447,450.00	702,450.00
2033	280,000.00	437,250.00	717,250.00
2034	305,000.00	426,050.00	731,050.00
2035	330,000.00	416,900.00	746,900.00
2036	355,000.00	407,000.00	762,000.00
2037	385,000.00	392,800.00	777,800.00
2038	415,000.00	377,400.00	792,400.00
2039	450,000.00	360,800.00	810,800.00
2040	480,000.00	342,800.00	822,800.00
2041	520,000.00	323,600.00	843,600.00
2042	555,000.00	302,800.00	857,800.00
2043	595,000.00	280,600.00	875,600.00
2044	635,000.00	256,800.00	891,800.00
2045	680,000.00	231,400.00	911,400.00
2046	725,000.00	204,200.00	929,200.00
2047	770,000.00	175,200.00	945,200.00
2048	820,000.00	144,400.00	964,400.00
2049	875,000.00	111,600.00	986,600.00
2050	930,000.00	76,600.00	1,006,600.00
2051	985,000.00	39,400.00	1,024,400.00
Total:	$12,805,000.00	$11,006,954.03	$23,811,954.03

(1) Debt service on the 2020 Bonds commencing on March 1, 2021 through and including September 1, 2021 is anticipated to be paid in part from proceeds of the 2020 Bonds to be deposited in the Capitalized Interest Account of the Fiscal Agent Agreement.

Special Tax Revenues and Projected Debt Service Coverage

The Rate and Method (after giving effect to the Resolution Regarding Special Tax Levy) is structured to produce Special Tax Revenues, net of estimated Administrative Expenses, from the Maximum Special Tax which, when applied to the projected debt service on the 2020 Bonds, is anticipated to result in a debt service coverage ratio of at least 110% for the life of the 2020 Bonds.

SECURITY FOR THE 2020 BONDS

This section generally describes the security for the 2020 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

The 2020 Bonds and any Parity Bonds (collectively, the "**Bonds**") are secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided therein, in the Special Tax Fund.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

The 2020 Bonds will be secured by a first pledge (which will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all moneys deposited in the Reserve Fund. The moneys in the Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2020 Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the 2020 Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

Amounts in the Improvement Fund, the Administrative Expense Fund, the Costs of Issuance Fund and the Remainder Taxes Fund are not pledged to the repayment of the Bonds. The Facilities are not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the County with respect to the Facilities.

"**Special Tax Revenues**" are defined in the Fiscal Agent Agreement as the proceeds of the Special Taxes received by the County, including any scheduled payments thereof, any Special Tax Prepayments, and the payments of any One-Time Special Tax, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. *However*, Special Tax Revenues do <u>not</u> include any interest in excess of the interest due on the Bonds, or any penalties collected in connection with any such foreclosure.

Limited Obligation

The 2020 Bonds are not general obligations of the County, but are limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the County (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State or any political subdivision thereof is pledged to the payment of the 2020 Bonds.

Special Taxes

Covenant to Levy Special Taxes. The Treasurer will fix and levy the amount of Special Taxes within Improvement Area 1 in accordance with the Rate and Method and the Resolution Regarding Special Tax Levy. The Special Taxes so levied may not exceed the authorized amounts as provided in the Rate and Method and the proceedings under the Resolution of Formation.

With respect to the levy of the Special Taxes on Final Map Property (as defined in the Rate and Method) in any Fiscal Year, the Treasurer will calculate the Facilities Special Tax Requirement (as defined in the Rate and Method) including amounts needed to pay the costs of Facilities to be funded directly from Special Taxes unless the County has received a notice from the Master Developer by June 1 prior to the applicable Fiscal Year, in the form required by the Fiscal Agent Agreement, requesting that such amounts be excluded.

Manner of Collection. Except as set forth in the Ordinance, the Fiscal Agent Agreement provides that the Annual Facilities Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and become delinquent at the same time and in the same proportionate amounts as do the *ad valorem* taxes on real property. Except as set forth in the Ordinance, the Fiscal Agent Agreement provides that the One-Time Special Tax will be payable and be collected by means of direct billing of the owners of the property on which it is levied. With respect to the collection of delinquent One-Time Special Taxes, the County will institute foreclosure actions to collect the One-Time Special Tax within 15 days from the date of delivery of the direct tax bill. The Special Taxes will have the same priority and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, as such rates were reduced by the Resolution Regarding Special Tax Levy, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds. Further, pursuant to the Act, under no circumstances will the Special Tax levied against any parcel of residential property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other parcel within the District. In addition, in no event shall Special Taxes be levied after fiscal year 2057-58. See "BOND OWNERS' RISKS – Property Tax Delinquencies."

Rate and Method

General. The Special Taxes will be levied and collected according to the Rate and Method and the Resolution Regarding Special Tax Levy. The Rate and Method provides the means by which the Board of Supervisors may annually levy the Special Taxes within Improvement Area 1, up to the maximum Special Tax rates after giving effect to the Resolution Regarding Special Tax Levy, and to determine the amount of the Special Taxes that will need to be collected each fiscal year from the "**Taxable Property**" within Improvement Area 1. As used in this Official Statement, Special Tax refers only to the Facilities Special Tax levied under the Rate and Method after giving effect to the Resolution Regarding Special Tax Levy. Although a Services Special Tax is also authorized to be levied under the Rate and Method, the Services Special Tax is not pledged to repay the 2020 Bonds.

Following is a summary of the provisions of the Rate and Method and the Resolution Regarding Special Tax Levy, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, and the Resolution Regarding Special Tax Levy, which are attached as "APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA 1 OF THE COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO) AND RESOLUTION REGARDING SPECIAL TAX LEVY." Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method and the Resolution Regarding Special Tax Levy, and is qualified by more complete and detailed information contained in the entire Rate and Method and the Resolution Regarding Special Tax Levy attached as APPENDIX B.*

Facilities Special Tax Requirement. Annually, at the time of levying the Special Tax, the District administrator (the "**Administrator**") will determine the minimum amount of money to be levied on Taxable Property (the "**Facilities Special Tax Requirement**"), which will be the amount required in any Fiscal Year for the following purposes:

(i) to pay principal and interest on Bonds when due in the calendar year which begins in such Fiscal Year,

(ii) to replenish reserve funds to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year,

(iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year,

(iv) to pay Administrative Expenses that have not already been factored into the calculation of the Services Special Tax Requirement or special taxes levied within Improvement Area M, and

(v) to pay the costs of Authorized Expenditures, to the extent that paying directly for such costs does not increase the Annual Facilities Special Taxes levied on Undeveloped Property.

Annual Determination of Property Categories for Administration of Special Tax. Each Fiscal Year, the Administrator will: (i) categorize each parcel of Taxable Property as Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property, or Taxable Public Property, (ii) for Developed Property, categorize each Parcel as Detached Residential Property, Attached Residential Property, Non-Residential Property, or Mixed-Use Property, (iii) assign each Residential unit to the appropriate Special Tax Category, (iv) determine the Commercial Square Footage, Office Square Footage, and Industrial Square Footage on each Parcel of Non-Residential Property and Mixed-Use Property, and (v) calculate the Facilities Special Tax Requirement and Services Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis after the First Bond Sale, monitor Final Maps and track the Residential Square Footage and the amount of each Non-Residential Property Type on all Building Permits that have been issued to determine if there are any Land Use Changes that would reduce the Expected Maximum Annual Facilities Special Tax Revenues. If, after the First Bond Sale, the Expected Maximum Special Tax Revenues would be revised pursuant to a Land Use Change, the Administrator shall apply the steps set forth in the Rate and Method, as described further below under " – *One-Time Special Tax*."

In any Fiscal Year, if it is determined that:

(i) a parcel map for property in Improvement Area 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then-current tax roll),

(ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and

(iii) one or more of the newly-created Parcels is in a different Development Class than other parcels created by the subdivision, the Administrator will calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

The following terms are defined in the Rate and Method as follows:

"**Developed Property**" means, in any Fiscal Year, all Parcels of Taxable Property for which Building Permits have been issued on or prior to June 30 of the preceding Fiscal Year, not including Taxable Owners Association Property or Taxable Public Property.

"**Facilities Special Tax Requirement**" means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to replenish reserve funds to the extent such replenishment has not been included in a computation of the Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses that have not already been factored into the calculation of the Services Special Tax Requirement, and (v) to pay the costs of Authorized Expenditures to be funded directly from Annual Facilities Special Tax proceeds to the extent that paying directly for such costs does not increase the Annual Facilities Special Taxes levied on Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by (a) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, (b) proceeds from the collection of penalties and interest associated with delinquent Special Taxes, and (c) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

"**Final Map Property**" means, in any Fiscal Year, all property for which a Final Map had recorded prior to June 30 of the preceding Fiscal Year and which has not yet become Developed Property, not including Taxable Owners Association Property or Taxable Public Property.

Maximum Special Tax. The Maximum Special Tax for Developed Property, Undeveloped Property, Taxable Owners Association Property, Taxable Public Property, and Final Map Property for Fiscal Year 2020-21, after giving effect to the Resolution Regarding Special Tax Levy, is set forth in Table 2 below.

Table 2
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Fiscal Year 2020-21 Maximum Annual Facilities Special Tax Rates

Type of Property	Special Tax Category or Non-Residential Property Type	Maximum Annual Facilities Special Tax Fiscal Year 2020-21 [1]
Detached Residential Property	Category #1: Estate Lots	$1,973 per Residential Unit
Detached Residential Property	Category #2: Residential Units Greater than or equal to 3,300 Square Feet	$1,028 per Residential Unit
Detached Residential Property	Category #3: Residential Units 3,050-3,299 square feet	$987 per Residential Unit
Detached Residential Property	Category #4: Residential Units 2,800-3,049 square feet	$913 per Residential Unit
Detached Residential Property	Category #5: Residential Units 2,550-2,799 square feet	$863 per Residential Unit
Detached Residential Property	Category #6: Residential Units 2,300-2,549 square feet	$788 per Residential Unit
Detached Residential Property	Category #7: Residential Units 2,050-2,299 square feet	$744 per Residential Unit
Detached Residential Property	Category #8: Residential Units 1,800-2,049 square feet	$680 per Residential Unit
Detached Residential Property	Category #9: Residential Units 1,550-1,799 square feet	$648 per Residential Unit
Detached Residential Property	Category #10: Residential Units less than 1,550 square feet	$589 per Residential Unit
Attached Residential Property[2]	Category #11: Average Density Less than or equal to 9 Residential Units/acre	$646 per Residential Unit
Attached Residential Property[2]	Category #12: Average Density greater than 9 and less than 15 Residential Units/acre	$621 per Residential Unit
Attached Residential Property[2]	Category #13: Average Density greater than or equal to 15 and less than 16 Residential Units/acre	$486 per Residential Unit
Attached Residential Property[2]	Category #14: Average Density greater than or equal to 16 Residential Units/acre	$351 per Residential Unit
Non-Residential Property	Commercial Square Footage	$0.48 per Commercial Square Foot
Non-Residential Property	Office Square Footage	$0.20 per Office Square Foot
Non-Residential Property	Industrial Square Footage	$0.48 per Industrial Square Foot
Final Map Property	N/A	$6,559 per Acre
Undeveloped Property	N/A	$6,559 per Acre
Taxable Homeowners Association & Public Property	N/A	$6,559 per Acre

(1) On July 1, 2021 and on each July 1 thereafter, all dollar amounts listed above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal year.
(2) No Attached Property is currently planned for Improvement Area 1.
Source: Resolution Regarding Special Tax Levy.

One-Time Special Tax. The Expected Maximum Annual Facilities Special Tax Revenues shown in Attachment 2 to the Rate and Method were calculated based on the Expected Land Uses and are subject to modification upon the occurrence of Land Use Changes. At least monthly after the First Bond Sale, the Administrator will review all new Building Permits, Final Maps, condominium plans, and any other project information that has changed from the prior month. In addition, the Administrator will, on an ongoing basis, review all Land Use Changes. With each review, the Administrator will compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Annual Facilities Special Tax Revenues.

After the First Bond Sale, if a Land Use Change occurs that results in a change in Expected Maximum Annual Facilities Special Tax Revenues, and if the Administrator determines that such Land Use Change would reduce debt service coverage on Outstanding Bonds below the Required Coverage, a One-Time Special Tax shall be levied and collected in the manner set forth in the Rate and Method.

Pursuant to the Fiscal Agent Agreement, proceeds of a One-Time Special Tax received by the County will be used to prepay outstanding Bonds. See "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments and One-Time Special Tax."

The 2020 Bonds were sized based on the Special Tax projected to be levied within Improvement Area 1 in Fiscal Year 2021-22, adjusted annually by 2.0% in accordance with the Rate and Method, using actual building permits as of September 15, 2020 (a total of 234 out of the 773 expected non-Estate lot units), the product sizes anticipated by Merchant Builders as of such date for lots they own that do not have building permits, and the product sizes anticipated by the Master Developer for lots it owns as of such date. The expected Special Tax revenues at buildout incorporate 31 Estate Lots (defined in the Rate and Method to mean lots with a square footage of equal to or exceeding 10,000 square feet). See "THE DISTRICT AND IMPROVEMENT AREA 1 – Maximum Fiscal Year 2021-22 Special Tax Levy." Pursuant to the Rate and Method, Estate Lots are taxed under at a fixed rate regardless of the size of home. Hypothetically, if all of the remaining 539 units that do not have a building permit as of September 15, 2020 and are not Estate Lots are issued building permits in the smallest Special Tax Category for Detached Residential Property, the Expected Maximum Annual Facilities Special Tax Revenues would be approximately 13.0% lower, resulting in a need to redeem up to 13.6% of the 2020 Bonds pursuant to the Redemption from Special Tax Prepayments and One-Time Special Tax provision of the Fiscal Agent Agreement, in order for the Maximum Assigned Special Tax less anticipated administrative expenses to equal at least 110% of scheduled debt service on the 2020 Bonds. See "BOND OWNERS' RISKS – Potential Early Redemption of Bonds from Prepayments and One-Time Special Tax" for a discussion of the potential for the 2020 Bonds to be priced with original issue premium and then be redeemed from Special Tax prepayments prior to maturity or the optional redemption date.

Mixed-Use Property. The Maximum Annual Facilities Special Tax for a Parcel of Mixed-Use Property will be determined as follows:

Step 1: Based on reference to the Building Permit, condominium plan, site plan, or information from the County or developer, calculate the number of Residential Units that are expected to be built on the Parcel.

Step 2: Multiply the number of Residential Units determined in Step 1 by the Maximum Annual Facilities Special Tax for Special Tax Category #11.

Step 3: Based on reference to Building Permit, condominium plan, site plan, or information from the County or developer, determine the amount of Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 4: Separately for each Non-Residential Property Type, multiply the square footage determined in Step 3 by the Maximum Annual Facilities Special Tax for that Non-Residential Property Type and calculate the sum total Maximum Annual Facilities Special taxes for all Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 5: To determine the Maximum Annual Facilities Special Tax for the Parcel, take the sum of the amounts determined in Steps 2 and 4 above.

Changes to Maximum Facilities Special Tax. After the First Bond Sale, once an Annual Facilities Special Tax has been levied on a Parcel of Developed Property, the Maximum Annual Facilities Special Tax applicable to the Parcel shall not be reduced in future Fiscal Years regardless of changes in land use or square footage on the Parcel, except in the event of a prepayment pursuant to the Rate and Method. See "APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA 1 OF THE COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO) AND RESOLUTION REGARDING SPECIAL TAX LEVY – Section C.1.c."

Method of Levy of Special Tax. Under the Rate and Method, the Administrator will determine the Facilities Special Tax Requirement and levy the Special Tax as follows:

Step 1: In the first 15 Fiscal Years in which an Annual Facilities Special Tax is levied within Improvement Area 1, the Maximum Annual Facilities Special Tax shall be levied on all Parcels of Developed Property provided that if (a) debt service on Outstanding Bonds is lower than the Original Bond Debt Service as a result of a Bond refunding and (b) the Administrator determines that the reduced debt service can be fully paid by Annual Facilities Special Taxes levied on Developed Property, then, at the direction of the Board of Supervisors, the Facilities Special Tax Requirement shall be calculated without the inclusion of clause (v) of the definition thereof, and the Annual Facilities Special Tax shall be levied Proportionately on all Parcels of Developed Property. Any Annual Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay costs associated with the acquisition of Authorized Facilities that were not paid with Bond proceeds or Annual Facilities Special Taxes levied in prior Fiscal Years.

Beginning in the 16th Fiscal Year in which an Annual Facilities Special Tax is levied within Improvement Area 1, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Facilities Special Tax Requirement calculated as set forth in the preceding paragraph if the Board of Supervisors has so directed.

Step 2: If additional revenue is needed after Step 1 to satisfy the Facilities Special Tax Requirement after applying Capitalized Interest, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Annual Facilities Special Tax for Final Map Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Annual Facilities Special Tax for Undeveloped Property for such Fiscal Year.

Step 4: If additional revenue is needed after Step 3 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each

Parcel of Taxable Owners Association Property, up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Owners Association Property for such Fiscal Year.

Step 5: If additional revenue is needed after Step 4 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Public Property for such Fiscal Year.

Exemptions. Notwithstanding any other provision of the Rate and Method, no Annual Facilities Special Taxes shall be levied on up to 121.348 Acres of Public Property and 31.29 Acres of Owners Association Property in Improvement Area 1. Tax-exempt status will be assigned by the Administrator separately to Public Property and Owners Association Property in chronological order based on the date on which Parcels are transferred to a public agency or an Owners Association. In addition, no Special Taxes shall be levied on: (i) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (ii) Parcels owned by a public utility for an unmanned facility, and (iii) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. Notwithstanding the foregoing, if an Annual Facilities Special Tax has been levied on a Parcel in any Fiscal Year, and the entire Parcel subsequently becomes open space, an unmanned utility facility, or subject to an easement that precludes a residential or non-residential use, the Parcel shall remain subject to the Annual Facilities Special Tax levy, unless: (i) the First Bond Sale has not yet occurred, or (ii) the Administrator determines that, if such Parcel becomes exempt from the Annual Facilities Special Tax, the corresponding reduction in the Expected Maximum Annual Facilities Special Tax Revenues will not reduce debt service coverage on outstanding Bonds below the Required Coverage. In either case, such property shall be categorized as Public Property or Owners Association Property, and the Administrator shall recalculate the Expected Maximum Annual Facilities Special Tax Revenues to reflect the corresponding loss in revenues.

Partial Prepayment of Special Tax. The Annual Facilities Special Tax obligation applicable to a Parcel of Developed Property, or a Parcel of Final Map Property or Undeveloped Property that has had a Building Permit issued, may be prepaid and the obligation of the Parcel to pay the Annual Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes or property taxes at the time of prepayment with respect to such Assessor's Parcel. The Prepayment Amount is calculated based on the Bond Redemption Amount plus the Prepayment and other costs, all as specified in "APPENDIX B – RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA 1 OF THE COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO) AND RESOLUTION REGARDING SPECIAL TAX LEVY – Section G."

Covenant to Foreclose

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

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the County may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

While judicial foreclosure is not mandatory under the Act, the County will agree in the Fiscal Agent Agreement that on or about June 30 of each Fiscal Year, the Treasurer will compare the amount of Annual Facilities Special Taxes previously levied in Improvement Area 1 of the District to the amount of Special Tax Revenues derived from the Annual Facilities Special Tax received by the County, and if delinquencies have occurred, proceed as follows:

Individual Delinquencies. If the Treasurer determines that any single parcel subject to the Special Tax in Improvement Area 1 is delinquent in the payment of 5 or more installments of the Annual Facilities Special Taxes, or a single owner of multiple parcels is delinquent in the payment of Annual Facilities Special Taxes in the amount of $3,500 or more, then the Treasurer shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the County within 90 days of such determination against each such parcel.

Aggregate Delinquencies. If the Treasurer determines that (i) the total amount of delinquent Annual Facilities Special Tax for the prior Fiscal Year for the entire Improvement Area 1 (including the total of individual delinquencies, as described above), exceeds 5% of the total Annual Facilities Special Tax due and payable for the prior Fiscal Year, determined by reference to the latest available secured property tax roll of the County, the Treasurer shall notify or cause to be notified property owners who are then delinquent in the payment of Annual Facilities Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in Improvement Area 1 with an Annual Facilities Special Tax delinquency.

Exceptions. Notwithstanding the foregoing, the Treasurer may defer any such actions with respect to a delinquent parcel if (i) the District is then participating in the Alternative Method of Distribution of Tax Levies and Collections described in Revenue & Taxation Code Section 4701 et seq., or special tax delinquencies have been paid through any equivalent procedure, or (ii) Reserve Fund is fully funded at the Reserve Requirement and such delinquencies are not expected to result in a draw on the Reserve Fund in both the then-current and immediately following Fiscal Years.

Covenant Regarding One-Time Special Tax. Notwithstanding the foregoing, if the Treasurer determines that any One-Time Special Tax is not paid when due upon delivery of a direct tax bill in accordance with the Rate and Method, then foreclosure proceedings shall be commenced by the County within 15 days after the date of delivery of the direct tax bill for such One-Time Special Tax.

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

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the County, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the County could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the County becomes the purchaser under a credit bid, the County must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the County to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "**FDIC**"). See "BOND OWNERS' RISKS – Bankruptcy Delays."

Special Taxes Are Not Covered By Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"). However, the collection of special taxes such as the Special Taxes in the District, including Improvement Area 1, are not covered by the Teeter Plan. See "BOND OWNERS' RISKS – Property Tax Delinquencies."

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the County consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The County will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses will be separately identified by the Treasurer and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Treasurer and will be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the Bonds; second, for transfer to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in "– Disbursements" below; and

(iii) any proceeds of Special Tax Prepayments and the payments of a One-Time Special Tax will be separately identified by the Treasurer and will be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Disbursements. At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers to the Bond Fund from the Improvement Fund, the Reserve Fund, and the Special Tax Prepayments Account, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such

Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes as described in the Fiscal Agent Agreement,

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

(iii) during the Remainder Taxes Period, to the County for deposit into the Remainder Taxes Fund, an amount equal to the sum identified by the county as Remainder Taxes, to be administered by the County in accordance with the Rate and Method.

At any time following the deposit of Special Taxes in an amount sufficient to make all of the foregoing deposits and payments for the current Bond Year, the Fiscal Agent will transfer to the Administrative Expense Fund an amount needed to pay any Administrative Expenses in excess of the amounts transferred to the Administrative Expense Fund as described in "– Deposits" above, as identified by the Treasurer in an Officer's Certificate.

All amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year, and any amounts transferred to the Special Tax Fund as described above, shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided however, that in no event shall such amounts be invested at a yield in excess of the yield on the Bonds.

Bond Fund

Deposits. Under the Fiscal Agent Agreement, the Bond Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts as required by the Fiscal Agent Agreement.

There is also created in the Bond Fund the following separate accounts to be held by the Fiscal Agent: (i) an account designated the "Special Tax Prepayments Account," to the credit of which deposits will be made as provided in the Fiscal Agent Agreement, and (ii) a temporary account designated as the "Capitalized Interest Account," to the credit of which deposits will be made as provided in the Fiscal Agent Agreement.

Disbursements. At least 10 Business Days before each Interest Payment Date, the Fiscal Agent will notify the Treasurer in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

Insufficiencies; Transfers from Reserve Fund. At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Treasurer by telephone (and confirm in writing) of the amount of the insufficiency.

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

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments described under "Bond Fund – Disbursements," the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

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

Disbursements from the Capitalized Interest Account. Moneys in the Capitalized Interest Account will be transferred by the Fiscal Agent to the Bond Fund for the purpose of paying interest when due on the 2020 Bonds through and including September 1, 2021.

Reserve Fund

General. In order to further secure the payment of principal of and interest on the 2020 Bonds, certain proceeds of the 2020 Bonds will be deposited into the Reserve Fund in an amount equal to the "**Reserve Requirement**" for the 2020 Bonds. See "FINANCING PLAN."

Reserve Requirement. The "**Reserve Requirement**" is defined in the Fiscal Agent Agreement to mean the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Bonds, (b) 125% of average Annual Debt Service on the Bonds, and (c) 10% of the outstanding principal of the Bonds; provided, however, that:

(A) with respect to the calculation of clause (c) above, the issue price of the Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Bonds was less than 98% or more than 102% of the original principal amount of the Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount; and

(B) in no event shall the amount calculated hereunder exceed the amount on deposit in the Reserve Fund on the date of issuance of the Bonds.

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

Qualified Reserve Fund Credit Instruments. The County has the right at any time to direct the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument (as defined in the Fiscal Agent Agreement), and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation.

The County will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the Reserve Fund with cash if, at any time that the Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account or if for any reason insufficient amounts are available to be drawn upon under the Qualified Reserve Account Credit Instrument; provided, however, that the County will reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon.

The County and the Fiscal Agent will comply with the terms of the Qualified Reserve Account Credit Instrument as will be required to receive payments thereunder in the event and to the extent required under the Fiscal Agent Agreement.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for a complete description of the timing, purpose and manner of disbursements from the Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for a definition of "Permitted Investments."

Issuance of Future Parity Bonds for Refunding Only

In addition to the 2020 Bonds, the County may issue Refunding Bonds payable from the Special Tax Revenues on a parity with the 2020 Bonds (collectively, "**Parity Bonds**"), in such principal amount as may be determined by the County, under a Supplemental Agreement entered into by the County and the Fiscal Agent subject to the satisfaction of certain conditions set forth in the Fiscal Agent Agreement. Any such Parity Bonds will constitute Bonds under the Fiscal Agent Agreement and will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding thereunder. "**Refunding Bonds**" means bonds issued by the County for the District with respect to Improvement Area 1, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds in each Bond Year is less than the principal and interest on the Bonds being refunded in each Bond Year, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for additional details regarding the conditions for issuing Parity Bonds.

Subordinate Bonds

Nothing in the Fiscal Agent Agreement prohibits the County from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

THE DISTRICT AND IMPROVEMENT AREA 1

Formation and Background

Formation Proceedings. The District was formed and established by the Board of Supervisors, as legislative body of the District, under the Act, pursuant to a resolution adopted by the Board of Supervisors following a public hearing on February 7, 2017, and a landowner election held on the same date at which the qualified electors of the District authorized the District to incur bonded indebtedness in a maximum principal amount of $40,000,000 for Improvement Area 1, and approved the levy of special taxes, in order to finance the Facilities. See "THE 2020 BONDS – Authority for Issuance."

***Improvement Areas within District*.** The District was formed to include the following two improvement areas: (i) Improvement Area 1; and (ii) Improvement Area M ("**Improvement Area M**"). It is expected that, over time, Improvement Area M will be divided into two or more improvement areas and bonds will be issued that will be secured by special taxes in such improvement areas.

The 2020 Bonds are secured only by the Special Taxes levied within Improvement Area 1. No other special taxes of the District, including special taxes levied in Improvement Area M will be available to pay debt service on the 2020 Bonds.

Description and Location

General. The District is located in the southeastern portion of the County. SEE "APPENDIX A – GENERAL DEMOGRAPHIC INFORMATION ABOUT THE COUNTY OF MADERA" for demographic and other information regarding the County.

Improvement Area 1 is zoned for low and medium density residential. The property within Improvement Area 1 is anticipated to be improved with 804 single-family homes, with eight separate products.

The District is part of the Tesoro Viejo Project. The Tesoro Viejo Project is an approximately 1,600-acre master planned community subject to the County's Rio Mesa Area Plan and the Tesoro Viejo Specific Plan. The Tesoro Viejo Project is approved for 5,190 homes and is expected to include an outdoor amphitheater, parks and a community recreation center, a retail center incorporating office and mixed-use space, a health and wellness center that is expected to be developed and managed by Camarena Health, and approximately 400 acres of open space, with an extensive trail network. The Tesoro Viejo Specific Plan calls for development in phases, beginning with Improvement Area 1. Full build-out of the Tesoro Viejo Project is expected to take 12-15 years, with completion in the 2030-2033 timeframe.

Improvement Area 1 is located on the north side of Madera Canal, east of State Highway 41. Land uses immediately surrounding Improvement Area 1 include: undeveloped areas to the north and northwest; residential and small commercial development to southwest; Madera Canal and other planned phases of Tesoro Viejo to the south; and other planned phases of Tesoro Viejo to the east. The boundary map showing the boundaries of the District is attached as Appendix I.

Water and sewer service to the property within Improvement Area 1 will be supplied by the Tesoro Viejo Master Mutual Water Company. Electricity and gas will be supplied by Pacific Gas & Electric, and telephone services by The Ponderosa Telephone Company.

See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS" for additional information regarding the property ownership and development status within Improvement Area 1.

Authorized Facilities

General. Under the Resolution of Formation adopted by the Board of Supervisors, as the legislative body of the District, on February 7, 2017, the District (and each improvement area therein) is authorized to finance all or a portion of the costs of acquisition, construction and improvement of facilities permitted under the Act and that are required as conditions of development of property in the District and any other property annexed to the District (collectively, the "**Facilities**"). The Facilities include but not limited to the following:

- Any real property or other tangible property with an estimated useful life of five or more years that is owned and operated by the County or any other public agency in accordance with the Act; and

- School facilities to be owned and operated by the Chawanakee Unified School District.

Status of Construction of Facilities. The major public improvements, including sewer, water, storm drains, utilities and backbone roads, have been installed in the western portion of Improvement Area 1, where the 580 finished lots are located. The Master Developer has also constructed all of the TK-8 elementary school, community recreation center, park space, trails and open space. The Master Developer anticipates completing the remaining public improvements in the eastern portion of Improvement Area 1 in 2021, where the 224 rough-graded lots are located. The Master Developer estimates that the total project cost for the infrastructure improvements to be installed by the Master Developer in Improvement Area 1 will be approximately $167 million. The Master Developer estimates that, as of September 15, 2020, the remaining infrastructure improvements to be installed by the Master Developer in Improvement Area 1, consisting generally of final grading of lots, installation of wet and dry utilities, street improvements, parks and trails, sideyard walls, and an offsite sewer serving the eastern portion of Improvement Area 1, will cost approximately $8.1 million. The Master Developer expects to fund such remaining cost with internal equity. Merchant Builders are responsible for vertical costs on their respective lots. For additional details, see "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Status of Infrastructure for Improvement Area 1."

Acquisition Agreements. The County, for itself and on behalf of the District, and the Master Developer have entered into certain acquisition agreements (collectively, the "**Acquisition Agreements**") providing for, among other things, the means by which certain public facilities will be financed in connection with the development within Improvement Area 1, consisting of various street and related improvements.

Pursuant to the Acquisition Agreements, the Master Developer has agreed to pay all costs of the Facilities that it constructs pursuant to the Acquisition Agreements in excess of the moneys available therefor. Any lack of availability of such amounts to pay the acquisition costs of the Facilities shall in no way diminish any obligation of Master Developer with respect to the construction of or contributions for public facilities and mitigation measures required by the conditions of approval or any subdivision, development, or other agreement to which the Master Developer is a party, or any governmental approval to which the Master Developer or any land within the District is subject, except to the extent expressly set forth in such agreement or approval.

Pursuant to the Acquisition Agreements, the Master Developer has constructed, and the County has accepted, the Facilities that are the subject of the Acquisition Agreements, which are expected to be acquired with the proceeds of the 2020 Bonds and available Annual Facilities Special Taxes, subject to certain requirements contained in the Acquisition Agreements. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Status of Infrastructure for Improvement Area 1." Following the issuance of the 2020 Bonds, after the payment of the costs of issuance of the 2020 Bonds, and the funding of the Reserve Fund, the remainder of the proceeds of the 2020 Bonds will be deposited in the Improvement

Fund to reimburse the Master Developer for the Facilities that are the subject of the Acquisition Agreements. See "FINANCING PLAN – Estimated Sources and Uses of Funds."

Environmental Matters

General. The County certified the final Environmental Impact Report for the Tesoro Viejo Specific Plan (the "**EIR**") under the California Environmental Quality Act on November 5, 2012. Neither the Master Developer nor the Merchant Builders are required to undertake any remediation in order to develop their respective property in Improvement Area 1 as described in this Official Statement.

Flood Hazard Map Information. The District is located in an area of minimal flooding according to the Federal Emergency Management Association ("**FEMA**"). In particular, Improvement Area 1 is located in an area designated by FEMA as being within Zone X, with a 0.02% chance of flooding in any given year. See "BOND OWNERS' RISKS – Property Values – Natural Disasters."

Seismic Conditions. According to a geotechnical study commissioned by the Tesoro Viejo Project, the site is not located within a currently designated Alquist-Priolo Earthquake Fault Zone. Additionally, the site is located in an area traditionally characterized by relatively low seismic activity.

Environmental Permits and Requirements. The Tesoro Viejo Project has obtained permits and authorizations from the California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, and Central Valley Regional Water Quality Control Board, and the U.S. Bureau of Reclamation (collectively, the "**Environmental Permits**"). Such Environmental Permits, along with mitigation measures imposed by the County pursuant to its certification of the Environmental Impact Report, establish requirements to avoid, minimize, and mitigate impacts to wetlands, streams, threatened and endangered species, and cultural resources. Compliance with the Environmental Permits fall into four, interrelated primary categories: (i) avoidance and minimization of impacts; (ii) wetland mitigation; (iii) habitat conservation for threatened and endangered species; and (iv) preservation and documentation of cultural resources. The following summarizes compliance and ongoing activities related to the Environmental Permits for Improvement Area 1, and the Tesoro Viejo Project as a whole.

<u>Avoidance and Minimization of Impacts</u>*.* The Environmental Permits contain multiple compliance requirements. These conditions include scheduling or limiting activities to certain times of the year, requirements for ongoing compliance such as monitoring by approved biologists and other technical disciplines, environmental training for construction crews, work restrictions during wet weather, and capture and relocation of threatened and endangered species, most notably the threatened California tiger salamander. The Tesoro Viejo Project is in good standing with all agencies with respect to the Environmental Permits and has demonstrated ongoing compliance with all required permit conditions to each relevant agency and is up to date on all reporting requirements.

<u>Wetlands Mitigation</u>. Under the Environmental Permits issued by the US Army Corps of Engineers and Central Valley Regional Water Quality Control Board, the Master Developer is required to purchase credits of seasonal wetlands habitat at Grasslands Mitigation Bank. The Master Developer has purchased the required wetlands mitigation credits for all planned development in Improvement Area 1.

<u>Habitat Conservation and Mitigation for Threatened and Endangered Species</u>. The Master Developer is required to preserve approximately 186 acres within the Tesoro Viejo Project site as open space. The conserved area includes a documented California tiger salamander breeding pond. The Master Developer is also required to place a 415-acre portion of the Upper Jamison Ranch property under conservation easement. The Upper Jamison Ranch supports documented California tiger salamander breeding pools. Additionally, the Master Developer is required to purchase vernal pool fairy shrimp preservation credit from the Kennedy Table Conservation Bank. The on-site and Upper Jamison

Ranch conservation easements are in place and compliance with these requirements has been confirmed by the applicable agencies, as has the required purchase of vernal pool fairy shrimp preservation credits.

Cultural Resource Preservation. The Master Developer is required to preserve a sensitive cultural resource site, document specified historical resource structures, and avoid development in certain areas of the Tesoro Viejo Specific Plan area outside of Improvement Area 1. All such preservation, documentation and avoidance requirements have been fulfilled to date and have been confirmed by the applicable agencies.

Assessed Values

General. The valuation of real property in the County is established by the County Assessor. Assessed valuations are reported at 100% of the "full cash value" of the property, which is defined in Article XIIIA of the California Constitution as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation. An assessment of "full cash value" is required upon change of ownership or new construction, after which the assessed value increases at a rate no greater than 2% per year. Accordingly, the gross assessed valuation presented in this Limited Offering Memorandum may not necessarily be representative of the actual market value of certain property in Improvement Area 1.

Assessed Valuations. The table below shows the assessed value of the property in Improvement Area 1, differentiated by land and improvement values, for the last two fiscal years.

Table 3
Assessed Valuation

Fiscal Year	Parcels	Land Value	Improvement Value	Total Value
2019-20	804	$11,899,743	$2,267,000	$14,166,743
2020-21	804	21,397,707	21,402,472	42,800,179

Source: Madera County Assessor's Office; NBS Government Finance Group.

The assessed value data in the foregoing table is the latest available, but is as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See "BOND OWNERS' RISKS – COVID-19 Pandemic." Further downturns of the economy or other market factors may depress assessed values in the future. The Fiscal Year 2021-22 assessed value of the parcels will reflect conditions as of January 1, 2021. Thus, at this time it is not possible to predict whether property values in Improvement Area 1 may be impacted by property declines or reassessments. See, however, "BOND OWNERS' RISKS – Value to Lien Ratios."

Appraised Values

General. The purpose of the Appraisal was to estimate the fee simple market value of the residential properties within Improvement Area 1, by ownership, subject to the Special Taxes levied with respect to Improvement Area 1, with the sum of values by ownership representing an aggregate value. The Appraisal was prepared in compliance with Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics of the Appraisal Institute, and the Appraisal Standards for Land Secured Financing as promulgated by the California Debt and Investment Advisory Commission.

Value Estimates. The Appraiser estimated that, as of the September 15, 2020 date of value, the estimated market value of the taxable property in Improvement Area 1 was $123,090,000. Such market value is based on the hypothetical condition that, as of such date of value, the 2020 Bonds had just been issued.

Valuation Methods. The appraised property includes vacant residential lots. In the subject area, lots intended for residential development are typically marketed and sold in bulk to production homebuilders.

In estimating the value for the lots within Improvement Area 1, the Appraiser used the sales comparison approach and the subdivision development method. In the sales comparison approach, the Appraiser adjusted the prices of comparable transactions in the region based on differences between comparable properties and the subject property that affect value. For purposes of the subdivision development method approach, the Appraiser took into account the conclusions set forth in the Absorption Study. The projected cash flows have a finite life that corresponds with the sellout of the project. The values estimated by the sales comparison approach and subdivision development method were reconciled into a final opinion of value. While a separate cost approach is not utilized in the Appraisal, the Appraiser did conduct a "top down" land value analysis that considers all anticipated construction costs relative to anticipated home prices. This method is effectively a reverse cost approach that may also be used to gauge financial feasibility. For the valuation of the homes in bulk, the estimated home values are incorporated into a discounted cash flow analysis that considers the time and cost of selling the homes over an estimated absorption period.

Assumptions and Limiting Conditions. In addition to the hypothetical condition described above, the market value of the appraised parcels is subject to a number of other assumptions and conditions which affect the estimates as to value. See "APPENDIX G – APPRAISAL" hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout Improvement Area 1; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel. No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the 2020 Bonds are outstanding in that the County has no control over the market value of the property within Improvement Area 1 or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "BOND OWNERS' RISKS – Other Possible Claims Upon the Value of Taxable Property" below. For a description of certain risks that might affect the assumptions made in the Appraisal, see "BOND OWNERS' RISKS" herein. *Neither the County nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal. See "APPENDIX G – APPRAISAL" for the Appraisal, including a description of the valuation process that the Appraiser undertook to arrive at an estimate of value of the appraised property within Improvement Area 1.*

Value-to-Lien Ratios

The tables below show the approximate value-to-lien ratio for the parcels in Improvement Area 1, based on the appraised values set forth in the Appraisal, the proposed principal amount of the 2020 Bonds, and the outstanding principal amount of overlapping general obligation bonds. *No assurance can be given that the amounts shown in these tables will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Special Taxes.*

Table 4
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Value-to-Lien Ratios by Ownership and Status of Development

Owner	Development Status [1]	No. of Planned Units	Projected FY 2021-22 Special Tax Levy[2]	Percent of Projected Special Tax Levy	Appraised Value[3]	Share of 2020 Bonds[4]	Overlapping Bond Debt [5]	Total Debt	Average Appraised Value-to-Lien
INIDIVIDUAL HOMEOWNERS	Finished Homes	133	$108,821	18.12%	$59,370,018	$1,863,364	$313,790	$2,177,154	27.27
MASTER DEVELOPER	Finished Lots	319	$212,351	35.35%	$24,839,672	$4,901,340	$50,989	$4,952,329	5.02
	Unfinished Lots	224	177,940	29.62%	10,560,328	4,160,716	35,577	4,196,293	2.52
Subtotal – Master Developer		*543*	*$390,291*	*64.98%*	*$35,400,000*	*$9,062,056*	*$86,566*	*$9,148,622*	*3.87*
D.R. HORTON	Finished Homes and Models	9	$7,552	1.26%	$3,836,090	$129,316	$15,090	$144,406	26.56
	Partially Completed Homes	6	5,435	0.90%	1,176,782	93,057	6,991	100,049	11.76
	Finished Lots	4	3,378	0.56%	387,128	62,130	4,661	66,791	5.80
Subtotal – D.R. Horton		*19*	*$16,364*	*2.72%*	*$5,400,000*	*$284,504*	*$26,742*	*$311,246*	*17.35*
TREASURE HILLS									
	Finished Homes and Models	13	$11,270	1.88%	$6,282,621	$192,979	$15,263	$208,241	30.17
	Partially Completed Homes	31	28,999	4.83%	7,247,977	511,921	4,946	516,866	14.02
	Finished Lots	21	16,827	2.80%	2,129,402	376,119	3,350	379,469	5.61
Subtotal – Treasure Hills		*65*	*$57,096*	*9.51%*	*$15,660,000*	*$1,081,018*	*$23,559*	*$1,104,577*	*14.18*
REDROCK RM	Finished Homes and Models	4	$2,938	0.49%	$1,271,571	$50,301	$8,631	$58,932	21.58
	Partially Completed Homes	18	12,226	2.04%	2,370,449	211,242	2,929	214,171	11.07
	Finished Lots	13	5,843	0.97%	857,981	122,380	2,115	124,496	6.89
Subtotal – Redrock RM		*35*	*$21,006*	*3.50%*	*$4,500,000*	*$383,923*	*$13,675*	*$397,598*	*11.32*
K. HOVNANIAN	Finished Homes and Models	7	$5,626	0.94%	$2,619,139	$96,341	$7,538	$103,878	25.21
	Finished Lots	2	1,445	0.24%	140,861	33,794	2,154	35,948	3.92
Subtotal – K. Hovnanian		*9*	*$7,072*	*1.18%*	*$2,760,000*	*$130,135*	*$9,691*	*$139,826*	*19.74*
GRAND TOTAL		**804**	**$600,650**	**100%**	**$123,090,018**	**$12,805,000**	**$474,023**	**$13,279,023**	**9.27**

(1) Status of Development as of September 15, 2020. May not match classification of properties for purposes of the Special Tax levy.
(2) Based on building permits issued through September 15, 2020 and assumes no further development. Levy is sufficient to cover debt service due in Bond Year 2021-22 on the proposed 2020 Bonds and estimated District administrative expenses.
(3) The Appraiser has rounded to $123,090,000.
(4) Equal to the original principal amount of the 2020 Bonds. Allocation based on the proportional share of the Projected FY 2021-22 Special Tax Levy.
(5) Represents overlapping debt secured by ad valorem taxes on the property. See "– Direct and Overlapping Governmental Obligations" below. Allocation based on the proportional share of the Projected FY 2021-22 Special Tax Levy.
Source: BBG, Inc.; Stifel Nicolaus & Company, Incorporated; California Municipal Statistics, Inc.; NBS Government Finance Group.

Table 5
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Value-to-Lien Ratios by Value-to-Lien Category

Appraised Value-to-Lien Category	No. of Planned Units	Projected FY 2021-22 Special Tax Levy[1]	Percent of Projected Special Tax Levy	Appraised Value[2]	Share of 2020 Bonds[3]	Overlapping Bond Debt [4]	Total Debt	Average Appraised Value-to-Lien Ratio
Over 20:1	173	$141,462	23.55%	$76,054,850	$2,422,285	$357,588	$2,779,873	27.36
15:1 to 20:1	7	5,299	0.88%	1,687,173	90,734	3,963	94,698	17.82
10:1 to 15:1	16	15,915	2.65%	3,667,661	272,518	8,603	281,120	13.05
5:1 to 10:1	40	31,865	5.31%	3,425,234	545,629	10,462	556,091	6.16
3:1 to 5:1	2	2,012	0.25%	120,957	25,989	325	26,314	4.60
Under 3:1	1	2,012	0.34%	101,191	34,460	160	34,619	2.92
Final Mapped Property	565	402,579	67.02%	38,032,952	9,413,386	92,923	9,506,308	4.00
Total	**804**	**$600,650**	**100%**	**$123,090,018**	**$12,805,000**	**$474,023**	**$13,279,023**	**9.27**

(1) Based on building permits issued through September 15, 2020 and assumes no further development. Levy is sufficient to cover debt service due in Bond Year 2021-22 on the proposed 2020 Bonds, estimated District administrative expenses.
(2) The Appraiser has rounded to $123,090,000.
(3) Equal to the original principal amount of the 2020 Bonds. Allocation based on the proportional share of the Projected FY 2021-22 Special Tax Levy.
(4) Represents overlapping debt secured by ad valorem taxes on the property. See “– Direct and Overlapping Governmental Obligations” below. Allocation based on the proportional share of the Projected FY 2021-22 Special Tax Levy.
Source: BBG; California Municipal Statistics, Inc.; NBS Government Finance Group.

Market Absorption Study

In connection with the issuance of the 2020 Bonds, the County retained the Market Absorption Consultant, The Gregory Group, to prepare the Absorption Study for the homes planned for Improvement Area 1. The Absorption Study, dated as of August, 2020, sets forth various factors that may impact the development and sale of homes within Improvement Area 1. The Absorption Study also sets forth the forecast of absorption, which is set forth in the table below.

Table 6
Estimated Absorption Schedule

Product Type	Open Date	Total Number of Units	Est. Absorp. Per Week	Units Sold [1] Through July 31, 2020	Units Sold Aug. 1-Dec. 31, 2020	Units Sold Per Year 2021	2022	2023
1 - Estate Lots [2]	Feb. 2022	12	0.50	0	0	0	12	0
2 - 60'; 70' x 110' Lot	Feb. 2019	115	0.75	45	16	39	15	0
3 - 50'; 55' x 110' Lot	Feb. 2019	39	0.75	21	16	2	0	0
3 - 50'; 55' x 110' Lot	June 2020	83	1.00	6	22	52	3	0
4 - 55' x 95' Lot	Feb. 2021	136	1.00	0	0	46	52	39
5 - 70' x 85' Lot	Jan. 2019	86	0.75	25	16	39	6	0
7 - 50' x 80' Lot	July 2019	112	0.75	15	16	39	39	3
8 - 50' x 70' Lot	Jan. 2021	99	1.00	0	0	50	49	0
10 - 40' x 68' Lot	Oct. 2018	122	1.25	93	27	2	0	0
		804	**0.86 (avg.)**	**205**	**113**	**269**	**176**	**41**

(1) Includes units under contract but not yet conveyed to individual homeowners, through July 31, 2020.
(2) The 12 planned units in product 1 are marketed as "Estate Lots." In addition, 19 other lots meet the Rate and Method's definition of an "Estate Lot," although they are not marketed as such and are not included in product 1.
Source: The Gregory Group.

Neither the County nor the Underwriter is obligated to make, and has not undertaken to make, an independent verification of the information contained in the Absorption Study and assumes no responsibility for the accuracy or completeness of the Absorption Study.

A copy of the Absorption Study is set forth in its entirety as "APPENDIX H – MARKET ABSORPTION STUDY."

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of Improvement Area 1 are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting Improvement Area 1 as of September 1, 2020 is shown in the table below, a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the County nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither makes any representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of Improvement Area 1 in whole or in part. These long-term obligations are not payable from revenues of Improvement Area 1 (except as indicated) nor are they necessarily obligations secured by land within Improvement Area 1. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps Improvement Area 1; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within Improvement Area 1; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in Improvement Area 1, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

Table 7
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Direct and Overlapping Governmental Obligations
As of September 1, 2020

2020-21 Assessed Valuation: $42,800,179

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/20	
State Center Community College District	0.046%	$62,368	
Chawanakee Unified School District	6.136%	411,656	
Madera County Tesoro Viejo Community Facilities District	**100.**	**0**	(1)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$474,024	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Madera County Certificates of Participation	0.265%	$104,693	
Madera County Office of Education Certificates of Participation	0.265	53,972	
Chawanakee Unified School District Certificates of Participation	6.136	518,780	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$677,445	
COMBINED TOTAL DEBT		$1,151,469	(2)

Ratios to 2020-21 Assessed Valuation:
Combined Direct Debt ($0)............................ .... 0.00%
Total Direct and Overlapping Tax and Assessment Debt.............. 1.11%
Combined Total Debt....................................... .... 2.69%

(1) Excludes the 2020 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Estimated Tax Burden on Single-Family Homes

The following table sets forth the estimated total tax burden on a developed single-family detached unit in Improvement Area 1, based on special tax rates for Fiscal Year 2020-21.

Table 8
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Fiscal Year 2020-21 Illustrative Tax Bill[1]

Estimated Property Characteristics			
	Assessed Value [2]		$599,533.00
Ad Valorem		**Tax Rate**	
	General Purpose Ad Valorem Tax (Prop. 13)	1.000000%	$5,995.33
	Chawanakee GO Refund 2015	0.024671%	147.91
	Chawanakee Bond 2016	0.010569%	63.36
	State Center Comm Coll 2012 Ref	0.001944%	11.65
	State Center Comm Coll 2015 Ref	0.004272%	25.61
	State Center Comm Coll 2016 GO A	0.000002%	0.01
	State Center Comm Coll 2017 Ref	0.000002%	0.01
	State Center Comm Coll 2018A	0.002750%	16.49
	State Center Comm Coll 2016 GO B	0.016702%	100.13
	Total Ad Valorem Taxes	*1.060912%*	*$6,360.52*
Special/Direct Assessments, Taxes and Charges			
	Mosquito Abatement Tesoro Viejo		$73.44
	CFD 2017-1 Tesoro Viejo Services		626.88
	CFD 2017-1 Tesoro Viejo Facilities		913.00
	Madera Irrigation District		27.96
	Total Special/Direct Assessments, Taxes and Charges		*$1,641.28*
Total Estimated Annual Property Taxes			**$8,001.80**

(1) Estimate of annual property taxes does not include any new special financing district fees, assessments, and/or special taxes imposed by the state, county, or local agencies that are yet to be established or any future annexation into existing special financing districts required by conditions of approval of development or any other imposed requirement. Information is based upon records and official documents provided by various governmental agencies and third-party sources.
(2) Based on actual assessed value of a parcel with Land Use Category number 4.
Source: NBS Government Finance Group.

Effective Tax Rate

The following table sets forth the effective tax rate for selected land use categories within Improvement Area 1, based on special tax rates for Fiscal Year 2020-21.

Table 9
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Fiscal Year 2020-21 Selected Effective Tax Rates

Description	Tax Rate	Detached Residential - ≥ 3,300 sq. ft.	Detached Residential - 3,050 - 3,299	Detached Residential - 2,800 - 3,049	Detached Residential - 2,550 - 2,799	Detached Residential - 2,300 - 2,549	Detached Residential - 2,050 - 2,299	Detached Residential - 1,800 - 2,049	Detached Residential - 1,550 -1,799
Estimated Average Home Price(1)		**$701,135**	**$601,901**	**$501,975**	**$469,074**	**$419,090**	**$400,779**	**$450,595**	**$333,843**
Less: Homeowner's Exemption		($7,000.00)	($7,000.00)	($7,000.00)	($7,000.00)	($7,000.00)	($7,000.00)	($7,000.00)	($7,000.00)
Estimated Assessed Value		**$694,135**	**$603,901**	**$494,975**	**$462,074**	**$412,090**	**$393,779**	**$443,595**	**$326,843**
Ad Valorem Property Taxes(2)									
General Purpose Ad Valorem Tax	1.000000%	$6,941	$6,039	$4,950	$4,621	$4,121	$3,938	$4,436	$3,268
Chawanakee GO Refund 2015	0.024671%	171	149	122	114	102	97	109	81
Chawanakee Bond 2016	0.010569%	73	64	52	49	44	42	47	35
State Center Comm Coll 2012 Ref	0.001944%	13	12	10	9	8	8	9	6
State Center Comm Coll 2015 Ref	0.004272%	30	26	21	20	18	17	19	14
State Center Comm Coll 2016 GO A	0.000002%	0	0	0	0	0	0	0	0
State Center Comm Coll 2017 Ref	0.000002%	0	0	0	0	0	0	0	0
State Center Comm Coll 2018A	0.002750%	19	17	14	13	11	11	12	9
State Center Comm Coll 2016 GO B	0.016702%	116	101	83	77	69	66	74	55
Subtotal	*1.060912%*	*$7,364*	*$6,407*	*$5,251*	*$4,902*	*$4,372*	*$4,178*	*$4,706*	*$3,468*
Special/Direct Assess. and Taxes									
Mosquito Abatement Tesoro Viejo(3)		$73	$73	$73	$73	$73	$73	$73	$73
CFD 2017-1 Tesoro Viejo Services(4)		702	675	627	592	543	514	471	449
CFD 2017-1 Tesoro Viejo Facilities(4)		1,028	987	913	863	788	744	680	648
Madera Irrigation District(3)		28	28	28	28	28	28	28	28
Subtotal		*$1,832*	*$1,764*	*$1,641*	*$1,557*	*$1,432*	*$1,359*	*$1,252*	*$1,199*
Total Est. Annual Property Taxes		**$9,196**	**$8,171**	**$6,893**	**$6,459**	**$5,804**	**$5,537**	**$5,959**	**$4,666**
Est. Effective Property Tax Rate		**1.31%**	**1.34%**	**1.37%**	**1.38%**	**1.38%**	**1.38%**	**1.32%**	**1.40%**

(1) Reflects the estimated average sales price for each home size category categorized as model or completed home in the appraisal.
(2) Fiscal Year 2020-21 Madera County tax rates for TRA 083-045.
(3) Assumed to be the same for all land use categories.
(4) Maximum Special Tax shown.
Source: NBS Government Finance Group.

Maximum Fiscal Year 2021-22 Special Tax Levy

The following table sets forth the Improvement Area 1 maximum Special Tax levy and expected land uses for Fiscal Year 2021-22.

Table 10
County of Madera
Community Facilities District No. 2017-1 (Tesoro Viejo)
Improvement Area 1
Summary of Maximum Fiscal Year 2021-22 Special Tax Levy and Expected Land Uses

		Maximum Allowable FY 2021-22 Special Tax Levy[1]				Expected Land Uses at Build Out[2]			
Land Use / Development Status[1]	Residential Floor Area or Lot	No. of Units or Acres	Maximum Special Tax Rate	Per Unit or Acre	Annual Special Tax Revenue	No. of Units or Acres	Maximum Special Tax Rate[3]	Per Unit or Acre	Annual Special Tax Revenue
Detached Residential	Estate Lots	5[4]	$2,012	Per Unit	$10,062	31[5]	$2,012	Per Unit	$62,386
Detached Residential	≥ 3,300 sq. ft.	14	1,049	Per Unit	14,680	49	1,049	Per Unit	51,379
Detached Residential	3,050 - 3,299	18	1,007	Per Unit	18,121	19	1,007	Per Unit	19,128
Detached Residential	2,800 - 3,049	17	931	Per Unit	15,831	64	931	Per Unit	59,601
Detached Residential	2,550 - 2,799	25	880	Per Unit	22,007	50	880	Per Unit	44,013
Detached Residential	2,300 - 2,549	29	804	Per Unit	23,309	122	804	Per Unit	98,059
Detached Residential	2,050 - 2,299	70	759	Per Unit	53,122	136	759	Per Unit	103,208
Detached Residential	1,800 - 2,049	19	694	Per Unit	13,178	191	694	Per Unit	132,478
Detached Residential	1,550 -1,799	42	661	Per Unit	27,760	116	661	Per Unit	76,671
Detached Residential	<1,550	--	601	Per Unit	0	26	601	Per Unit	15,620
Subtotal – Developed Property		239			$198,071	804			$662,543
Final Mapped		82.17	$6,690	Per Acre	$549,743	0	$6,824	Per Acre	$0
Undeveloped Property		--		Per Acre	0	0	0	Per Acre	0
Grand Total					**$747,814**				**$662,543**

(1) Based on building permits issued through September 15, 2020 and assumes no further development. Levy is sufficient to cover debt service due in Bond Year 2021-22 on the proposed 2020 Bonds, estimated District administrative expenses and the cost of directly funded facilities allowed for in the Facilities Special Tax Requirement.
(2) Expected development is subject to change as development continues.
(3) Reflects rates in effect for Fiscal Year 2021-22.
(4) These five units meet the Rate and Method's definition of "Estate Lots," although they are not marketed as such and are not included in product 1.
(5) Includes the 12 "Estate Lots" that comprise product 1, plus 19 additional lots that meet the Rate and Method's definition of Estate Lot but are not marketed as such or included in product 1.
Source: NBS Government Finance Group.

Special Tax Collection and Delinquency Rates

The Special Taxes were first levied in Fiscal Year 2020-21, in the amount of $167,718 on a total of 206 parcels, but collection and delinquency information is not yet available. The Services Special Tax was levied in Fiscal Year 2019-20 and, as of June 30, 2020, there was a 0.10% delinquency rate in the payment of the Fiscal Year 2019-20 Services Special Tax. Information about the Services Special Tax delinquency rate is presented for reference only. The Services Special Tax is not pledged under the Fiscal Agent Agreement, nor is the Services Special Tax available to pay debt service on the 2020 Bonds

Potential Consequences of Special Tax Delinquencies

General. Delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in Improvement Area 1 could result in draws on the Reserve Fund established for the 2020 Bonds, and perhaps, ultimately, a default in the payment on the 2020 Bonds. See "BOND OWNERS' RISKS."

Special Tax Enforcement and Collection Procedures. The County could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The County has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE 2020 BONDS – Covenant to Foreclose."

Foreclosure actions would include, among other steps, formal Board of Supervisors action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable Special Taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the County may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Special Tax rates specified for each category of property within Improvement Area 1, as such rates were reduced by the Resolution Regarding Special Tax Levy. See "SECURITY FOR THE 2020 BONDS – Rate and Method." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2020 Bonds. See "BOND OWNERS' RISKS."

PROPERTY OWNERSHIP AND DEVELOPMENT STATUS

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2020 Bonds. No assurance can be given, however, that the proposed development of the property will occur in a timely manner or in the configuration or to the density described herein, or that the Master Developer, the Merchant Builders, any owners or affiliates thereof, or any other property owner described herein will or will not retain ownership of its respective property. Neither the 2020 Bonds nor any of the Special Taxes are personal obligations of any property owner. The 2020 Bonds are secured solely by the Special Tax Revenues and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See "BOND OWNERS' RISKS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the 2020 Bonds.

Representatives of the Master Developer and the Merchant Builders have provided the information in this section regarding the Master Developer and the Merchant Builders and their development in Improvement Area 1. Neither the Underwriter nor the County 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 Improvement Area 1 has been included because it is considered relevant to an informed evaluation of the 2020 Bonds. The inclusion in this Official Statement of information related to the Master Developer and the Merchant Builders should not be construed to suggest that the 2020 Bonds, or the Special Taxes that will be used to pay the 2020 Bonds, are recourse obligations of the Master Developer, the Merchant Builders or any other property owner in Improvement Area 1. A property owner may sell or otherwise dispose of land within Improvement Area 1 or a development or any interest therein at any time.

No assurance can be given that the proposed development within Improvement Area 1 will occur as described below. As the proposed land development progresses and parcels are sold, it is expected that the ownership of the land within Improvement Area 1 will become more diversified. No assurance can be given that development of the land within Improvement Area 1 will occur in a timely manner or in the configuration or intensity described herein, or that any landowner described herein will obtain or retain ownership of any of the land within Improvement Area 1.

The 2020 Bonds and the Special Taxes are not personal obligations of the Master Developer, the Merchant Builders or any other current or subsequent property owners and, in the event the Master Developer, the Merchant Builders or any other current or subsequent property owner defaults in the payment of the Special Taxes, the County may proceed with judicial foreclosure but has no direct recourse to the assets of the Master Developer, the Merchant Builders 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 Master Developer, the Merchant Builders or any other current or subsequent property owner. The 2020 Bonds are secured solely by the Special Tax Revenues and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE 2020 BONDS" and "BOND OWNERS' RISKS."

The Master Developer

Hillside RM, LLC. The property in Improvement Area 1 is the first of nine residential "villages" of the larger Tesoro Viejo Project, an approximately 1,600-acre master planned community within the County's Rio Mesa Area Plan. The land in Improvement Area 1 is being developed by Hillside RM, LLC, a Delaware limited liability company (the "**Master Developer**"). The Master Developer is not a homebuilder and is developing the property in Improvement Area 1 in eight distinct products through the sale to merchant builders, such as Redrock RM, LLC, a Delaware limited liability company ("**Redrock RM**"), Treasure Hills, LLC, a Delaware limited liability company ("**Treasure Hills**"), K. Hovnanian CA Land Holdings, LLC, a California limited liability company ("**K. Hovnanian**"), and D.R. Horton CA3, Inc., a Delaware corporation ("**D.R. Horton**" and, together with Redrock RM, Treasure Hills, K. Hovnanian, the "**Merchant Builders**"). As described below, Redrock RM and Treasure Hills are owned by the McCaffrey Trusts, which also indirectly own 50% of the Master Developer.

The status of the ownership for Improvement Area 1 as of September 15, 2020, is shown in the following table. As described, as of such date, individual homeowners owned a total of 133 homes, Merchant Builders owned 128 lots in various stages of construction, and the Master Developer owned 543 lots (234 of which were under contract to Merchant Builders).

Table 11
Ownership of the Property in Improvement Area 1
(as of September 15, 2020)

Product	Property Ownership	Number of Lots
1	Master Developer(1)	12
2	Individual Homeowners	28
	Treasure Hills	22
	Master Developer (under contract with or expected to be sold to Treasure Hills)(2)	3
	Master Developer (expected to be sold to Treasure Hills)(2)	62
3	Individual Homeowners	20
	D.R. Horton	19
	Master Developer (under contract with Redrock RM)(3)	83
4	Master Developer(4)	136
5	Individual Homeowners	9
	Treasure Hills	43
	Master Developer (under contract with Treasure Hills)(2)	34
7	Individual Homeowners	15
	K. Hovnanian	9
	Master Developer (under contract with K. Hovnanian)(5)	88
8	Master Developer (expected to be sold to Redrock RM)(3)	99
10	Individual Homeowners	61
	Redrock RM	35
	Master Developer (under contract with Redrock RM)(3)	26
	Total	**804**

(1) The 12 lots in product 1 are expected to be sold as finished lots to individual buyers, who are expected to make their own arrangements for home construction.
(2) Lots owned by the Master Developer in the applicable product are under contract for sale to Treasure Hills with staged closings occurring no later than December 31, 2022. In product 2, 3 lots are under contract to Treasure Hills. Treasure Hills is also in negotiations for a contract to purchase an additional 62 lots, for a total of 65 lots under contract or expected to be under contract. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Treasure Hills."
(3) Lots owned by the Master Developer in products 3 and 10 are under contract for sale to Redrock RM with staged closing occurring no later than February 28, 2022 for product 3 and December 31, 2021 for product 10. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Redrock RM." Redrock RM is in negotiations with the Master Developer for the purchase of all 99 lots in product 8, with staged closings expected to occur no later than December 31, 2022. No assurance can be given that any such sale will occur or as to the timing or terms of any such sale.
(4) The Master Developer is in negotiations with a merchant builder for the purchase of 72 lots in product 4. No assurance can be given that any such sale will occur or as to the timing or terms of any such sale.
(5) Lots owned by the Master Developer in product 7 are under contract for sale to K. Hovnanian with staged closing occurring no later than June 1, 2022. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – K. Hovnanian."

Source: BBG, Inc.; Hillside RM, LLC.

The Master Developer is 100% owned by Tesoro Viejo Development, Inc., a Delaware corporation ("**Tesoro Viejo Developmen**t"). Tesoro Viejo Development is the master developer of the land within the Tesoro Viejo Project that is outside Improvement Area 1. Tesoro Viejo Development is owned 50% by Ciao Properties II, LLC, a California limited liability company ("**Ciao Properties**"), and 50% by Omega RM, LLC, a California limited liability company ("**Omega RM**"). Ciao Properties is owned by three revocable trusts: Robert A. McCaffrey and Karen McCaffrey, Trustees of the Robert A. and Karen McCaffrey Revocable Trust u/a/d May 10, 1989; Brent Michael McCaffrey, Trustee of the Brent Michael McCaffrey Revocable Trust u/a/d August 3, 2005; and Lauren Michele Knowlton, Trustee of the Lauren Michele Knowlton Revocable Trust u/a/d August 3, 2005, as amended (collectively, the "**McCaffrey Trusts**"). Omega RM, LLC, a California limited liability company, has one member, Lyles United, LLC, a Delaware limited liability company ("**Lyles United**"). Lyles United is one of various affiliated entities known as the Lyles family of companies (the "**Lyles Family of Companies**").

Robert McCaffrey, Karen McCaffrey and/or Brent McCaffrey, through various home building entities (the "**McCaffrey Group of Companies**"), have been building homes in Madera and Fresno Counties for more than 35 years. Their family-owned companies specialize in land development, residential construction, and mortgage brokerage. They have developed thousands of acres of property, and built more than 8,000 homes in California's Central Valley. These developments include projects within the City of Fresno, the City of Clovis's Loma Vista Specific Plan Area, and in the County of Madera (the Riverstone Master Planned Community).

Examples of recent residential projects undertaken by the McCaffrey Group of Companies in the region of the District include the following:

- Liberty Square, a residential project in the City of Fresno consisting of 110 lots.
- The Gallery, a residential project in the City of Clovis consisting of 73 lots.
- Ivy at Riverstone, a residential project in the City of Madera consisting of 106 lots.
- Santerra at Riverstone, a residential project in the City of Madera consisting of 121 lots.
- Santerra at Clovis, a residential project in the City of Clovis consisting of 77 lots.

The Lyles Family of Companies started with W. M. Lyles Co., a small pipeline and trenching construction company founded over 70 years ago. Today, the Lyles Family of Companies specializes in major pipeline, infrastructure, water distribution and treatment facilities, mechanical and paving operations, real estate development, real estate rental, and agricultural operations. The Lyles construction group of companies, W.M. Lyles Co., American Paving Co., Lyles Services Co., New England Sheet Metal and Mechanical Co., and Lyles Utility Construction, LLC, are headquartered in the San Joaquin Valley and are in the Engineering News Record lists of Top 400 largest contractors and Top 200 largest environmental companies in the United States.

The Tesoro Viejo Project

General. The land in Improvement Area 1 is part of a larger residential master planned community referred to herein as the "Tesoro Viejo Project." The Tesoro Viejo Project is an approximately 1,600-acre master planned community subject to the County's Rio Mesa Area Plan. The Tesoro Viejo Project is ultimately expected to contain up to 5,190 homes across nine residential "villages," approximately three million square feet of office, retail, commercial and light industrial space, 400 acres of natural open space, parks, trails, and recreational areas, and a TK-8 school. Improvement Area 1 is the first of the nine residential "villages" of the larger Tesoro Viejo Project. Tesoro Viejo Development is the master developer of the land within the Tesoro Viejo Project that is outside of Improvement Area 1.

Only the property in Improvement Area 1 is subject to the Special Tax that secures payment on the 2020 Bonds. The property outside of Improvement Area 1, including all of Improvement Area M, is not subject to the lien of Special Tax and will not be subject to a Special Tax securing the 2020 Bonds or any Parity Bonds issued in the future (unless such property is annexed to Improvement Area 1, which is not currently contemplated by the Master Developer).

Development Plan of the Master Developer. For each phase of the Tesoro Viejo Project development, Tesoro Viejo Development or the Master Developer will either construct infrastructure improvements necessary to serve that phase, or contract with merchant builders to construct the improvements. For Improvement Area 1, all of the infrastructure improvements necessary for the build-out of Improvement Area 1 are the responsibility of the Master Developer. Except as described in the following section, all of the backbone infrastructure required to serve the neighborhoods within the District has been completed and no discretionary approvals or remediation is necessary in order for the Merchant Builders to obtain building permits within Improvement Area 1. See "– Status of Infrastructure for Improvement Area 1" below.

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

Status of Infrastructure for Improvement Area 1

The major public improvements, including sewer, water, storm drains, utilities and backbone roads, have been installed in the western portion of Improvement Area 1. In addition, the Master Developer has also constructed all of the TK-8 elementary school, community recreation center, park space, trails and open space. The Master Developer anticipates completing the remaining public improvements in the eastern portion of Improvement Area 1 in 2021. The Master Developer estimates that the total project cost for the infrastructure improvements to be installed by the Master Developer in Improvement Area 1 will total approximately $167 million, of which approximately $8.1 million remains to be completed as of September 15, 2020. The Master Developer believes that it will have sufficient funds available to complete its planned development in Improvement Area 1 as described herein.

Table 12 shows the infrastructure improvements and fees required for the development of Improvement Area 1. The table also illustrates the improvements and fees payable by the Master Developer and those to be paid by the merchant builders of Improvement Area 1. All cost estimates are as of September 15, 2020.

Table 12
Estimated Improvement Costs
Improvement Area 1

Estimated Costs to be Incurred by Master Developer	Total Estimated Improvement Costs	Completed Improvement Costs	Percentage Complete of Improvement Costs	Remaining Improvement Costs
Grading	$6,057,424	$5,963,094	98%	$94,346
Backbone Infrastructure (1)	24,038,604	22,987,094	96	1,051,510
Community Amenities (2)	43,715,292	43,715,292	100	0
Landscape & Parks	7,638,941	6,224,780	81	1,414,161
Water/Wastewater Treatment Plants	47,829,429	47,829,429	100	0
Mitigation	11,534,945	11,534,945	100	0
Consultants & Fees	7,359,222	7,199,623	98	159,599
Subtotal Backbone Infrastructure	148,173,854	145,454,238	95	2,719,615
Intract Improvements	19,166,926	13,747,011	72	5,419,914
Total	**$167,340,780**	**$159,201,249**	**95%**	**$8,139,531**

(1) Remaining backbone infrastructure is an offsite sewer serving the eastern portion of Improvement Area 1.
(2) Community amenities include Chawanakee TK-8 Hillside School and Ranch House Recreation Center.
Source: Hillside RM, LLC

The Merchant Builders

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the 2020 Bonds and Improvement Area 1. No assurance can be given, however, that the proposed development of the property within Improvement Area 1 will occur in a timely manner or in the configuration or to the density described herein, or that the Merchant Builders, any owners or affiliates thereof, or any other property owner described herein will retain ownership of its respective property within Improvement Area 1. Neither the 2020 Bonds nor any of the Special Taxes are personal obligations of any property owner within Improvement Area 1. The 2020 Bonds are secured solely by the Special Taxes levied on property within Improvement Area 1 and amounts on deposit in certain of the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement.

Neither the County nor the Underwriter can provide any assurances as to the accuracy of the information in this section.

Existing Merchant Builders. There are eight separate products of single-family detached lots within Improvement Area 1: product 1 (estate lots); product 2 (60-70’ x110’ lots); product 3 (50-55’ x 110’ lots); product 4 (55’ x 95’ lots); product 5 (50’ x 85’ lots); product 7 (50’ x 80’ lots); product 8 (50’ x 70’ lots); and product 10 (50’ x 68’ lots). As of September 15, 2020, the date of value of the Appraisal, of the 804 total residential lots within Improvement Area 1, 543 lots were owned by the Master Developer, 128 lots were owned by the Merchant Builders, and the remaining 133 were owned by individual homeowners. The following table summarizes the lots owned by the Master Developer and the Merchant Builders in Improvement Area 1 as of September 15, 2020.

Table 13
Property Owned by Master Developer and Merchant Builders
(as of September 15, 2020)

Product	Number of Lots	Owner	Merchant Builder
1	12	Master Developer	N/A (1)
2	22	Treasure Hills	Treasure Hills
	3	Master Developer	Treasure Hills (under contract)(2)
	62	Master Developer	Treasure Hills (expected to be sold to Treasure Hills)(2)
3	19	D.R. Horton	D.R. Horton
	83	Master Developer	Redrock RM (under contract)(3)
4	136	Master Developer	TBD
5	43	Treasure Hills	Treasure Hills
	34	Master Developer	Treasure Hills (under contract)(2)
7	9	K. Hovnanian	K. Hovnanian
	88	Master Developer	K. Hovnanian (under contract)(4)
8	99	Master Developer	TBD (expected to be sold to Redrock RM)
10	35	Redrock RM	Redrock RM(3)
	26	Master Developer	Redrock RM (under contract)(3)
Total	**671**		

(1) The 12 lots in product 1 are expected to be sold as finished lots to individual buyers, who are expected to make their own arrangements for home construction.
(2) See "– Treasure Hills" below.
(3) See "– Redrock RM" below.
(4) See "– K. Hovnanian" below.
Source: Hillside RM, LLC.

Redrock RM

General. As previously defined in this Official Statement, "**Redrock RM**" is Redrock RM, LLC, a Delaware limited liability company, and is owned and controlled by the McCaffrey Trusts, which together are 50% indirect owners of the Master Developer. As of September 15, 2020, the date of value of the Appraisal, Redrock RM owned 35 lots in product 10. Redrock RM is under contract to purchase an additional 83 lots in product 3 and 26 lots in product 10 in staged closings with an outside closing date of February 28, 2022 for product 3, and December 31, 2021 for product 10. Redrock RM is also in negotiations with the Master Developer for the purchase of the 99 lots in product 8, although no assurance can be given that any such purchase will occur or as to the timing or terms of any such purchase.

Redrock RM Development Plan. Redrock RM's development plan is to construct single-family detached homes on the lots it acquires. Information on Redrock RM's development within product 3 and product 10, the only product within which Redrock RM has acquired or is anticipated to acquire land in Improvement Area 1 to date, is set forth below. The projected initial base prices shown in the table below are as of September 15, 2020. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Product	Start Production Home Construction	Open Model Homes	First Home Sale Closings	Last Home Sale Closings	No. of Homes	No. of Model Types	Square Footage	Proposed Price Range
Product 3 (Ivy)	August 2020	February 2020	December 2020	December 2022	83	3	1,846 to 2,953	$424,900 to $555,900
Product 10 (Altura)	November 2018	October 2018	May 2019	March 2022	122	3	1,581 to 2,205	$331,900 to $392,900

Source: Redrock RM, LLC.

Redrock RM Status of Development. Redrock RM is in the process of building and selling homes in its planned development within Improvement Area 1, which is expected to include a total of 83 homes in product 3 and 122 homes in product 10. Set forth below is the status of construction of the homes as of September 15, 2020.

Table 14
Redrock RM Status of Development
Product 3 (Ivy) and Product 10 (Altura)

	Product 3 (Ivy)	**Product 10 (Altura)**
Projected Units	83	122
Closed to Homeowners	0	61
Completed Unclosed Homes (including Models)	0	4
Units under Contract to be Sold	8	39
Under Construction(1) (including Models)	7	31
Finished Lots	61	26
Blue Top Lots	15	0
Full Building Permits Received(2)	7	96

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.
(2) Equal to homes closed to homeowners, plus completed unclosed homes, plus homes under construction.
Source: Redrock RM, LLC.

COVID-19 Impact on Sales and Construction. Between March 1, 2020 and October 1, 2020, 23 home closings within Redrock RM's products 3 and 10 occurred. In addition, during that period, Redrock RM entered into 58 home sales contracts with homebuyers, and there were no cancellations.

Redrock RM has not experienced any material increases in costs, or any development or home sale delays resulting from decisions to reduce financing for the projects, inability to obtain financing, work stoppages, reduced attendance of workers, lack of or delays in the delivery of building materials or the ability to obtain necessary inspections and approvals, which Redrock RM attributes to the COVID-19 pandemic. To date, Redrock RM has continued to fund and implement its projects as described in this Official Statement and intends to do so to complete such projects. However, the development of Redrock RM's project within Improvement Area 1 is subject to delays caused by the COVID-19 pandemic. As the impacts caused by the outbreak evolve, there could be an adverse impact on the timing and costs of product 3 and product 10. Redrock RM cannot 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 "BOND OWNERS' RISKS – COVID-19 Pandemic" herein.

Redrock RM Financing Plan. Redrock RM intends to finance the development of its property using internal sources (equity and home sales proceeds) and draws under a Revolving Promissory Note Secured by Deed of Trust dated January 3, 2019 (the "**Redrock RM Revolving Promissory Note**"), between Redrock RM and U.S. Bank National Association, in the principal amount of $12,000,000. As Redrock RM takes down lots from the Master Developer, it borrows under the Redrock RM Revolving Promissory Note and enters into a "Construction Deed of Trust with Assignment of Leases and Rents, Security Agreement and Fixture Filing," in favor of U.S. Bank National Association (collectively, the "**Redrock RM Construction Deeds of Trust**"). Each Redrock RM Construction Deed of Trust is secured by specific lots owned by Redrock RM in Improvement Area 1. As Redrock RM closes home sales to individual homeowners, it uses home sale proceeds to reduce borrowings under the Redrock RM Revolving Promissory Note and to finance the development of its property in Improvement Area 1. As of September 15, 2020, the outstanding principal amount under the Redrock RM Revolving Promissory Note totaled $4,464,136. The Redrock RM Revolving Promissory Note carries a variable interest rate and matures on January 3, 2021. No assurance can be given that Redrock RM will continue to follow this process or that the process, including any extension of the maturity dates and lender approval of revolving draws, will be available to Redrock RM.

Through September 15, 2020, Redrock RM has expended approximately $1,201,861 on product 3 lots and $26,345,422 on the development of the 61 sold and model lots and homes currently under construction within product 10, including land acquisition, site development, home building, marketing and sales. Redrock RM anticipates expending an additional $36,651,885 and $16,837,305, respectively, to complete the construction of houses within products 3 and 10. The following table sets forth Redrock RM's projected uses of funds for the full buildout and the anticipated home sales revenues from such products. Until home sales proceeds are received, Redrock RM expects to use internal financing and borrowings under the Redrock RM Revolving Promissory Note, as described above, to pay its expenses.

Table 15
Redrock RM Financing Plan
Product 3 (Ivy) and Product 10 (Altura)
(as of September 15, 2020)

	Product 3 (Ivy)	Product 10 (Altura)
Sources:		
Home Sale Proceeds	$43,469,953	$46,450,861
Revolving Loans	--	--
Internal Financing	--	--
Total Sources:	$43,469,953	$46,450,861
Uses:		
Direct Construction	$33,474,415	$37,136,727
Fees and Permits	3,559,331	4,833,625
Indirect Construction	0	0
Marketing & Advertising	383,500	541,375
Insurance	290,500	427,000
Warranty	166,000	244,000
Total Uses:	$37,853,746	$43,182,727

Source: Redrock RM, LLC.

Although Redrock RM expects to have sufficient funds available to complete its development in Improvement Area 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Redrock RM or any other source when needed. Neither Redrock RM, nor any of its related entities, including the McCaffrey Trusts, are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area 1. Any contributions by Redrock RM to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Redrock RM within Improvement Area 1 and other financing by Redrock RM is not put into place, there could be a shortfall in the funds required to complete the planned development by Redrock RM in Improvement Area 1.

Treasure Hills

General. As previously defined in this Official Statement, "**Treasure Hills**" is Treasure Hills, LLC, a Delaware limited liability company. Treasure Hills is owned and controlled by the McCaffrey Trusts, which together are 50% indirect owners of the Master Developer. As of September 15, 2020, the date of value of the Appraisal, Treasure Hills owned 22 lots in product 2 and 43 lots in product 5. Treasure Hills is under contract to purchase an additional 3 lots in product 2 and 34 lots in product 5 in staged closings with an outside closing date of December 31, 2022 for products 2 and 5. Treasure Hills is also in negotiations with the Master Developer for a contract to purchase an additional 62 lots in product 2, which Treasure Hills expects to have an outside date of December 31, 2022.

Treasure Hills Development Plan. Treasure Hill's development plan is to construct single-family detached homes on the lots it acquires. Information on Treasure Hills' development within products 2 and 5, the only product within which Treasure Hills has acquired land in Improvement Area 1 to date, is set forth below. The projected initial base prices shown in the table below are as of September 15, 2020. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Product	Start Production Home Construction	Open Model Homes	First Home Sale Closings	Last Home Sale Closings	No. of Homes	No. of Model Types	Square Footage	Proposed Price Range
Product 2 (Ivy/Oaks/Hickory)	January 2019	February 2020	July 2019	November 2022	115	4	1,846 to 3,741	$424,900 to $587,900
Product 5 (Oaks/Hickory)	July 2018	October 2018	March 2020	April 2022	86	7	1,960 to 3,741	$432,900 to $587,900

Source: Treasure Hills, LLC.

Treasure Hills Status of Development. Treasure Hills is in the process of building and selling homes in its planned development within Improvement Area 1, which is expected to include a total of 115 lots in product 2, and 86 lots in product 5. Set forth below is the status of construction of the homes as of September 15, 2020.

Table 16
Treasure Hills Status of Development
Product 2 (Ivy/Oaks/Hickory) and Product 5 (Oaks/Hickory)

	Product 2 (Ivy/Oaks/Hickory)	Product 5 (Oaks/Hickory)
Projected Units	115	86
Closed to Homeowners	28	9
Completed Unclosed Homes (including Models)	5	8
Units under Contract to be Sold	19	25
Under Construction(1) (including Models)	17	21
Finished Lots	3	15
Blue Top Lots	62	33
Full Building Permits Received(2)	50	38

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.
(2) Equal to homes closed to homeowners, plus completed unclosed homes, plus homes under construction.
Source: Treasure Hills, LLC.

COVID-19 Impact on Sales and Construction. Between March 1, 2020 and October 1, 2020, 21 home closings within products 2 and 5 occurred. In addition, during that period, Treasure Hills entered into 39 home sales contracts with homebuyers, and there were no cancellations.

Treasure Hills has not experienced any material increases in costs, or any development or home sale delays resulting from decisions to reduce financing for the projects, inability to obtain financing, work stoppages, reduced attendance of workers, lack of or delays in the delivery of building materials or the ability to obtain necessary inspections and approvals, which Treasure Hills attributes to the COVID-19 pandemic. To date, Treasure Hills has continued to fund and implement its projects as described in this Official Statement and intends to do so to complete such projects. However, the development of Treasure Hills' project within Improvement Area 1 is subject to delays caused by the COVID-19 pandemic. As the impacts caused by the outbreak evolve, there could be an adverse impact on the timing and costs of products 2 and 5. Treasure Hills cannot 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 "BOND OWNERS' RISKS – COVID-19 Pandemic" herein.

Treasure Hills Financing Plan. Treasure Hills intends to finance the development of its property using internal sources (equity and home sales proceeds) and draws under two revolving notes (the "**Treasure Hills Revolving Notes**") and two term notes (the "**Treasure Hills Term Notes**") with United Security Bank (the Treasure Hills Revolving Notes and Treasure Hills Term Notes, collectively, the "**Treasure Hills Notes**"). As Treasure Hills closes home sales to individual homeowners, it uses home sale proceeds to reduce borrowings under the Treasure Hills Notes and to finance the development of its property in Improvement Area 1.The Treasure Hills Notes bear interest at a variable rate and are secured by specific property owned by Treasure Hills in Improvement Area 1. The Treasure Hills

Revolving Notes have a maximum revolving principal amount of $15,000,000, of which $12,144,930 was outstanding as of September 15, 2020, and a stated maturity of November 5, 2020. Treasure Hills expects to be able to extend the maturity of the Treasure Hills Revolving Notes without changes to the other terms of the Treasure Hills Revolving Notes. The Treasure Hills Term Notes had a combined outstanding principal amount of $3,105,000 as of September 15, 2020, with $1,196,250 maturing on January 5, 2021 and $1,908,750 maturing on April 5, 2022. No assurance can be given that Treasure Hills will continue to follow this process or that the process, including any extension of the maturity dates and lender approval of revolving draws, will be available to Treasure Hills.

Through September 15, 2020, Treasure Hills has expended approximately $21,411,577 on the development of the 50 sold and model lots and lots currently under construction within product 2, including land acquisition, site development, home building, marketing and sales. Treasure Hills anticipates expending an additional $6,967,144 to complete the development of the property it owns or is under contract for within product 2. The table below does not include costs for the 62 units in product 2 that Treasure Hills expects to purchase from the Master Developer but is not yet under contract for; Treasure Hills anticipates that per unit acquisition and construction costs for these 62 units will be similar to those for the 53 units in product 2 that are reflected in the table below. Through September 15, 2020, Treasure Hills has expended approximately $16,116,948 on the development of the 38 sold and model lots and lots currently under construction within product 5, including land acquisition, site development, home building, marketing and sales. Treasure Hills anticipates expending an additional $33,456,323 to complete the development its property within product 5. The following table sets forth Treasure Hills's projected uses of funds for the full buildout and the anticipated home sales revenues from such products. Until home sales proceeds are received, Treasure Hills expects to use internal financing and borrowings under the Treasure Hills Notes, as described above, to pay its expenses.

Table 17
Treasure Hills Financing Plan
Product 2 (Ivy/Oaks/Hickory) and Product 5 (Oaks/Hickory)
(as of September 15, 2020)

	Product 2 (Ivy/Oaks/Hickory)	Product 5 (Oaks/Hickory)
Sources:		
Home Sale Proceeds	$31,993,116	$52,840,396
Revolving Loans	--	--
Internal Financing	--	--
Total Sources:	$31,993,116	$52,840,396
Uses:		
Direct Construction	$25,386,051	$44,572,940
Fees and Permits	2,317,671	3,978,111
Indirect Construction	0	0
Marketing & Advertising	383,500	549,220
Insurance	185,500	301,000
Warranty	106,000	172,000
Total Uses:	$28,378,722	$49,573,271

Source: Treasure Hills, LLC.

Although Treasure Hills expects to have sufficient funds available to complete its development in Improvement Area 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from Treasure Hills or any other source when needed. Neither Treasure Hills, nor any of its related entities, including the McCaffrey Trusts, are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area 1. Any contributions by Treasure Hills to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Treasure Hills within Improvement Area 1 and other financing by Treasure Hills is not put into place, there could be a shortfall in the funds required to complete the planned development by Treasure Hills in Improvement Area 1.

K. Hovnanian

General. As previously defined in this Official Statement, "**K. Hovnanian**" refers to K. Hovnanian CA Land Holdings, LLC, a California limited liability company. K. Hovnanian is an indirect, wholly-owned subsidiary of Hovnanian Enterprises, Inc., a Delaware corporation ("**Hovnanian Enterprises**"), which is based in Matawan, New Jersey, and has been in the business of developing residential real estate communities in California since 1994. Hovnanian Enterprises is subject to the informational requirements of the Securities Exchange Act of 1934 (the "**Exchange Act**") and in accordance therewith files reports, proxy statements, and other information, including financial statements, with the SEC. The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Hovnanian Enterprises. The address of such Internet web site is www.sec.gov. All documents subsequently filed by Hovnanian Enterprises pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Hovnanian Enterprises' Annual Report and each of its other quarterly and current reports, including any amendments, are available from Hovnanian Enterprises' website at *www.khov.com*. *The website address is given for reference and convenience only. The information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference*.

As of September 15, 2020, the date of value of the Appraisal, K. Hovnanian owned 9 lots in Product 7. K. Hovnanian is under contract with Hillside RM, LLC to purchase an additional 88 lots in Product 7 in blocks of 3 lots with an outside closing date of June 1, 2022.

K. Hovnanian Development Plan. K. Hovnanian's development plan is to construct single-family detached homes on the lots it acquires. Information on K. Hovnanian's development within product 7, the only product within which K. Hovnanian has acquired land in Improvement Area 1 to date, is set forth below. The projected initial base prices shown in the table below are as of September 15, 2020. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Product	Start Production Home Construction	Open Model Homes	First Home Sale Closings	Last Home Sale Closings	No. of Homes	No. of Model Types	Square Footage	Proposed Price Range
Product 7 (Vista Bella)	July 2019	July 2019	October 2019	October 2021	112	4	2,163 to 2,517	$396,229 to $465,799

Source: K. Hovnanian CA Land Holdings, LLC.

K. Hovnanian Status of Development. K. Hovnanian is in the process of building and selling homes in its planned development within Improvement Area 1, which is expected to include a total of 112 homes in product 7. Set forth below is the status of construction of the homes within K. Hovnanian's portion of product 7 as of September 15, 2020.

Table 18
K. Hovnanian Status of Development
Product 7 (Vista Bella)

	Product 7 (Vista Bella)
Projected Units	112
Closed to Homeowners	15
Completed Unclosed Homes (including Models)	7
Units under Contract to be Sold	1
Under Construction(1) (including Models)	0
Finished Lots	90
Blue Top Lots	0
Full Building Permits Received(2)	22

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.
(2) Equal to homes closed to homeowners, plus completed unclosed homes, plus homes under construction.
Source: K. Hovnanian CA Land Holdings, LLC.

COVID-19 Impact on Sales and Construction. Between March 1, 2020 and October 1, 2020, 11 home closings within product 7 occurred. In addition, during that period, K. Hovnanian entered into 16 home sales contracts with homebuyers, and there were 7 cancellations. Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

The spread of the novel strain of coronavirus called COVID-19 is having a growing negative impact throughout the world, including in the County, and could have a material adverse effect on K. Hovnanian's ability to complete its project within Improvement Area 1 in the time frame and budget, and at the sales prices, described in this Official Statement. K. Hovnanian has taken recent steps to limit the spread of COVID-19. For example, K. Hovnanian's on-site sales offices for its projects within Improvement Area 1 remained open, but by appointment and virtual appointment only. The impacts caused by the outbreak are evolving and K. Hovnanian cannot predict the ultimate effects of the COVID-19 outbreak on its the ability to develop the project as planned. See "BOND OWNERS' RISKS – COVID-19 Pandemic" herein.

K. Hovnanian Financing Plan. K. Hovnanian intends to finance the development of its property using internal sources (equity and home sales proceeds). Through September 15, 2020, K. Hovnanian has expended approximately $4,714,899 on its development in product 7, including land acquisition and site development, home building. K. Hovnanian anticipates expending an additional $25,856,396 to complete its development within product 7, including remaining land acquisition, site development, home building, marketing and sales. A summary of the costs incurred and anticipated to be incurred for the full buildout of the remaining 88 lots within product 7 are set forth in the table below:

Table 19
K. Hovnanian Financing Plan
Product 7 (Vista Bella)
(as of September 15, 2020)

	Total Budget	Costs Incurred Through September 15, 2020	September 15, 2020 through Buildout
Land	$10,658,000	$392,446	$10,265,554
Site Construction	563,295	281,453	281,842
Direct Construction	17,960,000	3,750,000	14,210,000
Sales and Marketing	1,391,000	292,000	1,099,000
Total Projected Costs	$30,572,295	$4,715,899	$25,856,396

Source: K. Hovnanian CA Land Holdings, LLC.

K. Hovnanian expects to use home sales to complete development of its property within Improvement Area 1. However, home sales revenue for K. Hovnanian's project in Improvement Area 1 are not segregated and set aside for the payment of costs required to complete its activities in Improvement Area 1. Home sales revenue is accumulated and used to pay costs of operations for K. Hovnanian and its affiliates, to pay down debt and for other corporate purposes, and may be diverted to pay costs other than the costs of completing K. Hovnanian's activities in Improvement Area 1 at the discretion of K. Hovnanian's management. Notwithstanding the foregoing, K. Hovnanian believes that it will have sufficient funds available to complete the proposed development activities in Improvement Area 1 in accordance with the development timing described in this Official Statement.

Notwithstanding the current belief of K. Hovnanian that it will have sufficient funds to complete its planned development in Improvement Area 1 in accordance with the development schedule described in this Official Statement, no assurance can be given that sources of financing available to K. Hovnanian will be sufficient to complete the remaining development costs as currently anticipated. While K. Hovnanian 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 K. Hovnanian, Hovnanian Enterprises, nor any of their 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 K. Hovnanian to provide internal financing in the past, K. Hovnanian has not represented in any way that it will do so in the future.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by K. Hovnanian within Improvement Area 1 and other financing by K. Hovnanian is not put into place, there could be a shortfall in the funds required to complete the planned development by K. Hovnanian in Improvement Area 1 or to pay ad valorem property taxes or Special Taxes related to K. Hovnanian's property in Improvement Area 1 and portions of the project may not be developed. Many factors beyond K. Hovnanian's control, or a decision by K. Hovnanian to alter its current plans, may cause the actual sources and uses to differ from the projections. See "BOND OWNERS' RISKS" herein for a discussion of risk factors.

D.R. Horton

General. As previously defined in this Official Statement, "**D.R. Horton**" is D.R. Horton CA3, Inc., a Delaware corporation, dba D.R. Horton, *America's Builder*. As of September 15, 2020, the date of value of the Appraisal, D.R Horton owned 19 lots in product 3.

D.R. Horton is a wholly owned subsidiary of D.R. Horton, Inc., a Delaware corporation ("**D.R. Horton, Inc.**"), a public company whose common stock is traded on the New York Stock Exchange under the symbol "DHI." Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 88 markets in 29 states under the names of D.R. Horton, *America's Builder*, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information, including financial statements, with the SEC. Such filings, particularly the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed by D.R. Horton, Inc. with the SEC on November 25, 2019, and D.R. Horton, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, as filed by D.R. Horton, Inc. with the SEC on July 30, 2020, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such date.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is *www.sec.gov*. In addition, the aforementioned material may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton, Inc.'s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.'s website at *www.drhorton.com*.

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

D.R. Horton Development Plan. D.R. Horton's development plan is to construct 39 single-family detached homes on the lots it has acquired. Information on D.R. Horton's development within product 3, the only product within which D.R. Horton has acquired land in Improvement Area 1 to date, is set forth below. The base sales prices for the homes shown in the table below are as of September 15, 2020. Base sale prices are subject to change and exclude any lot premiums, options, upgrades, incentives and any selling concessions or price reductions which may be offered.

Product	Start Production Home Construction	Open Model Homes	First Home Sale Closings	Last Home Sale Closings	No. of Homes	No. of Floor Plans	Square Footage	Proposed Price Range
Product 3 (The Bluffs)	February 2019	February 2019	August 2019	November 2021	39	4	2,133 to 2,851	$440,000 to $504,000

Source: D.R. Horton CA3, Inc.

D.R. Horton Status of Development. D.R. Horton is in the process of building and selling homes in its planned development within Improvement Area 1, which is expected to include a total of 39 homes in product 3. Set forth below is the status of construction of the homes within D.R. Horton's The Bluffs village in product 3 as of September 15, 2020.

Table 20
D.R. Horton Status of Development
Product 3 (The Bluffs)

	Product 3 (The Bluffs)
Projected Units	39
Closed to Homeowners	20
Completed Unclosed Homes (including 3 Models)	9
Units under Contract to be Sold	6
Under Construction(1)	6
Finished Lots	4
Blue Top Lots	0
Full Building Permits Received(2)	35

(1) Under construction means that a building permit has been issued and the trenching for the foundation has begun.
(2) Equal to homes closed to homeowners, plus completed unclosed homes, plus homes under construction.
Source: D.R. Horton.

COVID-19 Impact on Sales and Construction. Between March 1, 2020 and October 1, 2020, 16 home closings within D.R. Horton's The Bluffs project in product 3 occurred. In addition, during that period, D.R. Horton entered into 17 home sales contracts with homebuyers, and there were 3 cancellations. Homes in escrow may not result in closed escrows as sales contracts are subject to cancellation.

As of September 15, 2020, D.R. Horton has experienced material increases in certain construction costs (particularly lumber, appliances and concrete) and construction delays due to a concrete shortage and restrictions limiting one subcontractor at a time working on a home and social distancing within the home by the workers. However, it has not experienced any significant development delays resulting from decisions to reduce financing for the project, inability to obtain financing, work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for the development, which D.R. Horton attributes to the COVID-19 pandemic. To date, D.R. Horton has continued to fund and implement its project as described in this Official Statement and intends to do so to complete such project. Although the recent material cost increases and construction delays due to the concrete shortage and social distancing restrictions are not currently having a significant impact on D.R. Horton's overall project, the impacts caused by the outbreak are evolving and D.R. Horton cannot predict the ultimate effects of the COVID-19 outbreak or whether such effects would have a material adverse effect on the timing and costs of its project in Improvement Area 1 or its ability to develop the project as planned. See "BOND OWNERS' RISKS — COVID-19 Pandemic" herein.

D.R. Horton Financing Plan. Through September 15, 2020, D.R. Horton has expended approximately $16.0 million in land acquisition, site improvement costs, direct and indirect home construction costs, and permit and impact fees (exclusive of internal financing repayment, sales and marketing expense, corporate overhead and carry costs) on its development within Improvement Area 1. As of September 15, 2020, D.R. Horton anticipates expending approximately $1.2 million in additional site improvement costs and direct and indirect home construction costs (exclusive of internal financing repayment, sales and marketing expense, corporate overhead and carry costs) through full buildout of the homes proposed to be constructed by D.R. Horton in Improvement Area 1, which is expected to occur by November 2021.

Although D.R. Horton expects to have sufficient funds available to complete its development in Improvement Area 1 in accordance with the development schedule described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available from D.R. Horton or any other source when needed. Neither D.R. Horton, nor any of its related entities, including its parent D.R. Horton, Inc., are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in Improvement Area 1. The Special Taxes related to D.R. Horton's property in Improvement Area 1 are not personal obligations of D.R. Horton or any of its related entities. Any contributions by D.R. Horton to fund the costs of such development are entirely voluntary. Many factors beyond D.R. Horton's control, or a decision by D.R. Horton to alter its current plans, may cause the actual sources and uses to differ from the projections. See "BOND OWNERS' RISKS."

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by D.R. Horton within Improvement Area 1 and other financing by D.R. Horton is not put into place, there could be a shortfall in the funds required to complete the planned development by D.R. Horton in Improvement Area 1.

BOND OWNERS' RISKS

The purchase of the 2020 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2020 Bonds.

Limited Obligation of the County to Pay Debt Service

The County has no obligation to pay principal of and interest on the 2020 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The County is not obligated to advance funds to pay debt service on the 2020 Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2020 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within Improvement Area 1.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rates authorized in the Rate and Method, as such rates were reduced by the Resolution Regarding Special Tax Levy. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2020 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2020 Bonds, and certainly not a direct relationship.

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

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

> *Property Tax Delinquencies.* Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "– Property Tax Delinquencies" below.

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE 2020 BONDS – Covenant to Foreclose" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2020 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the County of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE 2020 BONDS – Covenant to Foreclose."

The ability of the County to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which a federal governmental agency has or obtains an interest. See "– FDIC/Federal Government Interests in Properties" below.

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

COVID-19 Pandemic. In response to the coronavirus pandemic, 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. The District can provide no assurance that additional actions will not be taken by the County, the State, or individual property taxpayers that may have a material adverse impact on the timing of Special Tax collection and the District's ability to pay scheduled debt service on the Series 2020 Bonds when due. See "– COVID-19 Pandemic" below.

Collection of One-Time Special Tax

The County and the Master Developer do not expect that the One-Time Special Tax will be levied. However, were the One-Time Special Tax to be levied, the proceeds of such levy would be used to redeem 2020 Bonds in an amount sufficient to provide for a debt service coverage ratio of at least 110%. In such a situation, failure of property owners to pay the One-Time Special Tax could result in a debt service coverage ratio below 110%. See "SECURITY FOR THE 2020 BONDS – General." Delinquencies in the payment of the One-Time Special Tax are subject to the same procedures and penalties as delinquencies in payment of the Annual Facilities Special Tax. See "– Levy and Collection of the Special Tax," "– Property Tax Delinquencies," and "– Potential Early Redemption of Bonds from Prepayments and One-Time Special Tax." Moreover, since the bill for the One-Time Special Tax will not appear on the County's tax roll but rather will be presented to the person or entity that owned the subject property at the time the Land Use Change occurred, there may be complications in the collection process if that person or entity transfers ownership of the property without having paid the One-Time Special Tax.

COVID-19 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. The World Health Organization has declared the COVID-19 pandemic to be a pandemic, and states of emergency have been declared by the County, State and the United States. The purpose 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.

As of September 30, 2020, there have been approximately 4,500 confirmed cases of COVID-19 in the County. 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 outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. 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 COVID-19 concerns.

The County initially closed certain non-essential functions of the County, while the County Government Center remained opened, by appointment only. The County's Building Division remained opened and continued to issue building permits and inspect unoccupied dwellings for the lots within the County. Other County Divisions that serve businesses and residents within the District telecommuted and/or continued in-person work schedules to meet the needs of the community. County offices are now open. Other public agencies serving the property and residents within the District may have taken similar actions in response to the COVID-19 pandemic, though neither the District nor the County can provide any assurance regarding the actions of any other public agencies. Such actions may affect the Merchant Builder's ability to complete their planned developments in the time periods and within cost estimates described in the Official Statement. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

The COVID-19 pandemic is ongoing, and the ultimate geographic spread of the virus, 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 treat its impacts are uncertain. However, the impact of the COVID-19 outbreak could adversely impact development within the District, 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. The ultimate adverse impact of COVID-19 on the District, the Master Developer and Merchant Builders' operations, finances and ability to complete their development within the District as planned, homebuyers' willingness and ability to pay Special Taxes when due, and the real estate market in general is unknown.

To help mitigate the economic impacts of COVID-19, the County allocated \$3.8 million of its allocation from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to "Pandemic Assistance Grants" to small businesses and non-profit entities that operate within the County, including the cities of Madera and Chowchilla. Additionally, the County allocated \$1 million to low-income individuals to assist with rental and utility payment delinquencies and to provide emergency food assistance to seniors. These programs were intended to help the County's residents, employers, and workforce weather the economic impacts of COVID-19.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner.

Numerous future delinquencies by the owners of Taxable Property in Improvement Area 1 in the payment of property taxes (and, consequently, the Annual Facilities Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay debt service on the 2020 Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the 2020 Bonds. See "SECURITY FOR THE 2020 BONDS –Reserve Fund," and "THE DISTRICT AND IMPROVEMENT AREA 1 – Potential Consequences of Special Tax Delinquencies."

Measures to Mitigate Consequences of Continuing Delinquencies. The County intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE 2020 BONDS – Covenant to Foreclose"); and increasing the levy of Special Taxes against non-delinquent property owners in Improvement Area 1 to the extent permitted under the Rate and Method and the Act, and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate provided by the Resolution Regarding Special Tax Levy. See "THE DISTRICT AND IMPROVEMENT AREA 1 – Potential Consequences of Special Tax Delinquencies."

Limitations on Increases in Special Tax Levy. If property owners are delinquent in the payment of the Special Tax, the County may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the maximum annual Special Tax rates specified in the Rate and Method, as such rates were reduced by the Resolution Regarding Special Tax Levy.

In addition, the County's ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Section 53321(d) of the Act, which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2020 Bonds.

Risks Related to Homeowners with High Loan to Value Ratios

Any future decline in home values in Improvement Area 1 could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the County to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

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

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

Potential Early Redemption of Bonds from Prepayments and One-Time Special Tax

Property owners within Improvement Area 1, including the Master Developer, the Merchant Builders, and individual homeowners, are permitted to prepay the Annual Facilities Special Tax obligation applicable to their parcel of Developed Property, parcel of Final Map Property or Undeveloped Property that has had a Building Permit issued, subject to certain notice and other provisions of the Rate and Method. The Rate and Method also provides for the levy of the One-Time Special Tax. Such prepayments or payment of the One-Time Special Tax will result in a redemption of the 2020 Bonds on the interest payment date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the prepayment or One-Time Special Tax. The resulting redemption of 2020 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2020 Bonds.

Concentration of Property Ownership

Failure of any significant owner of taxable property within Improvement Area 1, such as the Master Developer and the Merchant Builders, to pay the annual Special Taxes when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the 2020 Bonds. Further development of property in Improvement Area 1 may not occur as currently proposed or at all. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS" herein for information regarding property ownership and the status of development in Improvement Area 1. See also "BOND OWNERS' RISKS – Depletion of Reserve Fund."

Appraised Values

The Appraisal summarized in APPENDIX G estimates the market value of the property that is currently Taxable Property within Improvement Area 1. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The County has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

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

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

No assurance can be given that any of the Taxable Property in Improvement Area 1 could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

Property Values

The value of Taxable Property within Improvement Area 1 is a critical factor in determining the investment quality of the 2020 Bonds. If a property owner defaults in the payment of the Special Tax, the County's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the County's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in Improvement Area 1.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear. See "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Environmental Matters" for additional details on certain environmental matters.

Drought. With respect to droughts specifically, the State has faced water shortfalls in recent years. On January 17, 2014, then Governor Brown declared a state of drought emergency, calling on Californians to conserve water, and subsequent conservation orders and regulations were imposed by then Governor Brown and the California State Water Resources Control Board (the "**Water Board**").

With unprecedented water conservation and plentiful rain- and snowfall in the State throughout the end of 2016 and the beginning of 2017, Governor Brown issued Executive Order B-40-17 on April 7, 2017 (the "**2017 Executive Order**"), which lifted the January 17, 2014 drought declaration in all counties except the counties of Fresno, Kings, Tulare, and Tuolumne, where diminished groundwater supply issues remain. The 2017 Executive Order also directed the Water Board to rescind the water supply stress tests for urban water suppliers, as well any remaining mandatory conservation standards. These rescissions notwithstanding, the 2017 Executive Order instructed the Water Board to maintain urban water use reporting requirements and prohibitions on wasteful water-use practices in order to preserve and promote Statewide water conservation efforts.

Notwithstanding the improved water conditions, the County cannot predict or make any representations regarding the effects that the recent drought and related conditions had or may have on the value of taxable property within Improvement Area 1, or to what extent the effects the recent drought may have had on economic activity in Improvement Area 1.

Fire Hazard. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the County is susceptible to wildland fires due to a combination of factors including overstocked forests, winds, temperatures, humidity levels, fuel moisture content of vegetation and topography. The risk to the community is increased in some areas because of the combustibility of building materials including roofs, adequacy of access roads, water supply duration, and severely overgrown vegetation and lack of defensible space around structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection ("**Cal Fire**") has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire identify areas as Fire Hazard Severity Zones and include three severity classifications: moderate, high, and very high. Certain land within the County is classified as high and very high Fire Hazard Severity Zones. However, Improvement Area 1 is not in the "State Responsibility Area" and is not part of the Fire Hazard Severity Zones discussed above.

From May to October of each year, the County faces a serious wildland fire threat. Fires are anticipated to occur on an annual basis in the County. The threat of wildfire and potential losses are constantly increasing as human development and population increase and the wildland urban interface areas expand. Due to its high fuel load and long, dry summers, most of the County continues to be at risk from wildfire.

In the event taxable property within Improvement Area 1 were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of Special Tax revenues to the County.

Seismic. The areas at and surrounding Improvement Area 1, like those in much of California, may be subject to unpredictable seismic activity. According to the County's General Plan, an unnamed fault that is part of the Hartley Springs Fault Zone crosses the southeastern portion of the County. Other major fault zones in the area include the Ortigalita. The San Andreas and Rinconada faults run west of the County, with the closest in proximity residing approximately 35 miles from the County. The County cannot predict the magnitude of damage may occur to property within Improvement Area 1 or the reduction in assessed valuation in Improvement Area 1 that may result from an earthquake.

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

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property 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 Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the County is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the County is not aware of them.

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

Other Possible Claims Upon the Value of Taxable Property

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

The tables in the sections entitled "THE DISTRICT AND IMPROVEMENT AREA 1 – Direct and Overlapping Governmental Obligations" and "– Estimated Tax Burden on Single Family Homes," show the presently outstanding amount of governmental obligations, the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The tables do not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2020 Bonds. Property owners can also voluntarily add Property Assessed Clean Energy (PACE) assessment liens on their property to finance energy efficiency improvements.

In general, as long as the Annual Facilities Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2020 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy Delays" below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax. See "SECURITY FOR THE 2020 BONDS – Rate and Method."

In addition, although 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, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Future Property Development

Continuing development of the parcels in Improvement Area 1 may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, compliance with required environmental mitigation measures, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in Improvement Area 1 may also be affected by development in surrounding areas, which may compete with the property in Improvement Area 1.

FDIC/Federal Government Interests in Properties

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

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

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

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

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

The County has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2020 Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within Improvement Area 1 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the County to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

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

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

The County is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area 1 in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2020 Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the 2020 Bonds. See "SECURITY FOR THE 2020 BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the 2020 Bonds (and any Parity Bonds the principal of and interest on which is payable from amounts in the Reserve Fund) if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within Improvement Area 1. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the 2020 Bonds (and any Parity Bonds the principal of and interest on which is payable from amounts in the Reserve Fund) under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the County to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2020 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2020 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2020 Bonds and the possibility of delinquent Special Taxes not being paid in full.

The chances are increased that the Reserve Fund established for the 2020 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2020 Bonds on a timely basis.

Cyber Security

The County, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the County is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the County's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the County or the District, or the administration of the 2020 Bonds. The County is also reliant on other entities and service providers in connection with the administration of the 2020 Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes, the Fiscal Agent, and the Dissemination Agent. No assurance can be given that the County, the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Disclosure to Future Purchasers

The County has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in Improvement Area 1 or the lending of money secured by property in Improvement Area 1. The Act requires the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The 2020 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2020 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT." So long as the 2020 Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the 2020 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2020 Bonds were issued as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2020 Bonds were to become includable in gross income for purposes of federal income taxation, the 2020 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE 2020 BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2020 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2020 Bonds might be affected as a result of such an audit of such 2020 Bonds (or by an audit of similar bonds or securities).

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

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Voter Initiatives

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

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the County. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2020 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the

California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

The Special Taxes and the 2020 Bonds were each authorized by not less than a two-thirds vote of the landowners within Improvement Area 1 who constituted the qualified electors at the time of such voted authorization. The County believes, therefore, that issuance of the 2020 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the County and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

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

The County cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the County. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2020 Bonds.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2020 Bonds or, if a secondary market exists, that any 2020 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2020 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal

Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2020 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2020 Bonds or obligations that present similar tax issues as the 2020 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2020 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX F.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth, P.C., Newport Beach, California, is serving as counsel to the Underwriter.

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2020 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2020 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2020 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2020 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2020 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2020 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2020 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2020 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2020 Bonds who purchase the 2020 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2020 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2020 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2020 Bond (said term being the shorter of the 2020 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2020 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2020 Bond is amortized each year over the term to maturity of the 2020 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized bond premium is not deductible for federal income tax purposes. Owners of premium 2020 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2020 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2020 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2020 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2020 Bonds, or as to the consequences of owning or receiving interest on the 2020 Bonds, as of any future date. Prospective purchasers of the 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2020 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2020 Bonds, the ownership, sale or disposition of the 2020 Bonds, or the amount, accrual or receipt of interest on the 2020 Bonds.

Litigation

At the time of delivery of the 2020 Bonds, the County will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the County has been served with process or threatened, which:

- in any way questions the powers of the Board of Supervisors, County or District, or

- in any way questions the validity of any proceeding taken by the Board of Supervisors in connection with the issuance of the 2020 Bonds, or

- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2020 Bonds, or

- which, in any way, could adversely affect the validity or enforceability of the resolutions of the Board of Supervisors adopted in connection with the formation of the District and Improvement Area 1 or the issuance of the 2020 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2020 Bonds, or

- to the knowledge of the County, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2020 Bonds for federal income tax purposes, or

- in any other way questions the status of the 2020 Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The County. The County will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to Improvement Area 1 and the 2020 Bonds (the "**Annual Report**") by not later than nine months after the end of the County's fiscal year (currently April 1 based on the County's fiscal year end of June 30), commencing April 1, 2021 with the report for the fiscal year ended June 30, 2020, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX E-1.

The County, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance with those undertakings. During the past five years, the County or its related entities have not failed to comply with their prior undertakings.

The County has engaged NBS Government Finance Group to serve as its dissemination agent and assist the County in complying with its continuing disclosure undertaking with respect to the 2020 Bonds. To further ensure such compliance, the County has adopted policies and procedures related thereto.

Master Developer. The Master Developer will covenant in a continuing disclosure certificate, the form of which is set forth in Appendix E-2 to this Official Statement (the "**Property Owner Continuing Disclosure Certificate**"), for the benefit of holders and beneficial owners of the 2020 Bonds, to provide certain information relating to itself and the status of its property within Improvement Area 1 on a semi-annual basis, beginning on April 1, 2021 and to provide notices of the occurrence of certain enumerated events. See "APPENDIX E-2 – FORM OF PROPERTY OWNER CONTINUING DISCLOSURE CERTIFICATE."

The Master Developer is not an obligated person as defined under the Rule.

The obligations of the Master Developer under its Property Owner Continuing Disclosure Certificate will terminate when the Master Developer no longer owns 135 or more lots within Improvement Area 1.

Neither the Master Developer nor any entity affiliated with the Master Developer has previously entered into any undertaking under the Rule.

NO RATING

The County has not obtained a credit rating on the 2020 Bonds. Nothing should be assumed from any credit rating that the County may obtain for other purposes. Prospective purchasers of the 2020 Bonds are required to make independent determinations as to the credit quality of the 2020 Bonds and their appropriateness as an investment.

UNDERWRITING

The 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"), at a purchase price of $13,181,100.10 (which represents the aggregate principal amount of the 2020 Bonds ($12,805,000.00), plus net original issue premium of $551,018.85, less an Underwriter's discount of $174,918.75).

The purchase agreement relating to the 2020 Bonds provides that the Underwriter will purchase all of the 2020 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2020 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

The County has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as Municipal Advisor for the sale of the 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Fieldman, Rolapp & Associates, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the 2020 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2020 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth, A Professional Corporation, as Underwriter's Counsel;
- A portion of the fees of Fieldman, Rolapp & Associates, Inc., as municipal advisor;
- A portion of the fees of NBS Government Finance Group, as special tax consultant; and
- U.S. Bank National Association, as Fiscal Agent.

EXECUTION

The execution and delivery of the Official Statement has been duly authorized by the Board of Supervisors, acting as the legislative body of the District.

COUNTY OF MADERA

By: /s/ Jay Varney
Jay Varney
County Administrative Officer

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APPENDIX A

GENERAL DEMOGRAPHIC INFORMATION ABOUT THE COUNTY OF MADERA

*The following information concerning the County of Madera (the "**County**") is included only for the purpose of supplying general information regarding the area of the County. The Bonds are not a debt of the County, the State of California (the "**State**") or any of its political subdivisions (other than the Authority), and none of the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.*

The County has not independently verified the information set forth in this Appendix A and while this information is believed to be reliable, it is not guaranteed as to accuracy by the County. Certain information relating to employment, income and taxable transactions to be released for 2020 can be expected to be materially different from the historical figures set forth in this Appendix. See "BOND OWNERS' RISK – COVID-19 Pandemic" in the Official Statement.

General and Location

The County is located in the exact geographical center of the State, stretching from the rich San Joaquin Valley to the crest of the Sierra Nevada, the highest mountains in the contiguous United States. Bordered on the north by the Chowchilla River and on the south by the San Joaquin River, the County includes some of the richest agricultural land in the nation.

The County encompasses approximately 2,147 square miles. The County borders Fresno County on the south, Mariposa and Merced counties on the north, and Mono County to the east. It is located approximately 20 miles from the Fresno Metropolitan Area, 166 miles from the Bay Area, 240 miles from Los Angeles, 88 miles from Yosemite, and 160 miles from Pacific beaches.

The County was formed in 1893 from the southern part of Mariposa County during a special election held on May 16, 1893. Citizens residing in the area that was to become the County voted 1,179 to 358 for establishment of the new county.

Population

As of January 1, 2020, the County's population was approximately 158,147, which represents a 0.87% decrease below the January 1, 2019 population estimate of 159,536. The historic population estimates for the County and cities within the County as of January 1 of the years 2016 through 2020 are listed below.

MADERA COUNTY
Population Estimates
As of January 1

Area	**2016**	**2017**	**2018**	**2019**	**2020**
Chowchilla	18,396	18,745	18,994	18,742	18,196
Madera	64,418	64,944	65,671	66,419	65,415
Unincorporated	72,035	73,105	73,663	74,375	74,536
County Total	154,849	156,794	158,328	159,536	158,147

Source: California State Department of Finance.

Effective Buying Income

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

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2016 through 2020.

MADERA COUNTY
Effective Buying Income
2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	Madera County	$2,185,353	$38,332
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Madera County	$2,267,257	$40,776
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Madera County	$2,595,879	$45,103
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Madera County	$2,825,071	$48,372
	California	1,183,264,399	62,637
	United States	9,017,967,5639	52,841
2020	Madera County	$2,846,119	$49,006
	California	1,183,264,399	62,637
	United States	9,017,967,5639	52,841

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Additionally, the County reports that its housing affordability index for 2019 is 52% higher than the State's average of 31%.

Commercial Activity

Total taxable sales during calendar year 2019 in the County were reported to be $1,764,262,471 a 5.14% increase over the total taxable sales of $1,677,951,470 reported during calendar year 2018. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table.

Taxable transactions for Fiscal Year 2019-20 have been impacted by the stay at home orders. See “THE COUNTY AND COUNTY FINANCIAL INFORMATION –COVID-19 Projected Impact” herein for further discussion of the Governor’s executive order relating to sales tax payments.

MADERA COUNTY
Taxable Transactions
(Figures in Thousands)

	Retail Stores		Total All Outlets	
	Numbers of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2015[1]	1,005	$997,861	3,090	$1,520,880
2016	2,084	1,033,854	3,116	1,541,525
2017	2,070	1,092,105	3,096	1,633,205
2018	2,000	1,149,045	3,110	1,677,951
2019	2,051	1,201,085	3,234	1,764,262

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
State Department of Tax and Fee Administration.

Building and Construction

Provided below are the building permits and valuations for the County for calendar years 2015 through 2019.

MADERA COUNTY
TOTAL BUILDING PERMIT VALUATIONS
(VALUATIONS IN THOUSANDS)

	2015	2016	2017	2018	2019
Permit Valuation					
New Single-family	$37,821.1	$52,614.1	$97,023.2	$124,201.8	$183,450.0
New Multi-family	0.0	0.0	0.0	0.0	4,013.8
Res. Alterations/Additions	4,308.9	4,145.6	15,390.9	5,486.7	3,692.5
Total Residential	42,130.0	56,759.7	112,414.1	129,688.5	191,156.3
New Commercial	45,095.2	12,635.6	15,231.7	64,114.0	22,311.7
New Industrial	0.0	4,323.5	533.5	302.9	4,310.0
New Other	8,804.5	8,262.8	21,416.9	17,216.6	15,199.2
Com. Alterations/Additions	10,251.7	10,034.2	5,743.3	3,864.4	7,205.9
Total Nonresidential	64,151.4	35,256.1	42,925.4	85,497.9	49,026.8
New Dwelling Units					
Single Family	203	304	410	521	670
Multiple Family	0	0	0	0	44
TOTAL	203	304	410	521	714

Source: Construction Industry Research Board, Building Permit Summary.

Employment and Industry

The unemployment rate in the Madera Metropolitan Statistical Area was 15.2% in May 2020, down from a revised 16.0% in April 2020, and above the year-ago estimate of 6.2%. This compares with an unadjusted unemployment rate of 15.9% for California and 13.0% for the nation during the same period. As a result of the COVID-19 pandemic the County anticipates that the unemployment rate in the County and State will increase above these levels and the increase may be significant.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2015 through 2019.

MADERA COUNTY
Madera Metropolitan Statistical Area
Employment by Industry
Annual Averages

	2015	2016	2017	2018	2019
Civilian Labor Force	59,800	61,000	61,000	61,300	61,900
Employment	53,500	55,400	56,000	57,000	57,700
Unemployment	6,300	5,600	4,900	4,400	4,300
Unemployment Rate	10.5%	9.2%	8.1%	7.1%	6.9%
Wage and Salary Employment: (1)					
Agriculture	11,500	12,200	12,100	12,300	12,500
Mining, Logging, and Construction	1,500	1,800	1,800	1,900	2,000
Manufacturing	3,500	3,400	3,300	3,400	3,400
Wholesale Trade	1,000	1,000	900	1,000	900
Retail Trade	3,700	3,800	3,800	3,900	3,900
Trans., Warehousing, Utilities	800	800	800	900	900
Information	400	300	300	300	300
Financial Activities	800	800	700	700	800
Professional and Business Services	2,200	2,300	2,300	2,200	2,200
Educational and Health Services	7,700	7,800	8,300	8,600	8,800
Leisure and Hospitality	3,100	3,300	3,400	3,500	3,800
Other Services	1,000	1,000	900	900	1,100
Federal Government	300	300	300	300	300
State Government	2,300	2,400	2,500	2,500	2,500
Local Government	6,500	7,700	8,000	8,200	8,300
Total All Industries (2)	46,200	48,700	49,500	50,700	51,700

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

Major Employers

The table below lists the major employers in the County. Major employers in the County include those in education, health care, electronics, retail and manufacturing. Major public sector employers include public universities and schools, the State of California and the County.

MADERA COUNTY
Principal Employers
July 2020

Employer Name	Location	Industry
Ardagh Group	Madera	Glass Containers (mfrs)
BAC	Madera	Assembly & Fabricating Service (mfrs)
Baltimore Aircoil Co	Madera	Refrigerating Equip Supls & Parts-Mfrs
Central AG Labor Svc	Madera	Labor Contractors
Certain Teed Corp	Chowchilla	Building Materials-Manufacturers
Chukchansi Gold Resrt & Casino	Coarsegold	Resorts
EVAPCO Inc	Madera	Evaporative Coolers Mfg & Wholesale
Georgia-Pacific Corp-Madera	Madera	Sawmills (mfrs)
Home Depot	Madera	Home Centers
Lamanuzzi & Pantaleo Cold Stge	Madera	Fruits & Vegetables-Harvesting
Lion Brothers Farm-Newstone	Madera	Farming Service
Lowe's Home Improvement	Madera	Home Centers
Madera City Hall	Madera	Government Offices-City/Village & Twp
Madera Community Hospital	Madera	Hospitals
Madera High School	Madera	Schools
Madera Rehab Ctr	Madera	Senior Citizens Service
Madera South Highschool	Madera	School Districts
Millview School	Madera	Schools-Nursery & Kindergarten Academic
San Joaquin Wine Co	Madera	Wineries (mfrs)
Sierra Tel	Oakhurst	Telephone Companies
Span Construction Inc	Madera	Contractors-Equip/Supls-Dlrs/Svc (whls)
Valley Children's Hospital	Madera	Hospitals
Valley State Prison For Women	Chowchilla	Government Offices-State
Walmart	Madera	Department Stores
Warnock Food Products	Madera	Food Products & Manufacturers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

APPENDIX B

RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA 1 OF THE COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO) AND RESOLUTION REGARDING SPECIAL TAX LEVY

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IMPROVEMENT AREA 1 OF THE
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1
(TESORO VIEJO)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor's Parcel in Improvement Area 1 of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area 1, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Unit" means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder's Office.

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

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the County in carrying out its duties with respect to Improvement Area 1 and Improvement Area M, the CFD, and the Bonds, including, but not limited to, the levy and collection of Special Taxes and special taxes in Improvement Area M, the fees and expenses of its legal counsel, charges levied in connection with the levy and collection of Special Taxes and special taxes in Improvement Area M, costs related to property owner inquiries regarding the Special Taxes, costs associated with a letter of credit or other credit enhancement, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs of the dissemination agent for the County and any party that has undertaken to provide continuing disclosure, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Taxes, costs associated with foreclosure and collection of delinquent Special Taxes and special taxes levied in Improvement Area M, costs associated with responding to questions from, or an audit by, the Internal Revenue Service or Securities and Exchange Commission, and all other costs and expenses of the County in any way related to the establishment or administration of Improvement Area 1, Improvement Area M, and the CFD.

"**Administrator**" means the person or firm designated by the County to administer the Special Taxes according to this RMA.

"**Annual Facilities Special Tax**" means a special tax levied in Improvement Area 1 in any Fiscal Year to pay the Facilities Special Tax Requirement.

"**Annual Special Tax**" **or** "**Annual Special Taxes**" means, collectively, the Annual Facilities Special Tax and the Services Special Tax.

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

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

"**Attached Residential Property**" means, in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a residential structure consisting of two or more Residential Units that share common walls, including but not limited to townhome, condominium, halfplex, duplex, and apartment units. If a Building Permit is issued for a structure that includes both Residential Units and office, retail, or other commercial uses, the Parcel shall be categorized as Mixed-Use Property instead of Attached Residential Property.

"**Authorized Expenditures**" means, collectively, the Authorized Facilities and Authorized Services.

"**Authorized Facilities**" means the public facilities authorized to be financed, in whole or in part, by the CFD.

"**Authorized Services**" means the public services authorized to be funded, in whole or in part, by the CFD.

"**Average Density**" means, for a Parcel of Attached Residential Property, the density determined by dividing the number of Residential Units that are, or are expected to be, built on the Parcel by the Acreage of the Parcel. The number of Residential Units shall be determined based on reference to the condominium plan, site plan, information provided by the developer or the County, or other sources available to the Administrator.

"**Board**" means the Board of Supervisors of the County.

"**Bonds**" means bonds or other debt (as defined in the Act), whether in one or more series, issued or assumed by the CFD on behalf of Improvement Area 1 to fund Authorized Facilities.

"**Building Permit**" means a single permit or set of permits required to construct a residential or non-residential structure. If a permit is issued for a foundation, parking, landscaping or other related facility or amenity, but a building permit has not yet been issued for the structure served by these facilities or amenities, such permit shall not be considered a "Building Permit" for purposes of application of the Special Taxes herein.

"Capitalized Interest" means funds in any capitalized interest account available to pay interest on Bonds.

"Certificate of Special Tax Consultant" means the certificate signed by the special tax consultant in association with the issuance of Bonds that certifies to Bond investors that application of this RMA will produce revenues sufficient to pay debt service on the Bonds and provide the Required Coverage.

"CFD" means the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo).

"CFD Formation" means the date on which the Resolution of Formation to form the CFD was adopted by the Board.

"Commercial Square Footage" or "Commercial Square Foot" means, for a Parcel of Developed Property, the gross square footage of a building or portion of a building that is used for one or more commercial establishments that sell general merchandise, hard goods, food and beverage, personal services, and other items directly to consumers, or other uses that are consistent with County commercial land use designations, including but not limited to restaurants, bars, entertainment venues, health clubs, spas, laundromats, dry cleaners, repair shops, storage facilities, and parcel delivery shops. In addition, any other non-residential use on a Parcel of Developed Property that does not fit within the definitions of Industrial Square Footage or Office Square Footage shall be categorized as Commercial Square Footage for purposes of this RMA. The Administrator, in conjunction with the County, shall make the final determination as to the amount of Commercial Square Footage on a Parcel, and such determination shall be conclusive and binding. Commercial Square Foot means one square foot within the Commercial Square Footage.

"County" means the County of Madera.

"Detached Residential Property" means, in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a Residential Unit that does not share a common wall with another Residential Unit, which shall not include a penthouse unit in a building on Attached Residential Property or Mixed-Use Property.

"Developed Property" means, in any Fiscal Year, all Parcels of Taxable Property for which Building Permits have been issued on or prior to June 30 of the preceding Fiscal Year, not including Taxable Owners Association Property or Taxable Public Property.

"Development Class" means, individually, Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property, or Taxable Public Property.

"Escalation Factor" means, in any Fiscal Year, the lesser of (i) the percentage increase in the Index, if any, during the 12-month period from April to April ending with April of the prior Fiscal Year, or (ii) five percent (5%).

"Estate Lot" means any SFD Lot within Improvement Area 1 that is greater than or equal to 10,000 square feet. For purposes of this RMA, such a lot shall be categorized as an Estate Lot regardless of the size of Residential Unit constructed on the lot.

"Expected Land Uses" means the number of SFD Lots, number of Residential Units within each Special Tax Category, and the amount of each Non-Residential Property Type expected within Improvement Area 1, as identified in Attachments 1 and 2 of this RMA. Pursuant to Section C below, the Administrator shall update Attachment 2 within 30 days prior to the First Bond Sale and each time there is a Land Use Change thereafter.

"Expected Maximum Annual Facilities Special Tax Revenues" means the amount of revenue that would be available in Improvement Area 1 if the Maximum Annual Facilities Special Tax was levied on the Expected Land Uses. The Expected Maximum Annual Facilities Special Tax Revenues are shown in Attachment 2, and such amount may be adjusted pursuant to Section C or if Parcels within Improvement Area 1 prepay all or a portion of the Annual Facilities Special Tax obligation.

"Facilities Special Tax Requirement" means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to replenish reserve funds to the extent such replenishment has not been included in a computation of the Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses that have not already been factored into the calculation of the Services Special Tax Requirement or special taxes levied within Improvement Area M, and (v) to pay the costs of Authorized Expenditures to be funded directly from Annual Facilities Special Tax proceeds to the extent that paying directly for such costs does not increase the Annual Facilities Special Taxes levied on Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by (a) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, (b) proceeds from the collection of penalties and interest associated with delinquent Special Taxes, , and (c) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

"Final Map" means a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term "Final Map" shall not include any large lot subdivision map, Assessor's Parcel Map, or subdivision map or portion thereof that does not create SFD Lots, including Assessor's Parcels that are designated as remainder parcels.

"Final Map Property" means, in any Fiscal Year, all property for which a Final Map had recorded prior to June 30 of the preceding Fiscal Year and which has not yet become Developed Property, not including Taxable Owners Association Property or Taxable Public Property.

"First Bond Sale" means issuance of the first series of Bonds secured, in whole or in part, by Annual Facilities Special Taxes levied and collected from Parcels in Improvement Area 1.

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

"Improvement Area 1" means Improvement Area 1 of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo).

"Improvement Area M" means Improvement Area M of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo).

"Improvement Area M Facilities Special Tax Revenues" means revenues available from the levy and collection of a facilities special tax within Improvement Area M.

"Improvement Area M Services Special Tax Revenues" means revenues available from the levy and collection of a services special tax within Improvement Area M.

"Improvement Fund" means the account(s) (regardless of the actual name assigned) established by the County to hold funds which are available to acquire or construct Authorized Facilities.

"Indenture" means the bond 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.

"Index" means, in any Fiscal Year, the Consumer Price Index for All Urban Consumers, Series ID: CUUR0400SA0, Not Seasonally Adjusted, West Urban, All Items, Base Period 1982-84=100, as measured by the Bureau of Labor Statistics. If this index ceases to be published, the Administrator, in coordination with the County, shall select another comparable index.

"Industrial Square Footage" or **"Industrial Square Foot"** means, for a Parcel of Developed Property, the gross square footage of a building or portion of a building that is used for manufacturing, production, research and development, storage, processing of goods or food products, or any other uses that are consistent with County industrial land use designations. The Administrator, in conjunction with the County, shall make the final determination as to the amount of Industrial Square Footage on a Parcel, and such determination shall be conclusive and binding. Industrial Square Foot means one square foot within the Industrial Square Footage.

"Land Use Change" means a change to the Expected Land Uses within Improvement Area 1 after CFD Formation, which shall include but not be limited to, approval of Final Maps that reflect a different number of SFD Lots, issuance of Building Permits that will result in a different number of Residential Units in a particular Special Tax Category, or issuance of Building Permits that reflect a different amount of Non-Residential Square Footage than that shown in the Expected Land Uses, as determined by the Administrator.

"Maximum Annual Facilities Special Tax" means the greatest amount of Annual Facilities Special Tax that can be levied on an Assessor's Parcel in any Fiscal Year as determined pursuant to Section C.1 below.

"Maximum Annual Facilities Special Tax Revenues" means, at any point in time, the aggregate revenue that can be generated if the Maximum Annual Facilities Special Tax is levied on all Parcels of Taxable Property in Improvement Area 1.

"Maximum Annual Special Taxes" means, collectively, the Maximum Annual Facilities Special Tax and Maximum Services Special Tax.

"**Maximum One-Time Special Tax**" means the greatest amount of One-Time Special Tax that can be levied on an Assessor's Parcel in any Fiscal Year as determined pursuant to Section C.3 below.

"**Maximum Services Special Tax**" means the greatest amount of Services Special Tax that can be levied on an Assessor's Parcel in any Fiscal Year as determined pursuant to Section C.2 below.

"**Mixed-Use Property**" means any Parcel of Developed Property for which a Building Permit was issued for a structure that includes Residential Units, as well as Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage.

"**Non-Residential Property**" means, in any Fiscal Year, all Parcels of Developed Property on which there is Commercial Square Footage, Industrial Square Footage, and/or Office Square Footage but no Residential Units.

"**Non-Residential Property Type**" means, individually, Commercial Square Footage, Industrial Square Footage, and Office Square Footage.

"**Office Square Footage**" or "**Office Square Foot**" means, for a Parcel of Developed Property, the gross square footage of a building or portion of a building that is used for professional offices, medical or dental offices, or any other uses that are consistent with County office land use designations. The Administrator, in conjunction with the County, shall make the final determination as to the amount of Office Square Footage on a Parcel, and such determination shall be conclusive and binding. Office Square Foot means one square foot within the Office Square Footage.

"**One-Time Special Tax**" means a special tax that will be levied, pursuant to Section C.3 below, at such time as the Administrator determines that, without payment of such One-Time Special Tax, a Land Use Change would reduce the Expected Maximum Annual Facilities Special Tax Revenues to a point at which debt service coverage on the Bonds would be less than the Required Coverage.

"**Original Bond Debt Service**" means, in any calendar year, the debt service reflected for that calendar year in the debt service schedule for the first series of Bonds, combined with the debt service on any subsequent series of Bonds that were issued for Improvement Area 1 that are not refunding bonds, in each case as such debt service was calculated at the time such Bonds were issued, adjusted to reflect any prepayments of Annual Facilities Special Taxes and any payments of One-Time Special Taxes.

"**Outstanding Bonds**" means all Previously Issued Bonds which remain outstanding, with the following exception: if an Annual Facilities Special Tax has been levied against, or already paid by, an Assessor's Parcel making a prepayment or paying a One-Time Special Tax, and a portion of the Annual Facilities Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds.

"Owners Association" means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within Improvement Area 1.

"Owners Association Property" means any property within the boundaries of Improvement Area 1 that is owned in fee or by easement by an Owners Association, not including any such property that is located directly under a residential structure.

"Previously Issued Bonds" means all Bonds that have been issued prior to the date on which a One-Time Special Tax or prepayment is calculated pursuant to Section C.3 or Section G below.

"Price Point Study" means a study or update to a prior Price Point Study that is prepared by a consultant under contract to the County to determine the current sales prices for Residential Units within each Special Tax Category.

"Proportionately" means (separately for the Annual Facilities Special Tax and Services Special Tax), for Developed Property, that the ratio of the actual Annual Special Taxes levied in any Fiscal Year to the Maximum Annual Special Taxes authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property. For Final Map Property, "Proportionately" means that the ratio of the actual Annual Special Taxes levied to the Maximum Annual Special Taxes is equal for all Parcels of Final Map Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Annual Special Taxes levied to the Maximum Annual Special Taxes is equal for all Parcels of Undeveloped Property. For Taxable Owners Association Property, "Proportionately" means that the ratio of the actual Annual Special Taxes levied to the Maximum Annual Special Taxes is equal for all Parcels of Taxable Owners Association Property. For Taxable Public Property, "Proportionately" means that the ratio of the actual Annual Special Taxes levied to the Maximum Annual Special Taxes is equal for all Parcels of Taxable Public Property.

"Public Facilities Requirements" means: (i) $22,430,000 in Fiscal Year 2017-18 dollars, which amount shall, on July 1, 2018 and on each July 1 thereafter, be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year, or (ii) such other number as shall be determined by the Administrator to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of Improvement Area 1 based on the Expected Maximum Annual Facilities Special Tax Revenues at the time of a prepayment or payment of a One-Time Special Tax.

"Public Property" means any property within the boundaries of Improvement Area 1 that is owned by the federal government, State of California, other local governments or public agencies, or the Tesoro Viejo Master Mutual Water Company or the River Conservancy at Tesoro Viejo.

"Remainder Special Taxes" means, as calculated by the Administrator between September 1st and December 31st of any Fiscal Year, any Annual Facilities Special Tax revenues that were collected in the prior Fiscal Year and were not needed to: (i) pay the greater of Original Bond Debt Service or the aggregate debt service on all Outstanding Bonds in the calendar year in which the Remainder Special Taxes are being calculated; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; or (v) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the County prior to the receipt of additional Annual Facilities Special Tax revenues.

"Remaining Facilities Costs" means the Public Facilities Requirements, minus the Authorized Facilities costs funded by Previously Issued Bonds, Annual Facilities Special Taxes, or prior prepayments.

"Required Coverage" means the amount by which the Expected Maximum Annual Facilities Special Tax Revenues must exceed the sum of Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

"Residential Property" means, collectively, Attached Residential Property, Detached Residential Property, and any portion of Mixed-Use Property that includes Residential Units.

"Residential Square Foot" or **"Residential Square Footage"** means the square footage of living area of a Residential Unit that is reflected on a Building Permit, condominium plan, or if not reflected on the Building Permit or condominium plan, on any other source of such information that is deemed by the Administrator to be a reliable determination of the square footage of each Residential Unit within a building. Residential Square Foot means one square foot within the Residential Square Footage.

"Residential Unit" means, for Detached Residential Property, an individual single-family detached unit, and, for Attached Residential Property and Mixed-Use Property, an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, live/work or condominium structure, or apartment building. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Residential Unit for purposes of this RMA.

"RMA" means this Rate and Method of Apportionment of Special Taxes.

"Services Special Tax" means a special tax levied in Improvement Area 1 in any Fiscal Year to pay the Services Special Tax Requirement.

"Services Special Tax Requirement" means the amount of revenue needed in any Fiscal Year to pay for: (i) Authorized Services, (ii) Administrative Expenses that have not already been factored into the calculation of the Facilities Special Tax Requirement or special taxes levied in Improvement Area M, and (iii) amounts needed to cure any delinquencies in the payment of Services Special Taxes which have occurred in the prior Fiscal Year. In any Fiscal Year, the Services Special Tax Requirement may be reduced by surplus amounts available (as determined by the Administrator) from the levy of the Services Special Tax in prior Fiscal Years, including revenues from the collection of delinquent Services Special Taxes and associated penalties and interest.

"SFD Lot" means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit was or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

"**Special Taxes**" means, collectively, the Annual Special Taxes and the One-Time Special Tax.

"**Special Tax Category**" means one of the ten square footage categories of Detached Residential Property or one of the four density categories of Attached Residential Property set forth in Tables 1 and 2 in Section C below.

"**Taxable Owners Association Property**" means, in any Fiscal Year, all Parcels of Owners Association Property that are not exempt pursuant to Section F below.

"**Taxable Property**" means all Parcels within the boundaries of Improvement Area 1 that are not exempt from the Special Taxes pursuant to law or Section F below.

"**Taxable Public Property**" means, in any Fiscal Year, all Parcels of Public Property that are otherwise subject to the levy of the Special Taxes and that are not exempt pursuant to Section F below.

"**Undeveloped Property**" means all Parcels of Taxable Property that are not Developed Property, Final Map Property, Taxable Owners Association Property, or Taxable Public Property.

B. DATA FOR ADMINISTRATION OF SPECIAL TAXES

Each Fiscal Year, the Administrator shall: (i) categorize each Parcel of Taxable Property as Developed Property, Final Map Property, Undeveloped Property, Taxable Owners Association Property or Taxable Public Property; (ii) for Developed Property, categorize each Parcel as Detached Residential Property, Attached Residential Property, Non-Residential Property, or Mixed-Use Property; (iii) assign each Residential Unit to the appropriate Special Tax Category; (iv) determine the Commercial Square Footage, Office Square Footage, and Industrial Square Footage on each Parcel of Non-Residential Property and Mixed-Use Property; and (v) calculate the Facilities Special Tax Requirement and Services Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis after the First Bond Sale, monitor Final Maps and track the Residential Square Footage and the amount of each Non-Residential Property Type on all Building Permits that have been issued to determine if there are any Land Use Changes that would reduce the Expected Maximum Annual Facilities Special Tax Revenues. If, after the First Bond Sale, the Expected Maximum Annual Facilities Special Tax Revenues would be revised pursuant to a Land Use Change, the Administrator shall apply the steps set forth in Section C.3 below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAXES

1. Annual Facilities Special Tax

a. Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property

The Maximum Annual Facilities Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property is $16,481 per Acre for Fiscal Year 2017-18, which amount shall increase on July 1, 2018 and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

b. Final Map Property

The Maximum Annual Facilities Special Tax for Final Map Property is $16,481 per Acre for Fiscal Year 2017-18, which amount shall increase on July 1, 2018 and each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

c. Developed Property

The Maximum Annual Facilities Special Tax for Parcels of Developed Property shall be determined by reference to Table 1 below.

TABLE 1
IMPROVEMENT AREA 1
MAXIMUM ANNUAL FACILITIES SPECIAL TAX FOR DEVELOPED PROPERTY

Type of Property	Special Tax Category or Non-Residential Property Type	Maximum Annual Facilities Special Tax (Fiscal Year 2017-18)*
Detached Residential Property	Category #1 Estate Lots	$4,958 per Residential Unit
Detached Residential Property	Category #2: Residential Units Greater than or equal to 3,300 square feet	$2,582 per Residential Unit
Detached Residential Property	Category #3: Residential Units 3,050-3,299 square feet	$2,479 per Residential Unit
Detached Residential Property	Category #4: Residential Units 2,800-3,049 square feet	$2,295 per Residential Unit
Detached Residential Property	Category #5: Residential Units 2,550-2,799 square Feet	$2,169 per Residential Unit
Detached Residential Property	Category #6: Residential Units 2,300-2,549 square feet	$1,979 per Residential Unit
Detached Residential Property	Category #7: Residential Units 2,050-2,299 square feet	$1,870 per Residential Unit
Detached Residential Property	Category #8: Residential Units 1,800-2,049 square feet	$1,709 per Residential Unit
Detached Residential Property	Category #9: Residential Units 1,550-1,799 square feet	$1,629 per Residential Unit
Detached Residential Property	Category #10: Residential Units less than 1,550 square feet	$1,480 per Residential Unit
Attached Residential Property	Category #11 Average Density: less than or equal to 9 Residential Units/acre	$1,623 per Residential Unit
Attached Residential Property	Category #12: Average Density: greater than 9 and less than 15 Residential Units/acre	$1,560 per Residential Unit
Attached Residential Property	Category #13 Average Density: greater than or equal to 15 and less than 16 Residential Units/acre	$1,222 per Residential Unit
Attached Residential Property	Category #14 Average Density: greater than or equal to 16 Residential Units/acre	$883 per Residential Unit
Non-Residential Property	Commercial Square Footage	$1.20 per Commercial Square Foot
Non-Residential Property	Office Square Footage	$0.50 per Office Square Foot
Non-Residential Property	Industrial Square Footage	$1.20 per Industrial Square Foot

** On July 1, 2018 and on each July 1 thereafter, all dollar amounts shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.*

The Maximum Annual Facilities Special Tax for a Parcel of Mixed-Use Property shall be determined as follows:

Step 1. Based on reference to the Building Permit, condominium plan, site plan, or information from the County or developer, calculate the number of Residential Units that are expected to be built on the Parcel.

Step 2. Multiply the number of Residential Units determined in Step 1 by the Maximum Annual Facilities Special Tax for Special Tax Category #11.

Step 3. Based on reference to the Building Permit, condominium plan, site plan, or information from the County or developer, determine the amount of Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 4. Separately for each Non-Residential Property Type, multiply the square footage determined in Step 3 by the Maximum Annual Facilities Special Tax for that Non-Residential Property Type and calculate the sum total Maximum Annual Facilities Special Taxes for all Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 5. To determine the Maximum Annual Facilities Special Tax for the Parcel, take the sum of the amounts determined in Steps 2 and 4 above.

If, at least 150 days prior to the expected date of the First Bond Sale, and prior to the first sale of a home in Improvement Area 1 to an individual homebuyer, a written request signed by the owners of at least two-thirds (2/3) of the Acreage of Taxable Property within Improvement Area 1 is submitted to the County requesting that the Maximum Annual Facilities Special Taxes for one or more Special Tax Categories be proportionately or disproportionately reduced, the County shall commission a Price Point Study, the cost of which shall be paid from a deposit provided by the landowners requesting the reduction. If, based on the lowest base sales prices determined in the Price Point Study, the Administrator estimates that the Maximum Annual Facilities Special Tax proposed for any Special Tax Category would result in a total effective tax rate, including property tax, tax overrides, and other direct special taxes and assessments, that is greater than 1.75%, then the County shall allow for a reduction of the Annual Facilities Special Tax to provide that the total effective tax rate for each Special Tax Category after the reduction is expected to be 1.75% of the lowest base sales price. Such reduction shall be: (i) a one-time event, (ii) made within 90 days of the First Bond Sale, (iii) made without a vote of the qualified electors in the CFD, and (iv) codified by recordation of an amended Notice of Special Tax Lien against all Parcels of Taxable Property within Improvement Area 1. After such reduction, the Administrator shall update Attachment 2 to reflect the Expected Maximum Annual Facilities Special Tax Revenues based on the reduced Maximum Annual Facilities Special Taxes.

At least 120 days prior to the expected date of the First Bond Sale, the landowners within Improvement Area 1 may submit a written request, signed by all landowners in Improvement Area 1, to assign a portion of the Expected Land Uses and corresponding Expected Maximum

Annual Facilities Special Tax Revenues to each landowner. Such written request will provide a proposed breakdown of the Expected Land Uses and Expected Annual Maximum Special Tax Revenues, which the Administrator shall review with the County. If approved by the County, the Administrator shall update Attachment 2 to reflect the assigned Expected Land Uses and Expected Maximum Annual Facilities Special Tax Revenues for each landowner, and thereafter, the application of Section C.3 of this RMA will consider the Expected Land Uses and Expected Maximum Annual Special Tax Revenues separately for each landowner as set forth in the updated Attachment 2. After the assignment to individual landowners as provided pursuant to this paragraph, the aggregate Expected Annual Maximum Facilities Special Tax Revenues shall be the same amount as prior to the allocation.

After the First Bond Sale, once an Annual Facilities Special Tax has been levied on a Parcel of Developed Property, the Maximum Annual Facilities Special Tax applicable to the Parcel shall not be reduced in future Fiscal Years regardless of changes in land use or square footage on the Parcel, except in the event of a prepayment pursuant to Section G below.

2. *Services Special Tax*

a. Undeveloped Property

The Maximum Services Special Tax for Undeveloped Property is $4,204 per Acre for Fiscal Year 2017-18, which amount shall increase on July 1, 2018 and each July 1 thereafter by the Escalation Factor.

b. Final Map Property

The Maximum Services Special Tax for Final Map Property is $4,204 per Acre for Fiscal Year 2017-18, which amount shall increase on July 1, 2018 and each July 1 thereafter by the Escalation Factor.

c. Developed Property

The Maximum Services Special Tax for Parcels of Developed Property shall be determined by reference to Table 2 below.

TABLE 2
IMPROVEMENT AREA 1
MAXIMUM SERVICES SPECIAL TAX FOR DEVELOPED PROPERTY

Type of Property	**Special Tax Category or Non-Residential Property Type**	**Maximum Services Facilities Special Tax (Fiscal Year 2017-18)***
Detached Residential Property	Category #1 Estate Lots	$1,240 per Residential Unit
Detached Residential Property	Category #2: Residential Units Greater than or equal to 3,300 square feet	$653 per Residential Unit
Detached Residential Property	Category #3: Residential Units 3,050-3,299 square feet	$628 per Residential Unit
Detached Residential Property	Category #4: Residential Units 2,800-3,049 square feet	$583 per Residential Unit
Detached Residential Property	Category #5: Residential Units 2,550-2,799 square Feet	$551 per Residential Unit
Detached Residential Property	Category #6: Residential Units 2,300-2,549 square feet	$505 per Residential Unit
Detached Residential Property	Category #7: Residential Units 2,050-2,299 square feet	$478 per Residential Unit
Detached Residential Property	Category #8: Residential Units 1,800-2,049 square feet	$438 per Residential Unit
Detached Residential Property	Category #9: Residential Units 1,550-1,799 square feet	$418 per Residential Unit
Detached Residential Property	Category #10: Residential Units less than 1,550 square feet	$381 per Residential Unit
Attached Residential Property	Category #11 Average Density: less than or equal to 9 Residential Units/acre	$417 per Residential Unit
Attached Residential Property	Category #12: Average Density: greater than 9 and less than 15 Residential Units/acre	$401 per Residential Unit
Attached Residential Property	Category #13 Average Density: greater than or equal to 15 and less than 16 Residential Units/acre	$318 per Residential Unit
Attached Residential Property	Category #14 Average Density: greater than or equal to 16 Residential Units/acre	$234 per Residential Unit
Non-Residential Property	Commercial Square Footage	$0.00 per Commercial Square Foot
Non-Residential Property	Office Square Footage	$0.00 per Office Square Foot
Non-Residential Property	Industrial Square Footage	$0.00 per Industrial Square Foot

* *On July 1, 2018 and on each July 1 thereafter, all dollar amounts shown in Table 2 above shall be increased by the Escalation Factor.*

The Maximum Services Special Tax for a Parcel of Mixed-Use Property shall be determined as follows:

Step 1. Based on reference to the Building Permit, condominium plan, site plan, or information from the County or developer, calculate the number of Residential Units that are expected to be built on the Parcel.

Step 2. Multiply the number of Residential Units determined in Step 1 by the Maximum Services Special Tax for Special Tax Category #11.

Step 3. Based on reference to the Building Permit, condominium plan, site plan, or information from the County or developer, determine the amount of Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 4. Separately for each Non-Residential Property Type, multiply the square footage determined in Step 3 by the Maximum Services Special Tax for that Non-Residential Property Type and calculate the sum total Maximum Annual Services Special Taxes for all Commercial Square Footage, Office Square Footage, and/or Industrial Square Footage expected within the building.

Step 5. To determine the Maximum Services Special Tax for the Parcel, take the sum of the amounts determined in Steps 2 and 4 above.

3. One-Time Special Tax

The Expected Maximum Annual Facilities Special Tax Revenues shown in Attachment 2 were calculated based on the Expected Land Uses and are subject to modification upon the occurrence of Land Use Changes and prepayments, as described below. At least monthly after the First Bond Sale, the Administrator shall review all new Building Permits, Final Maps, condominium plans, and any other project information that has changed from the prior month. In addition, the Administrator shall, on an ongoing basis, review all Land Use Changes. With each review, the Administrator shall compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Annual Facilities Special Tax Revenues. Prior to the First Bond Sale and issuance of any subsequent series of Bonds, the owners of all Parcels for which Building Permits have yet to be issued, not including Estate Lots, shall provide the Administrator with a written confirmation of the Expected Land Uses on each Parcel.

Upon determination that a Land Use Change has occurred, the Administrator shall apply the following:

- ***Prior to the First Bond Sale***, if a Land Use Change occurs that results in a change in Expected Maximum Annual Facilities Special Tax Revenues, no action will be needed pursuant to this Section C.3. Upon identification of the Land Use Change, the Administrator shall update Attachment 2 to reflect the revised Expected Maximum

Annual Facilities Special Tax Revenues, which shall then be the amount used to size the issuance of Bonds.

- ***After the First Bond Sale***, if a Land Use Change occurs that results in a change in Expected Maximum Annual Facilities Special Tax Revenues, no action will be needed pursuant to this Section C.3 as long as any reduction in Expected Maximum Annual Facilities Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon identification of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Annual Facilities Special Tax Revenues.

  If the Administrator determines that a Land Use Change would reduce debt service coverage on Outstanding Bonds below the Required Coverage, a One-Time Special Tax shall be levied and collected in the manner set forth in Section E.3 below, which amount shall be calculated by application of the following steps:

  Step 1. Subtract the Maximum Annual Facilities Special Tax Revenues that are available after the Land Use Change from the amount determined by the Administrator to be needed to maintain Required Coverage.

  Step 2. Divide the difference calculated in Step 1 by the Expected Maximum Annual Facilities Special Tax Revenues that are available prior to the Land Use Change.

  Step 3. Multiply the quotient calculated in Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

  Step 4. Multiply the Bond Redemption Amount computed in Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

  Step 5. Compute the amount needed to pay interest on the Bond Redemption Amount from the last Bond interest payment date on which interest has been or will be paid by Annual Facilities Special Taxes already levied until the earliest available redemption date for the Outstanding Bonds, and subtract the estimated interest earnings from reinvestment of the Bond Redemption Amount and the redemption premium until such redemption.

  Step 6. Calculate the administrative fees and expenses associated with computing the One-Time Special Tax and redeeming Bonds.

  Step 7. If, at the time the One-Time Special Tax is calculated, the reserve fund is greater than or equal to the reserve requirement, and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the One-Time Special Tax payment.

Step 8. The One-Time Special Tax shall be the sum of the amounts computed in Steps 3, 4, 5, and 6, less the amount computed pursuant to Step 7. The One-Time Special Tax shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments.

After collection of the One-Time Special Tax, the Administrator shall adjust Attachment 2 to reflect the Expected Land Uses and Expected Maximum Annual Facilities Special Tax Revenues after the Land Use Change that necessitated the levy of the One-Time Special Tax.

The duties imposed on the Administrator to review Land Use Changes, Final Maps, and Building Permits and to make the calculations set forth above, are intended only to facilitate administration of the Annual Facilities Special Tax and One-Time Special Tax and to better ensure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider or owner of property any right to receive notice of the potential impact of Land Use Changes; and each developer, subdivider or owner of property in the CFD is responsible for understanding that a One-Time Special Tax may be levied because of a Land Use Change.

D. METHOD OF LEVY OF THE SPECIAL TAXES

1. Annual Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement and levy the Annual Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: In the first fifteen (15) Fiscal Years in which an Annual Facilities Special Tax is levied within Improvement Area 1, the Maximum Annual Facilities Special Tax shall be levied on all Parcels of Developed Property provided that if (a) debt service on Outstanding Bonds is lower than the Original Bond Debt Service as a result of a Bond refunding and (b) the Administrator determines that the reduced debt service can be fully paid by Annual Facilities Special Taxes levied on Developed Property, then, at the direction of the Board, the Facilities Special Tax Requirement shall be calculated without the inclusion of clause (v) of the definition thereof, and the Annual Facilities Special Tax shall be levied Proportionately on all Parcels of Developed Property. Any Annual Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay costs associated with the acquisition of Authorized Facilities that were not paid with Bond proceeds or Annual Facilities Special Taxes levied in prior Fiscal Years.

Beginning in the sixteenth (16^{th}) Fiscal Year in which an Annual Facilities Special Tax is levied within Improvement Area 1, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Facilities Special

Tax Requirement calculated as set forth in the preceding paragraph if the Board has so directed.

Step 2: If additional revenue is needed after Step 1 to satisfy the Facilities Special Tax Requirement after applying Capitalized Interest, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Annual Facilities Special Tax for Final Map Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Annual Facilities Special Tax for Undeveloped Property for such Fiscal Year.

Step 4: If additional revenue is needed after Step 3 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Owners Association Property for such Fiscal Year.

Step 5: If additional revenue is needed after Step 4 to satisfy the Facilities Special Tax Requirement, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Public Property for such Fiscal Year.

2. Services Special Tax

Each Fiscal Year, the Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax on all Parcels of Taxable Property as follows:

Step 1: The Services Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Services Special Tax Requirement.

Step 2: If additional revenue is needed after Step 1 to satisfy the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Final Map Property, up to 100% of the Maximum Services Special Tax for Final Map Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2 to satisfy the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property, up to 100% of the Maximum Services Special Tax for Undeveloped Property for such Fiscal Year.

Step 4: If additional revenue is needed after Step 3 to satisfy the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each

Parcel of Taxable Owners Association Property, up to 100% of the Maximum Services Special Tax for Taxable Owners Association Property for such Fiscal Year.

Step 5: If additional revenue is needed after Step 4 to satisfy the Services Special Tax Requirement, and after applying any available Improvement Area M Services Special Tax Revenues to the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Services Special Tax for Taxable Public Property for such Fiscal Year.

3. One-Time Special Tax

The method of levy and collection of the One-Time Special Tax is set forth in Section E.3 below.

E. MANNER OF COLLECTION OF SPECIAL TAXES

1. Annual Facilities Special Tax

The Annual Facilities Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments of the Annual Facilities Special Tax are permitted as set forth in Section G below and provided further that the County may directly bill all or any portion of the Annual Facilities Special Tax to the affected property owner, may collect Annual Facilities Special Taxes at a different time or in a different manner, and may collect delinquent Annual Facilities Special Taxes through foreclosure or other available methods. The Annual Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of Authorized Expenditures have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall an Annual Facilities Special Tax be levied after Fiscal Year 2057-58. Under no circumstances may the Annual Facilities Special Tax on a Parcel in private residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Annual Facilities Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

2. Services Special Tax

The Services Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the County may directly bill all or any portion of the Services Special Tax to the affected property owner, may collect Services Special Taxes at a different time or in a different manner, and may collect delinquent Services Special Taxes through foreclosure or other available methods. The Services Special Tax may be levied and collected in perpetuity.

3. One-Time Special Tax

The One-Time Special Tax shall be levied by means of a One-Time Special Tax bill sent directly to the owner of the Parcel or Parcels on which the Land Use Change occurred, with a copy sent to the builder or developer who recorded the Final Map, requested issuance of Building Permits, or otherwise initiated the Land Use Change, if such builder or developer is not the record owner of the Parcel(s). The total amount of the One-Time Special Tax shall be allocated to the Parcels included in the Land Use Change, which may include Parcels within a Final Map, Parcels for which Building Permits were collectively issued, or other such grouping of Parcels, based on the relative amount of Annual Facilities Special Tax that could be levied on each Parcel taking into account the Land Use Change that necessitated the levy of the One-Time Special Tax, as determined by the Administrator.

The Administrator shall send the direct tax bill via overnight delivery, and the One-Time Special Tax shall be due and payable within 15 days from the date of delivery. If, within 15 days from the date the direct tax bill was delivered, payment of the One-Time Special Tax for a Parcel has not been received by the County or the Administrator, foreclosure proceedings shall commence immediately against such Parcel(s). The One-Time Special Tax shall have the same priority and bear the same penalties and interest after delinquency as do ad valorem property taxes.

F. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Annual Facilities Special Taxes shall be levied on up to 121.348 Acres of Public Property and 31.29 Acres of Owners Association Property in Improvement Area 1. Tax-exempt status will be assigned by the Administrator separately to Public Property and Owners Association Property in chronological order based on the date on which Parcels are transferred to a public agency or an Owners Association. In addition, no Special Taxes shall be levied on: (i) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (ii) Parcels owned by a public utility for an unmanned facility, and (iii) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement. Notwithstanding the foregoing, if an Annual Facilities Special Tax has been levied on a Parcel in any Fiscal Year, and the entire Parcel subsequently becomes open space, an unmanned utility facility, or subject to an easement that precludes a residential or non-residential use, the Parcel shall remain subject to the Annual Facilities Special Tax levy, unless: (i) the First Bond Sale has not yet occurred, or (ii) the Administrator determines that, if such Parcel becomes exempt from the Annual Facilities Special Tax, the corresponding reduction in the Expected Maximum Annual Facilities Special Tax Revenues will not reduce debt service coverage on outstanding Bonds below the Required Coverage. In either case, such property shall be categorized as Public Property or Owners Association Property, and the Administrator shall recalculate the Expected Maximum Annual Facilities Special Tax Revenues to reflect the corresponding loss in revenues.

G. PREPAYMENT OF ANNUAL FACILITIES SPECIAL TAX

1. Full Prepayment

The Annual Facilities Special Tax obligation applicable to a Parcel of Developed Property, or a Parcel of Final Map Property or Undeveloped Property that has had a Building Permit issued, may be prepaid and the obligation of the Parcel to pay the Annual Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes or property taxes at the time of prepayment with respect to such Assessor's Parcel. An owner of a Parcel intending to prepay the Annual Facilities Special Tax obligation of a Parcel shall provide the County with (i) written notice of intent to prepay, (ii) payment of fees established by the County to process the prepayment request, and (iii) a written guarantee that there are no delinquent Special Taxes or property taxes against the Parcel. Within a reasonable timeframe (as determined by the County), the Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Annual Facilities Special Taxes (the "Prepayment Date"). The Services Special Tax obligation cannot be prepaid.

The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

Bond Redemption Amount	
Plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

Step 1. For Parcels of Developed Property, compute the total Maximum Annual Facilities Special Tax that could be levied on the Parcel in the Fiscal Year in which prepayment would be received by the County. For Parcels of Undeveloped Property or Final Map Property for which a Building Permit has been issued, calculate the greater of (i) the Maximum Annual Facilities Special Tax that could be levied on the Parcel at the time of the prepayment based on the Parcel being Undeveloped Property or Final Map Property, or (ii) the Maximum Annual Facilities Special Tax that could be levied on the Parcel based on the Expected Land Uses for the Parcel at the time the prepayment is calculated.

Step 2. Divide the Maximum Annual Facilities Special Tax from Step 1 by the Expected Maximum Annual Facilities Special Tax Revenues.

Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the **"Bond Redemption Amount"***).

Step 4. Compute the current Remaining Facilities Costs (if any).

Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the **"Remaining Facilities Amount"***).

Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the* ***"Redemption Premium"***).

Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received and for which Bond payment an Annual Facilities Special Tax has not already been levied or collected until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.

Step 8. Compute the amount of interest the County reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received and for which Bond payment an Annual Facilities Special Tax has not already been levied or collected until the redemption date for the Outstanding Bonds.

Step 9. Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the ***"Defeasance Requirement"***).

Step 10. Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the ***"Administrative Fees and Expenses"***).

Step 11. If, at the time the prepayment is calculated, the reserve fund is greater than or equal to the reserve requirement, and to the extent so provided in the Indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the ***"Reserve Fund Credit"***).

Step 12. The Annual Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5 6, 9, and 10, less the amount computed pursuant to Step 11 (the ***"Prepayment Amount"***).

Step 13. From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 10 shall be deposited in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel's Annual Facilities Special Tax obligation has been received, a Notice of Cancellation of Annual Facilities Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel's obligation to pay the Annual Facilities Special Tax.

However, a Notice of Cancellation of Annual Facilities Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

2. Partial Prepayment

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The same conditions and requirements for a full prepayment, as described in Section G.1 above, shall apply to partial prepayments at the appropriate percentage. The Maximum Annual Facilities Special Tax that can be levied on an Assessor's Parcel after a partial prepayment is made shall be determined as follows:

Step 1. Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Assessor's Parcel if the entire Annual Facilities Special Tax obligation were being prepaid pursuant to Section G.1 above.

Step 2. Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.

Step 3. Subtract the percentage computed in Step 2 from 100% to determine the "***Remaining Percentage.***"

Step 4. Multiply the Remaining Percentage from Step 3 by the Maximum Annual Facilities Special Tax for the Assessor's Parcel to determine the new Maximum Annual Facilities Special Tax that will be in effect for the Assessor's Parcel after the partial prepayment is applied.

Once a partial prepayment has been received, an Amendment to Notice of Special Tax Lien shall be recorded against the Parcel to reflect the reduced Annual Facilities Special Tax lien for the Parcel, which shall be equal to the portion of the Maximum Annual Facilities Special Tax that was not prepaid, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Annual Facilities Special Tax Revenues, reflecting reduced Maximum Annual Facilities Special Taxes for the Residential Units and/or Non-Residential Property Type for which a partial prepayment was made (which, for Undeveloped Property, will be the assumed land uses on the Parcel). However, an Amendment to Notice of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected. The prepayment of a portion of the Annual Facilities Special Tax shall not affect the perpetual obligation to pay the Services Special Tax or the obligation to pay any One-Time Special Tax levied against the Parcel.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The County reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the County's discretion. Interpretations may be made by the County by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

I. SPECIAL TAX APPEALS

Any taxpayer who wishes to challenge the accuracy of computation of the Special Taxes in any Fiscal Year may file an application with the Administrator. The Administrator, in consultation with the County Counsel's Office, shall promptly review the taxpayer's application. If the Administrator concludes that the computation of the Special Taxes was not correct, the Administrator shall correct the Special Tax levy and, if applicable in any case, a refund shall be granted. If the Administrator concludes that the computation of the Special Taxes was correct, then such determination shall be final and conclusive, and the taxpayer shall have no appeal to the Board from the decision of the Administrator.

The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Taxes when due.

Nothing in this Section I shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the Act or elsewhere in applicable law.

ATTACHMENT 1

Improvement Area 1 of the
County of Madera
Community Facilities District No. 2016-1
(Tesoro Viejo)

Improvement Area 1
Tentative Map
(as may be updated from time to time)

HILLSIDE VILLAGE

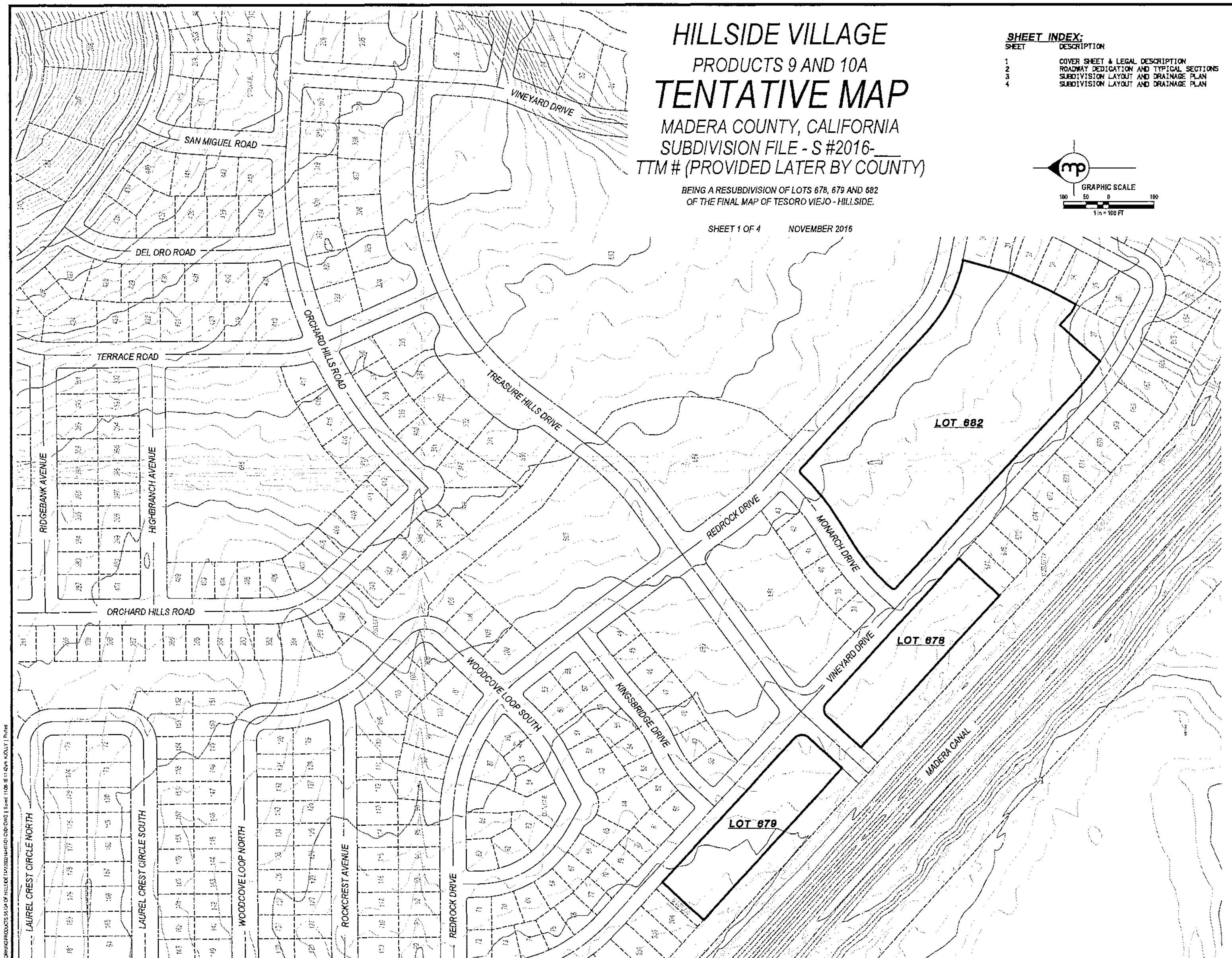
PRODUCTS 9 AND 10A

TENTATIVE MAP

MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2016-___
TTM # (PROVIDED LATER BY COUNTY)

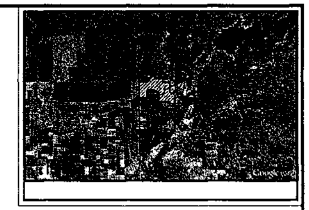
BEING A RESUBDIVISION OF LOTS 678, 679 AND 682
OF THE FINAL MAP OF TESORO VIEJO - HILLSIDE.

SHEET 1 OF 4 NOVEMBER 2016



SHEET INDEX:

SHEET	DESCRIPTION
1	COVER SHEET & LEGAL DESCRIPTION
2	ROADWAY DEDICATION AND TYPICAL SECTIONS
3	SUBDIVISION LAYOUT AND DRAINAGE PLAN
4	SUBDIVISION LAYOUT AND DRAINAGE PLAN



VICINITY MAP
1:20,000

LEGAL DESCRIPTION

THE LAND REFERRED TO IS SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF MADERA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 678, 679 AND 682 OF THE FINAL MAP OF TESORO VIEJO - HILLSIDE, ACCORDING TO THE MAP THEREOF FILEO FOR RECORD ___________ IN BOOK _____ OF MAPS AT PAGES ____ THROUGH _____, INCLUSIVE, MADERA COUNTY RECORDS.

ALSO EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST IN AND TO ALL OIL, GAS, AND MINERALS IN AND UNDER LANDS CONVEYED BY OCCIDENTAL LIFE INSURANCE COMPANY, A CORPORATION, BY DEED DATED JULY 16, 1939, AND RECORDED SEPTEMBER 6, 1939, IN BOOK 249 OF OFFICIAL RECORDS, PAGE 38, MADERA COUNTY RECORDS.

GENERAL NOTES

1. SURVEY DATED APRIL 2014 BY GEO-LEGAL CONSULTING, 8850 GREENBACK LANE, SUITE C, ORANGEVALE, CA 95662, 916-871-4789
2. THE RECORD DATA SHOWN HEREON IS AS SHOWN IN THE OLD REPUBLIC PRELIMINARY TITLE REPORT NUMBER 1411000180-08, DATED AS OF SEPTEMBER 14, 2016.
3. ASSESSOR PARCEL NUMBERS: 051-740-001 (PORTION), MADERA COUNTY, CALIFORNIA.
4. THE SURVEY DOES NOT IDENTIFY SPRINGS, WATERS OF THE STATE, WATERS OF THE UNITED STATES OR JURISDICTIONAL WETLANDS.

OWNER

RIO MESA HOLDINGS, LLC
7020 VAN NESS BOULEVARD
FRESNO, CA 93711

CONTACT INFORMATION

(OWNER AND SUBDIVIDER)

ATT: BRENT MCCAFFREY
EMAIL: BMCCAFFREY@MCCAFFREYGROUP.COM

ATT: GOLDIE LEWIS
EMAIL: GLEWIS@TESOROVIEJO.COM

SUBDIVIDER

RIO MESA HOLDINGS, LLC
7020 VAN NESS BOULEVARD
FRESNO, CA 93711

ENGINEER/SURVEYOR

MORTON AND PITALO, INC.
7643 N. INGRAM AVENUE, SUITE 105
FRESNO, CA 93711
PHONE: 559-853-4505 EXT 202

ATTN: KEITH JOLLY, P.E.
EMAIL: KJOLLY@MPENGR.COM

BASIS OF BEARINGS

THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 11 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN, BEARING NORTH 00°06'41" EAST AS SHOWN ON RECORD OF SURVEY RECORDED IN BOOK 58 OF MAPS, PAGE 49 IN THE COUNTY OF MADERA.

BASIS OF ELEVATIONS

THE SURVEY DISK ENCASED IN PVC PIPE WITH ACCESS COVER SET IN CONCRETE FLUSH WITH GROUND LOCATED AT SOUTHEAST CORNER OF STATE ROUTE 41 AND MADERA CANAL AND LABELED AS "CALIFORNIA HPGN D CA 06 RG" AT ELEVATION 430.43 NAVD88, PUBLISHED COORDINATE VALUES PER NGS DATASHEET AC8105.

CALIFORNIA STATE PLANE COORDINATES, ZONE 3
NORTHING = 1,814,309.88
EASTING = 6,767,977.64
EPOCH = 2010.00

PROJECT DATA

TOTAL NUMBER OF LOTS: 102 NUMBERED, 16 LETTERED
PROJECT AREA: 7.765 AC ±

SANITARY SEWER

REFER TO SEWER STUDY. SERVICED BY TVMWC.

STORM DRAINAGE

REFER TO STORM DRAINAGE STUDY. SERVICED BY TVMWC.

WATER

REFER TO WATER STUDY. SERVICED BY TVMWC.

IMPROVEMENTS

REFER TO PHASING PLAN FOR IMPROVEMENT PLANS.

NOT FOR CONSTRUCTION

TESORO VIEJO - HILLSIDE PRODUCTS 9 & 10A TENTATIVE MAP

SCALE:	BENCH MARK	COMPUTED IMB
HORIZ. 1" = 100'		DESIGNED IMB
VERT. 1" = N/A		DRAWN IMB
		PROJ. ENGR. KJ

MORTON & PITALO, INC.
CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING
Northern California Office: 75 Iron Point Circle, Suite 120, Folsom, CA 95630, phone: 916.984.7621
Central California Office: 7643 North Ingram Avenue, Suite 105, Fresno, CA 93711, phone: 559.853.4505
survey email: staking@mpengr.com • web: www.mpengr.com

TESORO VIEJO - HILLSIDE
LOTS 678, 679 & 682 TENTATIVE MAP
COVER SHEET & LEGAL DESCRIPTION
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 1 OF 4

JOB NO. 12-0024-00

HILLSIDE VILLAGE

PRODUCTS 9 AND 10A

TENTATIVE MAP

MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2016-____
TTM # (PROVIDED LATER BY COUNTY)

BEING A RESUBDIVISION OF LOTS 678, 679 AND 682
OF THE FINAL MAP OF TESORO VIEJO - HILLSIDE.

SHEET 2 OF 4 NOVEMBER 2016

SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 100'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
		PROJ. ENGR.	KJ

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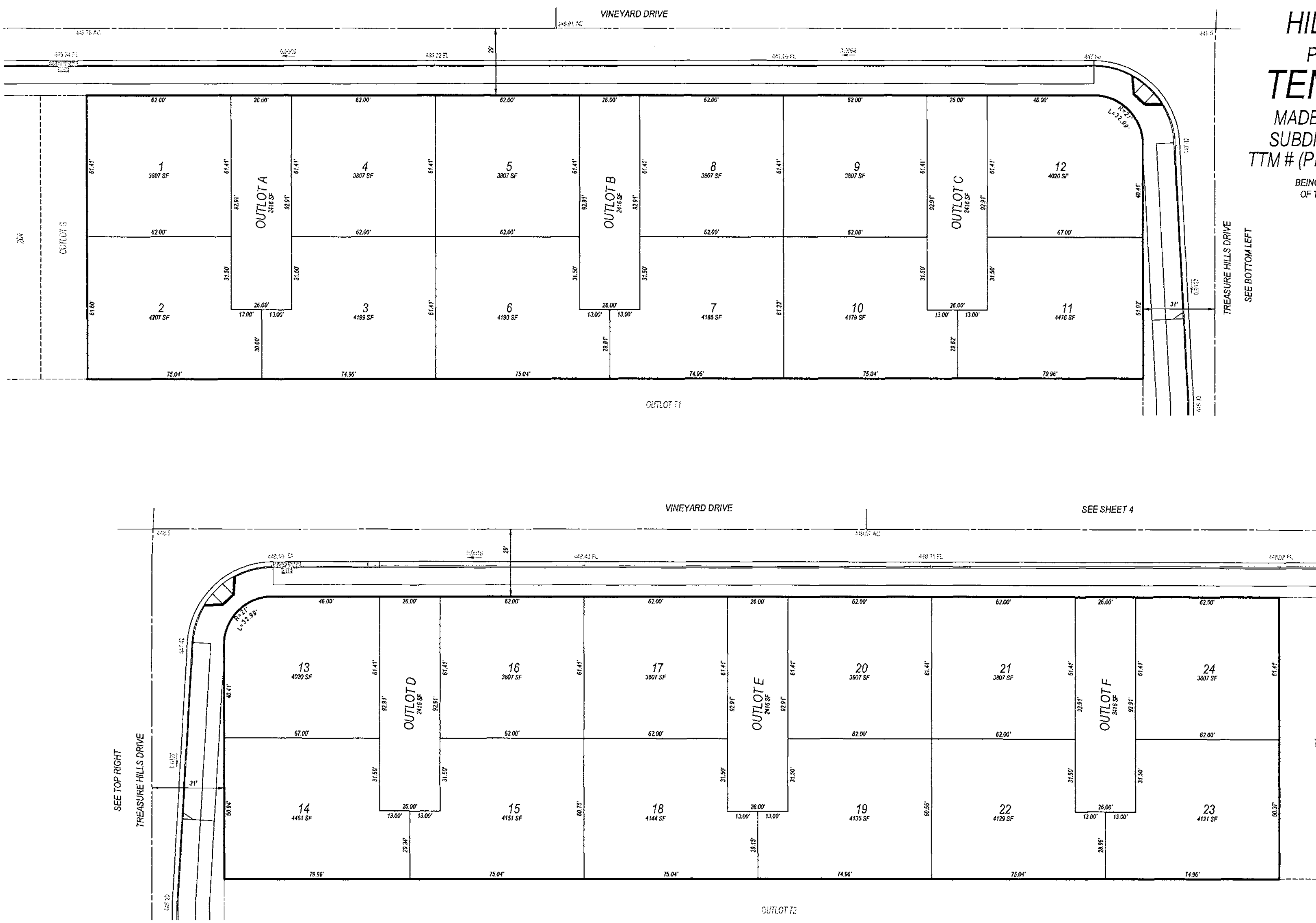
TESORO VIEJO - HILLSIDE
LOTS 678, 679 & 682 TENTATIVE MAP
ROADWAY DEDICATIONS AND TYPICAL SECTIONS
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 2 OF 4

JOB NO. 12-0024-00



HILLSIDE VILLAGE

PRODUCTS 9 AND 10A

TENTATIVE MAP

MADERA COUNTY, CALIFORNIA
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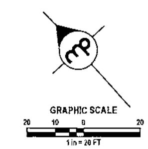
SHEET 3 OF 4 NOVEMBER 2016



NOT FOR CONSTRUCTION

SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 20'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
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TESORO VIEJO - HILLSIDE
LOTS 678, 679 & 682 TENTATIVE MAP
SUBDIVISION LAYOUT AND DRAINAGE PLAN
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 3
OF 4

JOB NO. 12-0024-00

TESORO VIEJO - HILLSIDE PRODUCTS 9 & 10A TENTATIVE MAP

HILLSIDE VILLAGE
PRODUCTS 9 AND 10A
TENTATIVE MAP
MADERA COUNTY, CALIFORNIA
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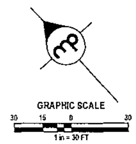
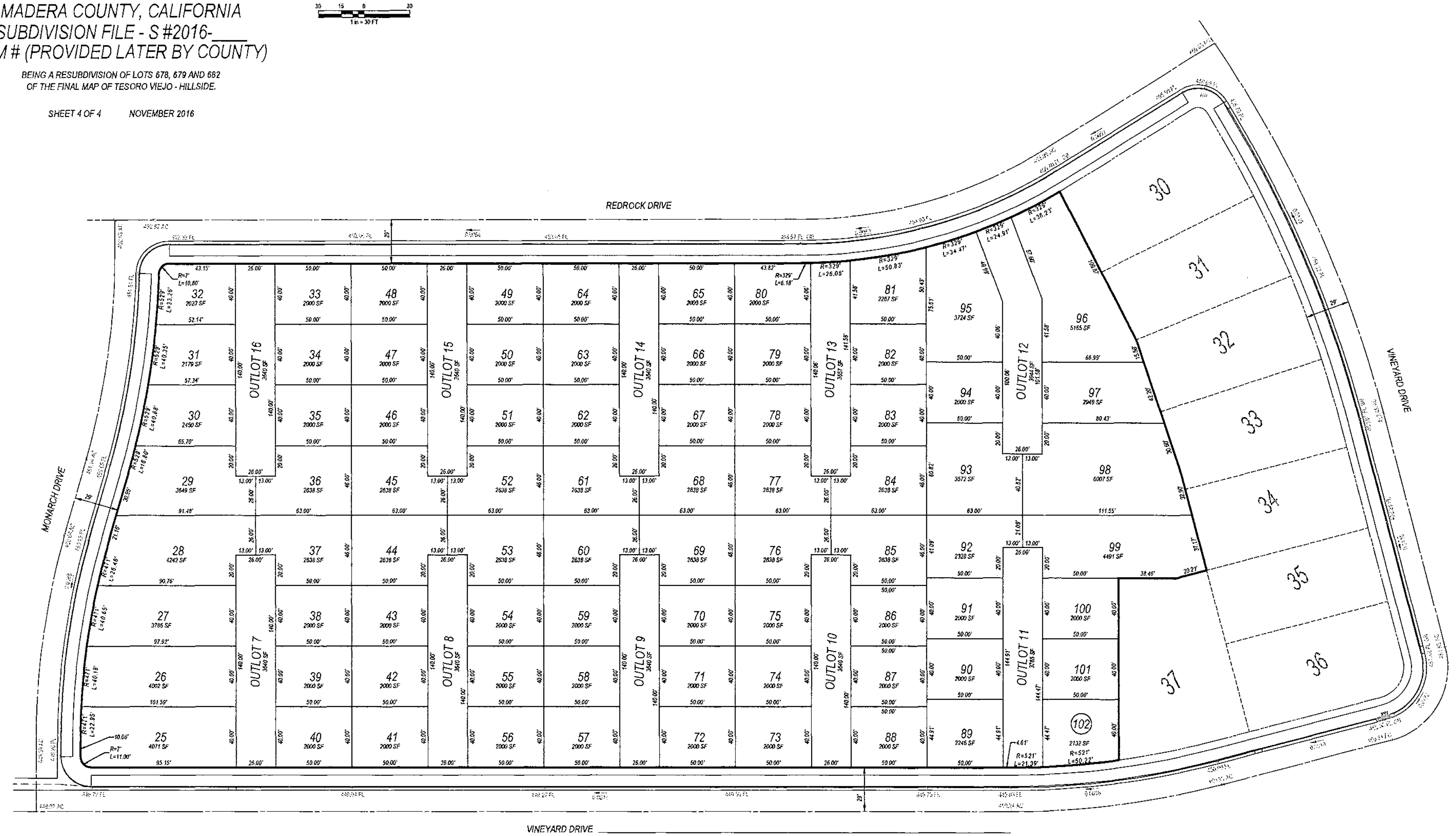
SHEET 4 OF 4 NOVEMBER 2016





NOT FOR CONSTRUCTION

TESORO VIEJO - HILLSIDE PRODUCTS 9 & 10A TENTATIVE MAP

SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 30'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
		PROJ. ENGR.	KJ

MORTON & PITALO, INC.
CIVIL ENGINEERING • LAND PLANNING • LAND SURVEYING
Northern California Office: 75 Iron Point Circle, Suite 120, Folsom, CA 95630, phone: 916.984.7621
Central California Office: 7643 North Ingram Avenue, Suite 105, Fresno, CA 93711, phone: 559.853.4505
survey email: staking@mpengr.com • web: www.mpengr.com

TESORO VIEJO - HILLSIDE
LOTS 678, 679 & 682 TENTATIVE MAP
SUBDIVISION LAYOUT AND DRAINAGE PLAN
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 4
OF 4

JOB NO. 12-0024-00

HILLSIDE VILLAGE

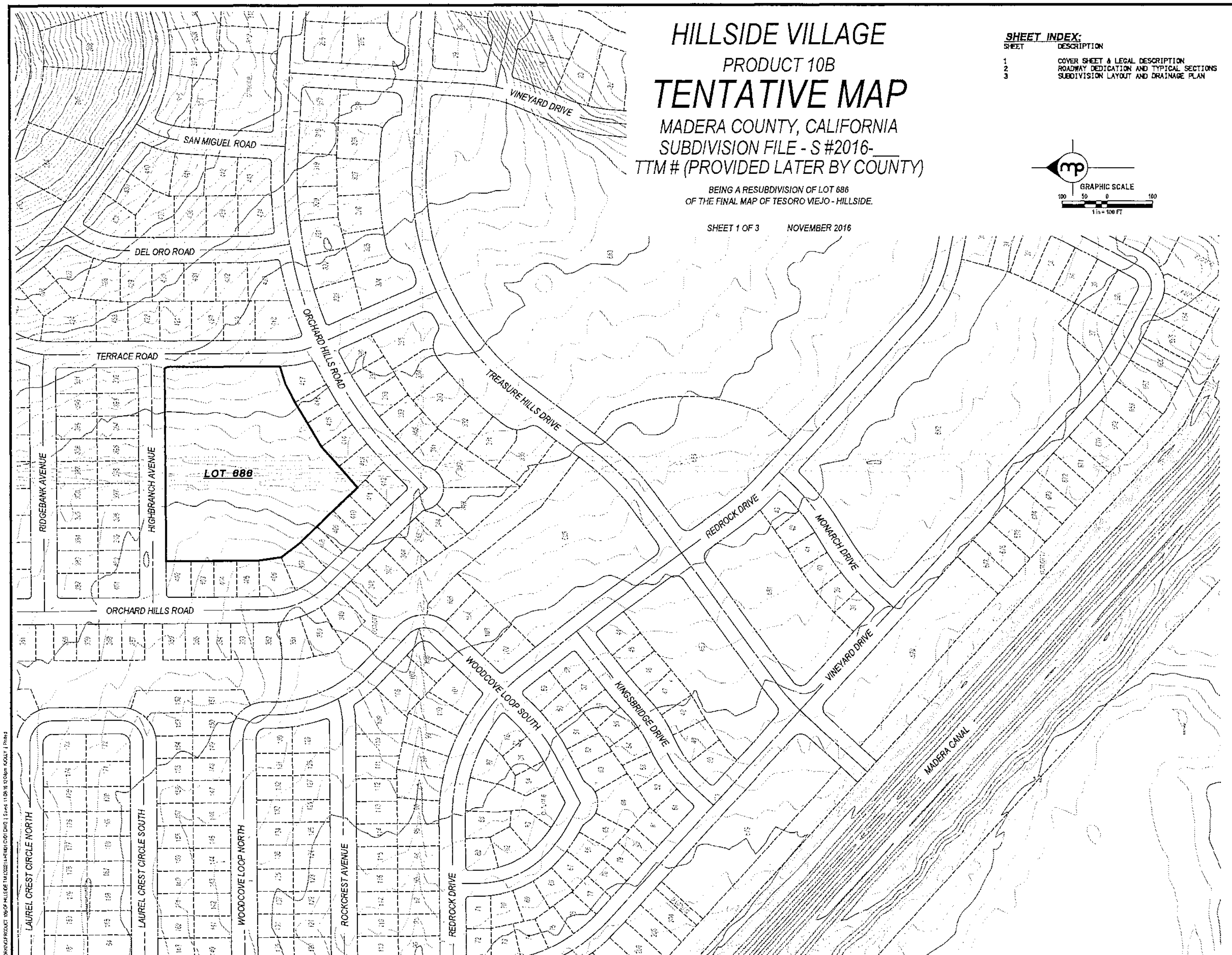
PRODUCT 10B

TENTATIVE MAP

MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2016-___
TTM # (PROVIDED LATER BY COUNTY)

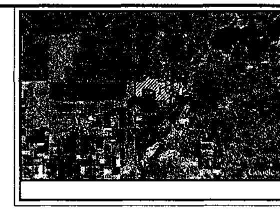
BEING A RESUBDIVISION OF LOT 686
OF THE FINAL MAP OF TESORO VIEJO - HILLSIDE.

SHEET 1 OF 3 NOVEMBER 2016



SHEET INDEX:

SHEET	DESCRIPTION
1	COVER SHEET & LEGAL DESCRIPTION
2	ROADWAY DEDICATION AND TYPICAL SECTIONS
3	SUBDIVISION LAYOUT AND DRAINAGE PLAN



VICINITY MAP
1:20,000

LEGAL DESCRIPTION

THE LAND REFERRED TO IS SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF MADERA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 686 OF THE FINAL MAP OF TESORO VIEJO – HILLSIDE, ACCORDING TO THE MAP THEREOF FILED FOR RECORD ____________ IN BOOK _____ OF MAPS AT PAGES ____ THROUGH _____, INCLUSIVE, MADERA COUNTY RECORDS.

ALSO EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST IN AND TO ALL OIL, GAS, AND MINERALS IN AND UNDER LANDS CONVEYED BY OCCIDENTAL LIFE INSURANCE COMPANY, A CORPORATION, BY DEED DATED JULY 18, 1939, AND RECORDED SEPTEMBER 6, 1939, IN BOOK 249 OF OFFICIAL RECORDS, PAGE 38, MADERA COUNTY RECORDS.

GENERAL NOTES

1. SURVEY DATED APRIL 2014 BY GEO-LEGAL CONSULTING, 8850 GREENBACK LANE, SUITE C, ORANGEVALE, CA 95662, 916-871-4789
2. THE RECORD DATA SHOWN HEREON IS AS SHOWN IN THE OLD REPUBLIC PRELIMINARY TITLE REPORT NUMBER 1411000180-DB, DATED AS OF SEPTEMBER 14, 2016.
3. ASSESSOR PARCEL NUMBERS: 051-740-001 (PORTION), MADERA COUNTY, CALIFORNIA.
4. THE SURVEY DOES NOT IDENTIFY SPRINGS, WATERS OF THE STATE, WATERS OF THE UNITED STATES OR JURISDICTIONAL WETLANDS.

OWNER

RIO MESA HOLDINGS, LLC
7020 VAN NESS BOULEVARD
FRESNO, CA 93711

CONTACT INFORMATION

(OWNER AND SUBDIVIDER)

ATT: BRENT MCCAFFREY
EMAIL: BMCCAFFREY@MCCAFFREYGROUP.COM

ATT: GOLDIE LEWIS
EMAIL: GLEWIS@TESOROVIEJO.COM

SUBDIVIDER

RIO MESA HOLDINGS, LLC
7020 VAN NESS BOULEVARD
FRESNO, CA 93711

ENGINEER/SURVEYOR

MORTON AND PITALO, INC.
7643 N. INGRAM AVENUE, SUITE 105
FRESNO, CA 93711
PHONE: 559-853-4505 EXT 202

ATTN: KEITH JOLLY, P.E.
EMAIL: KJOLLY@MPENGR.COM

BASIS OF BEARINGS

THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 11 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN, BEARING NORTH 00°06'41" EAST AS SHOWN ON RECORD OF SURVEY RECORDED IN BOOK 56 OF MAPS, PAGE 49 IN THE COUNTY OF MADERA.

BASIS OF ELEVATIONS

THE SURVEY DISK ENCASED IN PVC PIPE WITH ACCESS COVER SET IN CONCRETE FLUSH WITH GROUND LOCATED AT SOUTHEAST CORNER OF STATE ROUTE 41 AND MADERA CANAL AND LABELED AS "CALIFORNIA HPGN D CA 06 RC" AT ELEVATION 430.43 NAVD88, PUBLISHED COORDINATE VALUES PER NGS DATASHEET AC6105.

CALIFORNIA STATE PLANE COORDINATES, ZONE 3
NORTHING = 1,814,309.86
EASTING = 6,767,977.64
EPOCH = 2010.00

PROJECT DATA

TOTAL NUMBER OF LOTS: 39 NUMBERED, 8 LETTERED
PROJECT AREA: 3.269 AC ±

SANITARY SEWER

REFER TO SEWER STUDY. SERVICED BY TVMMWC.

STORM DRAINAGE

REFER TO STORM DRAINAGE STUDY. SERVICED BY TVMMWC.

WATER

REFER TO WATER STUDY. SERVICED BY TVMMWC.

IMPROVEMENTS

REFER TO PHASING PLAN FOR IMPROVEMENT PLANS.

NOT FOR CONSTRUCTION

SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 100'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
		PROJ. ENGR.	KJ

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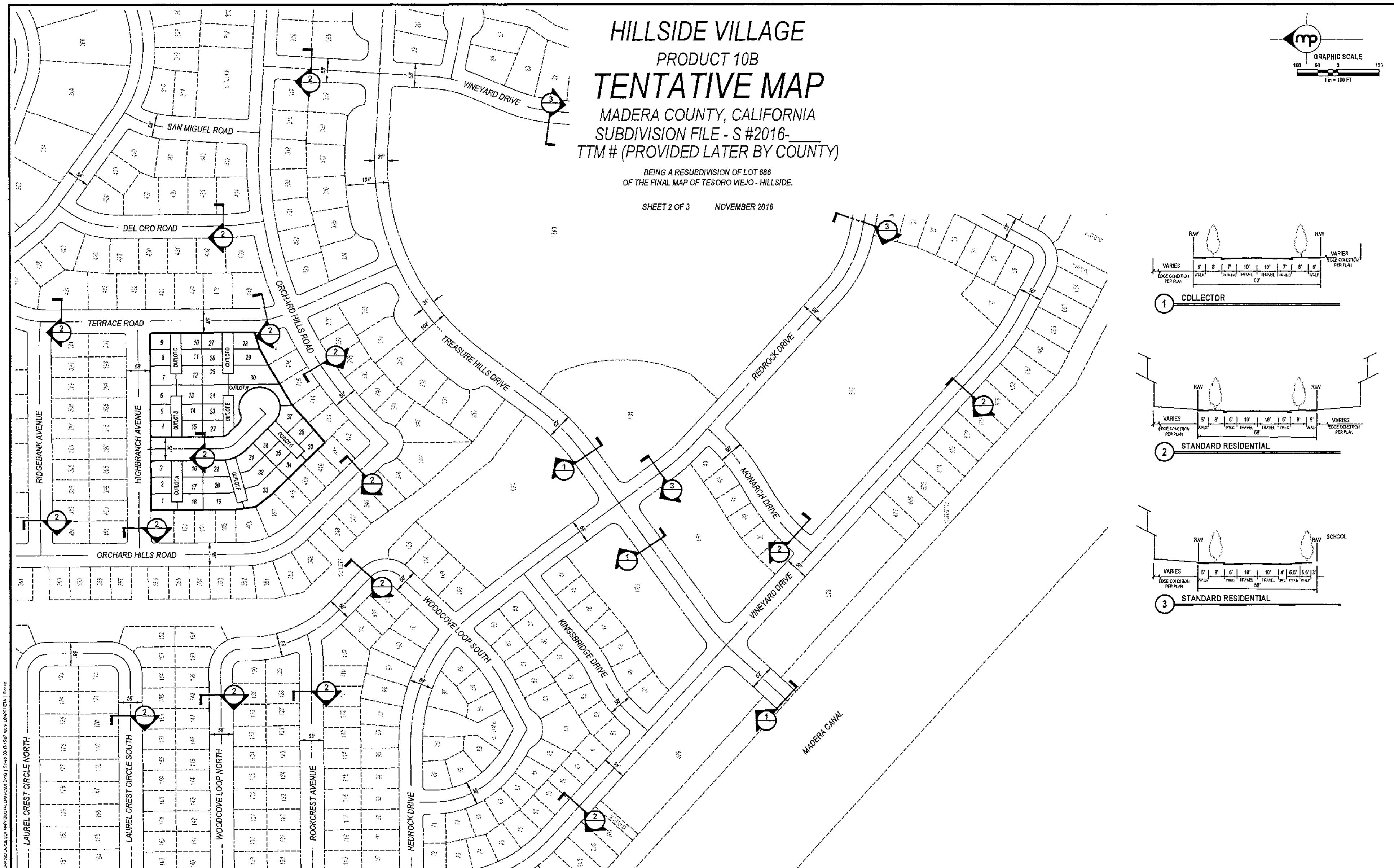
survey email: staking@mpengr.com • web: www.mpengr.com

TESORO VIEJO - HILLSIDE
LOT 686 TENTATIVE MAP
COVER SHEET & LEGAL DESCRIPTION
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 1 OF 3

TESORO VIEJO - HILLSIDE PRODUCT 10B TENTATIVE MAP

JOB NO. 12-0024-00



SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 100'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
		PROJ. ENGR.	KJ

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TESORO VIEJO - HILLSIDE
LOT 686 TENTATIVE MAP
ROADWAY DEDICATIONS AND TYPICAL SECTIONS
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 2 OF 3

TESORO VIEJO - HILLSIDE PRODUCT 10B TENTATIVE MAP

JOB NO. 12-0024-00

HILLSIDE VILLAGE

PRODUCT 10B

TENTATIVE MAP

MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2016 - ____
TTM # (PROVIDED LATER BY COUNTY)

BEING A RESUBDIVISION OF LOT 686
OF THE FINAL MAP OF TESORO VIEJO - HILLSIDE.

SHEET 3 OF 3   NOVEMBER 2016

GRAPHIC SCALE
1 in = 30 FT

NOT FOR CONSTRUCTION

SCALE:	BENCH MARK	COMPUTED	IMB
HORIZ. 1" = 30'		DESIGNED	IMB
VERT. 1" = N/A		DRAWN	IMB
		PROJ. ENGR.	KJ

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TESORO VIEJO - HILLSIDE
LOT 686 TENTATIVE MAP
SUBDIVISION LAYOUT AND DRAINAGE PLAN
MADERA COUNTY, CALIFORNIA

DATE 11.09.2016
SHEET 3 OF 3

JOB NO. 12-0024-00

TESORO VIEJO - HILLSIDE PRODUCT 10B TENTATIVE MAP

SUBDIVIDER'S STATEMENT

THE UNDERSIGNED, BEING ALL PARTIES HAVING ANY RECORD TITLE, OR INTEREST IN THE LAND WITHIN THIS SUBDIVISION, HEREBY CONSENT TO THE PREPARATION AND FILING OF THIS MAP.

WE HEREBY IRREVOCABLY OFFER FOR DEDICATION FOR PUBLIC STREETS AND PUBLIC UTILITY PURPOSES THOSE CERTAIN STRIPS OF LAND DESIGNATED AS I.O.D. ON THIS MAP.

WE HEREBY RESERVE OVER LOT 7 AN EASEMENT FOR INGRESS AND EGRESS AS SHOWN ON THIS MAP.

RIO MESA HOLDINGS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

BY: ______________________ BY: ______________________

ROBERT A. McCAFFREY
MANAGER / CHIEF EXECUTIVE OFFICER

BRENT M. McCAFFREY
PRESIDENT

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF FRESNO

ON ______________, BEFORE ME, ______________________A NOTARY PUBLIC,
PERSONALLY APPEARED ____ ,

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE______________________________

NAME______________________________

MY PRINCIPAL PLACE OF BUSINESS IS ______________ COUNTY

MY COMMISSION NO.______________________________

MY COMMISSION EXPIRES ______________________________

TRUSTEE'S STATEMENT

LEON A. MORENO, AS TRUSTEE UNDER DEED OF TRUST RECORDED MAY 03, 2013 UNDER SERIAL NO. 2013-012221, OFFICIAL RECORDS OF MADERA COUNTY.

____

PRINT NAME ______________________

TITLE ______________________

PLANNING COMMISSION STATEMENT

I, NORMAN ALLINDER, SECRETARY OF THE MADERA COUNTY PLANNING COMMISSION, HEREBY STATE THAT THIS MAP IS SUBSTANTIALLY THE SAME AS IT APPEARS ON THE TENTATIVE MAP.

DATED ______________________

NORMAN ALLINDER
SECRETARY OF MADERA COUNTY
PLANNING COMMISSION

FINAL MAP OF TESORO VIEJO - HILLSIDE
TRACT NO. ___
MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016
MORTON & PITALO, INC.

SHEET 1 OF 25 SHEETS

LEGAL DESCRIPTION

THE LAND REFERRED TO IS SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF MADERA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 1 OF MAP OF TESORO VIEJO TRACT NO. 266, ACCORDING TO THE MAP THEREOF FILED FOR RECORD OCTOBER 1, 2015 IN BOOK 62 OF MAPS AT PAGES 71 THROUGH 89, INCLUSIVE, MADERA COUNTY RECORDS.

EXCEPTING THEREFROM AN UNDIVIDED 1/2 INTEREST IN AND TO ALL OIL, GAS, AND MINERALS IN AND UNDER LANDS CONVEYED BY OCCIDENTAL LIFE INSURANCE COMPANY, A CORPORATION, BY DEED DATED JULY 16, 1939, AND RECORDED SEPTEMBER 6, 1939, IN BOOK 249 OF OFFICIAL RECORDS, PAGE 38, MADERA COUNTY RECORDS.

NOTARY ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF FRESNO

ON ______________, BEFORE ME, ______________________A NOTARY PUBLIC,
PERSONALLY APPEARED ____ ,

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND

SIGNATURE______________________________

NAME______________________________

MY PRINCIPAL PLACE OF BUSINESS IS ______________ COUNTY

MY COMMISSION NO.______________________________

MY COMMISSION EXPIRES ______________________________

SURVEYOR'S STATEMENT

THE SURVEY FOR THIS MAP WAS MADE BY ME OR UNDER MY DIRECTION AND IS TRUE AND COMPLETE AS SHOWN.

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF RIO MESA HOLDINGS, LLC ON MAY 30, 2015. I HEREBY STATE THAT ALL THE SUBDIVISION BOUNDARY MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, OR THAT THEY WILL BE SET IN THOSE POSITIONS ON OR BEFORE ONE YEAR OF THE DATE THIS MAP IS RECORDED, THAT ALL THE INTERIOR MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, OR THAT THEY WILL BE SET IN THOSE POSITIONS AFTER THE COMPLETION OF THE REQUIRED SUBDIVISION IMPROVEMENTS, THAT THE MONUMENTS ARE, OR WILL BE, SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED, AND THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE CONDITIONALLY APPROVED TENTATIVE MAP.

DATED ______________________________

JEROME R. JONES
P.L.S. 4922

LICENSED LAND SURVEYOR
JEROME R. JONES
NO. L.S. 4922
STATE OF CALIFORNIA

COUNTY SURVEYOR'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS SUBDIVISION MAP AND THAT THE SUBDIVISION SHOWN HEREON IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP, AND ANY APPROVED ALTERATIONS THEREOF AND THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT, STATUTES OF 2015, AND LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH AND I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

LICENSED LAND SURVEYOR
MICHAEL RAY SUTHERLAND
Exp. 6/30/2016
No. 5815
STATE OF CALIFORNIA

DATED ______________________________

MICHAEL RAY SUTHERLAND, P.L.S 5815
ACTING COUNTY SURVEYOR

CLERK OF THE BOARD'S STATEMENT

I, TANNA BOYD, CLERK OF THE BOARD OF SUPERVISORS OF MADERA COUNTY, HEREBY STATE THAT THE BOARD OF SUPERVISOR'S BY RESOLUTION DULY ADOPTED ON ________________, 2015, APPROVED THE WITHIN MAP, ACCEPTED ON BEHALF OF THE PUBLIC ALL IRREVOCABLE OFFERS OF DEDICATION IN ACCORDANCE WITH THE TERMS OF THOSE OFFERS. ACCEPTANCE OF THIS OFFER OF DEDICATION DOES NOT CONSTITUTE ACCEPTANCE OF THE PROPERTY DESCRIBED INTO THE COUNTY ROAD SYSTEM PURSUANT TO CALIFORNIA STREETS AND HIGHWAYS CODE SECTION 941.

DATED ______________________

TANNA BOYD
CLERK OF THE BOARD OF SUPERVISOR'S

RECORDER'S CERTIFICATE

FILED THIS ______ DAY OF ______________, 2015, AT _____ __.M., IN BOOK _____ OF MAPS, AT PAGES __________, MADERA COUNTY RECORDS, AT THE REQUEST OF MORTON & PITALO, INC.

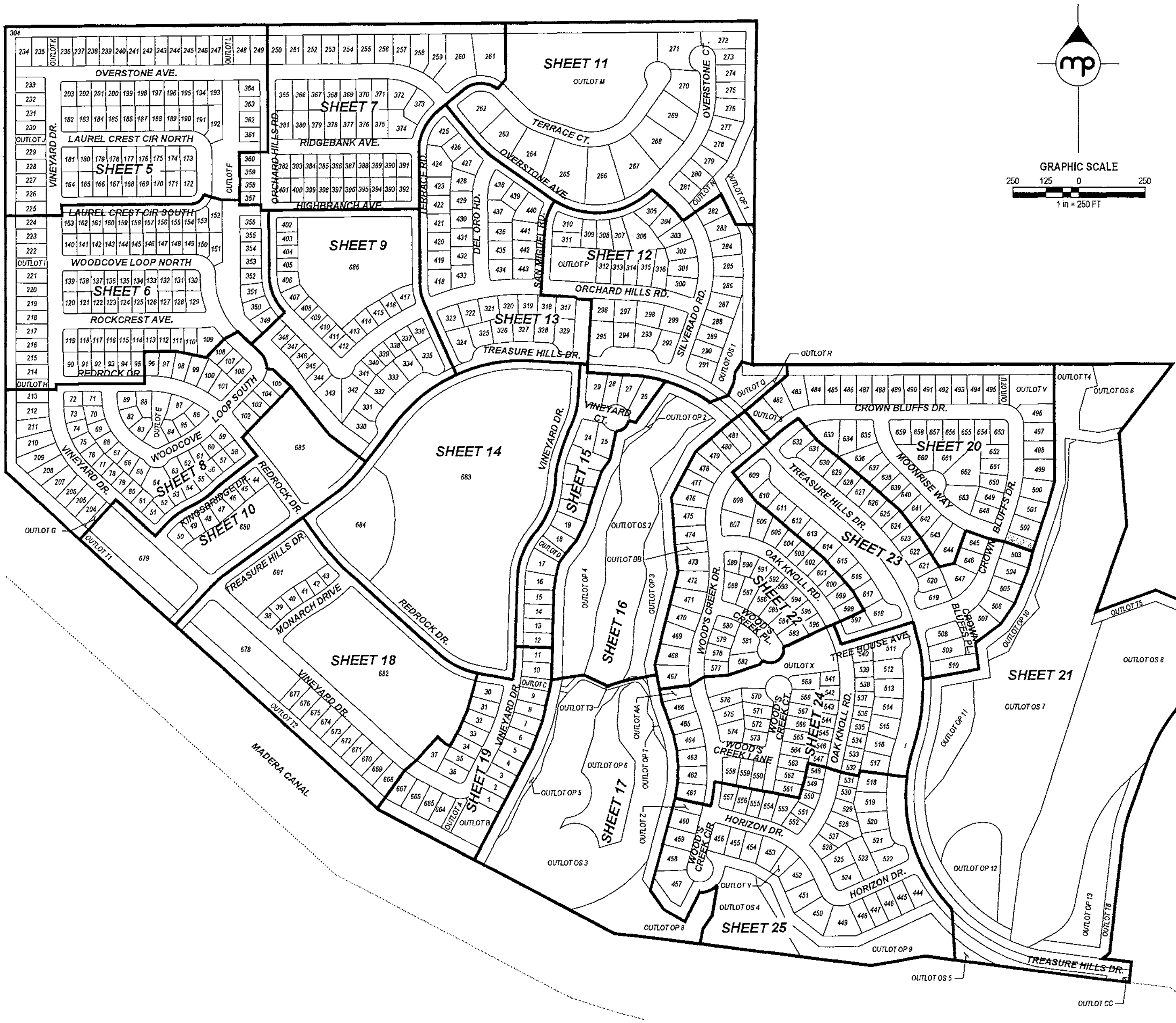
DOCUMENT NO. ______________________

FEE: $________

REBECCA MARTINEZ
MADERA COUNTY CLERK-RECORDER

BY ______________________________
DEPUTY COUNTY RECORDER

12-0024



FINAL MAP OF TESORO VIEJO - HILLSIDE

TRACT NO. ___

MADERA COUNTY, CALIFORNIA

SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016

MORTON & PITALO, INC.

SHEET 2 OF 25 SHEETS

OUTLOT DESIGNATIONS

THE FOLLOWING SHALL BE DEDICATED FOR THE FOLLOWING PURPOSES:

1. PUBLIC TRAIL, PUBLIC LANDSCAPING, PRIVATE DRAINAGE, PRIVATE UTILITY, AND PUBLIC UTILITY PURPOSES:
   OUTLOTS: I AND J.
2. PUBLIC TRAIL AND PUBLIC LANDSCAPING PURPOSES:
   OUTLOTS: A, C, D, H, R, U AND BB
3. PRIVATE PARK, PRIVATE DRAINAGE AND PRIVATE UTILITY PURPOSES:
   OUTLOTS: F
4. PRIVATE PARK PURPOSES:
   OUTLOTS: B, E, M, P, Q, S AND X.
5. PRIVATE UTILITY AND PRIVATE DRAINAGE PURPOSES:
   OUTLOTS: G.
6. PUBLIC TRAIL, PUBLIC UTILITY AND PUBLIC LANDSCAPING PURPOSES:
   OUTLOTS: K, N, Z.
7. PUBLIC TRAIL, PRIVATE UTILITY AND PUBLIC LANDSCAPING PURPOSES:
   OUTLOTS: L, W, Y, AA, T1 AND T2.
8. FUTURE DEVELOPMENT PURPOSES:
   OUTLOTS: CC.
9. PRIVATE UTILITY, AND PUBLIC UTILITY PURPOSES:
   OUTLOTS: V.
10. PRIVATE TRAIL PURPOSES:
    OUTLOTS: T3
11. PUBLIC TRAIL, PUBLIC LANDSCAPING, PRIVATE LANDSCAPING, PRIVATE UTILITY, AND PRIVATE DRAINAGE PURPOSES:
    OUTLOTS: T4.
12. PUBLIC TRAIL AND PRIVATE LANDSCAPING PURPOSES:
    OUTLOTS: T5.
13. PUBLIC TRAIL, PRIVATE LANDSCAPING, PRIVATE DRAINAGE, PRIVATE UTILITY, ANO PUBLIC UTILITY PURPOSES:
    OUTLOTS: T6
14. PUBLIC OPEN SPACE PURPOSES:
    OUTLOTS: OS 1, OS 2, OS 8 AND OS 9.
15. PUBLIC TRAIL, PRIVATE DRAINAGE AND PRIVATE UTILITY PURPOSES:
    OUTLOTS: OS 3, OS 4, AND OS 5.
16. PUBLIC TRAIL, PUBLIC LANDSCAPING AND PUBLIC OPEN SPACE PURPOSES:
    OUTLOTS: OS 6.
17. PUBLIC TRAIL, PUBLIC LANDSCAPING, PRIVATE DRAINAGE, PRIVATE UTILITY, AND PUBLIC OPEN SPACE PURPOSES:
    OUTLOTS: OS 7.
18. PRIVATE OPEN SPACE PURPOSES:
    OUTLOTS: OP 1, OP 2, OP 3, OP 4, OP6 AND OP 12.
19. PRIVATE DRAINAGE, PRIVATE UTILITY, AND PRIVATE OPEN SPACE PURPOSES:
    OUTLOTS: OP 5, OP 7, OP 8, OP 9 AND OP 10.
20. PUBLIC TRAIL AND PRIVATE OPEN SPACE PURPOSES:
    OUTLOTS: OP 11.

FINAL MAP OF TESORO VIEJO - HILLSIDE

TRACT NO. ___

MADERA COUNTY, CALIFORNIA

SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016

MORTON & PITALO, INC.

NOTES:

SEE SHEET 2 FOR INDEX SHEET AND OUTLOT DESIGNATIONS

SEE SHEET 3 FOR BOUNDARY INFORMATION, BASIS OF BEARINGS AND REFERENCES

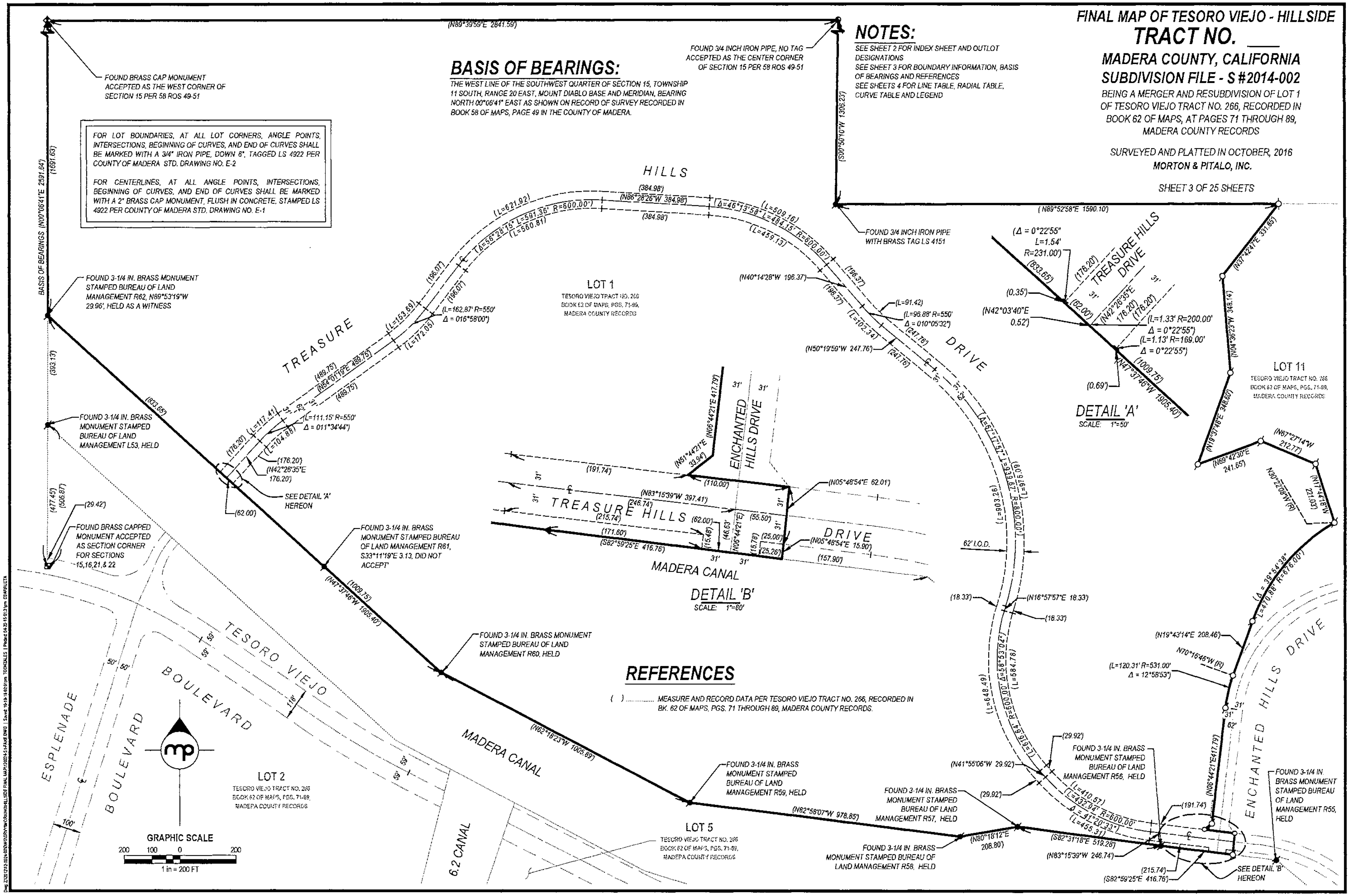
SEE SHEETS 4 FOR LINE TABLE, RADIAL TABLE, CURVE TABLE AND LEGEND

BASIS OF BEARINGS:

THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 11 SOUTH, RANGE 20 EAST, MOUNT DIABLO BASE AND MERIDIAN, BEARING NORTH 00°06'41" EAST AS SHOWN ON RECORD OF SURVEY RECORDED IN BOOK 58 OF MAPS, PAGE 49 IN THE COUNTY OF MADERA.

FOR LOT BOUNDARIES, AT ALL LOT CORNERS, ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 3/4" IRON PIPE, DOWN 6", TAGGED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-2

FOR CENTERLINES, AT ALL ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1



REFERENCES

( ) .... MEASURE AND RECORD DATA PER TESORO VIEJO TRACT NO. 266, RECORDED IN BK. 62 OF MAPS, PGS. 71 THROUGH 89, MADERA COUNTY RECORDS.

FINAL MAP OF TESORO VIEJO - HILLSIDE
TRACT NO. ___
MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016
MORTON & PITALO, INC.

CURVE TABLE

CURVE	Δ	RADIUS	LENGTH
C1	17°35'37"	200.00	61.41
C2	13°07'32"	329.00	75.37
C2	3°07'53"	329.00	17.98
C3	87°05'00"	7.00	10.64
C4	79°22'14"	7.00	9.70
C6	4°37'32"	239.00	19.29
C7	4°01'34"	329.00	23.12
C8	8°42'27"	329.00	50.00
C9	0°43'07"	329.00	4.13
C10	13°27'08"	329.00	77.24
C11	31°00'10"	27.00	14.61
C12	33°16'22"	50.00	29.04
C13	56°12'26"	50.00	49.05
C14	28°59'46"	50.00	25.30
C15	118°28'34"	50.00	103.39
C16	31°00'10"	27.00	14.61
C17	95°40'33"	7.00	11.69
C18	2°25'43"	371.00	15.73
C19	3°56'45"	599.00	41.25
C20	1°50'31"	599.00	19.26
C21	5°47'15"	599.00	60.51
C22	8°11'08"	271.00	38.72
C23	11°49'50"	271.00	55.96
C24	20°00'58"	271.00	94.67
C25	1°16'23"	329.00	7.31
C26	8°42'27"	329.00	50.00
C27	8°42'27"	329.00	50.00
C28	4°50'54"	329.00	27.84
C29	90°00'00"	7.00	11.00
C30	95°40'33"	7.00	11.69
C31	56°28'15"	7.00	6.90
C32	5°18'46"	271.00	25.13
C33	8°08'22"	271.00	38.50
C34	13°27'08"	271.00	63.63
C35	7°09'12"	181.00	22.60
C36	25°48'32"	181.00	81.53
C37	14°15'39"	181.00	45.05
C38	85°15'50"	7.00	10.42
C39	85°20'22"	20.00	29.79
C40	1°19'12"	631.00	14.54
C41	64°08'37"	21.00	23.51
C42	69°50'43"	48.00	58.51
C43	44°12'07"	48.00	37.03
C44	25°38'36"	48.00	21.48
C45	3°30'53"	48.00	2.94
C46	67°42'23"	48.00	56.72
C47	71°13'16"	48.00	59.67
C48	85°24'06"	7.00	10.43

CURVE TABLE

CURVE	Δ	RADIUS	LENGTH
C49	90°48'16"	7.00	11.09
C50	13°59'36"	400.00	97.69
C51	1°07'28"	400.00	7.85
C52	3°35'02"	300.00	18.77
C53	18°59'43"	16.00	5.30
C54	76°54'19"	48.00	64.43
C55	56°19'08"	48.00	47.18
C56	20°35'11"	48.00	17.25
C57	69°50'43"	48.00	58.51
C58	30°26'17"	48.00	25.50
C59	39°24'26"	48.00	33.01
C60	64°08'37"	21.00	23.51
C61	1°33'10"	631.00	17.10
C62	85°53'52"	20.00	29.98
C63	10°31'12"	300.00	55.08
C64	8°25'26"	300.00	44.11
C65	2°16'24"	329.00	13.05
C66	83°50'58"	7.00	10.24
C67	45°13'59"	21.00	16.58
C68	38°33'59"	50.00	33.66
C69	45°13'59"	21.00	16.58
C70	70°51'28"	50.00	61.84
C71	23°24'47"	529.00	216.17
C72	6°37'46"	529.00	61.21
C73	16°47'01"	529.00	154.96
C74	7°15'53"	569.00	72.15
C75	9°35'12"	569.00	95.20
C76	4°48'37"	529.00	44.41
C77	5°04'31"	221.00	19.58
C78	87°59'36"	7.00	10.75
C79	86°45'18"	7.00	10.60
C80	86°45'18"	7.00	10.60
C81	3°25'58"	629.00	37.69
C82	90°00'00"	20.00	31.42
C83	65°00'35"	21.00	23.83
C84	37°23'12"	48.00	31.32
C85	32°34'46"	48.00	27.29
C86	69°57'58"	48.00	58.61
C87	69°22'31"	21.00	25.43
C88	1°13'53"	769.00	16.53
C89	93°45'04"	20.00	32.73
C90	86°45'23"	7.00	10.60
C91	1°55'25"	312.00	10.48
C92	19°40'32"	312.00	107.14
C93	21°35'57"	312.00	117.62
C94	21°46'23"	271.00	102.98
C95	12°57'48"	271.00	61.31
C96	8°48'35"	271.00	41.67

CURVE TABLE

CURVE	Δ	RADIUS	LENGTH
C97	84°03'20"	7.00	10.27
C98	22°42'58"	300.00	118.94
C99	86°09'34"	20.00	30.08
C100	1°29'19"	831.00	21.59
C101	64°48'42"	21.00	23.75
C102	69°09'07"	48.00	57.93
C103	21°03'42"	48.00	17.64
C104	48°05'26"	48.00	40.29
C105	36°04'02"	48.00	30.22
C106	27°23'04"	48.00	22.94
C107	63°27'06"	48.00	53.16
C108	70°30'48"	21.00	25.84
C109	90°00'00"	20.00	31.42
C110	93°44'06"	20.00	32.72
C111	1°13'54"	769.00	16.53
C112	69°22'31"	21.00	25.43
C113	90°00'00"	7.00	11.00
C114	17°24'06"	221.00	67.12
C115	0°25'46"	221.00	1.66
C116	16°58'21"	221.00	65.47
C117	17°19'10"	279.00	84.34
C118	15°32'52"	279.00	75.71
C119	1°46'40"	279.00	8.66
C120	86°34'29"	7.00	10.58
C121	87°09'57"	7.00	10.65
C122	17°04'32"	250.00	74.51
C123	69°50'43"	48.00	58.51
C124	37°40'06"	48.00	31.56
C125	32°10'37"	48.00	26.96
C126	64°08'37"	21.00	23.51
C127	2°01'47"	631.00	22.35
C128	85°41'00"	20.00	29.91
C129	84°21'19"	7.00	10.31
C130	84°21'19"	7.00	10.31
C131	19°34'59"	359.00	122.70
C132	10°21'46"	359.00	64.93
C133	6°45'04"	359.00	42.30
C134	2°28'09"	359.00	15.47
C135	86°54'05"	7.00	10.62

RADIALS

RADIAL	BEARING
R1	N82°48'50"E
R2	N03°33'42"W
R3	N69°50'03"E
R4	S10°50'45"E
R5	N56°48'35"E
R6	N17°55'38"W
R7	S76°26'26"E
R8	N02°55'48"E
R9	N89°05'10"E
R10	N83°01'41"E
R11	N59°59'37"E
R12	S58°28'58"E
R13	S37°58'15"W
R14	S28°10'12"W
R15	S48°22'59"W
R16	N53°32'39"W
R17	S42°39'37"E
R18	S26°08'53"E
R19	N72°17'08"E
R20	S24°16'33"E
R21	S28°34'26"E
R22	N30°09'08"W
R23	S33°59'30"W
R24	N35°51'13"W
R25	N60°05'28"E
R26	N23°19'59"E
R27	S14°41'58"W
R28	N13°22'46"E
R29	S03°31'34"W
R30	N67°41'42"W
R31	N42°02'48"W
R32	N43°47'37"W
R33	N25°07'46"W
R34	N25°33'36"E
R37	S85°08'25"E
R38	S39°21'45"E
R40	S11°33'36"E
R41	N80°59'13"E
R42	N81°02'24"E
R43	S07°09'05"E
R44	S16°59'43"E
R45	S21°42'07"E
R46	N75°01'52"E
R47	S02°16'39"W
R48	S02°19'48"E
R49	S21°38'37"E
R50	N61°26'10"E
R51	S80°25'53"W

RADIALS

RADIAL	BEARING
R52	N82°31'53"W
R53	S18°23'16"E
R54	N19°56'26"W
R55	N84°12'02"W
R56	N71°53'57"W
R57	S19°22'32"W
R58	N22°36'10"E
R59	N39°58'02"E
R60	S46°09'44"W
R61	N00°56'01"E
R62	S47°08'59"E
R63	N83°07'14"E
R64	S18°46'12"W
R65	N24°09'17"E
R66	N89°00'09"E
R67	N88°36'57"E
R68	N25°45'11"E
R69	N27°00'36"W
R70	S88°18'36"W
R71	N89°25'31"W
R72	S80°55'54"W
R73	N16°10'56"E
R74	N11°24'02"E
R75	S23°26'49"W
R76	N24°40'07"E
R77	N31°17'53"E
R78	N41°26'37"E
R79	S87°14'24"E
R80	N61°48'04"E
R81	S23°27'54"W
R61	N00°56'01"E
R62	S47°08'59"E
R63	N83°07'14"E
R64	S18°46'12"W
R65	N24°09'17"E
R66	N89°00'09"E
R67	N88°36'57"E
R69	N27°00'36"W
R70	S88°18'36"W
R71	N89°25'31"W
R72	S80°55'54"W
R73	N16°10'56"E
R74	N11°24'02"E
R75	S23°26'49"W
R76	N24°40'07"E
R77	N31°17'53"E
R78	N41°26'37"E
R79	S87°14'24"E

RADIALS

RADIAL	BEARING
R80	N61°48'04"E
R81	S23°27'54"W
R83	S46°09'44"W
R84	S85°16'37"W
R85	S88°56'19"E
R86	N79°05'14"W
R87	S59°55'11"E
R88	S47°00'17"W
R89	N72°35'50"W
R90	S30°08'41"E
R91	S45°18'59"E
R92	N65°13'52"W
R93	N44°48'10"E
R94	N62°59'37"E
R95	S01°36'07"E
R96	N67°46'25"E
R97	S69°00'17"W
R98	S69°30'44"W
R99	N22°58'25"W
R100	S61°04'56"W
R101	S74°02'44"W
R102	N77°02'06"E
R103	S80°15'28"W
R104	S84°10'29"W
R105	N61°15'22"E
R106	N35°10'02"W
R107	N27°54'55"W
R108	N68°54'55"E
R109	N67°25'36"E
R110	N47°45'43"W
R111	S63°05'10"W
R112	S42°41'50"W
R113	N20°45'16"W
R114	S76°29'27"W
R115	S77°44'17"W
R116	S32°53'12"E
R117	S82°31'04"W
R118	S76°33'23"W
R119	S10°23'05"W
R120	N85°23'01"W
R121	S86°50'15"W
R122	S06°35'15"E
R123	S80°39'41"W
R124	N06°15'37"W
R125	S09°02'10"W
R126	N51°42'50"E
R127	N61°03'21"E
R129	N77°25'14"E

RADIALS

RADIAL	BEARING
R130	S07°34'31"W
R131	N71°43'08"E
R132	S69°41'21"W
R133	S24°22'45"W
R134	S77°56'23"E

LINE TABLE

LINE	BEARING	DISTANCE
L1	N00°20'01"W	19.75
L2	S47°33'25"E	3.95
L3	S35°49'28"E	60.82
L4	N47°33'25"W	7.59
L5	N47°33'25"W	7.59
L6	S47°33'25"E	7.59
L7	N61°00'33"W	8.29
L8	N56°46'57"E	20.79
L9	N36°38'22"E	24.29
L10	N09°21'23"W	32.10
L11	S31°55'52"W	13.44
L12	S07°08'41"E	88.80
L13	N05°48'54"E	15.90
L14	S82°59'25"E	258.86
L15	N30°06'43"W	5.87
L16	N59°53'17"E	21.00
L17	S07°08'41"E	28.34
L18	N29°51'39"W	43.99
L19	N63°44'19"E	36.24

LEGEND

- O .... DIMENSION POINT, NOTHING FOUND, NOTHING SET
- .... MONUMENT FOUND AND ACCEPTED AS DESCRIBED HEREON
- .... FOUND AND ACCEPTED SECTION CORNER MONUMENT AS NOTED
- .... FOUND AND ACCEPTED QUARTER CORNER MONUMENT AS NOTED
- .... FOUND AND ACCEPTED CENTER SECTION CORNER MONUMENT AS NOTED
- .... SET 3/4" IRON PIPE, DOWN 6", TAGGED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-2
- ◎ .... SET 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1
- (R) .... RADIAL BEARING
- CALC .... CALCULATED PER RECORD REFERENCE
- I.O.D. .... PREVIOUS GRANTED IRREVOCABLE OFFER FOR DEDICATION PER TRACT 266 RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 - 89, M.C.R. NOW OFFERED FOR PUBLIC STREET, PRIVATE UTILITY AND PUBLIC UTILITY PURPOSES
- * .... NOW OFFERED FOR PUBLIC STREET, PRIVATE UTILITY AND PUBLIC UTILITY PURPOSES
- ⊛ .... PREVIOUS GRANTED IRREVOCABLE OFFER FOR DEDICATION PER TRACT 266 RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 - 89, M.C.R. NOW OFFERED FOR PUBLIC STREET, PRIVATE UTILITY AND PUBLIC UTILITY PURPOSES

FOR LOT BOUNDARIES, AT ALL LOT CORNERS, ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 3/4" IRON PIPE, DOWN 6", TAGGED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-2

FOR CENTERLINES, AT ALL ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1

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GRAPHIC SCALE
50 25 0 50
1 in = 50 FT

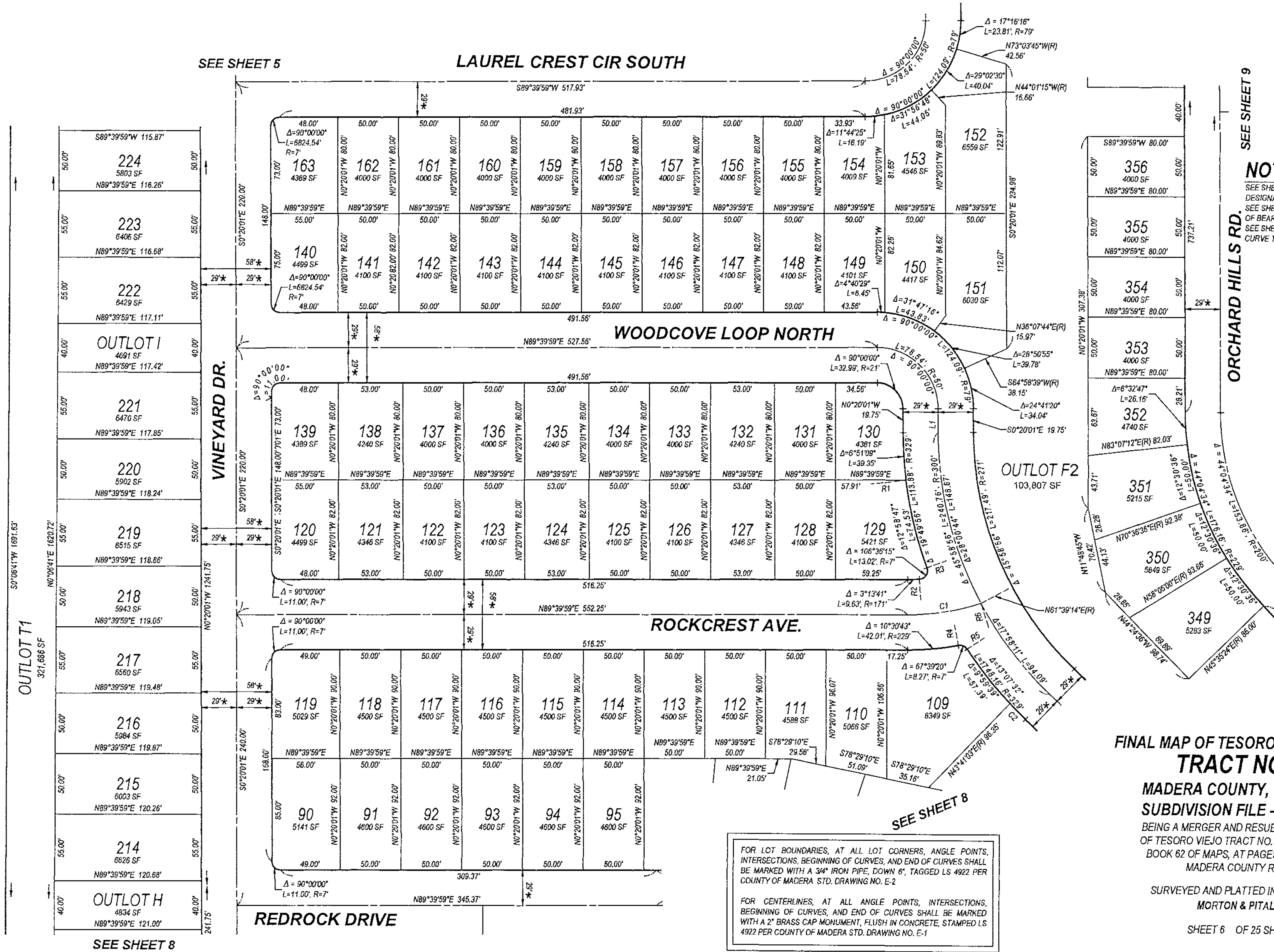
FINAL MAP OF TESORO VIEJO - HILLSIDE

TRACT NO. ___

MADERA COUNTY, CALIFORNIA
SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016
MORTON & PITALO, INC.



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FOR CENTERLINES, AT ALL ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1

FINAL MAP OF TESORO VIEJO - HILLSIDE

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SHEET 7 OF 25 SHEETS

FOR LOT BOUNDARIES, AT ALL LOT CORNERS, ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 3/4" IRON PIPE, DOWN 6", TAGGED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-2

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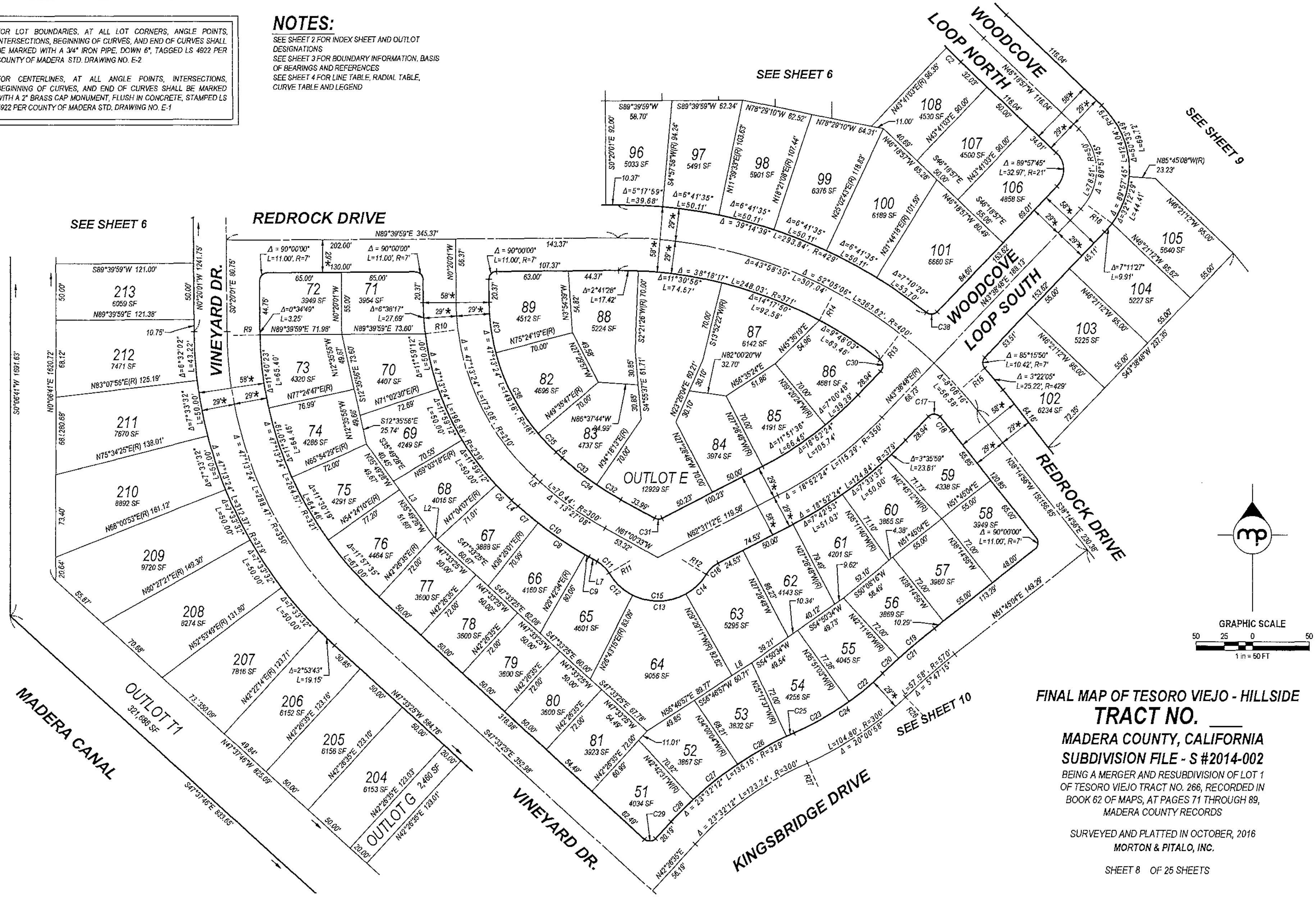

FINAL MAP OF TESORO VIEJO - HILLSIDE

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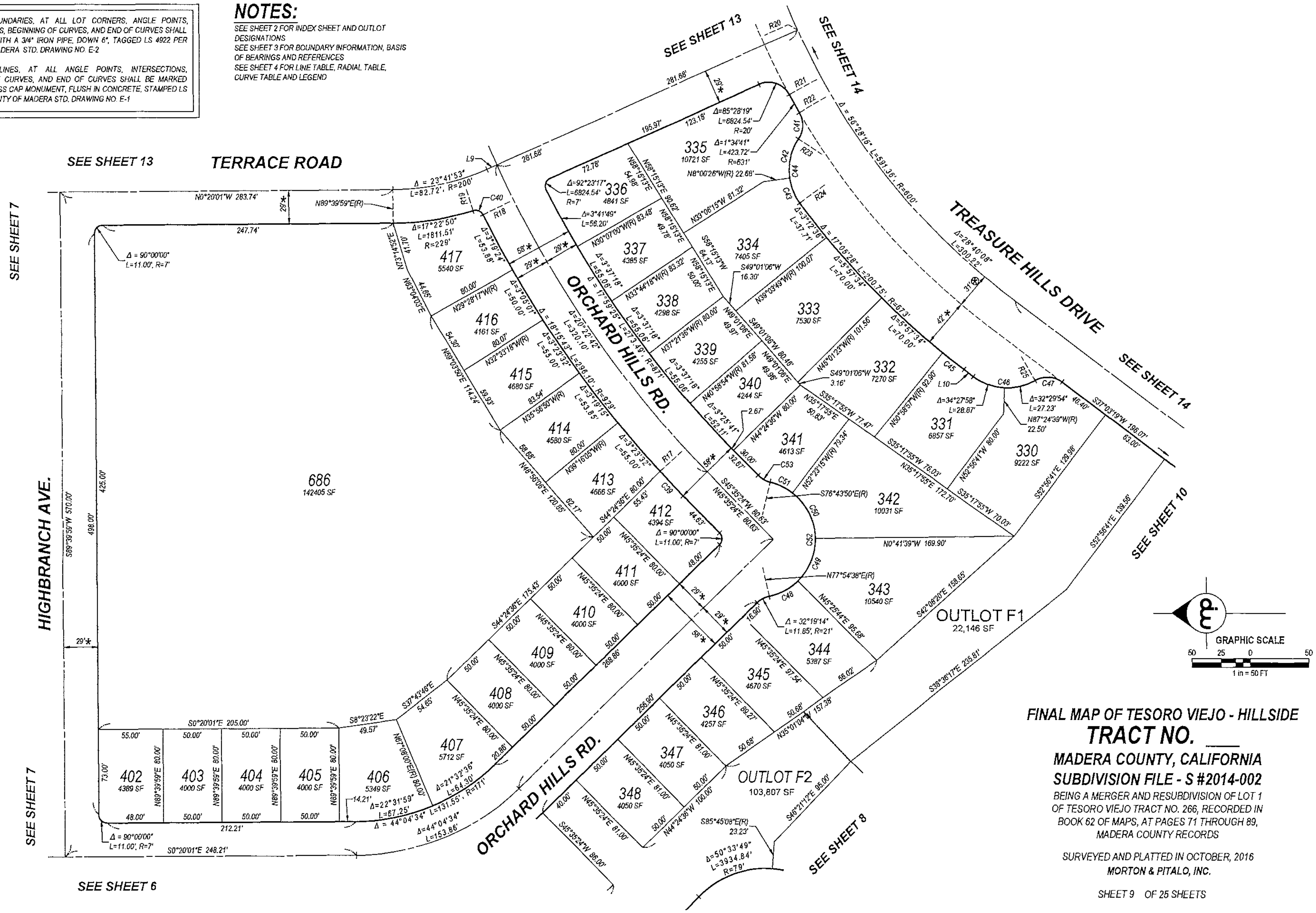

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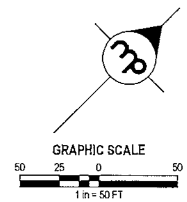

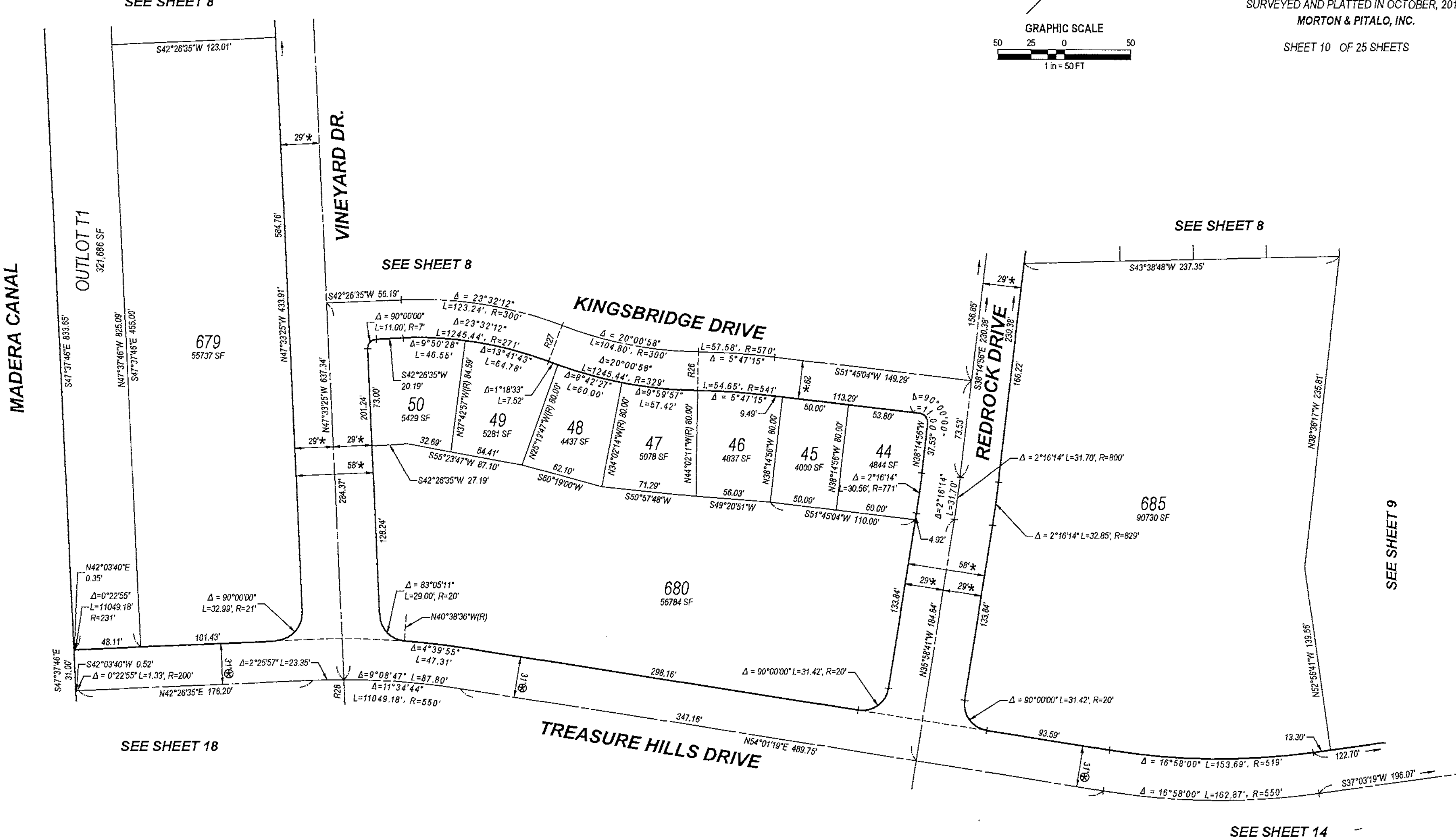

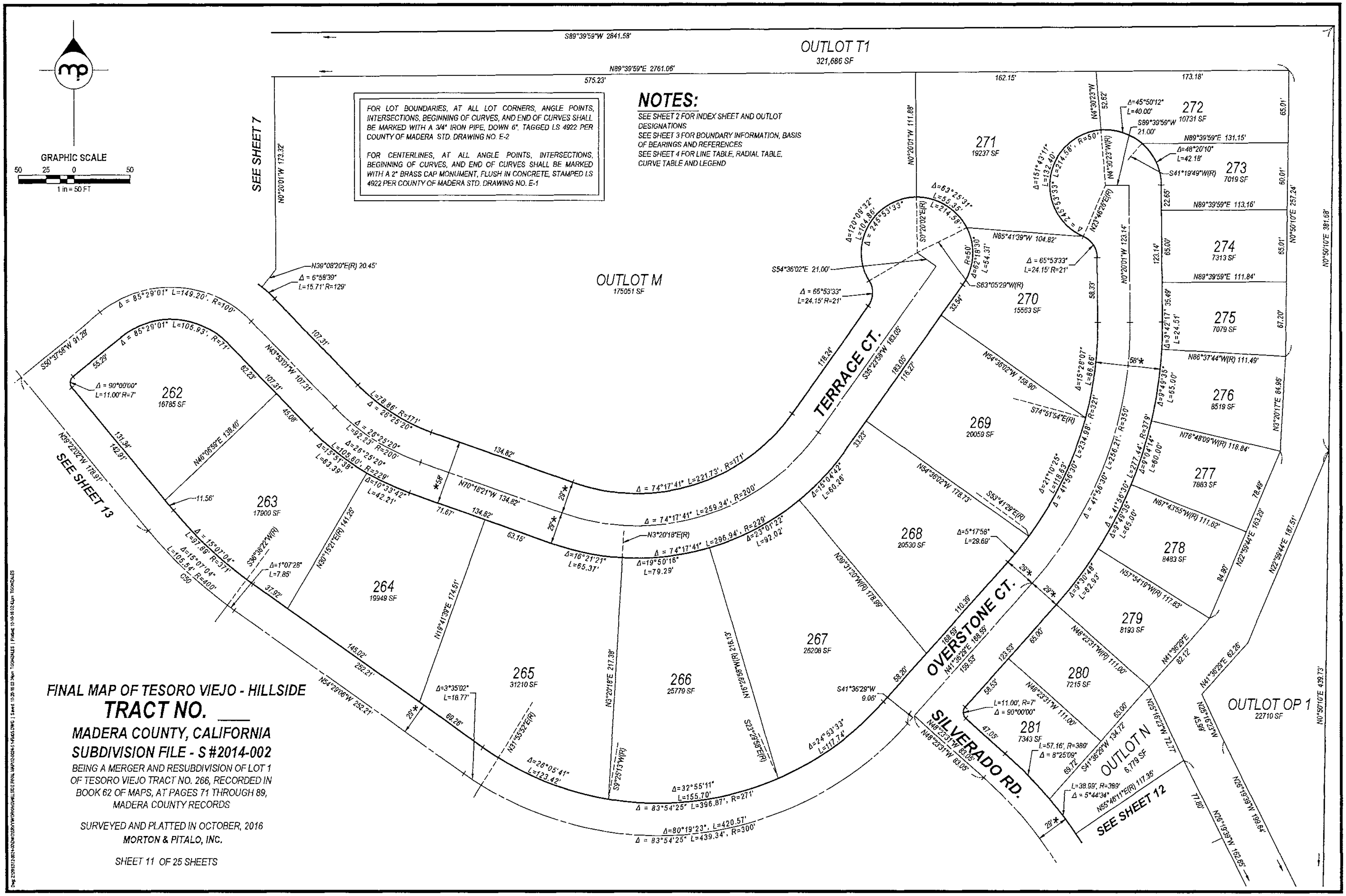

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FOR CENTERLINES, AT ALL ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1

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FINAL MAP OF TESORO VIEJO - HILLSIDE

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MADERA COUNTY, CALIFORNIA

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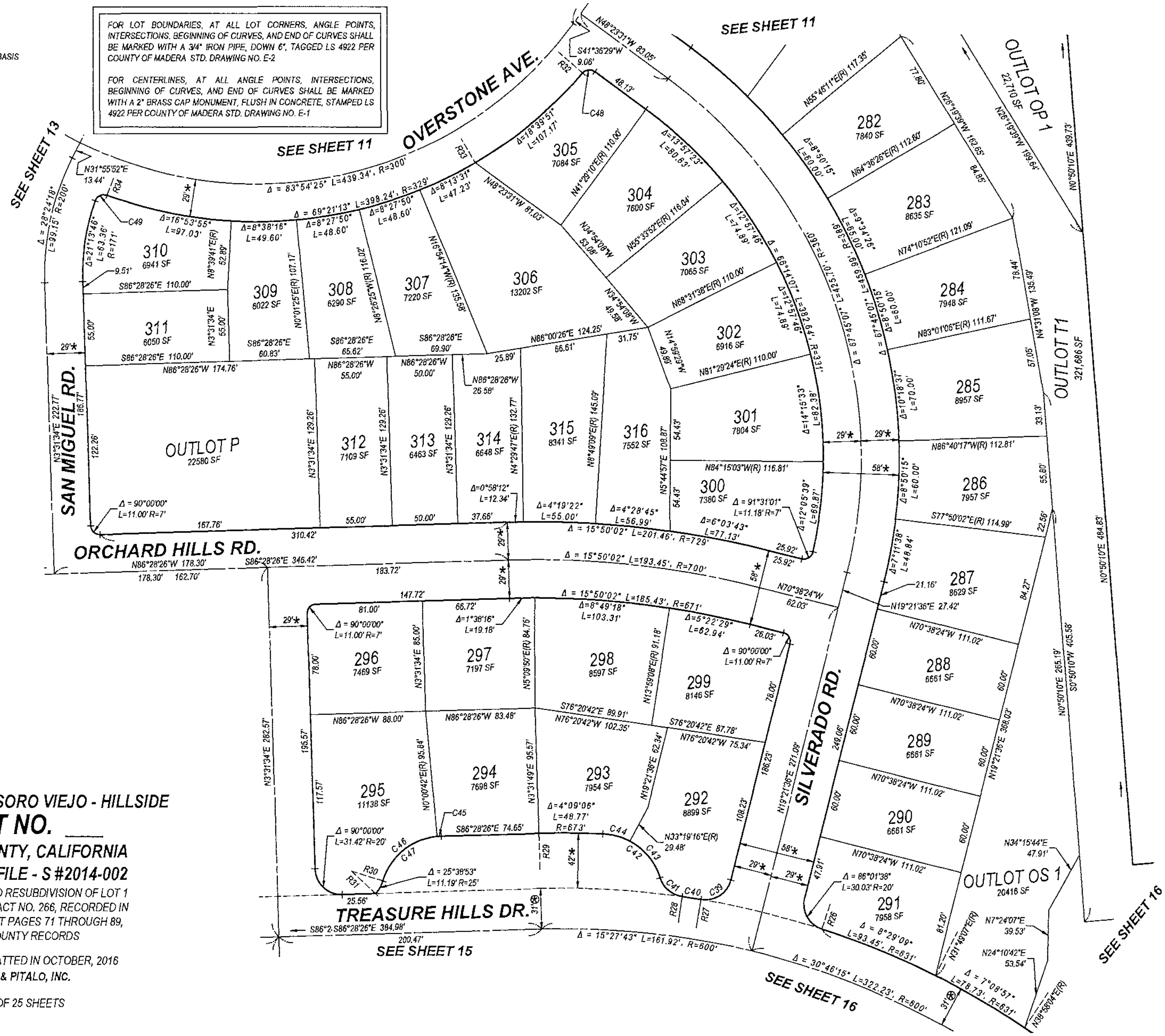

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MADERA COUNTY, CALIFORNIA

SUBDIVISION FILE - S #2014-002

BEING A MERGER AND RESUBDIVISION OF LOT 1 OF TESORO VIEJO TRACT NO. 266, RECORDED IN BOOK 62 OF MAPS, AT PAGES 71 THROUGH 89, MADERA COUNTY RECORDS

SURVEYED AND PLATTED IN OCTOBER, 2016
MORTON & PITALO, INC.

FINAL MAP OF TESORO VIEJO - HILLSIDE

TRACT NO. ___

MADERA COUNTY, CALIFORNIA

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FOR CENTERLINES, AT ALL ANGLE POINTS, INTERSECTIONS, BEGINNING OF CURVES, AND END OF CURVES SHALL BE MARKED WITH A 2" BRASS CAP MONUMENT, FLUSH IN CONCRETE, STAMPED LS 4922 PER COUNTY OF MADERA STD. DRAWING NO. E-1

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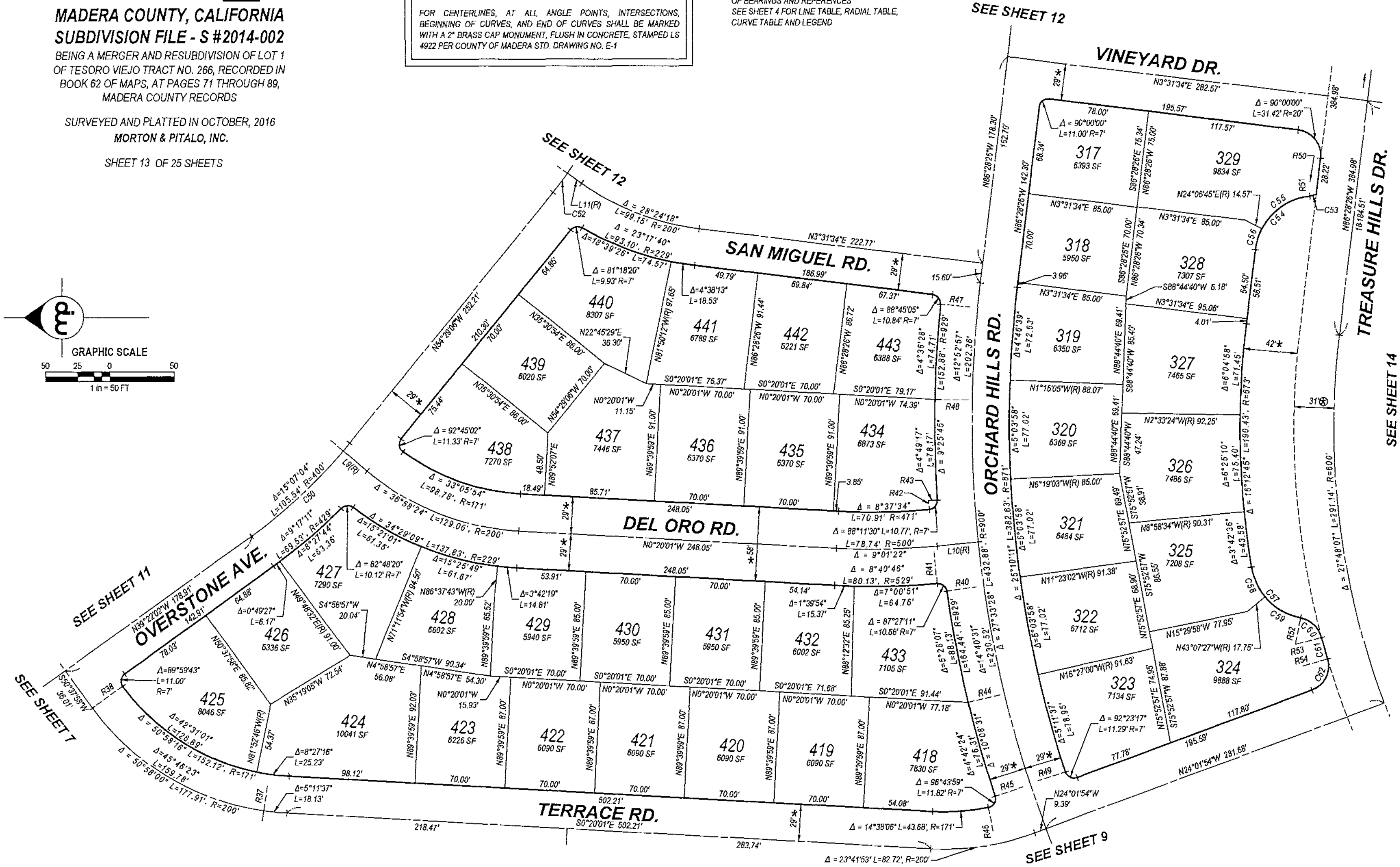

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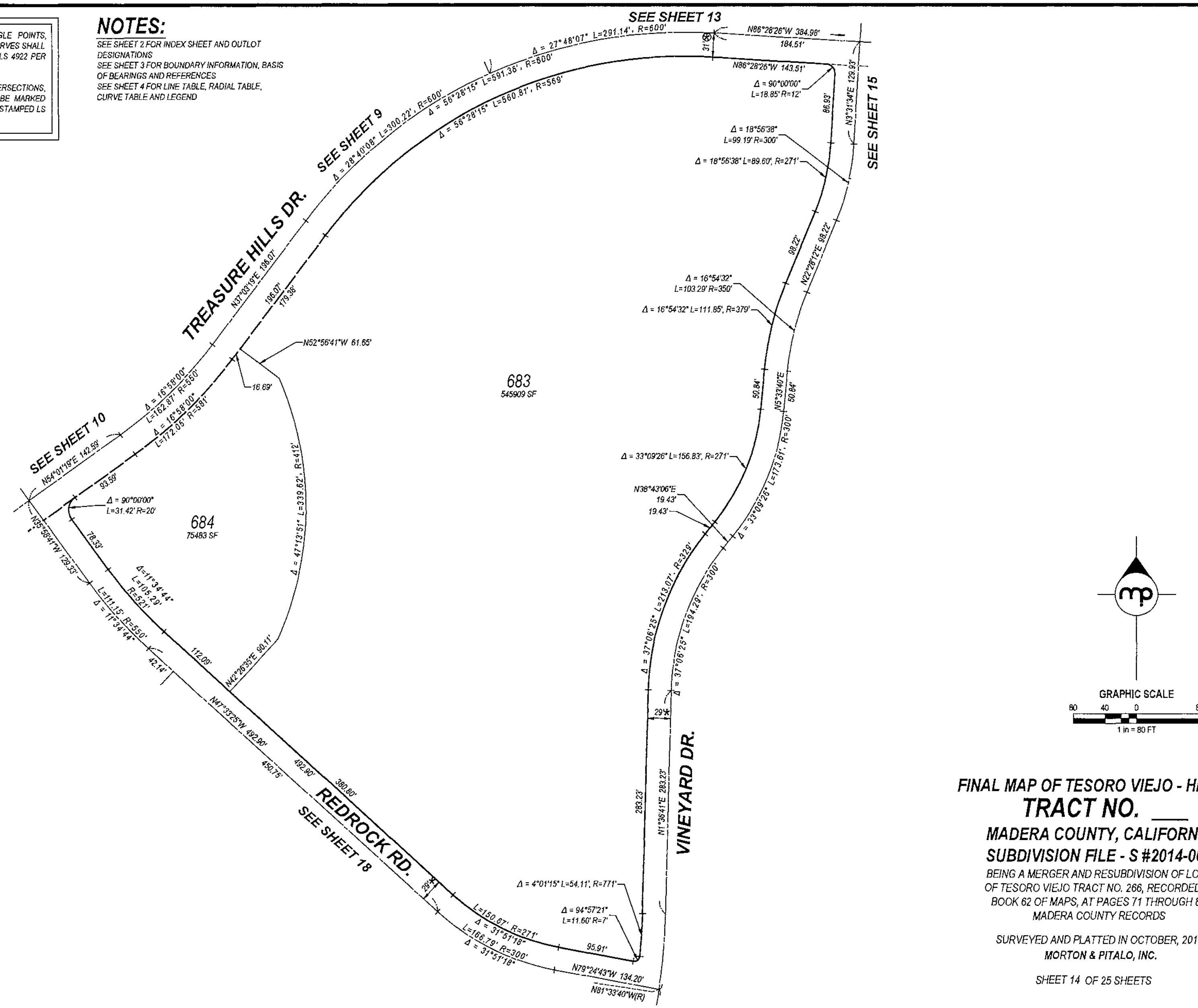

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SHEET 14 OF 25 SHEETS

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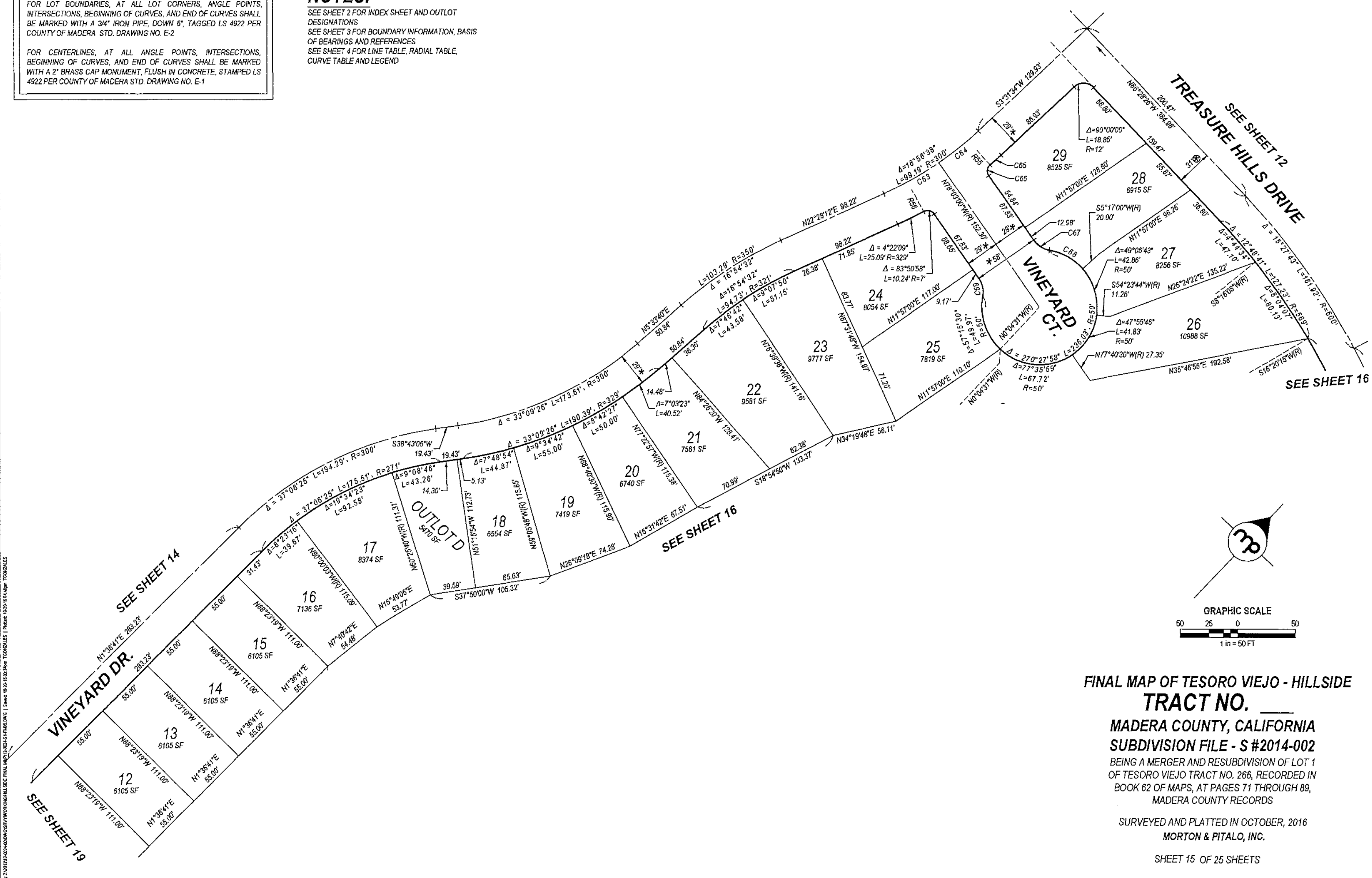

FINAL MAP OF TESORO VIEJO - HILLSIDE

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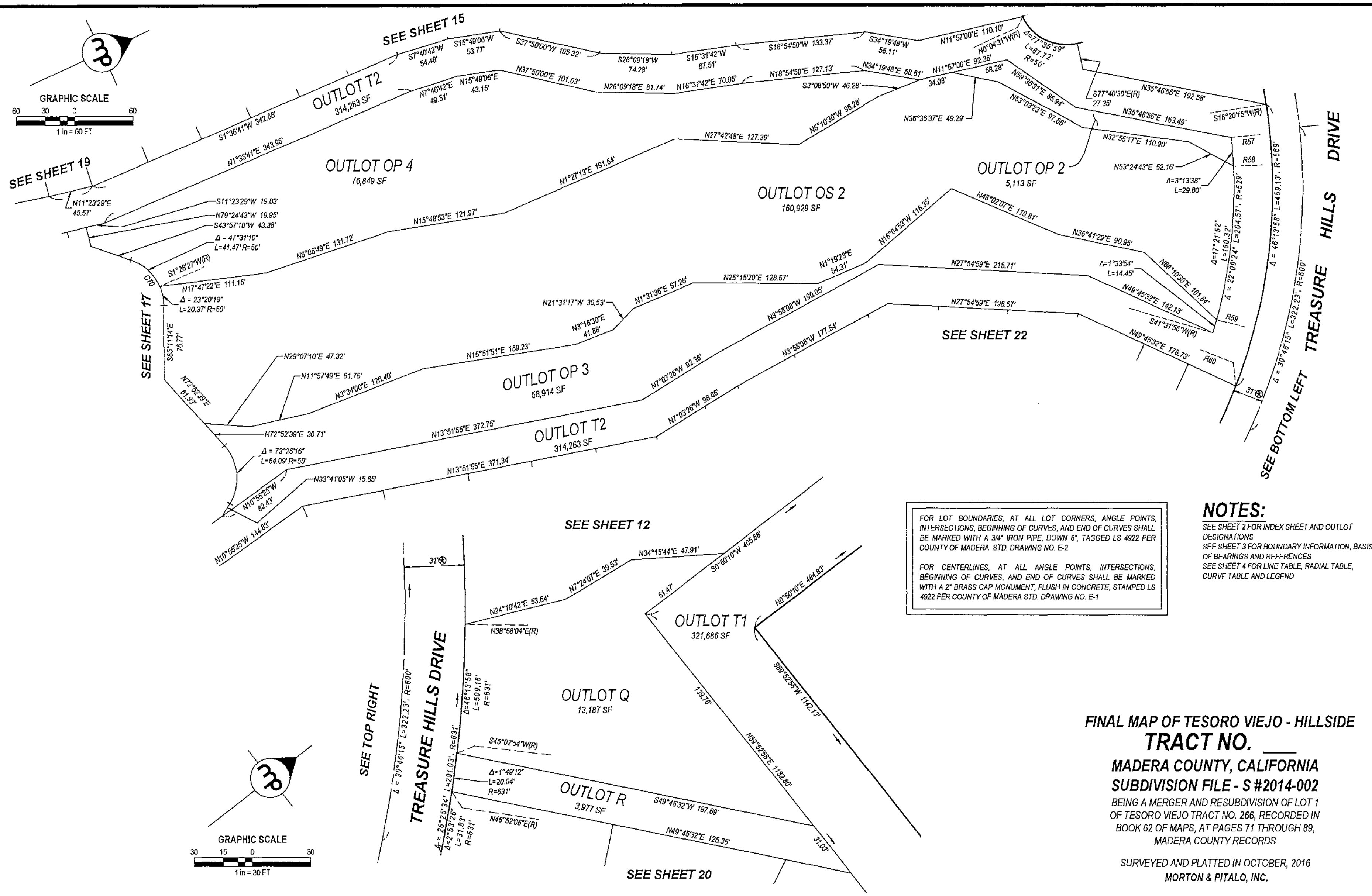

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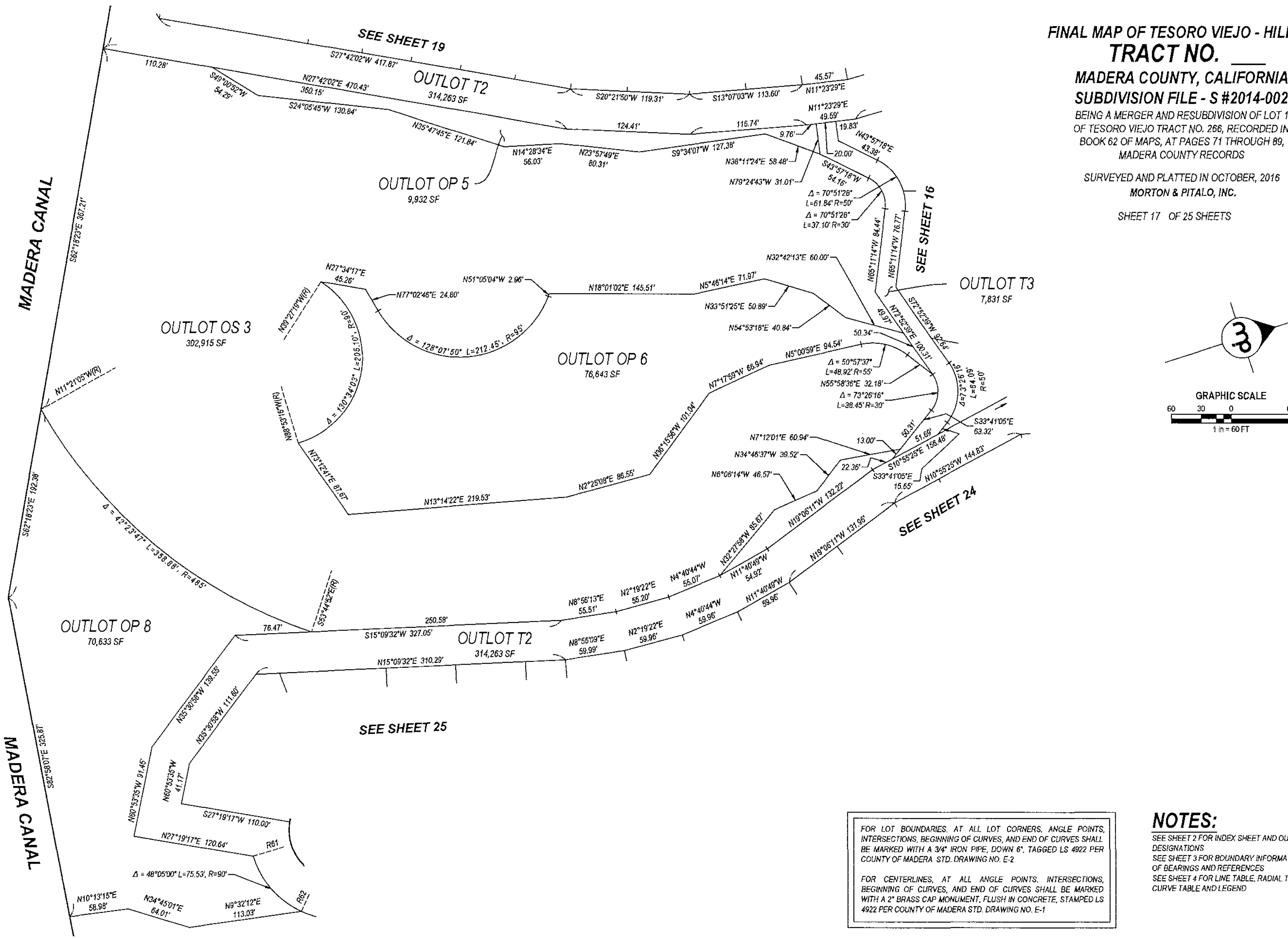

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GRAPHIC SCALE
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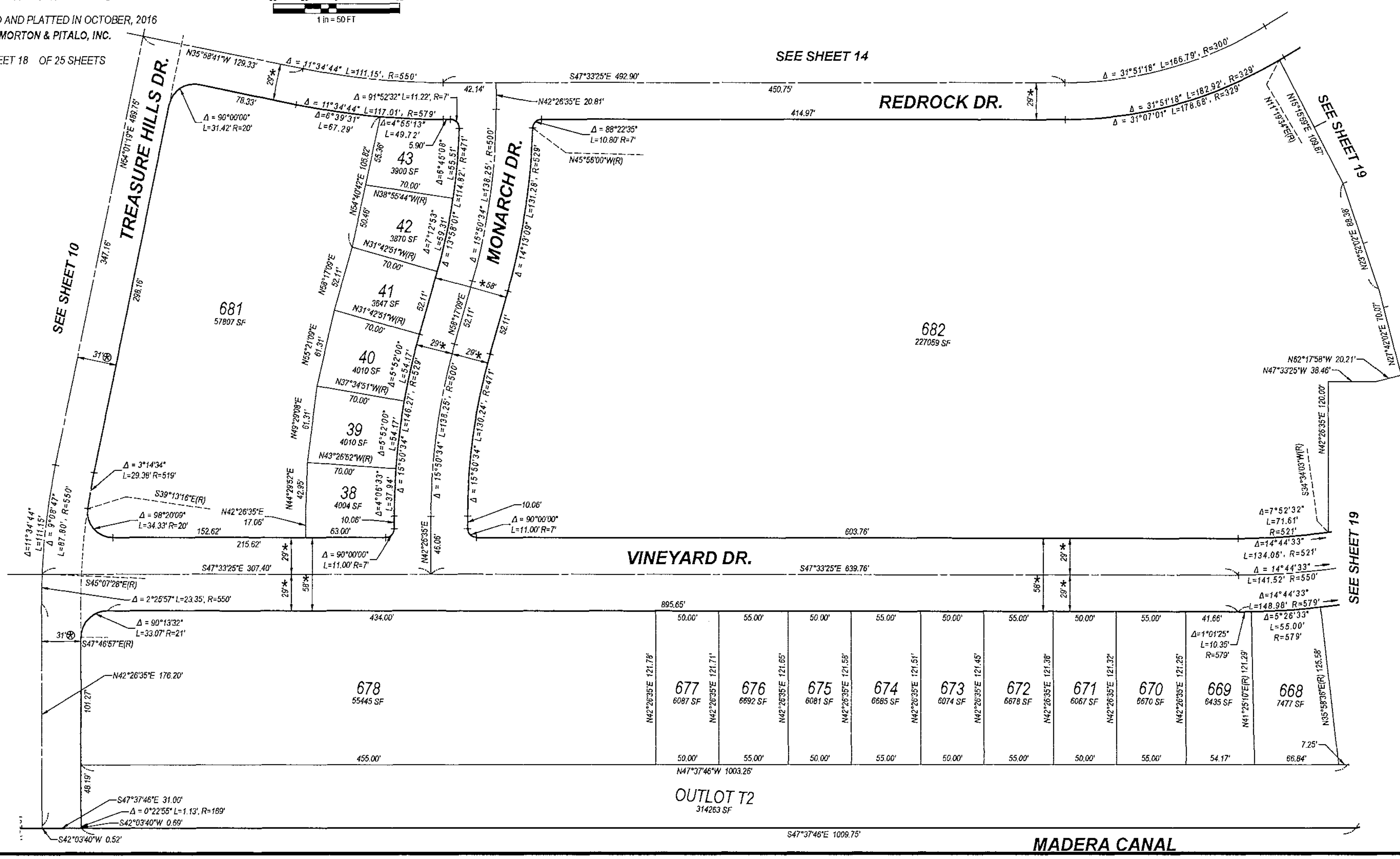

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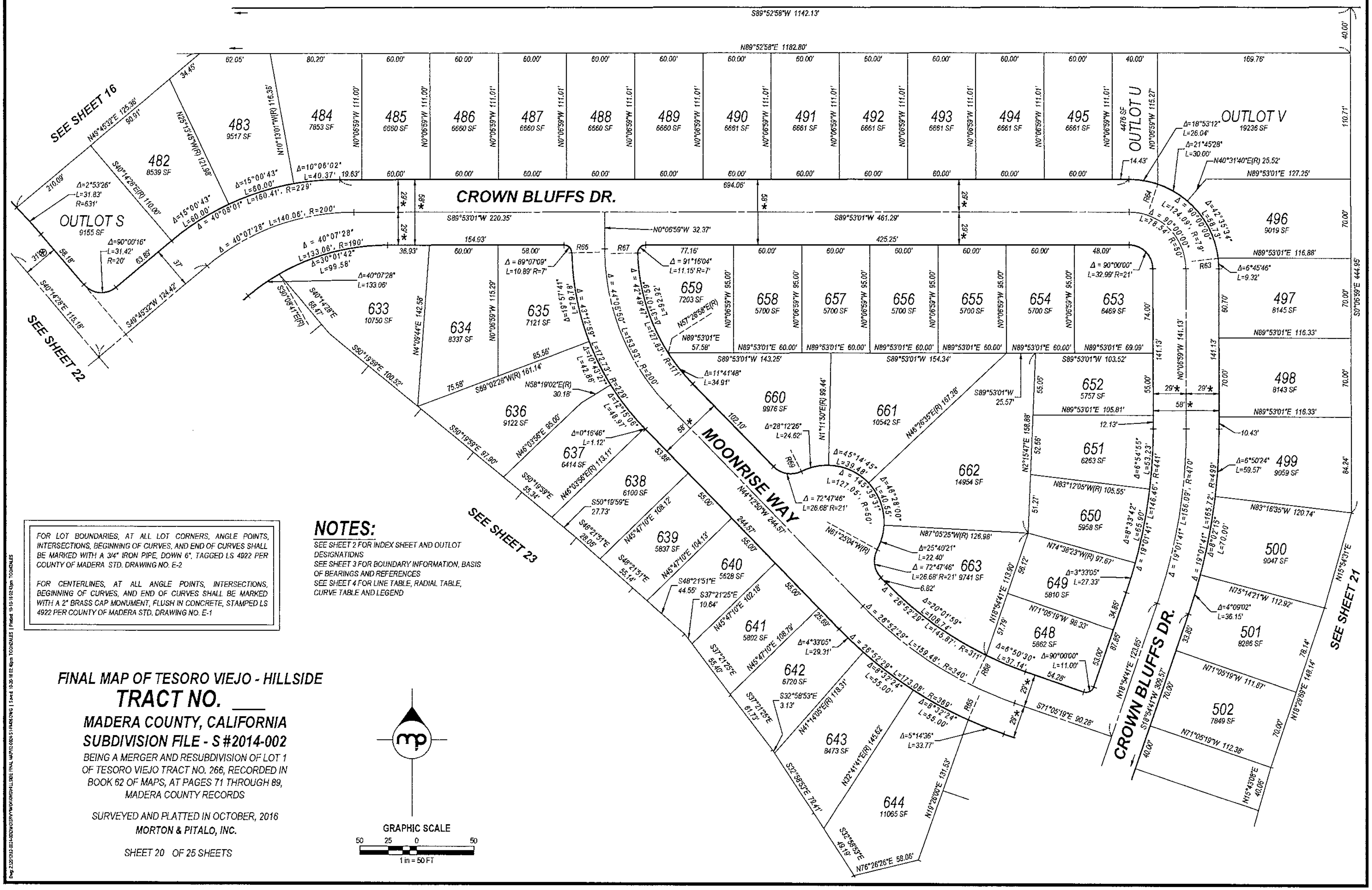

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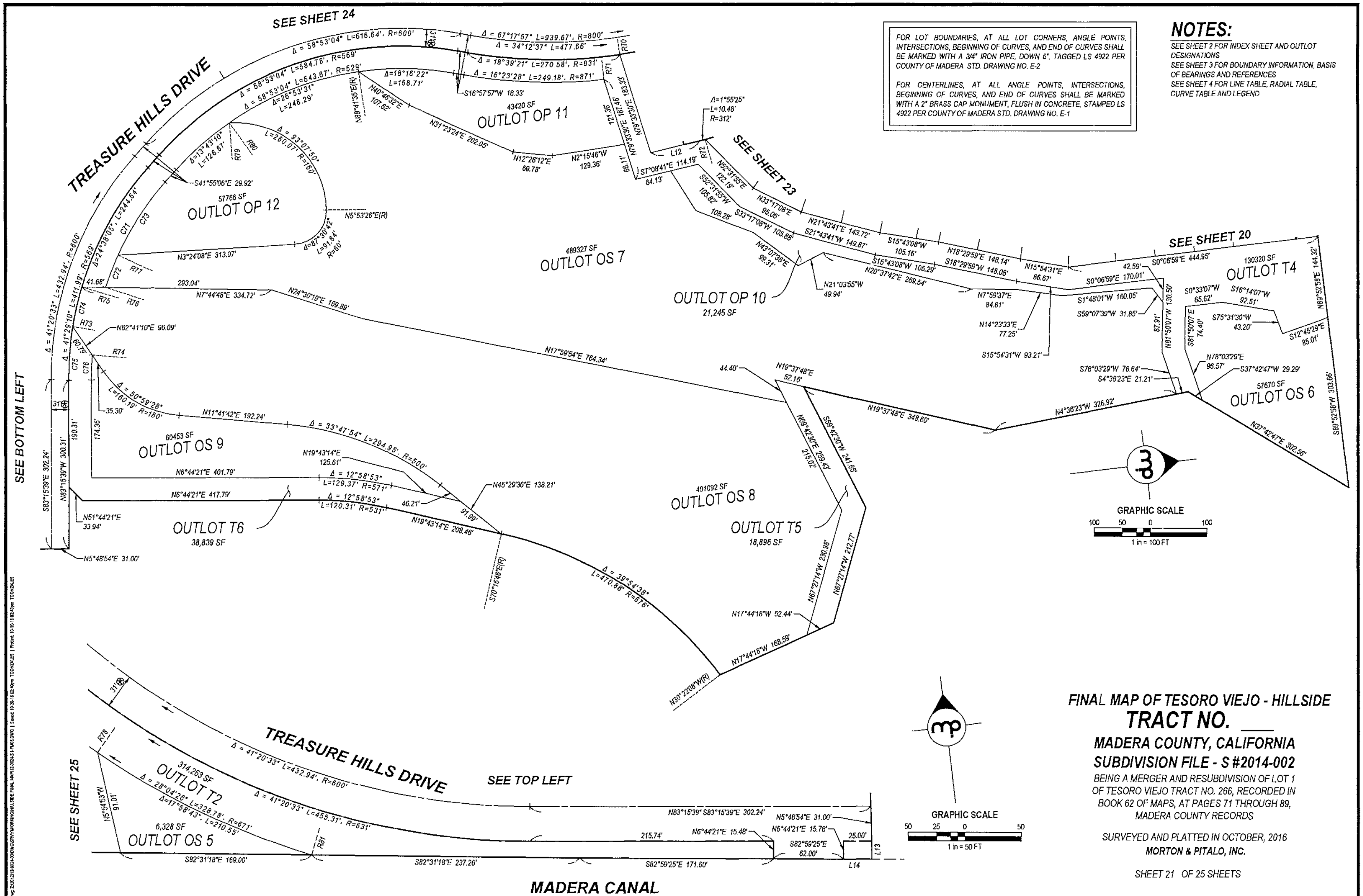

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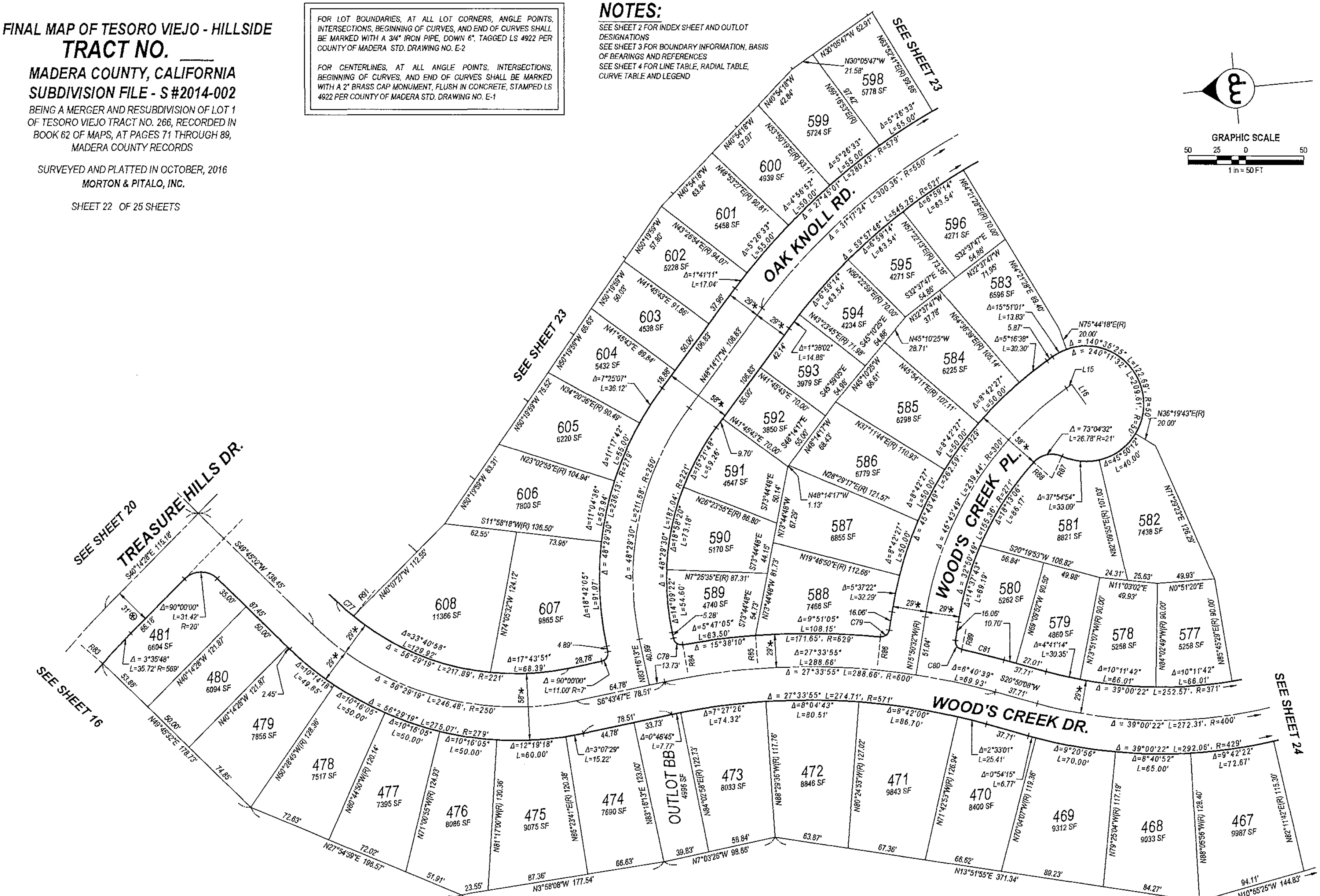

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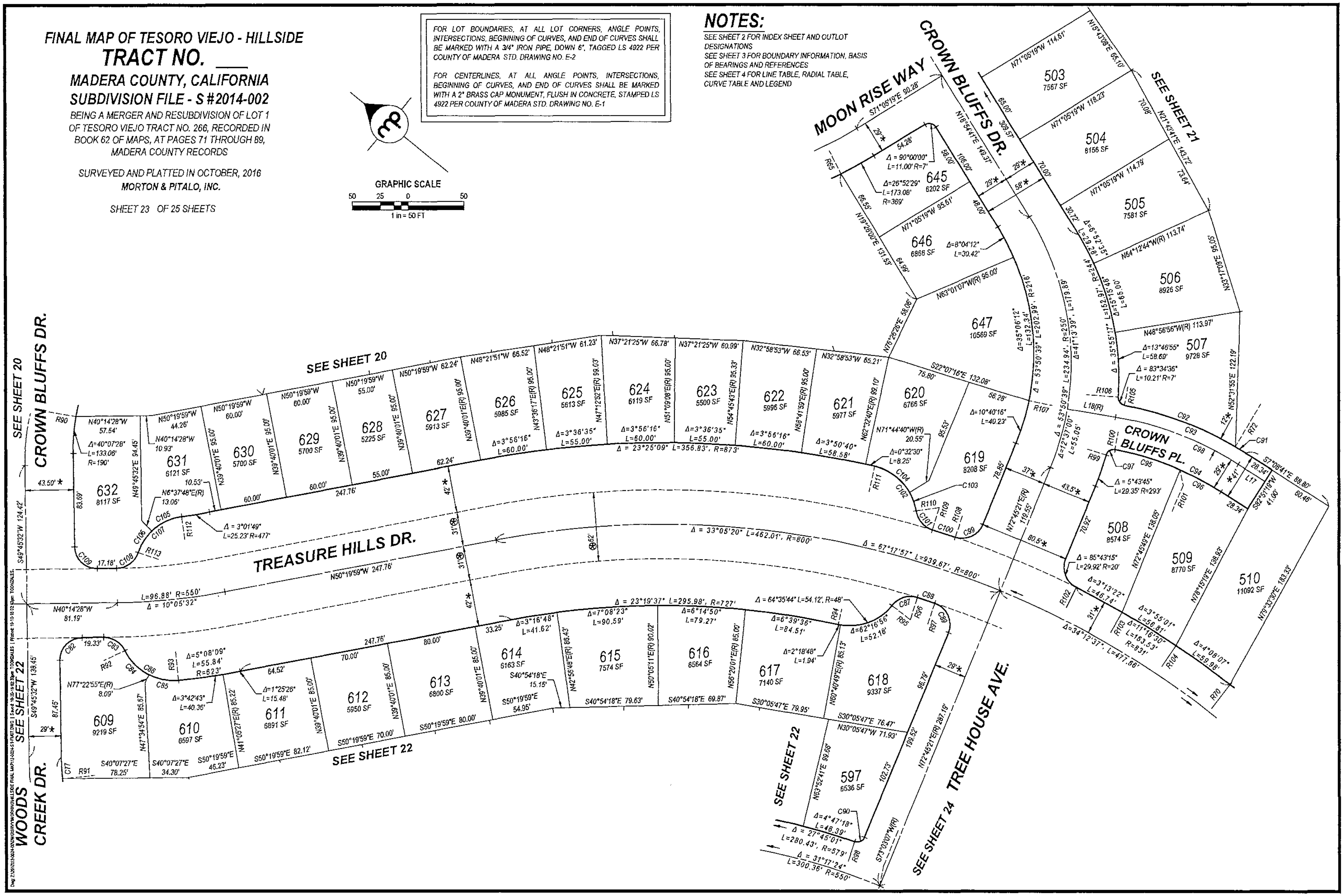

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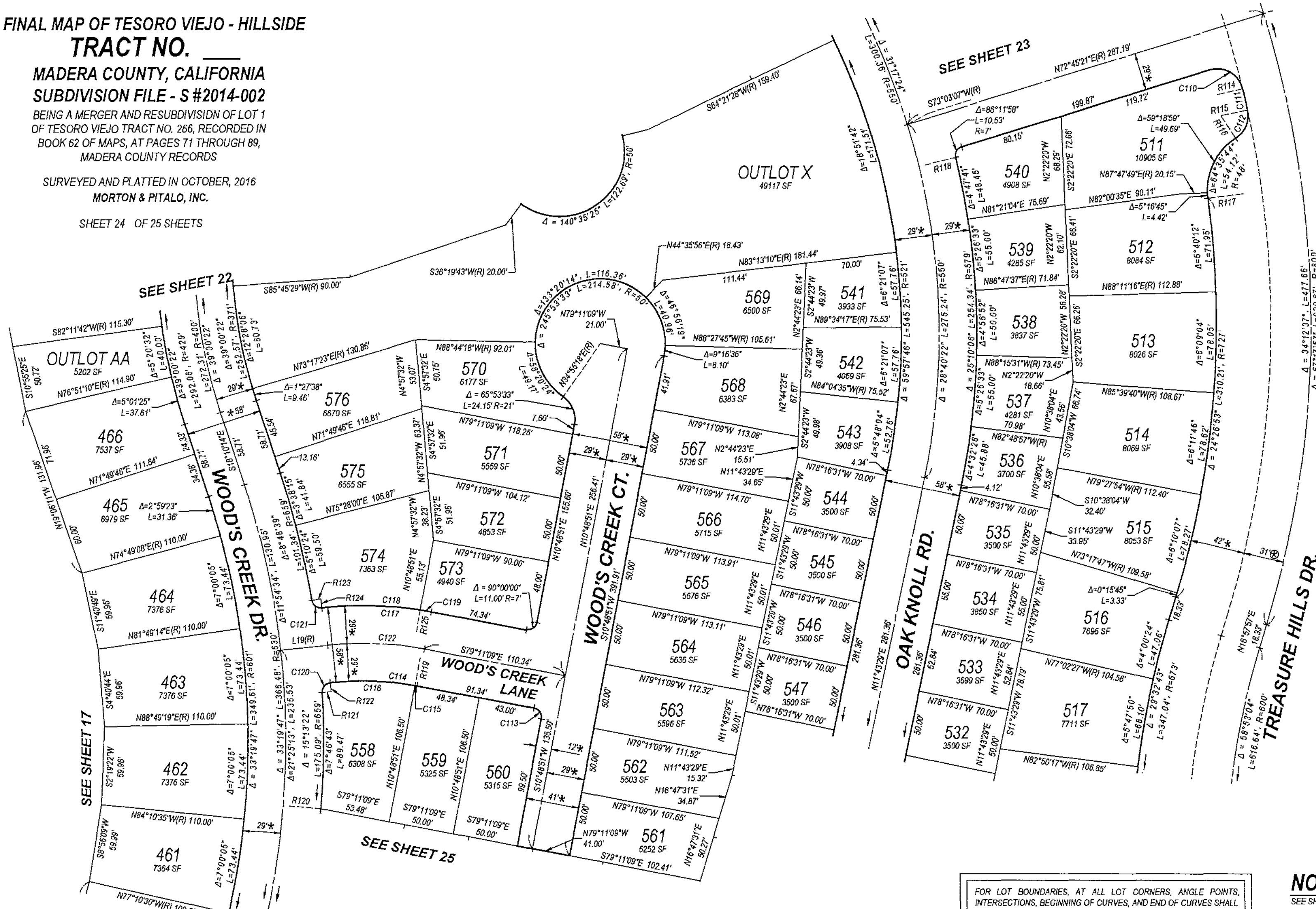

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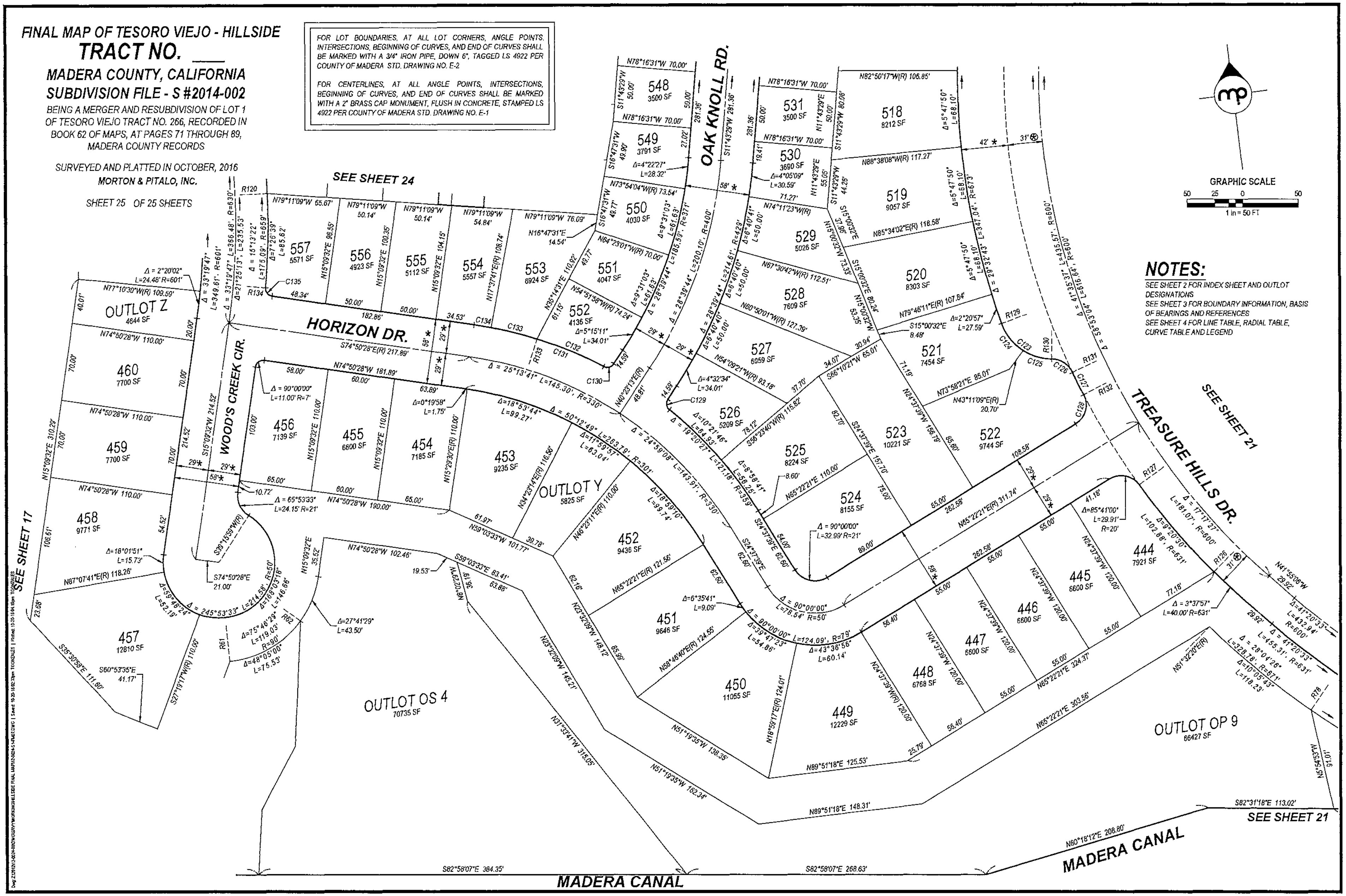
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SEE SHEET 24
SEE SHEET 17
SEE SHEET 21
HORIZON DR.
WOOD'S CREEK CIR.
OAK KNOLL RD.
TREASURE HILLS DR.
MADERA CANAL
OUTLOT Z
4644 SF
OUTLOT Y
5825 SF
OUTLOT OS 4
70735 SF
OUTLOT OP 9
66427 SF

ATTACHMENT 2

Improvement Area 1
County of Madera
Community Facilities District No. 2016-1
(Tesoro Viejo)

Expected Land Uses and Expected Maximum Annual Facilities Special Tax Revenues

EXPECTED LAND USES			
Special Tax Category	**Estimated Number of Residential Units and Non-Residential Property Type**	**Maximum Annual Facilities Special Tax (FY 2017-18)***	**Expected Maximum Annual Facilities Special Tax Revenues (FY 2017-18)***
Detached Residential Property			
Estate Lots	12	$4,958 per Residential Unit	$ 59,496
Res. Units >=3,300 Square Feet	58	$2,582 per Residential Unit	$149,756
Res. Units 3,050-3,299 Square Feet	23	$2,479 per Residential Unit	$ 57,017
Res. Units 2,800-3,049 Square Feet	67	$2,295 per Residential Unit	$153,765
Res. Units 2,550-2,799 Square Feet	53	$2,169 per Residential Unit	$114,957
Res. Units 2,300-2,549 Square Feet	122	$1,979 per Residential Unit	$241,438
Res. Units 2,050-2,299 Square Feet	136	$1,870 per Residential Unit	$254,320
Res. Units 1,800-2,049 Square Feet	191	$1,709 per Residential Unit	$326,419
Res. Units 1,550-1,799 Square Feet	116	$1,629 per Residential Unit	$188,964
Res. Units < 1,750 Square Feet	40	$1,480 per Residential Unit	$ 59,200
Attached Residential Property			
Average Density <= 9 Res. Units/Acre	0	$1,623 per Residential Unit	$0
Average Density > 9 and < 15 Res. Units/Acre	0	$1,560 per Residential Unit	$0
Average Density >= 15 and < 16 Res. Units/Acre	0	$1,222 per Residential Unit	$0
Average Density >= 16 Res. Units/Acre	0	$883 per Residential Unit	$0
Non-Residential Property Type			
Commercial Square Footage	0	$1.20 per Commercial Square Foot	$0
Office Square Footage	0	$0.50 per Office Square Foot	$0
Industrial Square Footage	0	$1.20 per Industrial Square Foot	$0
Totals for Improvement Area 1	818 Res. Units 0 Non-Res. SqFt	**N/A**	**$1,605,332**

* *On July 1, 2018 and on each July 1 thereafter, all dollar amounts shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.*

BEFORE
THE BOARD OF SUPERVISORS
OF THE COUNTY OF MADERA
STATE OF CALIFORNIA

In the Matter of	) Resolution No.: 2020- 027
	)
COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)	) A RESOLUTION REGARDING REDUCTION) IN THE LEVY OF SPECIAL TAXES WITHIN) IMPROVEMENT AREA 1 OF COUNTY OF) MADERA COMMUNITY FACILITIES) DISTRICT NO. 2017-1 (TESORO VIEJO)
	)
	)

WHEREAS, on January 3, 2017, this Board of Supervisors (this "Board") of the County of Madera (the "County") adopted its resolution entitled "A Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein" (the "Resolution of Intention") stating its intention to form the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) (the "CFD") consisting of two improvement areas ("Improvement Areas"), known as Improvement Area 1 and Improvement Area M, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code, for the purpose of financing certain public facilities (the "Facilities") and the funding of certain public services (the "Services"), as further provided in the Resolution of Intention; and

WHEREAS, on January 3, 2017, this Board also adopted its resolution entitled "A Resolution of Intention to Incur Bonded Indebtedness for Community Facilities District" (the "Resolution of Intention to Incur Indebtedness") stating its intention to cause separate bonds to be issued for each Improvement Area pursuant to the Act to finance in whole or in part the acquisition and construction of the Facilities; and

WHEREAS, on February 7, 2017, this Board held noticed public hearings as required by the Act, the Resolution of Intention and the Resolution of Intention to Incur Indebtedness; at the public hearings, all persons desiring to be heard on all matters pertaining to the formation of the CFD, the levy of the Special Taxes, and the issuance of bonded indebtedness and other debt (as defined in the Act) were heard, substantial evidence was presented and considered by this Board and a full and fair hearing was held; and

WHEREAS, following the public hearings, this Board adopted the following resolutions: a resolution entitled "A Resolution of Formation of Proposed Community Facilities District" (the "Resolution of Formation"); a resolution entitled "A Resolution Determining Necessity to Incur Bonded Indebtedness and Other Debt"; a resolution entitled "A Resolution Calling Special Election" (the "Election Resolution") submitting the propositions of the levy of the Special Taxes, the incurring of a bonded indebtedness and other debt (as defined in the Act) (collectively, "Bonds"), and the approval of an annual appropriations limit to the qualified electors in each Improvement Area in the CFD as required by the Act; and

WHEREAS, pursuant to the Election Resolution, on February 7, 2017, a special election was held within the CFD at which the eligible landowner electors in each Improvement Area approved such propositions by the two-thirds vote required by the Act, and the Board subsequently adopted a resolution entitled "A Resolution Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien"; and

WHEREAS, on February 21, 2017, this Board adopted its Ordinance No. 685, entitled "An Ordinance Levying Special Taxes Within County of Madera Community

Facilities District No. 2017-1 (Tesoro Viejo)" (the "Ordinance") which authorized and levied the Special Taxes within each Improvement Area of the CFD in accordance with the rate and method of apportionment of the Special Taxes among the parcels of real property within each Improvement Area of the CFD (each a "Rate and Method").

WHEREAS, the CFD is authorized to levy two special taxes within Improvement Area 1: a "Facilities Special Tax," which is used to fund the cost of the Facilities, and a "Services Special Tax," which is used to fund the cost of the Services; and

WHEREAS, the master developer of the property in Improvement Area 1 of the CFD, Hillside RM, LLC, and its sole member, Tesoro Viejo Development, Inc. (collectively, the "Developer"), have requested that the County commit to annually levy the Facilities Special Tax in Improvement Area 1 at rates not in excess of thirty-seven and one-half percent (37.5%) of the Maximum Annual Facilities Special Tax rates for each category of Taxable Property set forth in, and authorized to be levied pursuant to, the Rate and Method for Improvement Area 1, as approved under the Resolution of Formation and the Ordinance; and, as a result of such limitation, the greatest Maximum Annual Facilities Special Tax rates that could be so levied for each category of Taxable Property commencing in Fiscal Year 2020-21 are set forth in Exhibit "A" hereto; and

WHEREAS, sections 53330.5 and 53340(b) of the Act authorize this Board to levy special taxes at the same rate or a lower rate than the rate provided in the Resolution of Formation and the Ordinance; and

WHEREAS, no bonds or other indebtedness have been issued or incurred with respect to the CFD; and

WHEREAS, the County has determined that the proposed commitment to levy the Facilities Special Tax within Improvement Area 1 at the reduced rates set forth in

Exhibit "A" will reduce the property tax burden on current and future residents and taxpayers within Improvement Area 1, and will not materially adversely affect the financial condition of the CFD or the County; and

WHEREAS, the levy of the Facilities Special Tax, as limited by this Resolution, could cause a levy of the Facilities Special Tax on Taxable Property in Improvement Area 1 that is classified other than as Developed Property to occur sooner than would have otherwise been the case if such levy were not limited; accordingly, this Resolution requires that the owners of all such property consent to the limitation of the amount of the Facilities Special Tax set forth herein and to the interpretation of the term "Maximum Annual Facilities Special Tax" that is included in Section 4 hereof prior to July 1, 2020 in order for such limitation and interpretation to be implemented beginning with the levy of the Facilities Special Tax in Fiscal Year 2020-21;

NOW, THEREFORE, be it resolved by the Madera County Board of Supervisors, as follows:

1. The Board of Supervisors hereby finds and determines that the foregoing recitals are true and correct.

2. Capitalized terms used and not otherwise defined in this Resolution shall have the respective meanings ascribed to them in the Rate and Method for Improvement Area 1.

3. Notwithstanding anything to the contrary in the Rate and Method for Improvement Area 1, subject to the satisfaction of the conditions set forth in Section 5 hereof prior to July 1, 2020, in order to reduce the property tax burden of the current and future owners of Taxable Property in Improvement Area 1 the Board hereby covenants that it will not levy, and will not permit the levy of, the Facilities Special Tax

on any property within Improvement Area 1 in any Fiscal Year at any rate greater than the maximum rate applicable to said property set forth in Exhibit "A" hereto commencing with the levy of the Facilities Special Tax in Fiscal Year 2020-21 and each Fiscal Year thereafter.

4. Several of the provisions in the Rate and Method for Improvement Area 1 use, directly or indirectly, the term "Maximum Annual Facilities Special Tax." Said term refers to the greatest amount of Facilities Special Tax that may be levied in any Fiscal Year upon each category of Taxable Property as determined pursuant to Section C of the Rate and Method for Improvement Area 1. However, subject to the satisfaction of the conditions set forth in Section 5 hereof prior to July 1, 2020, upon implementation of the limitations on the amount of the levy of the Facilities Special Tax as set forth in this Resolution, the rates set forth in said Section C will no longer be the greatest rates at which the Facilities Special Tax may be levied; instead, the greatest rates at which the Facilities Special Tax will be levied are set forth in Exhibit "A" hereto. This will result in ambiguities and uncertainties with respect to the on-going application and administration of the Rate and Method for Improvement Area 1. Section H of the Rate and Method for Improvement Area 1 provides in relevant part, "In addition, the interpretation and application of any section of this document shall be left to the County's discretion." Pursuant to said Section H and subject to Section 5 hereof, to resolve such ambiguities and uncertainties, this Board finds and determines that it is necessary and appropriate to interpret the term "Maximum Annual Facilities Special Tax," wherever it is used in the Rate and Method for Improvement Area 1, to mean the maximum amount of the Facilities Special Tax that can be levied pursuant to Section 3 hereof.

5. The provisions of Section 3 and Section 4 hereof shall not be implemented until and unless the County receives written consents to the limitation of the levy of the Facilities Special Tax set forth in Section 3 hereof and to the interpretation of the term "Maximum Annual Facilities Special Tax" that is included in Section 4 hereof, which consents shall be in a form satisfactory to the County's bond counsel ("Bond Counsel"), signed by the owners (or authorized representatives thereof) of all Taxable Property in Improvement Area 1 that is classified as other than Developed Property.

6. This Board finds and determines that neither the covenant set forth in Section 3 hereof nor the interpretation set forth in Section 4 constitutes an amendment or modification of the Rate and Method for Improvement Area 1.

7. Bond Counsel and the officers and employees of the County who are involved in the issuance and sale of the Bonds are hereby authorized and directed to include in the applicable legal and disclosure documents language making it clear that the Facilities Special Tax revenues that will be available to pay the principal of and interest on the Bonds are limited to the maximum rates set forth in Exhibit "A" hereto.

8. The County Administrative Officer is hereby authorized and directed to take all actions necessary or advisable to give effect to and implement the provisions of this Resolution.

9. This Resolution shall be effective as of the date of its adoption; provided, Sections 3 and 4 hereof shall not be implemented until the conditions set forth in Section 5 have been satisfied.

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The foregoing Resolution was adopted this 10th day of MARCH, 2020, by the following vote:

Supervisor Frazier voted:	YES
Supervisor Rogers voted:	YES
Supervisor Poythress voted:	YES
Supervisor Rodriguez voted:	YES
Supervisor Wheeler voted:	YES

Chairman, Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

Approved as to Legal Form:
COUNTY COUNSEL

By Dale E. Bacigalupi

Digitally signed by: Dale E. Bacigalupi
DN: CN = Dale E. Bacigalupi email = dbacigalupi@lozanosmith.com C = US
Date: 2020.03.06 16:43:13 -08'00'

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MAXIMUM ANNUAL FACILITIES SPECIAL TAX RATES

EXHIBIT A

Type of Property	Special Tax Category or Non-Residential Property Type	Maximum Annual Facilities Special Tax Fiscal Year 2020-21
Detached Residential Property	Category #1: Estate Lots	$1,973 per Residential Unit
Detached Residential Property	Category #2: Residential Units Greater than or equal to 3,300 Square Feet	$1,028 per Residential Unit
Detached Residential Property	Category #3: Residential Units 3,050-3,299 square feet	$987 per Residential Unit
Detached Residential Property	Category #4: Residential Units 2,800-3,049 square feet	$913 per Residential Unit
Detached Residential Property	Category #5: Residential Units 2,550-2,799 square feet	$863 per Residential Unit
Detached Residential Property	Category #6: Residential Units 2,300-2,549 square feet	$788 per Residential Unit
Detached Residential Property	Category #7: Residential Units 2,050-2,299 square feet	$744 per Residential Unit
Detached Residential Property	Category #8: Residential Units 1,800-2,049 square feet	$680 per Residential Unit
Detached Residential Property	Category #9: Residential Units 1,550-1,799 square feet	$648 per Residential Unit
Detached Residential Property	Category #10: Residential Units less than 1,550 square feet	$589 per Residential Unit
Attached Residential Property	Category #11: Average Density Less than or equal to 9 Residential Units/acre	$646 per Residential Unit
Attached Residential Property	Category #12: Average Density greater than 9 and less than 15 Residential Units/acre	$621 per Residential Unit
Attached Residential Property	Category #13: Average Density greater than or equal to 15 and less than 16 Residential Units/acre	$486 per Residential Unit
Attached Residential Property	Category #14: Average Density greater than or equal to 16 Residential Units/acre	$351 per Residential Unit
Non-Residential Property	Commercial Square Footage	$0.48 per Commercial Square Foot
Non-Residential Property	Office Square Footage	$0.20 per Office Square Foot
Non-Residential Property	Industrial Square Footage	$0.48 per Industrial Square Foot
Final Map Property	NA	$6,559 per Acre
Undeveloped Property	NA	$6,559 per Acre
Taxable Homeowners Association & Public Property	NA	$6,559 per Acre

* On July 1, 2021 and on each July 1 thereafter, all dollar amounts listed above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement. This summary does not purport to be comprehensive or definitive and is subject to all of the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.

Certain Definitions

"Acquisition Agreements" mean, collectively, the following agreements, each by and between the County and Hillside RM, LLC, a Delaware limited liability company:

(i) Madera County Contract No. 11317-19 (Acquisition Agreement relating to Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)) dated as of January 8, 2019,

(ii) Madera County Contract No. 11412-19 (Acquisition Agreement relating to Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)) dated as of July 2, 2019,

(iii) Madera County Contract No. 11660-20 (Acquisition Agreement relating to Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)) dated as of July 7, 2020, and

(iv) Madera County Contract No. 11734-20 (Acquisition Agreement relating to Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)) dated as of September 15, 2020.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code.

"Administrative Expenses" means costs directly related to the administration of the CFD consisting of:

(i) the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a County employee or consultant or both),

(ii) the actual costs of collecting the Special Taxes (whether by the County or otherwise),

(iii) the actual costs of remitting the Special Taxes to the Fiscal Agent,

(iv) the fees and expenses of the Fiscal Agent (including its legal counsel) in the discharge of its duties under this Agreement

(v) the actual costs of the County or its designee of complying with the disclosure requirements of applicable federal and state securities laws, Government Code Section 50075.1, et seq., Government Code Section 8855(k)(1), the Act, the Continuing Disclosure Certificate and this Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Owners and the Original Purchaser,

(vi) costs of the dissemination agent, whether for the County or another party that has undertaken to provide continuing disclosure,

(vii) the actual costs of the County or its designee related to an appeal of the Special Tax,

(viii) the actual costs of the County or its designee related to the payment and administration of any One-Time Special Tax,

(ix) any amounts required to be rebated to the federal government,

(x) an allocable share of the salaries of the County staff directly related to the foregoing and a proportionate amount of County general administrative overhead related thereto,

(xi) amounts advanced by the County for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes,

(xii) amounts advanced to ensure maintenance of tax exemption,

(xiii) costs related to the prepayment, discharge or satisfaction of Special Taxes, and

(xiv) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes.

"Administrative Expense Fund" means the fund designated the "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 Administrative Expense Fund" established and administered under the Fiscal Agent Agreement.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

"Auditor" means the County Auditor-Controller or a designee thereof.

"Authorized Officer" means the County Administrative Officer, Auditor-Controller, Treasurer-Tax Collector, County Counsel, and Clerk of the Board of Supervisors, including any acting or interim officer holding such position or carrying out similar duties under a different title, or any other officer or employee authorized by the Board or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.

"Board of Supervisors" means the Board of Supervisors of the County, in its capaCounty as the legislative body of the CFD.

"Bond" or "Bonds" means the 2020 Bonds and, if the context requires, any Parity Bonds, at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Bond Counsel" means Jones Hall, A Professional Law Corporation or any other attorney or firm of attorneys acceptable to the County and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Fund" means the fund designated the "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1, Bond Fund" established and administered under the Fiscal Agent Agreement.

"Bond Year" means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2021.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"CFD" means the "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)" formed under the Resolution of Formation.

"Closing Date" means November 18, 2020, the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of the Bonds, which include, without limitation, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee and fees and expenses of its counsel, expenses incurred by the County in connection with the issuance of the Bonds and the establishment of the CFD including internal staff time and the fees and expenses of County counsel, costs related to the Acquisition Agreements and any other agreement related to establishment of the CFD, Tax Consultant fees and expenses, bond underwriter's discount, legal fees and charges including Bond Counsel and disclosure counsel, fees of financial consultants, appraisers and market consultants, charges for execution, transportation and safekeeping of the Bonds, and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund designated the "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 Costs of Issuance Fund" established and administered under the Fiscal Agent Agreement.

"County" means the County of Madera, and any successor thereto.

"County Counsel" means any attorney or firm of attorneys employed by the County in the capacity of general counsel.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the 2020 Bonds and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, in each case excluding amounts scheduled during such period relating to principal that has been retired before the beginning of such period.

“Fair Market Value” means with respect to the Bonds the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the County and related parties do not own more than a 10% beneficial interest if the return paid by such fund is without regard to the source of the investment.

“Federal Securities” means: (i) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (ii) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Agent” means U.S. Bank National Association, the Fiscal Agent appointed by the County and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Improvement Area 1” means “Improvement Area 1 of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)” formed under the Resolution of Formation.

“Improvement Fund” means the fund designated “County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 Improvement Fund,” established under the Fiscal Agent Agreement.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the County or the Treasurer, and who, or each of whom: (i) is judged by the Treasurer to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the County; (iii) does not have any substantial interest, direct or indirect, with or in the County, or any owner of real property in the Improvement Area 1, or any real property in the Improvement Area 1; and (iv) is not connected with the County as an officer or employee of the County, but who may be regularly retained to make reports to the County.

“Interest Payment Date” means each September 1 and March 1 of every calendar year, commencing March 1, 2021.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Officer's Certificate" means a written certificate of the County signed by an Authorized Officer of the County.

"One-Time Special Tax" means the proceeds of any payment of a "One-Time Special Tax" received by the County, as defined in and as calculated pursuant to the Rate and Method, less any administrative fees or penalties collected as part of any such One-Time Special Tax payment.

"Ordinance" means Ordinance No. 685 adopted by the Board of Supervisors on February 21, 2017, levying the Special Taxes, and any amendments thereto.

"Original Purchaser" means Stifel Nicolaus & Company, Incorporated, the first purchaser of the Bonds from the County.

"Other District Bonds" has the meaning given that term in the Fiscal Agent Agreement.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the provisions of the Fiscal Agent Agreement relating to discharge of the Bonds; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the County under the Fiscal Agent Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Parity Bonds" means Refunding Bonds issued and payable on a parity with the Bonds under the Fiscal Agent Agreement.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(i) Federal Securities;

(ii) any of the following direct or indirect obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank; (b) certificates of beneficial ownership issued by the Farmers Home Administration; (c) participation certificates issued by the General Services Administration; (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (e) project notes issued by the United States Department of Housing and Urban Development; and (f) public housing notes and bonds guaranteed by the United States of America;

(iii) interest-bearing demand or time deposits (including certificates of deposit), including those placed by a third party pursuant to a separate agreement between the County and the Fiscal Agent, banking deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (a) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (b) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(iv) commercial paper rated at the time of purchase in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(v) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any Rating Agency, or whose long-term obligations are rated A or better by any Rating Agency, which mature not more than 270 days following the date of investment therein;

(vi) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;

(vii) obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by any Rating Agency;

(viii) money market mutual funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory, transfer agency, custodial or other management services for which it receives and retains a fee for such services to the fund) which invest in Federal Securities or which are rated in the highest short-term rating category by any Rating Agency including those funds for which the Fiscal Agent or an affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise; and

(ix) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any Rating Agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A;

(x) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, *provided, however,* that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of the Fiscal Agent Agreement.

(xi) the California Asset Management Program.

"Principal Office" means such corporate trust office of the Fiscal Agent as may be designated from time to time by written notice from the Fiscal Agent to the County, or such other office designated by the Fiscal Agent from time to time.

"Proceeds" when used with reference to the Bonds, means the face amount of the Bonds, plus any accrued interest and premium, less any original issue and/or underwriter's discount.

"Project" means those items described as the "Facilities" in the Resolution of Formation.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent, provided that all of the following requirements are met at the time of acceptance thereof by the Fiscal Agent: (i) in the case of a commercial bank, the long-term credit rating of such bank at the time of delivery of the irrevocable standby or direct-pay letter of credit is at least "A" from S&P, or "A" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of delivery of the insurance policy or surety bond is at least "A" from S&P or "A" from Moody's or, if not rated by S&P or Moody's but is rated by A.M. Best & Company, is rated at the time of delivery in the highest rating category by A.M. Best & Company; (ii) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the 2019 Reserve Requirement with respect to which funds are proposed to be released; and (iv) the Fiscal Agent is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Bond Fund for the purpose of making payments with respect to the Bonds.

"Rate and Method" means the Rate and Method of Apportionment of the Special Taxes for Improvement Area No. 1 set forth in the Resolution of Formation.

"Record Date" means the 15th day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"Refunding Bonds" means bonds issued by the County for the CFD with respect to Improvement Area 1, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

"Regulations" means temporary and permanent regulations promulgated under the Tax Code.

"Remainder Taxes" means the portion of Special Taxes determined to be Remainder Taxes under the Rate and Method.

"Remainder Taxes Fund" means the fund identified as the "Improvement Fund" in the Rate and Method to be established and held by the County and administered by the County in accordance with the Rate and Method for the payment of the costs to acquire or construct the Project.

"Remainder Taxes Period" means the period through and including the date that is the earlier of (i) the end of the 15th Fiscal Year during which Special Taxes have been levied on the property in Improvement Area 1 or (ii) the date the County has fully satisfied its reimbursement obligations under the Acquisition Agreements.

"Reserve Fund" means the fund designated the "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 Reserve Fund" established and administered under the Fiscal Agent Agreement.

"Reserve Requirement" means the amount as of any date of calculation equal to the least of (i) Maximum Annual Debt Service on the Bonds, (ii) 125% of average Annual Debt Service on the Bonds, and (iii) 10% of the outstanding principal of the Bonds; provided, however, that:

(a) with respect to the calculation of clause (iii), the issue price of the Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if the net original issue discount or premium of the Bonds was less than 98% or more than 102% of the original principal amount of the Bonds, and using the issue price would produce a lower result than using the outstanding principal amount; and

(b) in no event shall the amount calculated hereunder exceed the amount on deposit in the Reserve Fund on the date of issuance of the Bonds.

"Resolution" has the meaning given that term in the recitals of the Fiscal Agent Agreement.

"Resolution of Formation" means Resolution No. 2017-020, entitled "A Resolution of Formation Approving the Formation of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)," adopted by the Board of Supervisors on February 7, 2017, forming the CFD and Improvement Area 1.

"Resolution of Intention" means Resolution No. 2017-001, entitled "A Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein," adopted by the Board of Supervisors on January 3, 2017, indicating the intention of the County to form the CFD and Improvement Area 1.

"Resolution Regarding Special Tax Levy" means Resolution No. 2020-027, entitled "A Resolution Regarding Reduction in the Levy of Special Taxes Within Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)."

"S&P" means S&P Global, a division of McGraw-Hill, and its successors and assigns.

"Special Tax Fund" means the special fund designated "County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 Special Tax Fund" established and administered under the Fiscal Agent Agreement.

"Special Tax Prepayments" means the proceeds of any Special Tax prepayments received by the County, as calculated pursuant to the Rate and Method, less any administrative fees or penalties collected as part of any such prepayment.

"Special Tax Prepayments Account" means the account by that name established within the Bond Fund under the Fiscal Agent Agreement.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the County, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

"Special Taxes" means the " Annual Facilities Special Tax" as defined in the Rate and Method and levied by the County within Improvement Area 1 under the Act, the Rate and Method, the Ordinance and the Fiscal Agent Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution of the County and which is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Fiscal Agent Agreement) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

"Tax Consultant" means an independent financial or tax consultant retained by the County for the purpose of computing the Special Taxes.

"Term Bonds" means the 2020 Bonds maturing on September 1, 2033, September 1, 2040, September 1, 2045, and September 1, 2051.

"Treasurer" means the County Treasurer-Tax Collector.

"2020 Bonds" means the 2020 Bonds so designated and authorized to be issued under the Fiscal Agent Agreement.

<u>Certain Provisions Relating to the Bonds</u>

Interest. The 2020 Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a 2020 Bond, interest is in default thereon, such 2020 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Method of Payment. Interest on the 2020 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2020 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which shall continue in effect until revoked in writing, or until such 2020 Bonds are transferred to a new Owner. The principal of the 2020 Bonds and any premium on the 2020 Bonds are payable in lawful money of the United States of America upon surrender of the 2020 Bonds at the Principal Office of the Fiscal Agent. All 2020 Bonds paid by the Fiscal Agent shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2020 Bonds and, upon request of the County, issue a certificate of destruction of such 2020 Bonds to the County.

Transfer or Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept under the provisions of the Fiscal Agent Agreement by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the County. The Fiscal Agent shall collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the County shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount. No transfers or exchanges of Bonds shall be required to be made (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

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

Certain Provisions Relating to Security for the Bonds

Pledge of Special Tax Revenues. The Bonds shall be secured by a first pledge (which shall be effected in the manner and to the extent in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are by the Fiscal Agent Agreement dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the provisions of the Fiscal Agent Agreement relating to discharge of the Bonds.

The Bonds shall be secured by a first pledge (which shall be effected in the manner and to the extent herein provided) of all moneys deposited in the 2019 Reserve Fund. The moneys in the Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03 of the Fiscal Agent Agreement.

Amounts in the Improvement Fund, the Administrative Expense Fund, the Costs of Issuance Fund and the Remainder Taxes Fund are not pledged to the repayment of the Bonds. The Project is not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the County with respect to the Project.

Limited Obligation. All obligations of the County under the Fiscal Agent Agreement and the Bonds shall not be general obligations of the County, but shall be limited obligations, payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit nor the taxing power of the County (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

No Acceleration. The principal of the Bonds is not subject to acceleration.

Parity Bonds for Refunding. In addition to the 2020 Bonds, the County may issue Refunding Bonds as Parity Bonds in such principal amount as may be determined by the County, under a Supplemental Agreement entered into by the County and the Fiscal Agent. Any such Parity Bonds shall constitute Bonds under the Fiscal Agent Agreement and shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement. The County may only issue such Parity Bonds subject to the following specific conditions precedent:

(A) Compliance. Following issuance of the Parity Bonds, the County shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the County to exceed the bonded indebtedness limit of Improvement Area 1.

(B) Same Payment Dates. The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on the Interest Payment Dates, and principal thereof shall be payable on September 1 (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) Debt Service Reserve Fund. The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for a deposit to the Reserve Fund in an amount necessary such that the amount deposited therein shall equal the Reserve Requirement following issuance of the Parity Bonds.

(**D**) Certificates. The County shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in paragraphs (A), (B), and (C) above have been satisfied.

Nothing in the Fiscal Agent Agreement prohibits the County from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement.

Certain Funds and Accounts

Reserve Fund.

Establishment of Fund. The Reserve Fund is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required thereunder equal to the initial Reserve Requirement with respect to the 2020 Bonds. Additional deposits shall be made to the Reserve Fund as described in paragraph (c) of the section entitled "Parity Bonds" above and paragraphs (a) and (b) of the section entitled "Special Tax Fund." Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

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

Transfer of Excess of Reserve Requirement. Whenever, on or before any Interest Payment Date, or on any other date at the request of the Treasurer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Treasurer of the amount of the excess and shall transfer an amount equal to the excess from the

Reserve Fund to the Bond Fund, to be used to pay interest on the Bonds on the next Interest Payment Date.

Transfer for Rebate Purposes. Amounts in the Reserve Fund shall be withdrawn for purposes of making rebate payments to the federal government, upon receipt by the Fiscal Agent of an Officer's Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; *provided, however,* that no amounts in the Reserve Fund shall be used for rebate unless the amount in the Reserve Fund following such withdrawal equals the Reserve Requirement.

Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Treasurer, transfer any cash or Permitted Investments in the Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with the Fiscal Agent Agreement and the provisions of the Supplemental Agreement related to Parity Bonds, as applicable, of all of the Outstanding 2020 Bonds and Outstanding Parity Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding 2020 Bonds and Outstanding Parity Bonds, the balance in the Reserve Fund shall be transferred to the Treasurer to be used by the County for any lawful purpose.

No amounts shall be transferred from the Reserve Fund until after: (i) the calculation of any rebate amounts due to the federal government and withdrawal of any such amount for purposes of making such payment to the federal government; and (ii) payment of any fees and expenses due to the Fiscal Agent.

Transfer Upon Special Tax Prepayment**.** Whenever Special Taxes are prepaid and 2020 Bonds or Parity Bonds are to be redeemed with the proceeds of such prepayment, pursuant to the Fiscal Agent Agreement or a Supplemental Agreement related to any Parity Bonds, any resulting reduction in the Reserve Requirement shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the 2020 Bonds pursuant to the Fiscal Agent Agreement or a Supplemental Agreement related to any Parity Bonds. The Treasurer shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Investment. Moneys in the Reserve Fund shall be invested by Fiscal Agent under the Fiscal Agent Agreement.

Qualified Reserve Account Credit Instruments. The County shall have the right at any time to direct the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Fiscal Agent, and upon delivery by the County to the Fiscal Agent of a written calculation of the amount permitted to be released from the Reserve Fund (upon which the Fiscal Agent may conclusively rely), the Fiscal Agent shall transfer such funds from the Reserve Fund to the Improvement Fund to be used for the purposes thereof. The Fiscal Agent shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under Fiscal Agent Agreement. Upon the scheduled expiration of any Qualified Reserve Account Credit Instrument, the County shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Fiscal Agent an amount of funds equal to the Reserve Requirement, to be derived from the first available Special Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Bond Fund with respect to the Bonds. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Bond Fund shall be pro-rata with respect to each such instrument.

If a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one or more particular series of Bonds, a separate subaccount in the Reserve Fund may be established for such series, and the calculation of the Reserve Requirement with respect to any other series of Bonds shall exclude the debt service on such series of Bonds.

The County will have no obligation to replace a Qualified Reserve Account Credit Instrument or to fund the Reserve Fund with cash if, at any time that the Bonds are Outstanding, the Qualified Reserve Account Credit Instrument (or its provider) is downgraded or the provider becomes insolvent, if there is an unscheduled termination of the Qualified Reserve Account or if for any reason insufficient amounts are available to be drawn on under the Qualified Reserve Account Credit Instrument; provided, however, that the County shall reimburse the provider, in accordance with the terms of the Qualified Reserve Account Credit Instrument, for any draws made thereon. The County and the Fiscal Agent shall comply with the terms of the Qualified Reserve Account Credit Instrument as shall be required to receive payments thereunder in the event and to the extent required under the Fiscal Agent Agreement.

Bond Fund.

Establishment of Bond Fund. The Bond Fund is established pursuant to the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by the Fiscal Agent Agreement.

There is also created in the Bond Fund the following separate accounts:

(i) an account to be held by the Fiscal Agent designated the "Special Tax Prepayments Account," to the credit of which deposits shall be made as provided in the Fiscal Agent Agreement, and

(ii) a temporary account held by the Fiscal Agent and designated as the "Capitalized Interest Account," to the credit of which deposits shall be made as provided in the Fiscal Agent Agreement.

Moneys in the Bond Fund and the accounts therein shall be held by the Fiscal Agent for the benefit of the Owners, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners.

Disbursements. At least 10 Business Days before each Interest Payment Date, the Treasurer shall notify the Treasurer in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

Insufficiencies; Transfers from Reserve Fund. At least 5 Business Days before each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the Debt Service due on the Bonds on the next Interest Payment Date. In the event that amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly shall notify the Treasurer by telephone (and confirm in writing) of the amount of the insufficiency.

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

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments.

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

Disbursements from the Capitalized Interest Account. The Fiscal Agent shall withdraw from the Capitalized Interest Account and transfer to the Bond Fund the following amounts on the following dates for the purpose of paying interest then due on the 2020 Bonds:

March 1, 2021:	$144,529.03
September 1, 2021:	$117,243.00

On September 2, 2021, the Fiscal Agent shall transfer all remaining amounts in the Capitalized Interest Account to the Bond Fund, the Fiscal Agent shall close the Capitalized Interest Account.

Investment. Moneys in the Bond Fund and the Special Tax Prepayments Account shall be invested under the Fiscal Agent Agreement. Interest earnings and profits resulting from such investment shall be retained in the Bond Fund.

Deficiency. If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent shall report to the Treasurer such fact. The County covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

Excess. Any excess moneys remaining in the Bond Fund, following the payment of Debt Service on the Bonds on any September 1, shall be transferred to the Special Tax Fund.

Special Tax Fund

Establishment of Special Tax Fund. The Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent shall deposit amounts received from or on behalf of the County consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The County shall promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses shall be separately identified by the Treasurer and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Treasurer and shall be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due Debt Service on the Bonds; second, for transfer to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement; and third, to be held in the Special Tax Fund for use as described in the Fiscal Agent Agreement; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the Treasurer and shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Disbursements. At least 7 Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers to the Bond Fund from the Improvement Fund, the Reserve Fund, and the Special Tax Prepayments Account, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes as described in the Fiscal Agent Agreement, and (ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement, and (iii) during the Remainder Taxes Period, to the County for deposit into the Remainder Taxes Fund, an amount equal to the sum identified by the County as Remainder Taxes, to be administered by the County in accordance with the Rate and Method.

At any time following the deposit of Special Taxes in an amount sufficient to make all of the foregoing deposits and payments for the current Bond Year, the Fiscal Agent shall transfer to the Administrative Expense Fund an amount needed to pay any Administrative Expenses in excess of the amounts transferred to the Administrative Expense Fund under the Fiscal Agent Agreement, as identified by the Treasurer in an Officer's Certificate.

All amounts remaining in the Special Tax Fund on the first day of the succeeding Bond Year, and any amounts transferred to the Special Tax Fund under the Fiscal Agent Agreement, shall be retained in the Special Tax Fund and applied to the succeeding Bond Year's Annual Debt Service; provided however, that in no event shall such amounts be invested at a yield in excess of the yield on the Bonds.

Administrative Expense Fund.

Establishment of Administrative Expense Fund. The Administrative Expense Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the County, and shall be disbursed as provided below.

Disbursement. Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the County or its order upon receipt by the Fiscal Agent of an Officer's Certificate, stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or a Cost of Issuance and the nature of such Administrative Expense or such Cost of Issuance.

Annually, on the last day of each Bond Year, the Fiscal Agent shall withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund any amount in excess of that which is needed to pay any Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, as identified by the Treasurer in an Officer's Certificate.

Improvement Fund.

Establishment of Improvement Fund. The Improvement Fund is established as a separate fund to be held by the Fiscal Agent and to the credit of which fund deposits shall be made as required by Sections 4.01 and 4.02(D) of the Fiscal Agent Agreement.

Moneys in the Improvement Fund shall be disbursed, except as otherwise provided in the Fiscal Agent Agreement, for the payment or reimbursement of costs of the Project.

Procedure for Disbursement. Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate substantially in the form attached to the Fiscal Agent Agreement.

Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

Closing of Fund. Upon the filing with the Fiscal Agent of an Officer's Certificate stating that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to payments of interest due on the Bonds on the next succeeding Interest Payment Date and the Fiscal Agent shall close the Improvement Fund.

Certain Covenants

Collection of Special Tax Revenues. The County shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

Processing. On or within five Business Days after each June 1, the Fiscal Agent shall provide the Treasurer with a notice stating (i) the amount then on deposit in the Bond Fund and the Reserve Fund, and (ii) if the amount in the Reserve Fund is less than the Reserve Requirement, informing the County that replenishment of the Reserve Fund is necessary. The receipt of or failure to receive such notice by the Treasurer shall in no way affect the obligations of the Treasurer under the following two paragraphs and the Fiscal Agent shall not be liable for failure to provide such notices to the Treasurer. Upon receipt of such notice, the Treasurer shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits or combinations during the preceding and then current year.

Levy. The Treasurer shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within Improvement Area 1 for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Treasurer shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

Computation. The Treasurer shall fix and levy the amount of Special Taxes within Improvement Area 1 in accordance with the Rate and Method and the Resolution Regarding Special Tax Levy. The Special Taxes so levied shall not exceed the authorized amounts as provided in the Rate and Method and the proceedings under the Resolution of Formation.

With respect to the levy of the Special Taxes on Final Map Property (as defined in the Rate and Method) in any Fiscal Year, the Treasurer will calculate the Facilities Special Tax Requirement (as defined in the Rate and Method) including amounts needed to pay the costs of Facilities to be funded directly from Special Taxes unless the County has received a notice from the Developer by June 1 prior to the applicable Fiscal Year, in the form attached as Exhibit E to the Fiscal Agent Agreement, requesting that such amounts be excluded.

Collection. Except as set forth in the Ordinance, Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Books and Records.

(A) County. The County will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries shall be made of all transactions relating to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent (who shall have no duty to inspect) and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

(B) Fiscal Agent. The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the funds, and, if any, accounts in such funds held by the Fiscal Agent hereunder. Such books of record and accounts shall at all times during business hours be subject to the inspection of the County and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

Private Activity Bond Limitations. The County shall assure that the proceeds of the 2020 Bonds are not so used as to cause the 2020 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The County shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2020 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

Rebate Requirement. The County shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2020 Bonds. The Treasurer shall take note of any investment of monies under the Fiscal Agent Agreement in excess of the yield on the 2020 Bonds, and shall take such actions as are necessary to ensure compliance with this covenant, such as increasing the portion of the Special Tax levy for Administrative Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under this covenant. If necessary to satisfy its obligations under this covenant, the County may use:

(A) Amounts in the Reserve Fund if the amount on deposit in the Reserve Fund, following the proposed transfer, is at least equal to the Reserve Requirement;

(B) Amounts on deposit in the Administrative Expense Fund; and

(C) Any other funds available to the County, including amounts advanced by the County, in its sole discretion, to be repaid as soon as practicable from amounts described in the preceding clauses (A) and (B).

No Arbitrage. The County shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2020 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2020 Bonds would have caused the 2020 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

Yield of the 2020 Bonds. In determining the yield of the 2020 Bonds to comply with its federal tax law-related covenants under the Fiscal Agent Agreement, the County will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the County, as of the Closing Date, regarding prepayments of Special Taxes and use of prepayments for redemption of the 2020 Bonds, without regard to whether or not prepayments are received or 2020 Bonds redeemed.

Maintenance of Tax-Exemption. The County shall take all actions necessary to assure the exclusion of interest on the 2020 Bonds from the gross income of the Owners of the 2020 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2020 Bonds.

Limits on Special Tax Waivers and Bond Tenders. The County covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the County having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

Bid at Foreclosure Sale. The County will not bid at a foreclosure sale of property in respect of delinquent Special Taxes, unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the County and that the Special Taxes levied on the property are payable while the County owns the property.

Amendment of Rate and Method. The County will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the County will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Notwithstanding the above provision, the County shall not initiate proceedings to reduce the maximum Special Tax rates under the Rate and Method, unless, in connection therewith: (i) the County 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 CFD as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then-existing Taxable Property (as such term is defined in the Rate and Method) in each Bond Year for any Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of the Debt Service in each Bond Year on all Bonds to remain Outstanding after the reduction is approved; (ii) the reduction does not adversely affect the financing of the Project and (iii) the County is not delinquent in the payment of the principal of or interest on the Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants will compute the Administrative Expenses for the current Fiscal Year and escalate such amounts by 2% in each subsequent Fiscal Year.

Investment of Moneys in Funds

General. Moneys in any fund or account created or established by the Fiscal Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, which in any event by their terms mature prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement, as directed pursuant to an Officer’s Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent will hold such funds uninvested.

Moneys in Funds. Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Treasurer shall be invested by the Treasurer in any Permitted Investment or in any other lawful investment for County funds, which in any event by its terms matures prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the County to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

Valuation of Investments. Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Tax Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund shall be valued at their present value (within the meaning of section 148 of the Tax Code). The Fiscal Agent shall not be liable for verification of the application of such sections of the Tax Code or for any determination of Fair Market Value or present value and may conclusively rely upon an Officer's Certificate as to such valuations.

Commingled Money. Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Treasurer under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Treasurer, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

Sale of Investments. The Fiscal Agent or the Treasurer, as applicable, shall sell at Fair Market Value, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Liability of County

General. The County shall not incur any responsibility or liability in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The County shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The County shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

No General Liability. No provision of the Fiscal Agent Agreement shall require the County to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Certain Provisions Relating to the Fiscal Agent

Merger. Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the following paragraph shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Fiscal Agent Agreement to the contrary notwithstanding. The Fiscal Agent shall give the Treasurer written notice of any such succession under the Fiscal Agent Agreement.

Removal. Upon 30 days written notice, the County may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank, national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this covenant, combined capital and surplus of such bank, national banking association 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.

Resignation. The Fiscal Agent may at any time resign by giving written notice to the County by certified mail return receipt requested, and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the County shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

No Successor. If no appointment of a successor Fiscal Agent shall be made within 45 days after the Fiscal Agent shall have given to the County written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the County, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Court Order. If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement shall be assumed by and vest in the Treasurer in trust for the benefit of the Owners. The County covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Fiscal Agent Agreement, in trust for the benefit of the Owners of the Bonds.

Liability of Fiscal Agent.

General. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful misconduct.

No Expenditures. No provision of the Fiscal Agent Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers.

No Action. The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request or direction of any of the Owners under the Fiscal Agent Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Amendments Permitted

With Consent. The Fiscal Agent Agreement and the rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the County to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the County of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement.

Without Consent. The Fiscal Agent Agreement and the rights and obligations of the County and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County in the Fiscal Agent Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the County;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent

Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the County and the Fiscal Agent may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds;

(v) in connection with the issuance of any Parity Bonds under and pursuant to the Fiscal Agent Agreement.

Fiscal Agent's Consent. Any amendment of the Fiscal Agent Agreement may not modify any of the rights or obligations of the Fiscal Agent without its written consent. The Fiscal Agent shall be furnished an opinion of counsel that any such Supplemental Agreement entered into by the County and the Fiscal Agent complies with the provisions of the Fiscal Agent Agreement and the Fiscal Agent may conclusively rely on such opinion and shall be absolutely protected in so relying.

Procedure for Amendment with Written Consent of Owners. The County and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided in the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent, at the expense of the County), to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as provided in the Fiscal Agent Agreement.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice shall have been mailed provided in the Fiscal Agent Agreement. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by the Fiscal Agent Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice provided for in the Fiscal Agent Agreement has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the County shall mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by the Fiscal Agent Agreement to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise provided in the Fiscal Agent Agreement) upon the County and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60 day period.

Discharge of Agreement. The County may pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

> **(A)** by paying or causing to be paid the principal of, and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;
>
> **(B)** by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund, is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or
>
> **(C)** by irrevocably depositing with the Fiscal Agent, in trust, cash and/or Federal Securities in such amount as the County determines, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund and the Reserve Fund (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the County has taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof and notice of such redemption has been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent has been made for the giving of such notice, then, at the election of the County, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the County under the Fiscal Agent Agreement with respect to such Bonds Outstanding shall cease and terminate. Notice of such election shall be filed with the Fiscal Agent.

Notwithstanding the foregoing, the following obligations and pledges of the County shall continue in any event: (i) the obligation of the County to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, (ii) the obligation of the County to pay amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and (iii) the obligation of the County to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Upon compliance by the County with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, shall be paid over to the County and any Special Taxes thereafter received by the County shall not be remitted to the Fiscal Agent but shall be retained by the County to be used for any purpose permitted under the Act and the Resolution of Formation.

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APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the 2020 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

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

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

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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APPENDIX E-1

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$12,805,000
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)
IMPROVEMENT AREA 1
2020 SPECIAL TAX BONDS

This Continuing Disclosure Certificate (County) (this "Disclosure Certificate") is executed and delivered by the County of Madera (the "County") in connection with the issuance of the bonds captioned above (the "2020 Bonds"). The 2020 Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of November 1, 2020 (the "Fiscal Agent Agreement"), by and between the County, for and on behalf of the District, and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). The County hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and beneficial owners of the 2020 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Annual Report Date*" means the date that is nine months after the end of the County's fiscal year (currently April 1 based on the County's fiscal year end of June 30).

"*Dissemination Agent*" means NBS Government Finance Group, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*District*" means Improvement Area 1 of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo).

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

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

"*Official Statement*" means the final official statement dated October 29, 2020, executed by the County in connection with the issuance of the 2020 Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2020 Bonds required to comply with the Rule in connection with offering of the 2020 Bonds.

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If by the Annual Report Date the Dissemination Agent (if other than the County) has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

(c) The Dissemination Agent shall:

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

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

Section 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The County's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE COUNTY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE COUNTY, OTHER THAN SPECIAL TAX REVENUES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2020 BONDS, AND THE COUNTY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY

DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE COUNTY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2020 BONDS.

If the County's audited financial statements are not available by the time the Annual Report is required to be filed, the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements, the following information:

(i) Total assessed value (per the Madera County Assessor's records) of all parcels currently subject to the Special Tax within Improvement Area 1, showing the total secured assessed valuation for all property subject to the Special Tax.

(ii) A table showing the owners of property in Improvement Area 1 and value-to-lien ratios based on the Madera County Assessor's last equalized tax roll available to the County, substantially in the form of the Table 4 in the Official Statement except that development status can be delineated pursuant to categories in the Rate and Method.

(iii) A table showing value-to-lien ratios by value-to-lien category, substantially in the form of Table 5 in the Official Statement.

(iv) The amount of prepayments of the Special Tax and One-Time Special Tax for the prior Fiscal Year.

(v) A table showing a history of special tax collections and delinquencies within Improvement Area 1.

(vi) The principal amount of the 2020 Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report Date, including the issuance date and principal amount of any additional bonds or obligations issued under the Fiscal Agent Agreement on a parity with the 2020 Bonds.

(vii) Any changes to the Rate and Method of Apportionment of Special Tax for Improvement Area 1 or to the Resolution Regarding Special Tax Levy, since the date of the Official Statement.

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

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

Section 5. Reporting of Listed Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2020 Bonds:

(1) Principal and interest payment delinquencies.

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

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2020 Bonds, or other material events affecting the tax status of the 2020 Bonds.

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

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

(9) Defeasances.

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

(11) Rating changes.

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

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

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

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

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

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

(c) The County acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2020 Bonds. The County shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the County will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the County will cause a notice to be filed as set forth in paragraph (b) above.

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

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

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

Section 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2020 Bonds. If such termination occurs prior to the final maturity of the 2020 Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The County 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 Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be NBS Government Finance Group. The Dissemination Agent may resign by providing 30 days' written notice to the County.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2020 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2020 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2020 Bonds.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2020 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the Property Owner, the Fiscal Agent, the 2020 Bond owners or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2020 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2020 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: November 18, 2020

COUNTY OF MADERA

By: ______________________________________
Jay Varney,
County Administrative Officer

AGREED AND ACCEPTED:
NBS GOVERNMENT FINANCE GROUP,
as Dissemination Agent

By: ______________________________
Name: ____________________________
Title: _____________________________

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APPENDIX E-2

FORM OF PROPERTY OWNER CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE
(Hillside RM, LLC)
$12,805,000
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)
IMPROVEMENT AREA 1
2020 SPECIAL TAX BONDS

This Continuing Disclosure Certificate (Property Owner) (this "Disclosure Certificate") is executed and delivered by Hillside RM, LLC, a Delaware limited liability company (the "Property Owner") in connection with the issuance of the bonds captioned above (the "2020 Bonds") by the County of Madera (the "County"), for and on behalf of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) (the "District") with respect to its Improvement Area 1. The 2020 Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of November 1, 2020 (the "Fiscal Agent Agreement"), by and between the County, for and on behalf of the District, and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). The Property Owner hereby covenants and agrees as follows:

Section 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the Property Owner for the benefit of the holders and beneficial owners of the 2020 Bonds.

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

"*Affiliate*" means any person presently directly (or indirectly through one or more intermediaries) under managerial control of the Property Owner, and about whom information could be material to potential investors in their investment decision regarding the 2020 Bonds (including without limitation information relevant to the proposed development of the Property or to the Property Owner's ability to pay the Special Taxes levied on the Property prior to delinquency).

"Assumption Agreement" means an undertaking of a Major Owner, for the benefit of the holders and beneficial owners of the 2020 Bonds, containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner's development and financing plans with respect to the property in Improvement Area 1 acquired by the Major Owner), whereby such Major Owner agrees to provide semi-annual reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in Improvement Area 1 owned by such Major Owner and, at the option of the Property Owner or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 12 hereof.

"*Dissemination Agent*" means the Property Owner or an entity experienced in providing dissemination agent services such as those required under this Disclosure Certificate designated by the Property Owner to serve as the Dissemination Agent hereunder and who has accepted such obligation in writing, and for which the Property Owner has filed with the County and the Participating Underwriter notice of such designation and acceptance.

"*District*" means Improvement Area 1 of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo).

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

"*Major Owner*" means, as of any date of calculation, an owner of 135 or more lots within Improvement Area 1; provided, that Redrock RM, LLC and Treasure Hills, LLC shall each be a "Major Owner" if Redrock RM, LLC and Treasure Hills, LLC in the aggregate own 135 or more lots within Improvement Area 1.

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

"*Official Statement*" means the final official statement dated October 29, 2020, executed by the County in connection with the issuance of the 2020 Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2020 Bonds.

"*Property*" means (i) the property owned by the Property Owner in Improvement Area 1 of the District, and (ii) the property in Improvement Area 1 of the District that the Property Owner sold to a Major Owner who has not assumed the undertakings of this Disclosure Certificate under Section 7(b) with respect to such property.

"*Report Date*" means (a) October 1 of each year, and (b) April 1 of each year.

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

"*Special Taxes"* means the special taxes levied by the District on the Property.

Section 3. Provision of Semi-Annual Reports.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall, or upon written direction of the Property Owner the Dissemination Agent shall, not later than the Report Date, commencing April 1, 2021, provide to the MSRB, in an electronic format as prescribed by the MSRB, a Semi-Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriter and the County. Not later than 15 Business Days prior to the Report Date, the Property Owner shall provide the Semi-Annual Report to the Dissemination Agent (if other than the Property Owner). The Property Owner shall provide a written certification with (or included as a part of) each Semi-Annual Report furnished to the Dissemination Agent (if different from the Property Owner), the Participating Underwriter and the County to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Participating Underwriter and the County may conclusively rely upon such certification of the Property Owner and shall have no duty or obligation to review the Semi-Annual Report. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

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

(c) The Dissemination Agent shall:

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

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

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

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

Section 5. Reporting of Listed Events.

(a) Until such obligations are terminated pursuant to Section 7 herein, the Property Owner shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

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

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

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

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

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

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

(c) If the Property Owner determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Property Owner shall, or shall cause the Dissemination Agent to, within 10 business days file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the County and the Participating Underwriter.

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

Section 7. <u>Termination of Reporting Obligation</u>.

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

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

(ii) at such time as the Property Owner no longer owns 135 or more lots; provided, that if Redrock RM, LLC or Treasure Hills, LLC, as applicable, has entered into obligations hereunder by virtue of the operation of the proviso in the definition of "Major Owner," this clause (ii) will occur when Redrock RM, LLC and Treasure Hills, LLC in the aggregate no longer own 135 or more lots, or

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

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

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

Section 8. <u>Dissemination Agent</u>. The Property Owner may, from time to time, with the written consent of the County, appoint or engage a Dissemination Agent to assist the Property Owner in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with the written consent of the County, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be DTA. The Dissemination Agent may resign by providing 30 days' written notice to the District, the Property Owner, the County, and the Participating Underwriter.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Property Owner may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, or change in law;

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

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

Section 11. Default. In the event of a failure of the Property Owner to comply with any provision of this Disclosure Certificate, the Participating Underwriter, the County, and any holder or beneficial owner of the 2020 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Property Owner to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Property Owner to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Property Owner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the County, the Property Owner, the Participating Underwriter, the 2020 Bond owners or any other party. The obligations of the Property Owner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2020 Bonds.

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

To the issuer:	County of Madera 200 West 4th Street Madera, CA 93637 Attention: Auditor-Controller DebtService@maderacounty.com
To the Dissemination Agent:	DTA 5000 Birch Street Suite 3000 Newport Beach, CA 92660 david@financedta.com chris@financedta.com
To the Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, 35th Floor San Francisco, CA 94104 sbrown@stifel.com
To the Property Owner:	Hillside RM, LLC 7020 N. Van Ness Blvd. Fresno, CA 93711 sdodd@mccaffreyhomes.com glewis@tesoroviejo.com

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

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Property Owner (its successors and assigns), the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2020 Bonds, and shall create no rights in any other person or entity. All obligations of the Property Owner hereunder shall be assumed by any legal successor to the obligations of the Property Owner as a result of a sale, merger, consolidation or other reorganization.

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

Date: November 18, 2020

HILLSIDE RM, LLC,
a Delaware limited liability company

By: Tesoro Viejo Development, Inc., a Delaware corporation, its sole member

By: ______________________________
Robert McCaffrey,
Chief Executive Officer

AGREED AND ACCEPTED:
DTA,
as Dissemination Agent

By: ______________________________
Name: ______________________________
Title: ______________________________

EXHIBIT A

SEMI-ANNUAL REPORT

[APRIL 1, ____ / OCTOBER 1, _____]

$12,805,000
COUNTY OF MADERA
COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO)
IMPROVEMENT AREA 1
2020 SPECIAL TAX BONDS

This Semi-Annual Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate ([Property Owner]) (the "Disclosure Certificate") dated as of November 18, 2020, executed by the undersigned (the "Property Owner") in connection with the issuance by the County of Madera (the "County") of the bonds captioned above (the "Bonds") for Improvement Area 1 of its Community Facilities District No. 2017-1 (Tesoro Viejo) (the "District").

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

I. Property Ownership and Development

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

A. Description of the Property currently owned by the Property Owner in Improvement Area 1 of the District (the "Property"), in the form provided in Table 1 of the Official Statement, including the footnotes thereto.

____

____

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

____

____

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

____

____

D. Status of any land purchase contracts with regard to the Property, whether acquisition of land in Improvement Area 1 by the Property Owner or sales of land to other property owners (other than individual homeowners).

____

____

II. Legal and Financial Status of Property Owner

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

____

____

III. Change in Development or Financing Plans

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

____

____

IV. Change in Relationship with Merchant Builders

To the extent a relationship exists between the Property Owner and a merchant builder, describe any material change in such relationship with respect to the construction, marketing and sale of homes within Improvement Area 1. To the extent that a new merchant builder has been engaged to carry out home construction, marketing and sales activity by the Property Owner in Improvement Area 1, fully describe all material terms of the relationship between the Property Owner and any such new merchant builder.

____

____

V. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Semi-Annual Report, describe any other significant changes in the information relating to the Property Owner or the Property contained in the Official Statement under the heading [For the Master Developer: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS" (other than under the captions "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – Redrock RM, " " – Treasure Hills," "– K. Hovnanian," and "– D.R. Horton"); For Merchant Builders: "PROPERTY OWNERSHIP AND DEVELOPMENT STATUS – [Redrock RM][Treasure Hills][K. Hovnanian][D.R. Horton]" that would materially and adversely interfere with the Property Owner's ability to develop and sell the Property as described in the Official Statement.

____

____

VI. Status of Tax Payments

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

____

____

VII. Other Material Information

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

____

____

Certification

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

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

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

Dated:________________________

____
a _______________

Name:___________________________

Title:_____________________________

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

November 18, 2020

Board of Supervisors
County of Madera
200 W. 4th Street
Madera, CA 93637

OPINION: $12,805,000 County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) Improvement Area 1 2020 Special Tax Bonds

Members of the Board:

We have acted as bond counsel to the County of Madera (the "County"), the Board of Supervisors of which (the "Board") acts as the legislative body of the County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) (the "Community Facilities District"), in connection with the issuance by the County of the special tax bonds captioned above with respect to Improvement Area 1 of the Community Facilities District, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), a resolution of the Board adopted on October 20, 2020 (the "Resolution"), and a Fiscal Agent Agreement dated as of November 1, 2020 (the "Fiscal Agent Agreement"), between the County and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent").

Under the Fiscal Agent Agreement, the County has pledged certain revenues ("Special Tax Revenues") for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the County contained in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The County is a duly created and validly existing political subdivision of the State of California with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the County, and constitutes a valid and binding obligation of the County, enforceable against the County.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued in accordance with the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the County and are valid and binding limited obligations of the County, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

APPRAISAL

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BBG

Third-party reports by a true third party

Appraisal Report

County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)

Hillside Village
Tesoro Viejo Boulevard and Treasure Hills Drive
Unincorporated Area of Madera County, California 93636

Prepared For

Matthew Treber
Chief of Development Services
Madera County
200 W 4th Street, Suite 3100
Madera, CA 93637

Report Date

October 7, 2020

Date of Valuation

September 15, 2020

Prepared By

BBG, Inc., Northern California
San Francisco Office
1981 Broadway
Walnut Creek, CA 94104
Client Manager: Scott Beebe, MAI, FRICS
Ph: (925) 588-7641

VALUATION ADVISORY ASSESSMENT ZONING

BBG

Subdivision Practice

October 7, 2020

Matthew Treber
Chief of Development Services
Madera County
200 W 4th Street, Suite 3100
Madera, CA 93637

Re: Appraisal of Real Property
County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)
Hillside Village
Tesoro Viejo Boulevard and Treasure Hills Drive
Unincorporated Area of Madera County, California 93636
BBG File #01120005351

Dear Mr. Treber,

BBG, Inc. – Northern California is pleased to submit the accompanying appraisal of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo) or commonly referred to in this report as "the CFD." This report is written in conformance with the requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (CDIAC).

The CFD has been established to create a land-secured funding mechanism for authorized facilities. The Improvement Area 1 CFD No. 2017-bonds (the "Bonds") will reimburse for eligible facilities completed by Hillside RM, LLC. (the "Master Developer").

The subject property is identified as Hillside Villages No.'s 1-5, 7, 8, and 10 of "Tesoro Viejo" residential subdivision in Madera County California. The subject property is 580 finished lots and 224 rough-graded lots. Ownership in the project is divided among Hillside RM, LLC (543 lots), Treasure Hills RM, LLC (65 lots), Redrock RM, LLC (35 lots), D.R. Horton CA3, Inc. (19 lots), K. Hovnanian CA Land Holdings, LLC (9 lots) and various homeowners for the balance (133 lots). The subject property excludes properties within the CFD not subject to the Special Tax, such as public/quasi-public or miscellaneous land. The subject is more fully described within the attached report.

The values estimated herein are based on a hypothetical condition. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis." As of the date of value, the Bonds had not been sold. The market value is based on the hypothetical condition that, as of the date of value, the Bonds had just been sold and the property was encumbered by Special Taxes as described herein. The market value accounts for the impact of the lien of the Special Tax securing the Bonds.

We have been requested to provide market value by ownership, as well as the aggregate value of the subject property. The Dictionary of Real Estate Appraisal defines aggregate value as the "total of multiple of market value conclusions." The aggregate value is not equal to the market value of the subject property in bulk. This methodology is typical for bond financing appraisals and is consistent with the Appraisal Standards for Land-Secured Financings by CDIAC, which indicates "To the extent that the development plan is composed of subunits or phases owned by different parties, the appraiser should seek to determine the value of each subunit or phase independently."

Based on our inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s) as of September 15, 2020.

VALUATION

Ownership	Description	Value by Ownership	
D. R. Horton	19 Lots & Homes	$5,400,000	(not-less than market value in bulk)
K. Hovnanian CA Land Holdings, LLC	9 Lots & Homes	$2,760,000	(not-less than market value in bulk)
Treasure Hills RM, LLC	65 Lots & Homes	$15,660,000	(not-less than market value in bulk)
Redrock RM, LLC	35 Lots & Homes	$4,500,000	(not-less than market value in bulk)
Individual Homeowners	133 Homes	$59,370,000	(not-less than aggregate value)
Hillside RM, LLC	543 Lots	$35,400,000	(not-less than market value in bulk)

Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

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

1. We relied on land development cost and fees provided by the Master Developer and builders. The budgeted site costs and fees appear reasonable relative to costs at other projects in the area (and costs of comparables analyzed). It is an extraordinary assumption that the said costs and fees are reasonably true and correct. Any substantial changes in costs and fees could have an effect on the value conclusions and the feasibility of development. We assume that competent and professional engineering has been completed and that the cost estimates were prepared by a qualified, professional service.

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

1. As of the date of value, the Bonds had not been sold. The values estimated herein are based on the hypothetical condition that, as of the date of inspection, the Bonds had just been sold and the property was encumbered by Special Taxes, as described herein. The value accounts for the impact of the lien of the Special Tax securing the Bonds.

BBG Northern California appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,

BBG, Inc.

Scott Beebe, MAI, FRICS
California Certified General Appraiser
No. AG 015266
Ph: (925) 588-7641
Email: sbeebe@bbgres.com

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SUBJECT PHOTOS & MAP




View of Treasure Hills Drive -Project Entrance

Typical Street

Typical Graded Lot

Typical Lot

Phase 2 Property

Typical Street

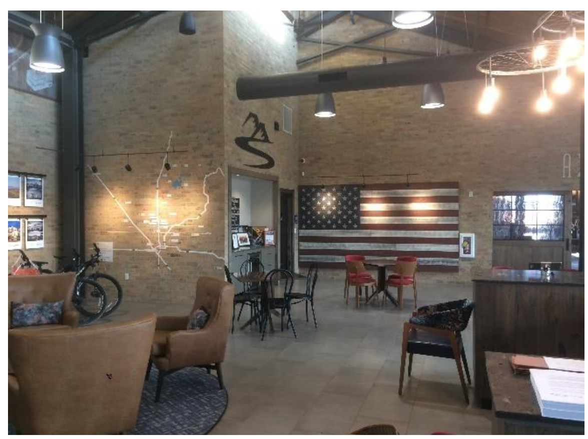
The Ranch House – Community Recreational

Harvest Park

Pool View at Ranch House

Martin Morgan Amphitheater

The Hub – Welcome Center & Coffee Shop



The Hub Interior View

Ivy Model Home

Altura Model Home

Oaks Model Home

Hickory Model Home

The Bluffs Model Home

Vista Bella Model Home

Model Home Interior

Model Home Interior

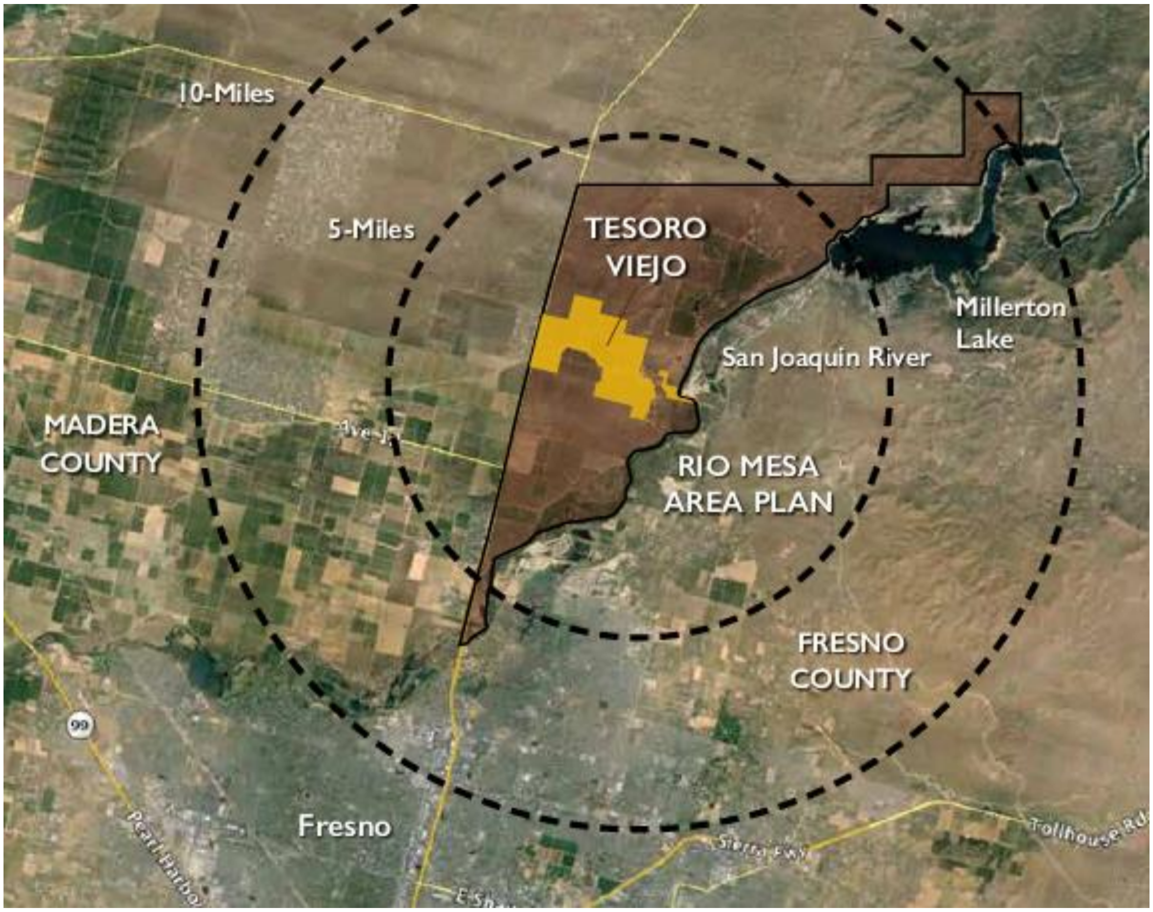
Model Home Interior

Model Home Interior

Fire Station

Ranch House Pool

LOCATION MAP

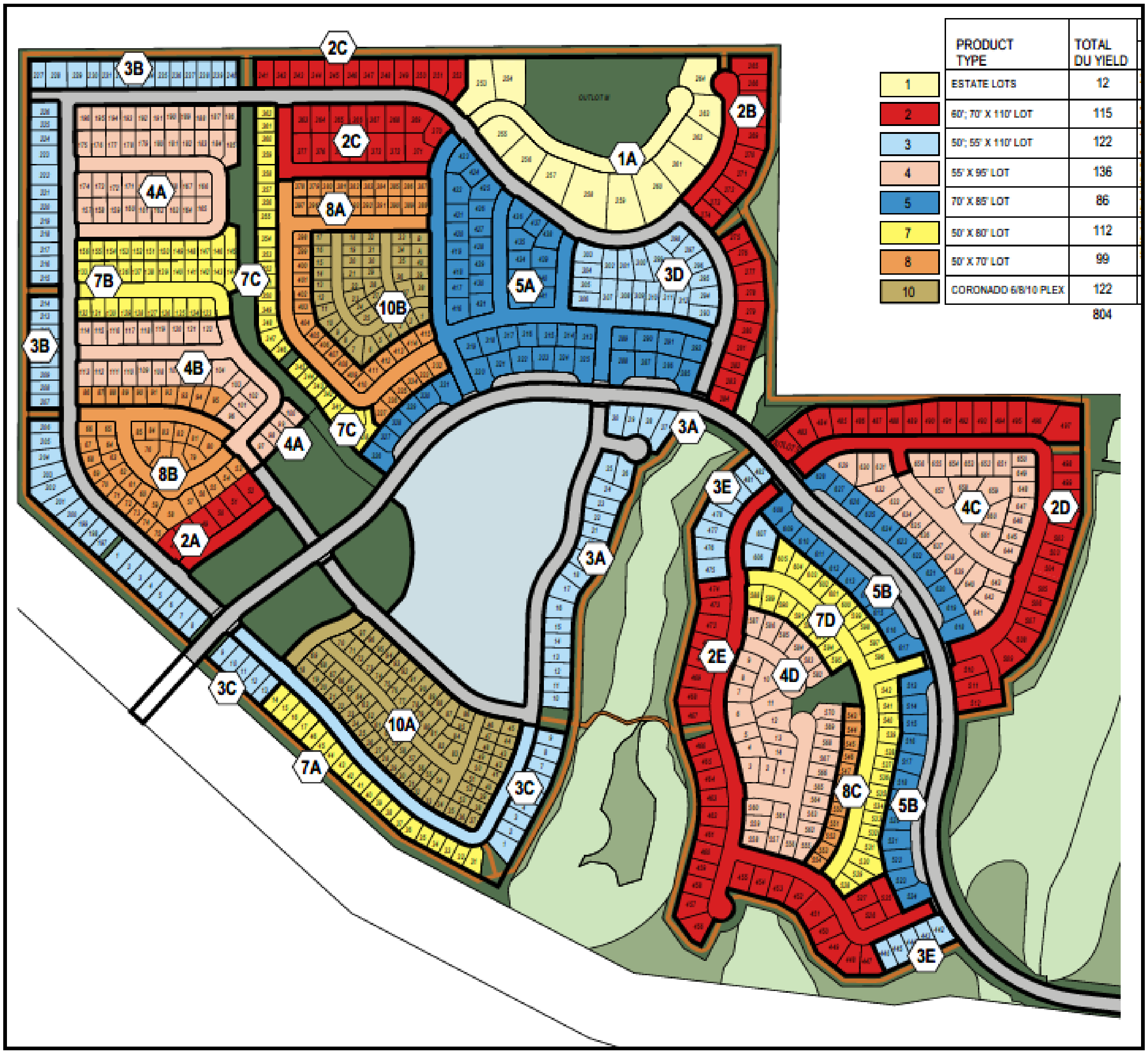


TESORO VILLAGE PROJECT MAP

HILLSIDE DEVELOPMENT (SUBJECT PROPERTY) IS OUTLINED IN RED

DEVELOPMENT PLAN

HILLSIDE DEVELOPMENT



SUBJECT INCLUDES ALL MAPPED LOTS

SUMMARY OF SALIENT FACTS

Property	The subject property is identified as Hillside Villages 1-5, 7, 8, and 10 of "Tesoro Viejo" residential subdivision in Madera County California. The property is Improvement Area 1 of County of Madera Community Facilities District No. 2017-1 or commonly referred to in this report as "the CFD."
Location	The subject project is located along the Tesoro Viejo Boulevard and Treasure Hills Drive in the unincorporated area of Madera County, California 94533.
Assessor Parcel Numbers	Please refer to the *Value By Ownership* section for a complete list of Assessor parcel numbers.
Ownership	Ownership in the project is divided among Hillside RM, LLC (543 lots), Treasure Hills RM, LLC (65 lots), Redrock RM, LLC (35 lots), D.R. Horton CA3, Inc. (19 lots), K. Hovnanian CA Land Holdings, LLC (9 lots) and various homeowners for the balance (133 lots). The subject property excludes properties within the CFD not subject to the Special Tax, such as public/quasi-public or miscellaneous land. The subject is more fully described within the attached report.
Zoning	Low and Medium Density Residential
Entitlements	There are four final subdivision maps for Hillside – Tracts 273, 274, 275 and 286, totaling 804 lots.
Flood Zone	Zone X – Outside the 500-year floodplain.
Highest and Best Use	Single-family residential development, as currently approved.
Exposure Time	6 months
Marketing Time	12 months
Property Rights Appraised	Fee Simple Estate
Effective Date of Value:	September 15, 2020

Not-Less-Than Value:

VALUATION			
Ownership	Description	Value by Ownership	
D. R. Horton	19 Lots & Homes	$5,400,000	(not-less than market value in bulk)
K. Hovnanian CA Land Holdings, LLC	9 Lots & Homes	$2,760,000	(not-less than market value in bulk)
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Individual Homeowners	133 Homes	$59,370,000	(not-less than aggregate value)
Hillside RM, LLC	543 Lots	$35,400,000	(not-less than market value in bulk)

The values reported above are subject to the extraordinary assumptions, hypothetical conditions, standard assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the client and stated intended users may use or rely on the information, opinions and conclusions contained in the report.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

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

1. We relied on land development cost and fees provided by the Master Developer and builders. The budgeted site costs and fees appear reasonable relative to costs at other projects in the area (and costs of comparables analyzed). It is an extraordinary assumption that the said costs and fees are reasonably true and correct. Any substantial changes in costs and fees could have an effect on the value conclusions and the feasibility of development. We assume that competent and professional engineering has been completed and that the cost estimates were prepared by a qualified, professional service.

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GENERAL INFORMATION

IDENTIFICATION OF THE SUBJECT PROPERTY

Hillside Villages at Tesoro Viejo is a master-planned community, located along State Route 41 in Madera County, California. The community is being developed in two major phases and has been under construction since 2017. Hillside Villages includes 804 residential lots of which 580 are finished lots and 224 are rough-graded lots.

The subject property is part of the Tesoro Viejo Specific Plan that was approved in 2012. The Tesoro Viejo development consist of 1,600 acres and is planned for 5,190 homes, 3 million feet of non-residential space and over 400 acres of parks and open space. The subject's Hillside Village is the first residential component on the plan. The commercial uses will include office, retail and commercial, as well as highway service or large format commercial uses along State Route 41. In addition, there are planned public and civic uses such as schools, public service offices and facilities, religious uses and utility buildings and structures. When completed, Tesoro Viejo will accommodate an estimated population of 11,500 to 15,600 people.

The subject's Hillside Village includes the Martin Morgan amphitheater, The Ranch House Recreation Center, Overlook Park with vistas of the Sierra Nevada's, neighborhood parks, trails, mature landscaped roadways and the new K-8 neighborhood school. These amenity properties are benefits of the subject properties, but are not included in the valuation.

The subject property is the residential component of the Hillside Villages at Tesoro Viejo. A summary of the subject property is as follows:

Summary of Subject Property					
Village	No. Lots	Lot Type	Lot Size	Finished Lots	Rough-Graded
1	12	Estate	20,000	12	0
2	115	60'-70' x 110'	6,600	53	62
3	122	50'-55' x 110'	5,500	107	15
4	136	55' x 95'	5,225	67	69
5	86	70' x 85'	5,950	53	33
7	112	50' x 80'	4,000	79	33
8	99	50' x 70'	3,500	87	12
10	122	40' x 68'	2,720	122	0
Total Single- Family	804			580	224

PROJECT HISTORY

In 2004 the subject land was purchased by the McCaffrey family and Lyles Diversified. After years of work, Madera County approved project and certification of the original Environmental Impact Report (EIR) in 2008. Those original approvals were challenged under CEQA and ultimately vacated in October 2009 pursuant to a writ of mandate entered by the Madera County Superior Court. Following years of additional work to respond to the Court's writ, the Revised EIR (REIR) was certified by the County in November of 2012, and accompanied by County approvals of the Tesoro Viejo Specific Plan and the Development Agreement between Tesoro Viejo and the County of Madera, as well as the Final Amended and Supplemented Infrastructure Master Plan (FASIMP) and the Final Amended and Supplemented Water Supply Assessment (FASWSA) for the project. The

2012 approvals were then again subject to various CEQA challenges in the Superior Court, but subsequent challenges were either rejected by the Court or resolved by mutual agreement with the challenging parties. All CEQA challenges have been resolved and appeal periods have now passed.

The following is a summary of major milestones for the project:

- November 2012 the EIR was Recertified by Madera County
- First tentative maps for Hillside were approved in September 2014 with subsequent villages approved in 2016 and 2019. Final Map Approval occurred in December 2017 for Tract 273, 274, 275 and for Tract 286 July 2017.
- Mass grading commenced in early Fall 2017.
- The first home to start construction was in July 2018
- Project amenities completed include community amphitheater in November 2019, Ranch House Recreation Center in October 2019, and new K-8 neighborhood school in 2018

HOME DEVELOPMENT SUMMARY

There are six home development project under way. These are briefly summarized as follows:

Home Development Summary					
Village	Builder	Project Name	Total Lots*	Construction Starts	Escrow Closings
1	TBD	Estate Lots	12	0	0
2	McCaffrey Homes	Ivy, Oaks & Hickory	115	49	28
3	McCaffrey Homes	Ivy, Oaks & Hickory	83	6	0
3	D.R. Horton	The Bluffs	39	35	18
4	TBD		136	0	0
5	McCaffrey Homes	Oaks & Hickory	86	32	9
7	K. Hovnanian	Vista Bella	112	22	14
8	TBD		99	0	0
10	McCaffrey Homes	Altura	122	93	64
	Total		804	237	133

* Purchased or under contract to purchase

CURRENT OWNERSHIP AND SALES HISTORY

The Master Developer of the subject property is Hillside RM, LLC. Since early 2018 they have sold and closed 261 lots to various builders. A summary of these lot transfers are summarize below

Lot Purchase Summary				
Village	Builder	Total Lots Optioned	Lots Transferred	Remaining
2	Treasure Hills RM, LLC (McCaffrey Homes)	115	50	65
3	Redrock RM, LLC (McCaffrey Homes)	83	0	83
3	D.R. Horton	39	39	0
5	Treasure Hills RM, LLC (McCaffrey Homes)	86	52	34
7	K. Hovnanian CA Land Holdings, LLC	112	24	88
10	Redrock RM, LLC (McCaffrey Homes)	122	96	26
	Total	557	261	296

Details of the lot purchases were not provided. Ownership did report that total purchase price for 344 lots of the 557 lots optioned was $31,806,400. Many of these lots have sold/closed to the builders, and the Master Developer expects that the remaining lots will be transferred before December 2022. No further details of the lot purchases were provided.

FACILITIES TO BE FINANCED BY THE DISTRICT

Madera County approved a resolution for the formation of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)," on February 7, 2017. This resolution concerns the acquisition by the County of the portion of the facilities consisting of streets, curbs, gutters, sidewalks, streetlights and related improvements within or serving the Hillside Village development. Madera County has executed three acquisition agreements for approved and completed improvements. These agreements allow for partial reimbursement to Hillside RM, LLC for the completed improvements. The three agreements dated, January 8, 2019, July 2, 2019 and July 7, 2020 total $18,139,845. Bonds will be issued to reimburse the developer for the complete improvements. The County is proceeding with the authorization and issuance of one or more series of bonds or other debt for and on behalf of the CFD secured by special taxes levied within Improvement Area 1 under the Act.

Principal and interest on the Bonds will be paid by a Special Tax levied against the subject property. This report is based on a hypothetical condition that the Bonds have just been sold and the subject properties are encumbered by the Special Tax.

INTENDED USER AND INTENDED USE

The client and intended user is Madera County. Other intended users identified by the client include legal counsel and underwriter. This appraisal report may only be relied upon by the client and intended user(s) named herein. The intended use is for bond financing.

PRIOR SERVICES

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

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property by ownership and the aggregate value of all taxable property, as of the date of value, September 15, 2020. The values are subject to a hypothetical condition that the CFD Bonds have sold. The appraisal is valid only as of the stated effective date. The date of the report is October 7, 2020, which is the date this report was delivered to the client.

PROPERTY RIGHTS APPRAISED

As stated above, our analysis pertains to the fee simple interest in the subject property. This is defined as follows:

> Fee simple: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

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

DEFINITION OF MARKET VALUE

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

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

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

Source: Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

LOT DEFINITION(S)

Note that in this report, the term “finished lot” means all site development is completed, final map has recorded, and all development fees due at final map have been paid. A finished lot does not include fees due at building permit, since these items are associated with home construction. The definition of finished lot utilized in this report is shared by market participants in the Central and Northern California regions.

APPLICABLE REQUIREMENTS

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

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

LEVEL OF REPORTING DETAIL AND APPLICABLE REQUIREMENTS

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report which, at a minimum, must summarize the appraiser’s analysis and the rationale for the conclusions.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, as well as any additional standards of the client and intended users.

APPRAISER COMPETENCY

No steps were necessary to meet the competency provisions established under USPAP. We have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, we have adequate experience and qualifications to appraise the subject. Appraiser certifications and qualifications are included in the Addenda of this report.

SIGNIFICANT PROFESSIONAL ASSISTANCE

No one provided significant real property appraisal assistance to the person signing this certification.

SCOPE OF WORK

The intended use and intended user(s) of this appraisal report, characteristics and complexity of the subject property, market conditions, widely-accepted methods and practices within the appraisal profession, and other pertinent factors were all considered in our determination of scope of work, which is detailed in the following sections.

VALUATION METHODOLOGY

Appraisers typically consider utilizing the cost, sales, and/or income capitalization approach in developing an opinion of value. The applicability of each approach is determined by the economic characteristics of the property, the availability of reliable data, and the common practice of market participants that reflect the most likely purchaser of the subject property.

The valuation begins with the proposed home construction, where the sales comparison approach is the most applicable approach and sufficient sales data is available. In the sales comparison approach, we adjust the prices of comparable transactions in the region based on differences between the comparable sales and subject. The adjusted values are reconciled into final conclusions of value. The cost approach for retail home valuation is not applicable since such an analysis would rely on a retail lot valuation, and there is not an active market of retail lot sales of lots designed and intended for production homes (such lots are primarily sold in bulk to merchant builders). While a separate cost approach is not utilized, note that we conduct a “top down” land value analysis that considers all anticipated construction costs relative to anticipated home prices. This method is effectively a reverse cost approach that may also be used to gauge financial feasibility. Moreover, the income capitalization approach is not applicable for the completed homes because, while single-family homes can produce income, the market is owner-user dominated with prices established based on sales. For the valuation of the homes in bulk, the estimated home values are incorporated into a discounted cash flow analysis that considers the time and cost of selling the homes over an estimated absorption period.

In the valuation of the subject lots, we utilize the income capitalization approach, which, for subdivision analysis, is commonly referred to as the subdivision development method. The subdivision development method is a discounted cash flow analysis that reflects anticipated home prices and costs over an absorption period, leading to an estimate of residual land value. The projected cash flows have a finite life that corresponds with the sellout of the project.

A sales comparison approach was utilized to value the subject homes. Due to insufficient lot sale comparables, this approach was not used for the valuation of the subject lots.

A traditional cost approach for the subject lots is not applicable. This method is not utilized by market participants, who prefer to analyze land deals on an “all in” land plus cost basis. The method applied in this report mirrors how market participants analyze like property. Moreover, in arriving at an estimate of finished lot value, costs associated with proposed home construction relative to current home pricing were considered in the subdivision development method.

RESEARCH AND ANALYSIS

In preparing this appraisal and over the course of this assignment, we performed extensive research and analysis of the subject, its competitors, and the broader market factors that impact value. The type and extent of our research and analysis is described throughout the report as it pertains to each section. In summary:

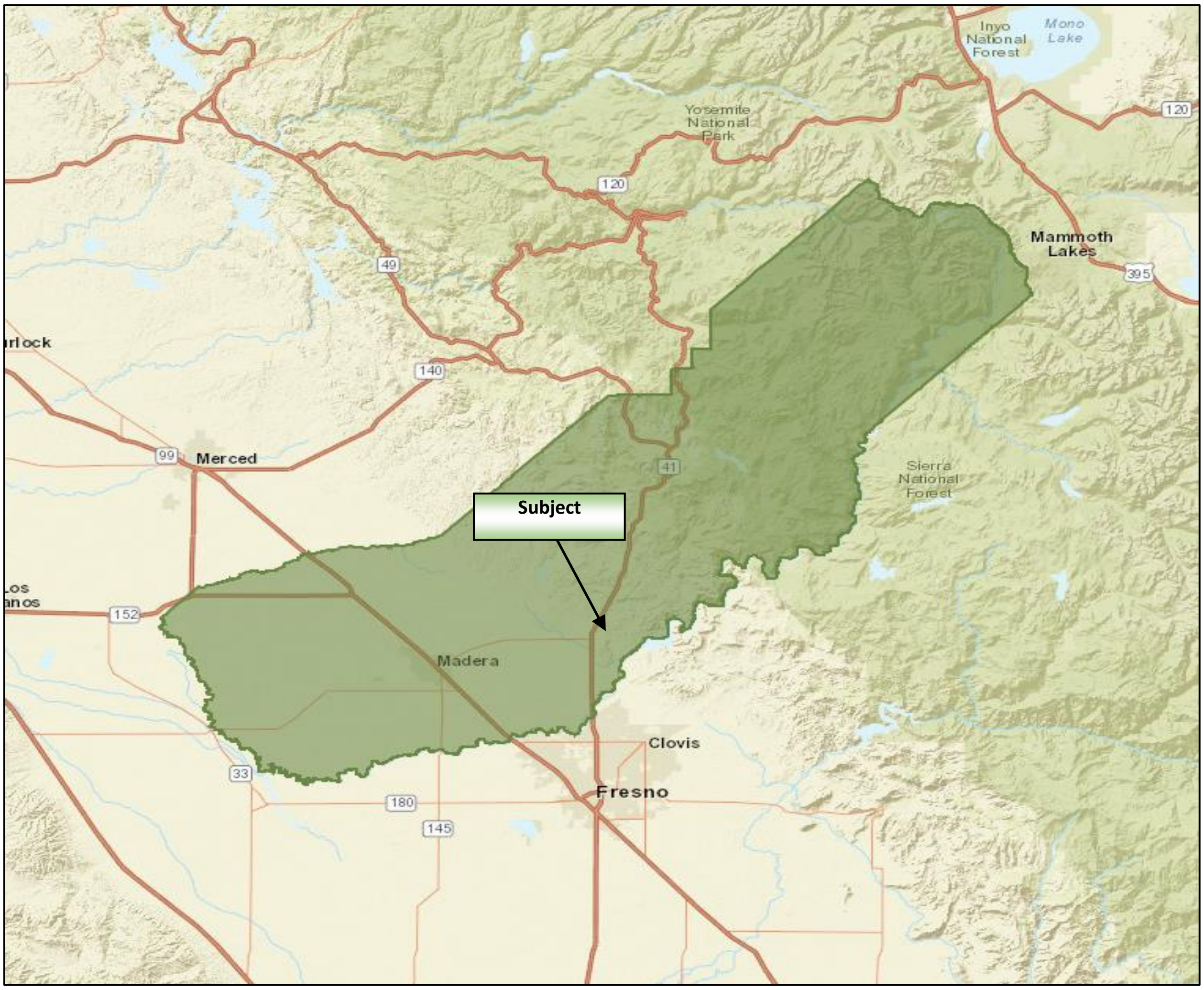
- Researched the legal and physical attributes of the subject property including: a physical inspection of the property was completed and serves as the basis for the site description contained in this report; the sales history was verified by consulting public records (Parcelquest); zoning and entitlement information was obtained from the Madera County Planning Department; the subject's deed restrictions; the subject's earthquake zone, flood zone and utilities were verified with applicable public agencies; property tax information for the current tax year was obtained from the Madera County Tax Collector's Office.
- Analyzed and documented data relating to the subject's neighborhood and surrounding market areas. This information was obtained through personal inspections of portions of the neighborhood and market areas, newspaper articles and interviews with various market participants.
- Determined the highest and best use of the subject property as though vacant, based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the subject property is for single-family residential homes (production homes).
- Gathered information on comparable properties and confirmed comparable transactions. We also relied on comparable information (sales, costs, permits and fees) that we had retained in our appraisal files and which may have resulted from prior interviews with market participants. The type and extent of our research and analysis is detailed in individual sections of the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.
- Estimated reasonable exposure and marketing times associated with the market value estimates.

INSPECTION DETAILS

Scott Beebe, MAI conducted several inspections of the property with the last inspection occurring on September 4, 2020.

REGIONAL ANALYSIS

The Madera CA region consists of the County of Madera, California. It is 2,153 square miles in size and has a population density of 72 persons per square mile. Prominent cities within the region include Chowchilla and Madera. Primary transportation access is provided to the region via State Route 41, State Route 49, State Route 99, and State Route 152.



POPULATION

Madera County has an estimated 2020 population of 159,042, which represents an average annual 0.6% increase over the 2010 census of 150,865. Madera County added an average of 818 residents per year over the 2010-2020 period, and its annual growth rate is lower than that of California.

Population Trends

	Population			Compound Annual % Change	
	2010 Census	2020 Est.	2025 Est.	2010 - 2020	2020 - 2025
Madera MSA	150,865	159,042	163,611	0.6%	0.7%
California	37,253,956	39,892,126	41,218,819	0.8%	0.8%

Source: Claritas, LLC.

EMPLOYMENT

Total employment in the Madera MSA (Madera County) is currently estimated at 52,900 jobs. Between year-end 2008 and 2019, total employment in the county has decreased by 400 jobs, equivalent to a 0.7% decrease over the entire eleven-year period. There were gains in employment in seven out of the past ten years.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Madera MSA unemployment rate has been consistently higher than that of California, with an average unemployment rate of 11.5% in comparison to a 7.8% rate for California. A lower unemployment rate is a positive indicator. Recent data shows that the Madera MSA unemployment rate is 13.0% in comparison to a 13.3% rate for California.

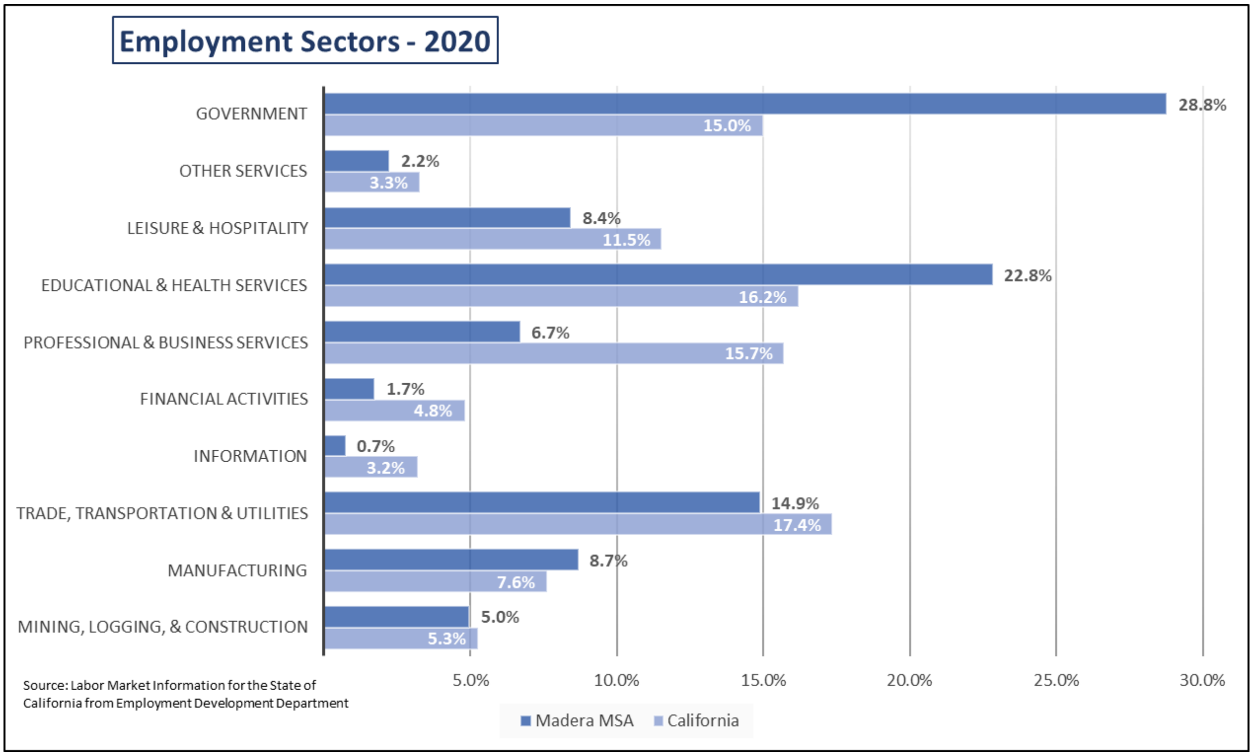
Employment Trends

	Total Employment (Year End)				Unemployment Rate (Year End)	
Year	Madera MSA	% Change	California	% Change	Madera MSA	California
2008	58,000	-	16,614,164	-	11.6%	7.3%
2009	56,300	-2.9%	15,979,281	-3.8%	14.9%	11.2%
2010	50,900	-9.6%	16,125,892	0.9%	17.3%	12.2%
2011	53,900	5.9%	16,423,914	1.8%	15.4%	11.7%
2012	54,200	0.6%	16,817,255	2.4%	13.7%	10.4%
2013	53,400	-1.5%	17,081,350	1.6%	12.1%	8.9%
2014	52,300	-2.1%	17,527,359	2.6%	11.8%	7.5%
2015	53,500	2.3%	17,841,873	1.8%	10.3%	6.2%
2016	54,600	2.1%	18,113,717	1.5%	9.6%	5.4%
2017	55,800	2.2%	18,402,974	1.6%	7.6%	4.2%
2018	57,000	2.2%	18,704,962	1.6%	7.0%	4.2%
2019	57,600	1.1%	18,786,800	0.4%	6.8%	3.9%
YTD July 2020	52,900	-8.2%	18,264,200	-2.8%	13.0%	13.3%
Overall Change 2008-2019	-400	-0.7%	2,172,636	13.1%		
Avg. Unemp. Rate 2008-2019					11.5%	7.8%
Unemployment Rate - July 2020					13.0%	13.3%

Source: Labor Market Information for the State of California from Employment Development Department. The figures are not seasonally adjusted.

EMPLOYMENT SECTORS

The following tables provide an overview and illustration of the major industry sectors within the Madera MSA and the State of California. Total employment is broken down by major employment sector.



Madera County has lower concentrations than California in the following employment sectors:

- Professional and Business Services: 6.7% of the Madera County payroll employment is represented in this sector, compared to 15.7% for California. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

- Leisure and Hospitality: 8.4% of the Madera County payroll employment is represented in this sector, compared to 11.5% for California. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

- Information, representing 0.7% of Madera County payroll employment compared to 3.2% for California as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

- Trade, Transportation, and Utilities: 14.9% of the Madera County payroll employment is represented in this sector, compared to 17.4% for California. This sector includes employment in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

- Mining and Construction: 5.0% of the Madera County payroll employment is represented in this sector, compared to 5.3% for California. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

- Financial Activities: 1.7% of the Madera County payroll employment is represented in this sector, compared to 4.8% for California. This sector includes banking, insurance, and investment firms, as well as real estate owners, managers, and brokers.

Madera County has higher concentrations than California in the following employment sectors:

- Government: 28.8% of the Madera County payroll employment is represented in this sector, compared to 15.0% for California. This sector includes employment in local, state, and federal government agencies.

- Education and Health Services: 22.8% of the Madera County payroll employment is represented in this sector, compared to 16.2% for California. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

- Manufacturing: 8.7% of the Madera County payroll employment is represented in this sector, compared to 7.6% for California. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

MAJOR EMPLOYERS

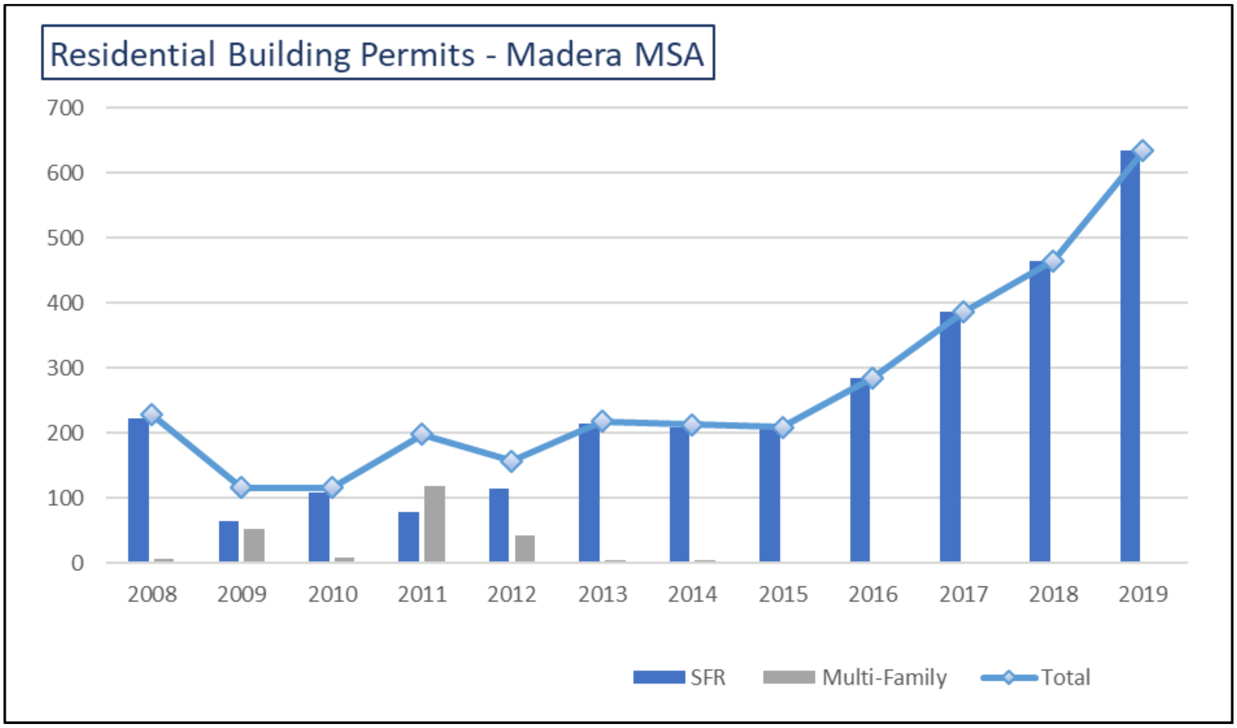
Major employers within Madera County are shown in the following table.

Major Employers - Madera MSA					
Rank	Company	No. Employees	Rank	Company	No. Employees
1	Children's Hospital Central CA	1,000-4,999	11	Baltimore Aircoil Co.	250-499
2	Chuckchansi Gold Resort & Casino	1,000-4,999	12	Ardagh Group	250-499
3	Valley State Prison for Woman	1,000-4,999	13	B A C	250-499
4	Madera Community Hospital	500-999	14	San Joaquin Wine Co. Inc.	250-499
5	Mission Bell Winery	500-999	15	Central AG Labor Services	250-499
6	LaManuzzi & Pantaleo Inc.	250-499	16	Span Construction & Engineering	100-249
7	Saint-Gobain Containers	250-499	17	Brake Parts Inc.	100-249
8	Wal-Mart Stores Inc.	250-499	18	Lowe's	100-249
9	Royal Madera Vineyards	250-499	19	Home Depot	100-249
10	CertainTeed Corp.	250-499	20	JBT Food Tech	100-249

Sources: Sacramento Business Journal 2017 Book of Lists; U.S. Department of Housing and Urban Development 2017-2018

CONSTRUCTION

The following graph depicts the total number of Single-Family Residence and Multi-family housing permits in a given year in the Madera MSA. The MSA has seen a large increase in single family residence permits in the last four years, a positive indicator of growth for the region.



DEMOGRAPHIC CHARACTERISTICS

Madera MSA differs from the State of California as it relates to many demographic characteristics. Respectively, the Madera MSA average household income and median household income figures come in at $77,347 and $57,279. These figures are significantly lower than the respective average and median household income figures of $115,828 and $78,981 for the State of California.

The median age of 34.2 in Madera County is lower than the California median age of 37.3. Additionally, 14.7% of Madera County holds an advanced degree, a figure that is much lower than the 33.3% of California.

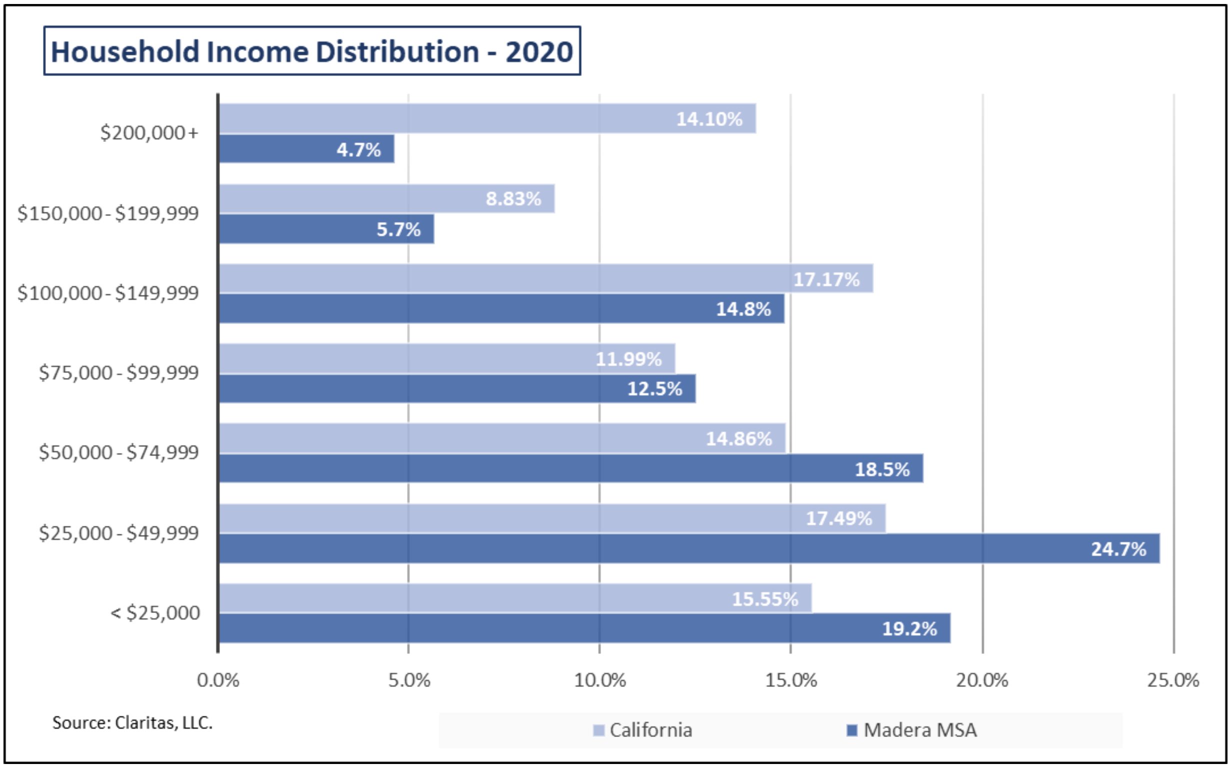
The chart below compares the demographic characteristics of the Madera MSA with the demographic characteristics of the State of California:

Demographic Characteristics Madera MSA vs. California 2020 Estimates		
Characteristic	**Madera MSA**	**California**
Household Growth 2010-2020	4.56%	6.91%
Average Household Income	$77,347	$115,828
Median Household Income	$57,279	$78,981
Median Age	34.2	37.3
Average Household Size	3.3	2.9
Owner Occupied %	64.2%	55.9%
Renter Occupied %	35.8%	44.1%
Percent with Bachelor's Degree or Higher	14.7%	33.3%

Sources: Neilson 2020

INCOME DISTRIBUTION

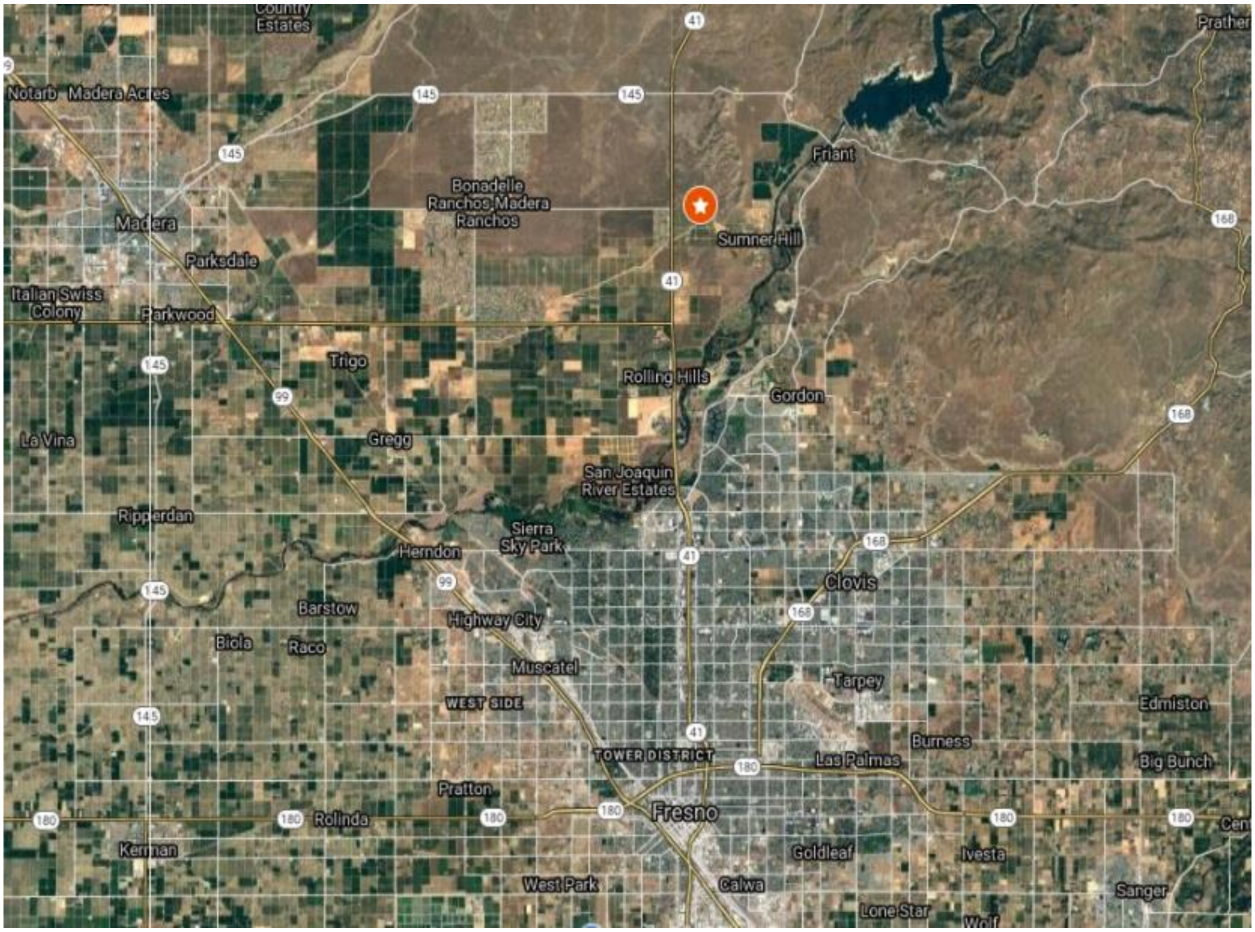
The chart below shows the household income distribution spanning five different income levels. The Madera MSA has a lower concentration of households with higher income levels than that of California. For instance, 25.2% of households in the Madera MSA are at the $100,000 or greater household income level, compared to 40.1% for California. However, the Madera MSA has a higher concentration of households with lower income levels than that of California, as 19.2% of households in Madera County have a household income of $25,000 or below. Comparatively, 15.6% of households in California have a household income of $25,000 or below.



CONCLUSION

The Madera County economy will be affected by a growing population base and lower income and education levels. Madera County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. We anticipate that the Madera County economy will improve and employment will grow, strengthening the demand for real estate.

REGIONAL MAP



NEIGHBORHOOD ANALYSIS

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as "a group of complementary land uses; a congruous grouping of inhabitants, buildings or business enterprises," as described by The Dictionary of Real Estate Appraisal.

LOCATION AND NEIGHBORHOOD BOUNDARIES

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject is located in the southeastern portion of Madera County, east of the city limits of Madera. The city of Madera is surrounded by the cities of Merced to the north, Fresno to the south and Los Banos to the west. To the east are smaller communities and National Forests and Parks. Specifically, the subject is situated west of Highway 41 at Avenue 15, within an unincorporated area of Madera County.

The subject site benefits from good access near freeways and major thoroughfares. Highway 41 borders the subject along the west, providing access to Fresno to the south, where it intersects with State Route 180 and Highway 99. Highway 41 continues south through various Central Valley communities to intersect with Interstate 5 and eventually terminate at Highway 101 near the city of Paso Robles. To the north, Highway 41 travels through smaller communities in Madera County and into Yosemite National Park. State Route 180 is an east-west highway through the Fresno region, providing access to communities east and west of the central part of Fresno, and terminating near Squaw Valley in the Kings Canyon National Park to the east and Mendota to the west. Highway 99 is a primary highway in California. North of Fresno, Highway 99 travels through Stockton and Modesto, Sacramento, Yuba City and Chico, before terminating in Red Bluff. To the south of Fresno, Highway 99 travels through Visalia and Bakersfield, terminating at its intersection with Interstate 5 in Wheeler Ridge.

Public transportation in the neighborhood is provided by Madera County Connection. Avenue 15 provides access from Downtown Madera to the subject development. Three additional routes provide access from Downtown Madera to Yosemite National Park; Chowchilla northwest of Madera; and the cities of Eastin Arcola/Ripperdan/La Vina along the southwestern side of Highway 99.

The nearest airport for commercial air travel is Fresno Yosemite International Airport, located approximately 14 miles southeast of the subject. There are several, small public airports used for general aviation within Madera County and neighboring counties.

DEMAND GENERATORS

The largest employers reported by the Madera County Economic Development Commission include the Children's Hospital Central CA; government departments, including State of California, County and City of Madera; Madera Unified School District; Chuckchansi Gold Resort and Casino; Madera Community Hospital; Constellation Wines; Ardagh Group; Sierra Tel Communication Groups;

Baltimore Aircoil Company; Certainties Corporation; Span Construction and Engineering; and JBT Food Tech.

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

Surrounding Area Demographics

2019 Estimates	5-Mile Radius	10-Mile Radius	15-Mile Radius	Madera County, CA	Fresno, CA Metro
Population 2010	48,224	376,071	713,326	150,865	930,450
Population 2019	53,341	404,472	770,976	158,565	1,004,926
Population 2024	56,202	420,956	802,681	163,727	1,047,164
Compound % Change 2010-2019	1.1%	0.8%	0.9%	0.6%	0.9%
Compound % Change 2019-2024	1.1%	0.8%	0.8%	0.6%	0.8%
Households 2010	18,332	135,309	229,008	43,317	289,391
Households 2019	19,968	143,798	245,196	45,240	309,285
Households 2024	20,958	149,141	254,526	46,672	321,187
Compound % Change 2010-2019	1.0%	0.7%	0.8%	0.5%	0.7%
Compound % Change 2019-2024	1.0%	0.7%	0.7%	0.6%	0.8%
Median Household Income 2019	$97,791	$62,198	$53,613	$56,110	$52,664
Average Household Size	2.7	2.8	3.1	3.3	3.2
College Graduate %	44%	29%	22%	12%	20%
Median Age	40	35	33	34	33
Owner Occupied %	68%	57%	55%	64%	56%
Renter Occupied %	32%	43%	45%	36%	44%
Median Owner Occupied Housing Value	$378,584	$293,555	$268,414	$262,465	$264,927
Median Year Structure Built	1993	1983	1980	1987	1981
Average Travel Time to Work in Minutes	24	23	24	28	25

Source: Environics Analytic s

As shown above, the current population within a 10-mile radius of the subject is 404,472, and the average household size is 2.8. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Madera County overall, the population within a 10-mile radius is projected to grow at a faster rate.

Median household income is $62,198, which is higher than the household income for Madera County. Residents within a 10-mile radius have a considerably higher level of educational attainment than those of Madera County, while median owner occupied home values are considerably higher.

LAND USE

The neighborhood includes rural residential properties, agriculture properties along with the subject's master planned community. The rural residential properties includes the Bonadelle Ranchos Nines west of the subject development. There are a few commercial service properties along State Route 41 at Avenue 15. Community and commercial services are available approximately 8 miles south of the subject in Fresno.

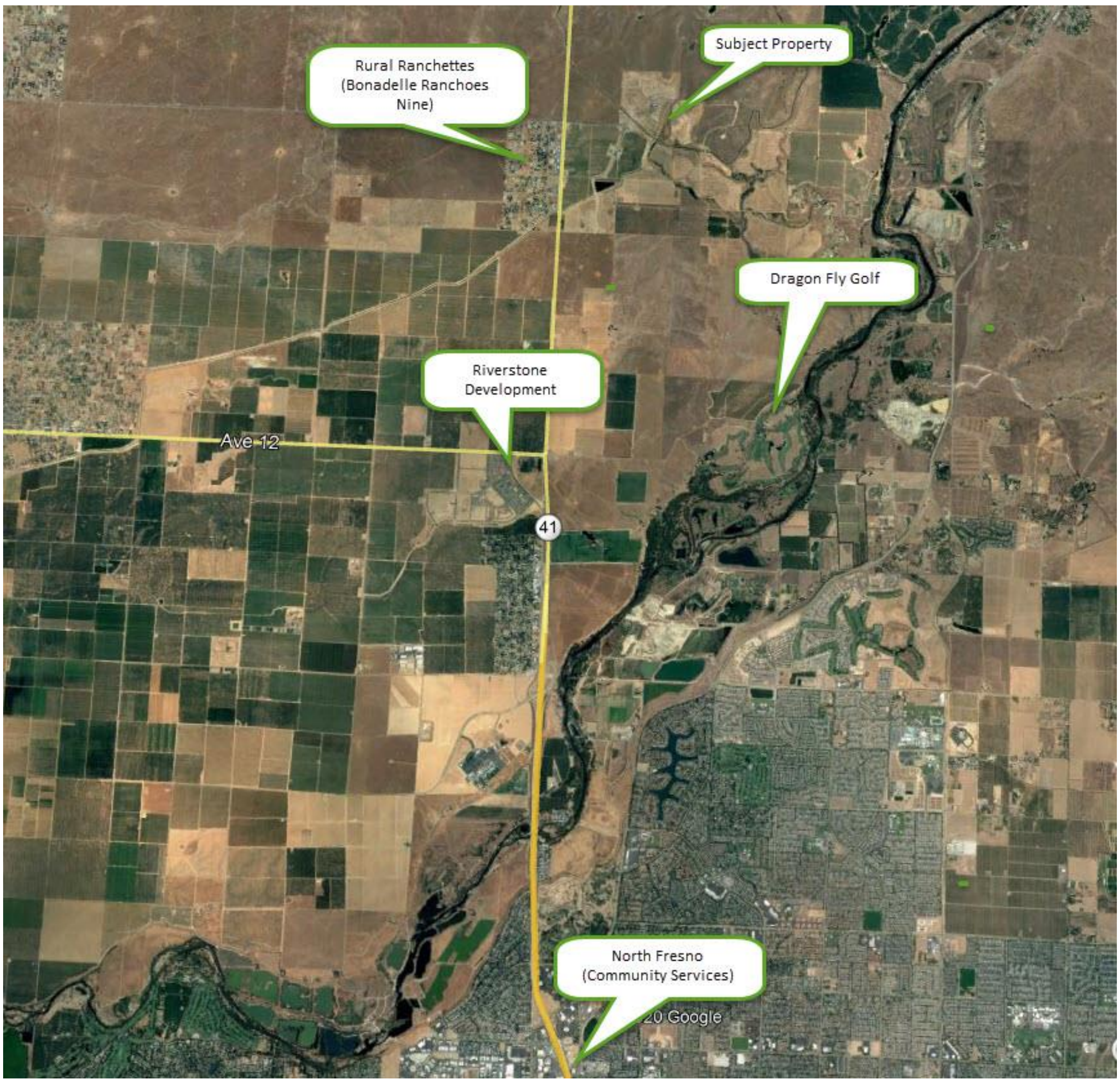
Further west is the city of Madera, with a higher concentration of commercial uses and community facilities. The Madera Community College center is located along the north side of Avenue 12, east of Highway 99. It offers programs in general education for transfer and two-year degrees. The Madera

Community Hospital is located along Golden State Drive, parallel to the west side of Highway 99. Overall, the city of Madera offers an adequate level of commercial uses to support the residential population. Fresno is the nearest major city, located approximately 8 miles south and offering a wider range of services.

SURROUNDING LAND USES

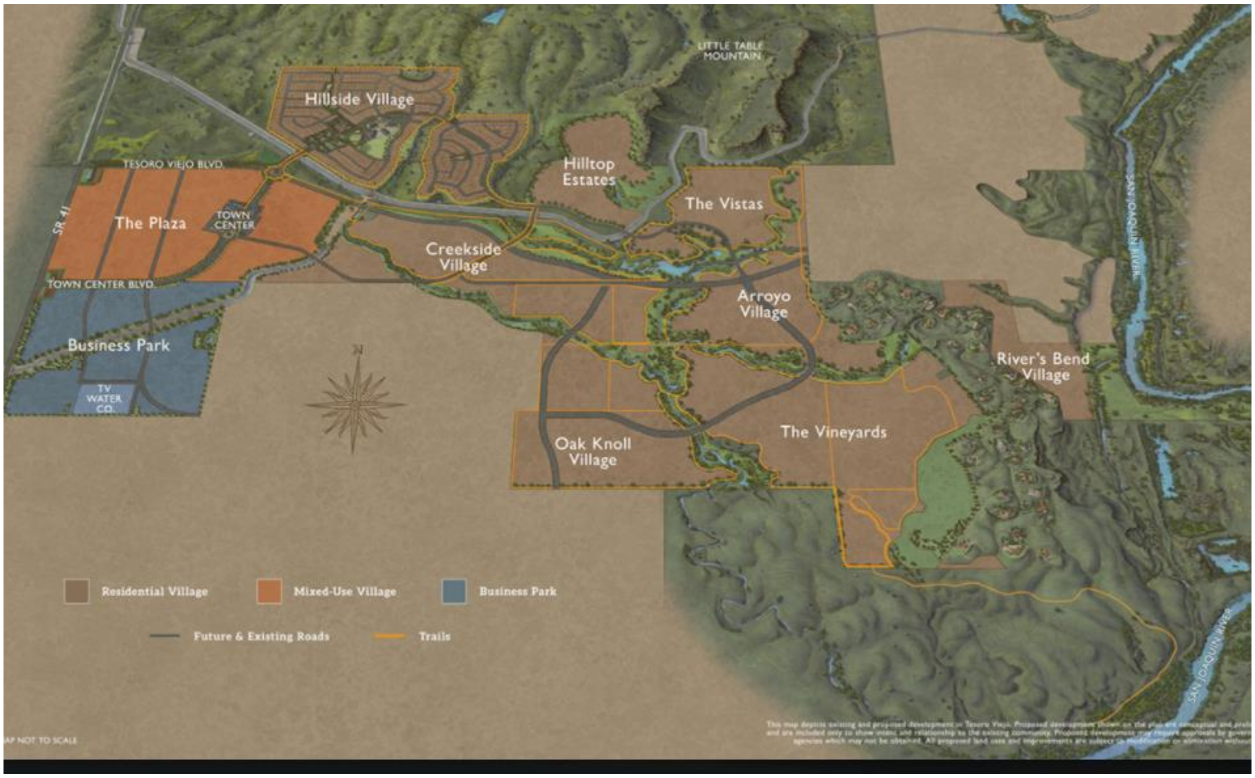
Surrounding land uses are depicted on the map on the following page.

IMMEDIATE SURROUNDING LAND USE MAP



TESORO VIEJO

The subject is part of a 1,600 acre development known as Tesoro Viejo. The project is planned to contain 9 residential villages with up to 5,190 homes, 3 million feet of commercial space, 400 acres of permanently open space for parks, trails and recreation uses. The subject's Hillside development is the first residential phase of the project. Other existing uses completed is The Hub and a Fire station in the Town Center.



COMMUNITY USES

Major community uses are located 8 miles south of the development in Fresno. These include major hospitals, retail properties and all of the typical urban commercial support uses. The property is located in the Chawanakee Unified School District. Hillside School, a new K-8 school is located with the subject development.

CONCLUSION

The neighborhood is in transition and is an emerging residential area. The subject development is a fully entitled project with significant amenities. All entitlements all utilities are secured for full build-out of the project.

NEIGHBORHOD MAP

PROPERTY DESCRIPTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources.

LOCATION

The subject is located at Tesoro Viejo Boulevard and Treasure Hills Drive, within the unincorporated area of Madera County, California 93636. The property is located east of State Route 41 near Avenue 15.

FRONTAGE/ACCESS

Tesoro Viejo Boulevard is the primary road through the development. This is a four lane road with curbs, gutters and sidewalls. This road is fully developed.

SHAPE AND DIMENSIONS

The project and perimeter boundary comprise an irregular rectangular square shape. Based on the overall size and scale of the project, the shape does not adversely affect the project. Site utility based on shape and dimensions is average.

TOPOGRAPHY

The subject has a level to slightly sloping terrain.

DRAINAGE

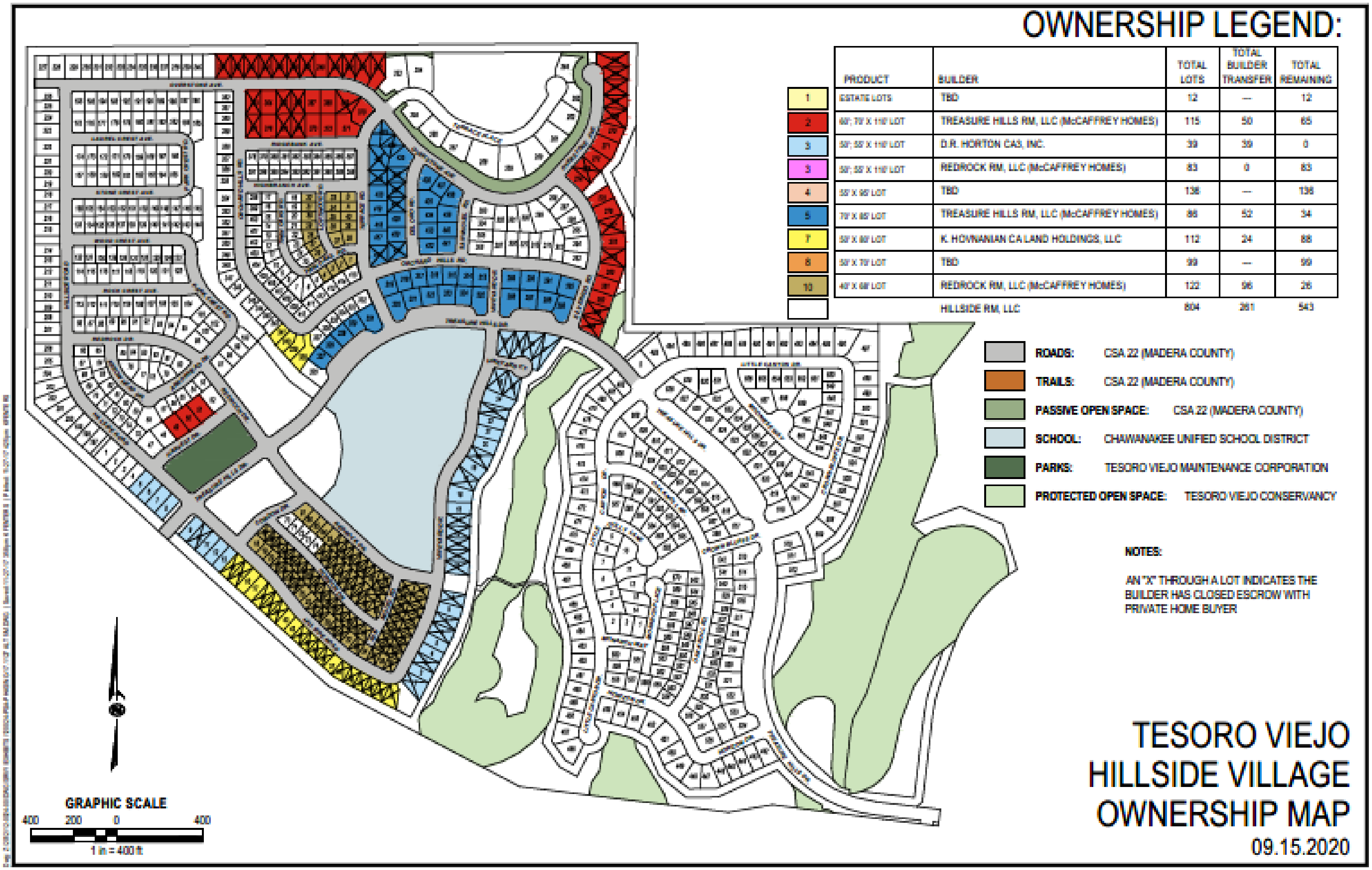
All major drainage for the project is complete. No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that there are not any unusual drainage issues that would affect the development of the subject.

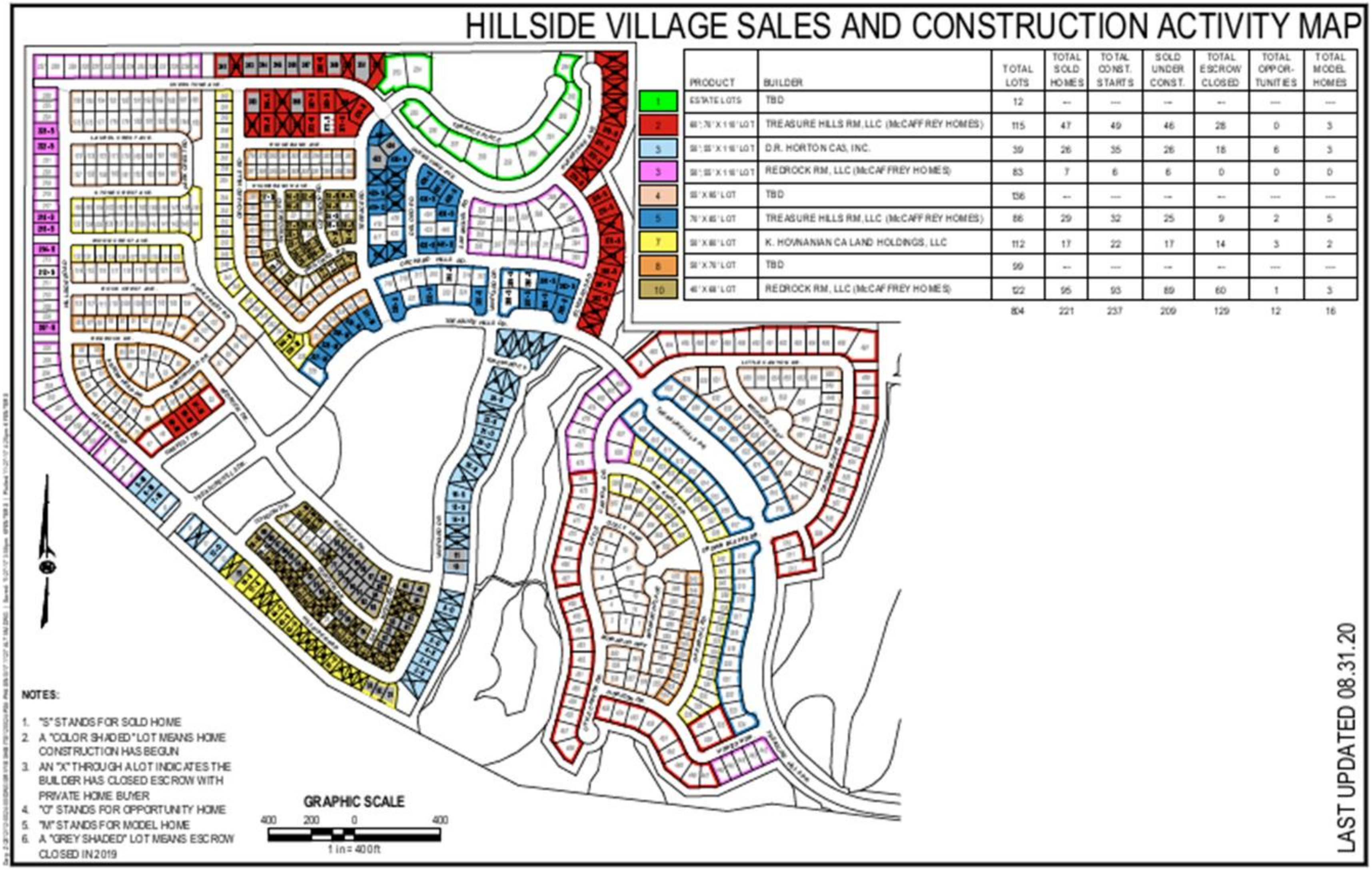
VEGETATION

No vegetation exists for most of the property. New landscaping has been installed within the boundary of the developed neighborhoods.

OWNERSHIP MAP

The subject parcels and owners are summarized in the following tables. Please note the title on Page 33 being "Ownership Legend" indicates lots sold and under contract.


OWNERSHIP LEGEND:
PRODUCT | BUILDER | TOTAL LOTS | TOTAL BUILDER TRANSFER | TOTAL REMAINING
1 | ESTATE LOTS | TBD | 12 | — | 12
2 | 60'; 70' X 110' LOT | TREASURE HILLS RM, LLC (McCAFFREY HOMES) | 115 | 50 | 65
3 | 50'; 55' X 110' LOT | D.R. HORTON CA3, INC. | 39 | 39 | 0
3 | 50'; 55' X 110' LOT | REDROCK RM, LLC (McCAFFREY HOMES) | 83 | 0 | 83
4 | 55' X 95' LOT | TBD | 136 | — | 136
5 | 70' X 85' LOT | TREASURE HILLS RM, LLC (McCAFFREY HOMES) | 86 | 52 | 34
7 | 50' X 80' LOT | K. HOVNANIAN CA LAND HOLDINGS, LLC | 112 | 24 | 88
8 | 50' X 70' LOT | TBD | 99 | — | 99
10 | 40' X 68' LOT | REDROCK RM, LLC (McCAFFREY HOMES) | 122 | 96 | 26
HILLSIDE RM, LLC | 804 | 261 | 543
ROADS: CSA 22 (MADERA COUNTY)
TRAILS: CSA 22 (MADERA COUNTY)
PASSIVE OPEN SPACE: CSA 22 (MADERA COUNTY)
SCHOOL: CHAWANAKEE UNIFIED SCHOOL DISTRICT
PARKS: TESORO VIEJO MAINTENANCE CORPORATION
PROTECTED OPEN SPACE: TESORO VIEJO CONSERVANCY
NOTES:
AN "X" THROUGH A LOT INDICATES THE BUILDER HAS CLOSED ESCROW WITH PRIVATE HOME BUYER
GRAPHIC SCALE
400 200 0 400
1 in = 400 ft
TESORO VIEJO
HILLSIDE VILLAGE
OWNERSHIP MAP
09.15.2020



Most up-to-date map prior to valuation date.

REMAINING ON & OFFICE IMPROVEMENTS

Primary off-site infrastructure improvements are substantially complete. The remaining off-site improvements is a sewer trunk line for Phase 2 of the development. Phase 2 are the 224 rough graded lots. These lots are summarized on the table located on Page 38. The remaining on-site costs is for 8 neighborhoods in Phase 2. The reported cost of all remaining site development improvements was reported to be $7,779,931. We have added a 7% contingency to arrive at a total cost of $8,500,000 (rounded). These are shown below.:

REMAINING SITE DEVELOPMENT COSTS	
Project/Item	Cost
Hillside Rough Grading	$94,346
Backbone	$151,510
Robert Avenue Sewer	$900,000
Parks & Trails	$1,414,161
Product 2D	$821,652
Product 2E	$1,488,619
Product 3E	$181,359
Product 5B	$940,359
Product 4C	$541,559
Product 4D	$580,765
Product 7D	$769,675
Product 8C	$95,927
Sub-tTotal	$7,979,932
Contingency @ 7%	$558,595
Total	$8,538,527
Rounded	$8,500,000

UTILITIES

All typical public utilities (water, sewer, gas, electricity and phone service) are available in sufficient capacity to serve the property. The project has an on-site wastewater plant.

ENVIRONMENTAL CONCERNS & HAZARDOUS SUBSTANCES

A Phase 1 Environmental Site Assessment was completed on the property by Krazen & Associates in January 2004. This report indicated there were no Recognized Environmental Conditions (REC) and/or historical RECs identified for the Property except for some PG&E transformer poles which could have hazardous materials. These poles have since been removed from the site.

EASEMENTS, ENCROACHMENTS & RESTRICTIONS

A preliminary title report by Old Republic Title Company, dated August 7, 2017 was provided . The report cites various public and private easements that are typical of its type and location, and do not adversely impact value.

ZONING AND ENTITLEMENTS

ZONING SUMMARY	
Zoning Jurisdiction	Madera County
Zoning Description	Low and Medium Density Residential
Legally Conforming?	Yes
Zoning Change Likely?	No
Permitted Uses	Single-family
Other Land Use Information	The Hillside Development is fully entitled.

The Tesoro Viejo Specific Plan incorporates elements of community design, land use, parks and open space, traffic and circulation, public facilities and services into a comprehensive plan that implements the project vision. This community will provide a mix of housing and recreational opportunities in order to create a place that is both home and destination.

The subject is located in the specific plan known as the North Canal. This is approved for low and medium density residential. The Medium Density zone district provides for single family detached and attached homes, secondary residential units, duplexes, triplexes, fourplexes, live/work units, garden and courtyard multi-family units, group quarters, public and quasi-public uses, and similar and compatible uses, including home occupations. The Low Density zone district provides for single-family detached and attached homes, secondary residential units, and similar and compatible uses, including home occupations.

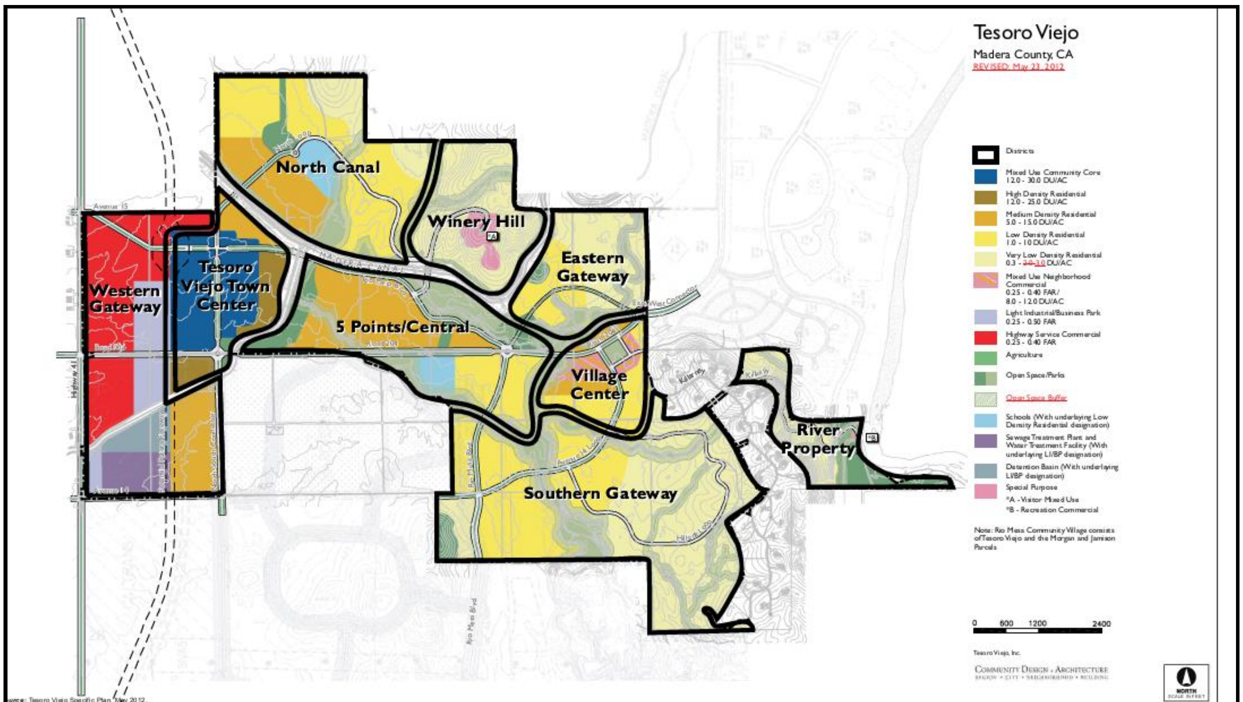


Figure 3-5
Tesoro Viejo Neighborhood Map [Revised]

Single-family residential are legally permissible, and development as proposed is legally permissible.

All major entitlements have been acquired for development of the property.

AFFORDABLE HOUSING/RESTRICTED UNITS

The subject project is not required to build affordable units. All subject lots are “market rate.”

FLOOD HAZARD STATUS

The following table summarizes flood hazard information.

FLOOD HAZARD STATUS	
Community Panel Number	06039C1210E
Date	September 26, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

SOIL/SUBSOIL CONDITIONS

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject’s soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

EARTHQUAKE ZONE

Given the presence of several active faults throughout the State of California, nearly all properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 in order to regulate development of structures intended for human occupancy on the surface trace of active faults. While the Alquist-Priolo Act only addresses surface rupture risk, the Seismic Hazards Mapping Act, passed in 1990, considers non-surface earthquake hazards, such as liquefaction and landslides. These laws require the State Geologist to establish regulatory zones based on seismic risk, and distribute maps to agencies for affected areas for use in planning and development. Structures cannot be constructed over the trace of a fault, and a setback from the fault is typically required. Properties that are not located within a fault zone, but are at increased risk for seismic damage due to their location within affected cities can be subject to additional government-imposed requirements, such as seismic or soft-story retrofitting, and lenders and/or institutional investors will often require property owners/operators to carry earthquake insurance.

Based on our review of the current Alquist-Priolo Fault Zone and Seismic Hazard Zone Maps, the subject city is not affected by a nearby fault, and the subject property is not within a special studies zone.

CONCLUSION – SITE ANALYSIS

Overall, site dimensions, shape, and topography result in average utility. In consideration of site and legal characteristics, the subject is well-suited for residential development (production homes).

SUBDIVISION CHARACTERISTICS

GENERAL DESCRIPTION

General characteristics of the proposed subdivision are summarized below.

SUBDIVISION CHARACTERISTICS					
Village	No. Lots	Lot Type	Lot Size	Finished Lots	Rough-Graded
1	12	Estate	20,000	12	0
2	115	60'-70' x 110'	6,600	53	62
3	122	50'-55' x 110'	5,500	107	15
4	136	55' x 95'	5,225	67	69
5	86	70' x 85'	5,950	53	33
7	112	50' x 80'	4,000	79	33
8	99	50' x 70'	3,500	87	12
10	122	40' x 68'	2,720	122	0
Total Single- Family	804			580	224

The subject subdivision is comprised of 580 lots across various different minimum lot size categories in a traditional detached residential lot configuration. All lots are front-loaded, meaning home entrances and garages doors will face interior streets. Typical interior streets vary from 30 to 35 feet wide and double-loaded, providing adequate ingress and egress. Busier streets have sidewalks setback from streets by dividing landscaping strips. The project has parks, trails, The Ranch House (a clubhouse) and a Town Center. Overall the aesthetics are good for single-family residential development.

LOT SIZES AND ANTICIPATED PREMIUMS

Lot premiums are estimated in consideration of prior sales agent interviews. These premiums are achieved at the retail stage, upon completion of home construction. These premiums do not have a dollar-for-dollar impact on lot value.

We closely analyzed all anticipated lot premiums in each unit. The types of premiums are generally similar across each unit and are concentrated with lot size and corner and cul-de-sac premiums. For traditional configuration suburban development projects, retail lot premiums (achieved when homes are built and sold) that comprise 1% to 3% of base home revenue is typical.

HOA DUES

The subject has a Home Owner Association. Current dues are $199 per month per lot/unit.

PERMITS AND FEES

One of the subject builders provided permit and fees estimates, which we've reconciled into the following estimates for the subject valuation.

APPRAISER ESTIMATED PERMITS AND FEES

Typical House Size	Building Permit	School	Meter Connection	Deferred County	Deferred WWTP*	Total Fees
1,600 SF	$3,000	$6,796	$288	$15,720	$14,442	$40,246
2, 000 SF	$3,000	$8,081	$288	$15,720	$14,442	$41,531
2,500 SF	$3,000	$9,439	$288	$15,720	$14,442	$42,889
3,000 SF	$3,000	$11,274	$288	$15,720	$14,442	$44,724

*Wasterwater treatment plant fees

PROJECT AMENITIES INCLUDING:

5 PLANNED OR COMPLETED PARKS

AN AMPHITHEATER

RANCH HOUSE CLUBHOUSE

OPEN SPACE WITH TRAILS

DEVELOPER PHOTOGRAPH OF THE RANCH HOUSE - AMENITY FOR THE PROJECT

DEVELOPER PHOTOGRAPH OF THE RANCH HOUSE

TOWN CENTER

CONCLUSION – SUBDIVISION CHARACTERISTICS

The existing and proposed improvements are consistent with zoning, compatible with site characteristics and are above average in comparison to other suburban projects in the area.

IMPROVEMENT DESCRIPTION

The subject development has six existing product lines by 3 different builders. Multiple home plans are being developed for each product type. The Base Description for these plans are summarized below.

BASE PLAN DESCRIPTION

Product Line	Plan Name	Lot Size Category (SF)	Home Size (SF)	Stories	Number of Bedrooms	Number of Bathrooms	Garage Size	Patio	Builder Pricing
The Bluffs	Hayden	5,500	2,133	1	3	2.5	2 Full	Front	$440,000
(D. R. Horton)	Maxwell	5,500	2,346	2	4	2.5	2 Full	Front	$471,000
	Reese	5,500	2,600	2	4	3	2 Full	Front	$476,000
	Winchester	5,500	2,851	2	5	3	3 Full	Front	$504,000
Vista Bella	Aspen	4,000	2,163	2	4	2.5	2 Full	Front	$398,990
(K. Hovnanian)	Cypress	4,000	2,333	2	3	2.5	2 Full	Front	$403,990
	Willow	4,000	2,430	2	4	3	2 Full	Front	$414,990
	Spruce	4,000	2,517	2	5	4	2 Full	Front	$421,990
Altura	Bryce	3,500	1,581	2	3	2.5	2 Full	Front	$328,900
(McCaffery Homes)	Katelyn	3,500	1,852	2	3	2.5	3 Full	Front	$365,900
	Laina	3,500	2,205	2	4	3	2 Full	Front	$386,900
Hickory	Birch	5,950	1,960	1	3	2	3 Full	Front	$429,900
(McCaffery Homes)	Maple	5,950	1,974	1	3	2	3 Full	Front	$430,900
	Pecan	5,950	2,359	1	3	2.5	3 Full	Front	$447,900
	Walnut	5,950	3,113	2	3	3	3 Full	Front	$506,900
Ivy	Braden	5,500	1,846	1	3	2	2 Full	Front	$419,900
(McCaffrey Homes)	Cyril	5,500	2,126	1	3	2.5	2 Full	Front	$446,900
	Dylan	5,500	2,658	2	4	3	2 Full	Front	$481,900
	Makenna	5,500	2,769	1	4	3	2 Full	Front	$507,900
	Mary Lou	5,500	2,953	1	4	3.5	3 Full	Front	$534,900
	Pauline	5,500	2,180	2	4	3	2 Full	Front	$480,900
Oaks	Blue Oak	5,950	2,278	1	3	2.5	2 Full	Front	$491,900
(McCaffrey Homes)	Live Oak	5,950	3,072	2	3	2.5	3 Full	Front	$542,900
	Valley Oak	5,950	3,495	2	4	2.5	3 Full	Front	$580,900

Homes have wood frame on concrete foundation. Roofs are concrete tile and exterior walls are stucco with accents such as stone and lap-siding. Standard amenities will vary by project but generally include granite countertops in the kitchen and marble counters in secondary bathrooms, tile flooring at entry and kitchen, walk in closest in master bedroom and sliding door closets in secondary bedrooms, 10’x10’ secondary bedrooms, two-tone paint schemes, 3-1/4” baseboards and 2-1/4” door casings, and concealed-hinge maple or beech cabinetry in kitchen and laundry areas. Specific homes design varies by lot type category and size. Like other new home projects, buyers may select options/upgrades above the base amenity level.

QUALITY SEGMENT

The quality of materials and workmanship reflected in the property's structure, systems, and finishes will be average and similar to other first time new/move up projects.

HOME CONSTRUCTION COSTS

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Indirect items are the soft costs and fees incurred in developing the project during the construction cycle.

DIRECT COSTS

Direct costs are among the most closely guarded cost figures by builders in the current market climate, as even just a $1/SF variation can be the difference between having a land offer accepted by a seller. Moreover, with direct costs having increased significantly over the last three years amid lumber increases and labor shortages, managing direct costs is key to hitting targeted profits.

Our firm appraises a large volume of subdivisions across Northern and Central California and maintains an inhouse database of direct costs. We've selected cost comparables with an emphasis on date, regional location, construction quality. Our survey below includes both public and private builder costs (with public builders commonly having direct costs $5 to $10+/SF lower than private builders). We've generalized the project level costs and withheld project/builder identities.

The subject consists of multiple villages and products. Below, we have estimated direct construction costs for a likely average home size for each product line. Our estimated direct costs (below) are both supported by the comparable data and within the indicated subject builder range.

DIRECT CONSTRUCTION COSTS – APPRAISER ESTIMATE

Product Line	Lot Size	Home Size SF	Appraiser Estimate Direct Cost ($/SF)	Total
2 - 60 x 110 Product	6,600	2,769	$90.00	$249,210
2 - 70 x 110 Product	7,700	3,072	$92.00	$282,624
3 - 50 x 110 Product	5,500	2,600	$90.00	$234,000
5 - 70 x 85 Product	5,950	2,359	$88.00	$207,592
7 - 50 x 80 Product	4,000	2,430	$88.00	$213,840
10 - 40 x 68 Product	2,720	1,852	$90.00	$166,680

INDIRECT COSTS

Standard indirect cost items include general and administrative expenses, sales and marketing closing/legal costs. In this report, we estimate each of these indirect costs separately. Other indirect costs may include architectural and engineering, insurance/bonds, common costs, warranty, field overhead, project coordinator fees, contingency and model maintenance. These other indirect costs are collectively considered and generally range from 3% to 7% of total revenue.

Below, we consider the Developer's budgeted indicated costs along comparables.

INDIRECT CONSTRUCTION COST COMPARABLES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	
City/Area	Rocklin	Lathrop	Mountain House	Lodi	Dublin	Lathrop	
No. of Lots	82	77	71	205	139	90	
Plan Range (SF)	2,351 to 3,447	2,900 - 3,600	1,900 - 2400	1,800 - 2,700	1,800 - 2,700 SF	2,444 - 3,250	
Avg. Home Size (SF)	2,962	3,250	2,176	2,248	2,300	2,700	
Avg Home Price	$630,000	$525,000	$525,000	$450,000	$1,010,000	$540,000	BBG
Year	2019	2018	2018	2018	2018	2020	Projection
Average Direct Cost/SF	$88.48	$73.50	$91.57	$85.92	$89.47	$85.39	Variable
Sales Commissions	2.80%	4.23%	3.34%	3.00%	3.56%	4.30%	1.50%
Title, Escrow, Closing	–	0.88%	0.44%	0.55%	0.02%	0.96%	0.25%
Warranty	1.00%	0.31%	0.90%	1.00%	1.00%	0.34%	1.00%
General/Administrative	4.75%	3.80%	4.00%	2.50%	1.50%		3.50%
Marketing	0.61%	1.64%	1.05%	1.50%	0.47%	1.76%	1.75%
Master Marketing Fee	–	1.00%	1.00%	–	0.50%	0.98%	1.25%
Other Indirects							
Architectural/Engineering	0.75%	0.30%	0.28%	0.34%	0.32%	0.10%	0.50%
Insurance	–	0.92%	1.20%	0.59%	0.65%	1.01%	1.00%
Contingency	1.25%	*1.5% assumed*	1.13%	*1.5% assumed*	0.98%	–	1.50%
Other	1.82%	1.49%	1.72%	1.92%	1.92%	2.05%	2.00%
Subtotal	3.83%	4.21%	4.32%	4.34%	3.86%	3.16%	5.00%
Total Indirects	12.99%	16.06%	15.05%	12.89%	10.89%	11.50%	14.25%

CONCLUSION OF IMPROVEMENTS DESCRIPTION

The sizes of the homes are considered appropriate relative to lot sizing and the targeted market segment. The base home plans modeled in this analysis are assumed to contain finish-out and standard features generally consistent with other suburban projects, reflecting current home buyer demand preferences.

PROPERTY TAX ANALYSIS

PROPERTY TAXES AND ASSESSMENT DATA

Real estate taxes for the subject property are assessed and collected by the County of Madera. In 1978, California voters approved the Jarvis-Gann Amendment, popularly known as “Proposition 13”. Proposition 13 abolished the practice of periodic reassessment of properties, based on market value appraisals, and limited increases on assessed values to 2% per year. The only circumstances under which properties are reassessed to current market value are upon a market sale, or completion of new construction or substantial renovation of a property. Ad valorem tax rates are limited to a general rate of 1%, plus the rates needed to service any bonded indebtedness. Voter-approved direct assessments can also be added, and are often related to the installation of infrastructure.

This appraisal assumes a market sale of the subject property, rendering the current total ad valorem tax amount irrelevant to our analysis. In projecting real estate tax expenses for the subject property, we consider the ad valorem tax rate and direct assessments (which include Special Taxes).

The subject lots and homes are located in Tax Rate Area 083-045, which has a valorem tax rate of 1.073568%. Below are taxes for a typical home in the development.

TAXES AND ASSESSMENTS

	Taxes and Assessments								
Tax ID	Tax Rate	Assumed Value	Homeowner Exemption	Net Assessed Value	Ad Valorem Taxes	CFD	Average Direct Assessments*	Total	Effective Tax
Typical Home	1.073568%	$400,000	$7,000	$393,000	$4,219	$625	$620	$5,464	1.366%

* Average Direct Assessments from NBS

The special taxes for services for Fiscal Year 2020/21 as reported by NBS range from $280 to $3,236 per lot and average $620 per lot.

COVID-19 DISEASE; SARS-COV-2 VIRUS

COVID-19 DISEASE; SARS-COV-2 VIRUS

CDC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak a “public health emergency of international concern” (PHEIC). On January 31, Health and Human Services Secretary Alex M. Azar II declared a public health emergency (PHE) for the United States to aid the nation’s healthcare community in responding to COVID-19. On March 11, WHO publicly characterized COVID-19 as a pandemic. On March 13, the President of the United States declared the COVID-19 outbreak a national emergency.

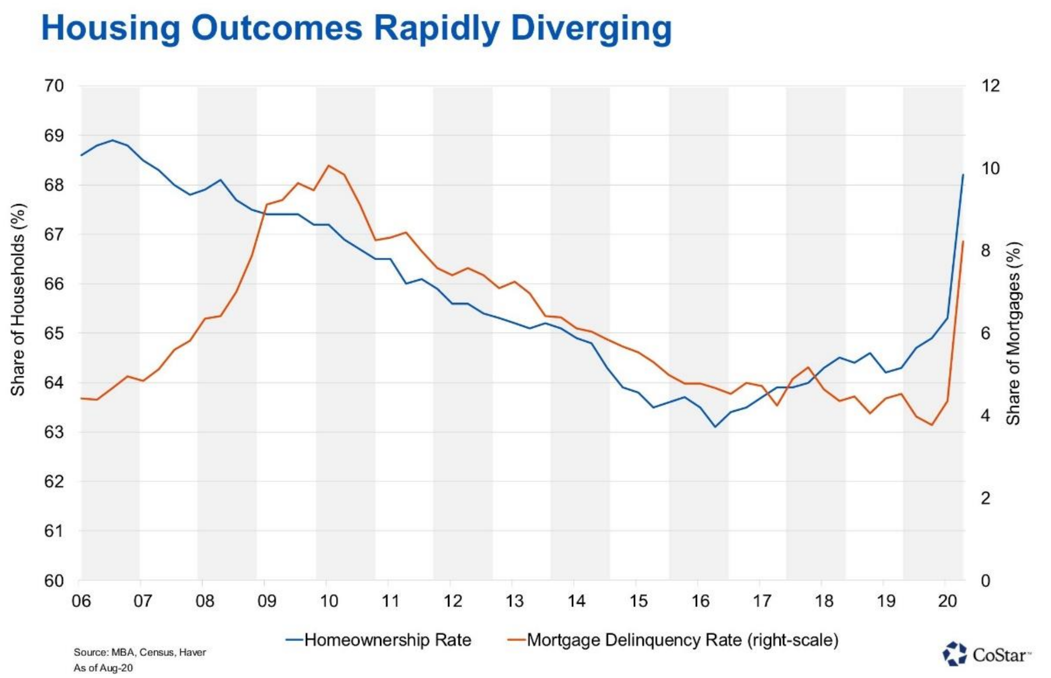
COSTAR | AUGUST 24, 2020

Costar is a National provider of residential and commercial market data. Costar is the source of information as cited throughout this COVID -19 section.

After a much-needed summer break, CoStar Economy is back! The three weeks since we last published is a lot of time in the COVID economy; as you can see below, and referenced in the quote, the chaotic direction of data has not stopped.

When we last wrote, enhanced unemployment benefits were expiring and we noted that U.S. households were expressing growing pessimism in the Census Household Pulse Surveys. Three weeks later and we’ve still got no movement on extending benefits from the Coronavirus Aid, Relief, and Economic Security Act. And we can’t even give you an update on how households are doing because the Census was getting funding for the Pulse Survey through, you guessed it, the CARES Act. That stopped on July 31 as well.

The economy is in a strange place right now. The current environment is perfectly encapsulated by what’s happening in the residential housing market. The chart below shows the homeownership rate, which recently spiked to its highest level in more than a decade, alongside the mortgage delinquency rate … which also recently spiked to its highest level in nearly a decade. In a year of strange charts, this one ranks way up there.

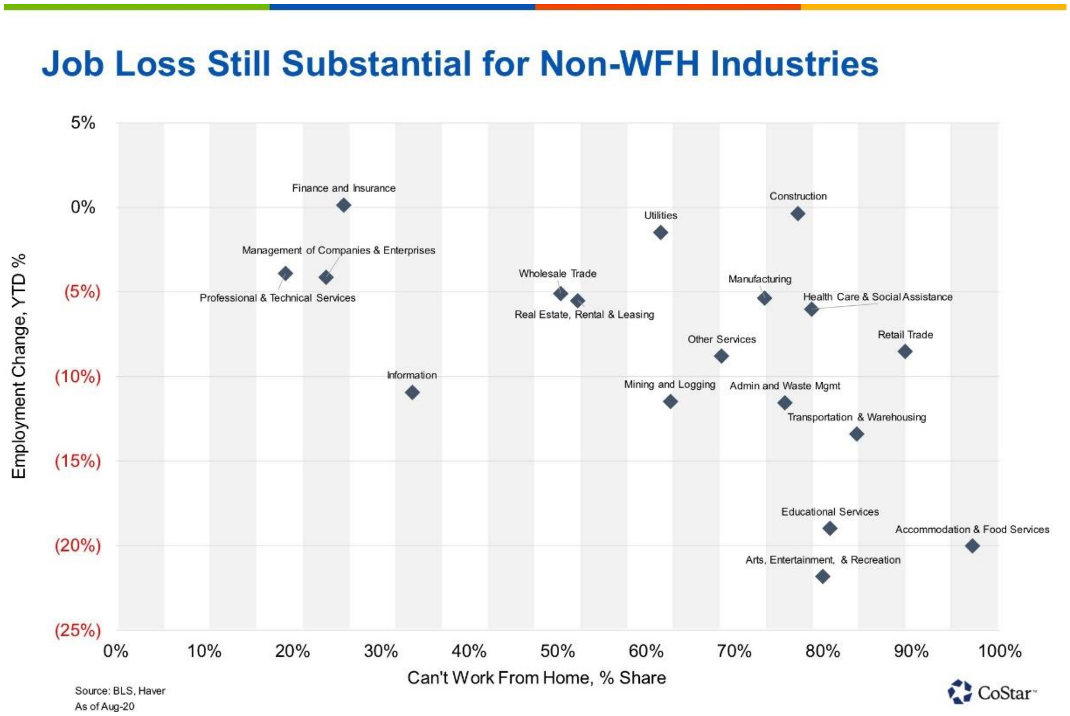


As mortgage rates hit record lows with an ultra-accommodative Federal Reserve in place, the pandemic has proven a great time to buy for a lot of the U.S. working population. On the other hand, over 30 million people losing their jobs means that another large part of the population isn't able to stay in their homes.

After months of debating which letter will best describe the kind of economic recovery the U.S. will experience (V? W? L?), the housing market is a great example of a new kind of recovery that is gaining traction: the K-shape recovery.

How does that work? The K-Shape, as written about last week both in the Washington Post and Financial Times, suggests a bifurcated economy. This is a two-pronged outcome where households relatively unharmed by the lockdown and social-distancing procedures (i.e., finance, tech workers and the already well-off) experience starkly different economic progress than those working in leisure, hospitality and education, and lower-income workers in general. One group is recovering nicely. The other is not.

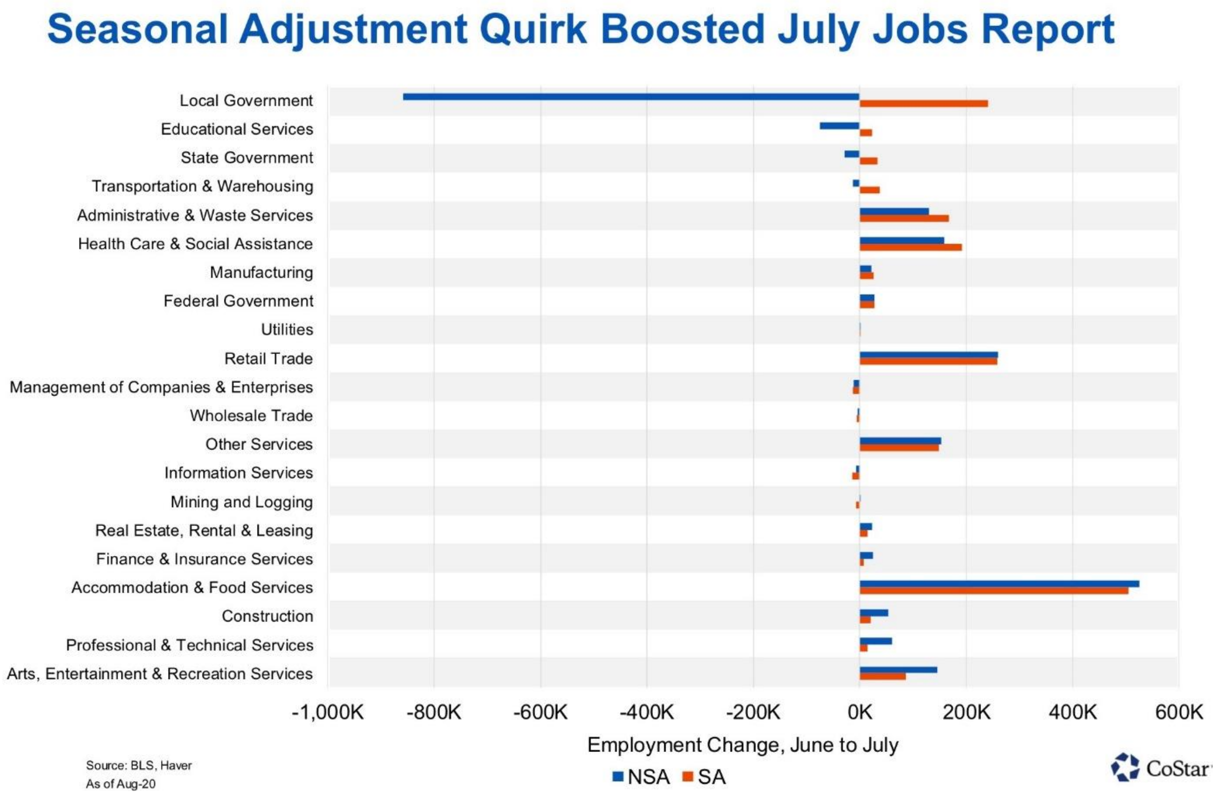
It's through this lens that we examine the recent July employment report. The pace of job growth has slowed dramatically since mid-June, and the difference in performance between industries continues to widen based on the ability of workers in those industries to do their jobs during the lockdown. The chart below plots each industry's year-to-date losses (or gains) versus the percentage of the workers in each industry who are able to do their jobs from home. The last data point comes from a great study by the Dallas Fed that we've used in the past. As you can see, those industries less capable of working remotely are suffering the most.



It should also be noted that certain industries on the right side of the chart are doing better than their work-from-home, or WFH, ability would suggest have been deemed essential, such as construction and healthcare.

Additionally, it wouldn't be a Costar Economy unless we harped on a data quirk. July's employment report certainly beat our expectations, showing an increase of 1.7 million jobs during the month. However, this headline number seems to overstate labor market progress. The reported jobs number has always been a seasonally adjusted number. And while this is a good way to look at the data during normal times, the Bureau of Labor Statistics' seasonal adjustments are ill-suited to handle decidedly abnormal exogenous shocks like COVID-19.

Thanks to the seasonal adjustments, we get some strange things in the July report. For instance, there was a gain of over 200,000 public school teaching jobs in the month. Yes, a couple hundred thousand local public school teaching jobs gained in the middle of summer break. What actually happened was that 928,300 public teachers stopped working, but there are typically over 200,000 more that usually stop working during the month. Which leads to the "creation" of those jobs on a seasonally adjusted basis. The chart below shows the difference in the non-seasonally adjusted, or NSA, and seasonally-adjusted, SA, jobs numbers in July. Those public school teacher jobs discussed above fall into local government hiring category.



As stated earlier, usually it's not worth spending much time worrying about seasonal adjustments. But there's reason to believe that the lockdown and huge job losses that occurred earlier in the year have messed with the usual seasonal hiring patterns. If we look at the total jobs gained in July on a non-seasonally adjusted basis, that 1.7 million job gain declines to only about 600,000. That's about 1/10th the gain we saw in June. Current estimates for August job gains are around 1.6 million. It will be useful to note the seasonal adjustments going forward, because when they give to one month they often take away in months to come.

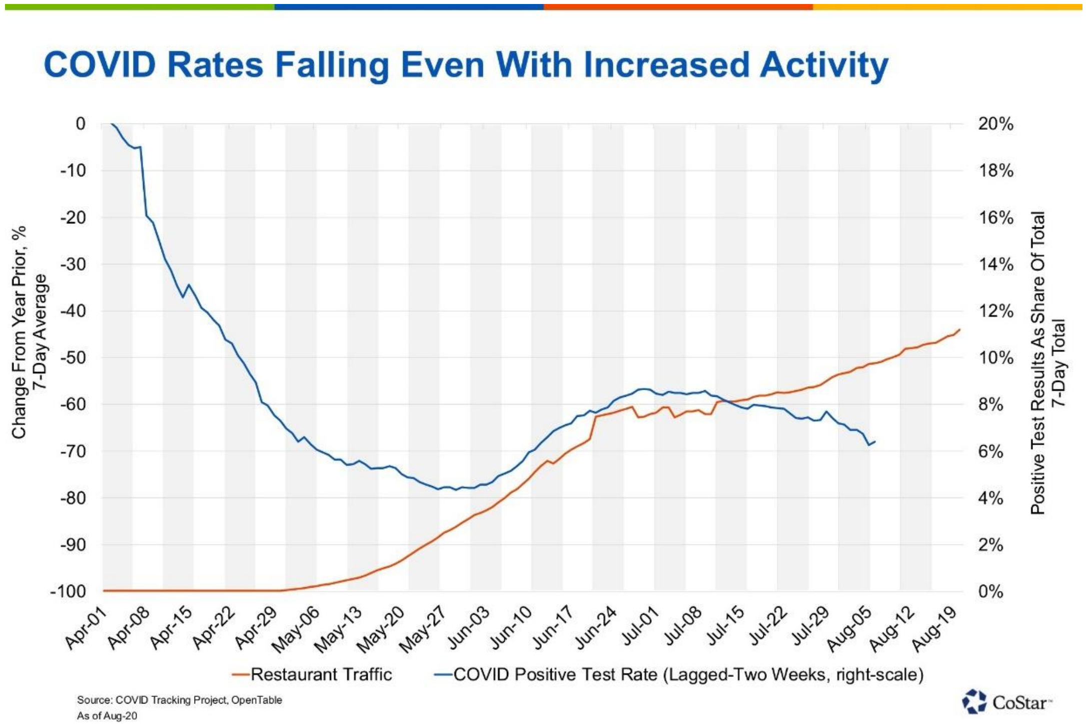
Let's end on an optimistic note.

The Fed discussed the coronavirus and its effect on the labor market according to the recently released minutes of their last meeting:

"Participants generally agreed that prospects for further substantial improvement in the labor market would depend on a broad and sustained reopening of businesses. In turn, such a reopening would depend in large part on the efficacy of health measures taken to limit the spread of the virus."

Or, as we have put it, "Beat the virus, save the economy."

So just how well have states been handling the virus since we last checked in? The answer is perhaps surprising: much better! The chart below uses the data from the reservation service OpenTable on restaurant traffic that has been so useful for tracking consumer activity. The red line shows restaurant traffic as a percentage of the year prior levels. The blue line tracks the percentage of COVID tests that come back positive, our proxy for whether the virus is spreading and how quickly. When the virus was spreading quickly in April, restaurants were shut down. As the first wave of the virus came under control, certain areas of the country began to reopen, which increased restaurant traffic. But over the summer as the second wave of cases grew, the progress in reopening paused. But as the positive test rate has declined over the last few weeks, we're seeing an uptick in consumer activity again.



Now *this* is the kind of K-shaped recovery we want to see. Restaurant activity has been a useful catch-all for lots of consumer activity. If we're seeing a real turning point in infections, we should also see a turning point in the economy and jobs.

While too early to declare a major victory, it certainly is a small one, and cause for some optimism. The graph seems to indicate states are figuring out how to open safely, whether through increased mask adherence, reconfigured dining or flat-out improvement in immune systems. Perhaps a combination of all three. Enormous challenges remain, most notably the details of schools reopening and continued financial solvency of the tens of millions of unemployed, but it's been a while since this piece has noted firm progress on the virus front. We'll take it.

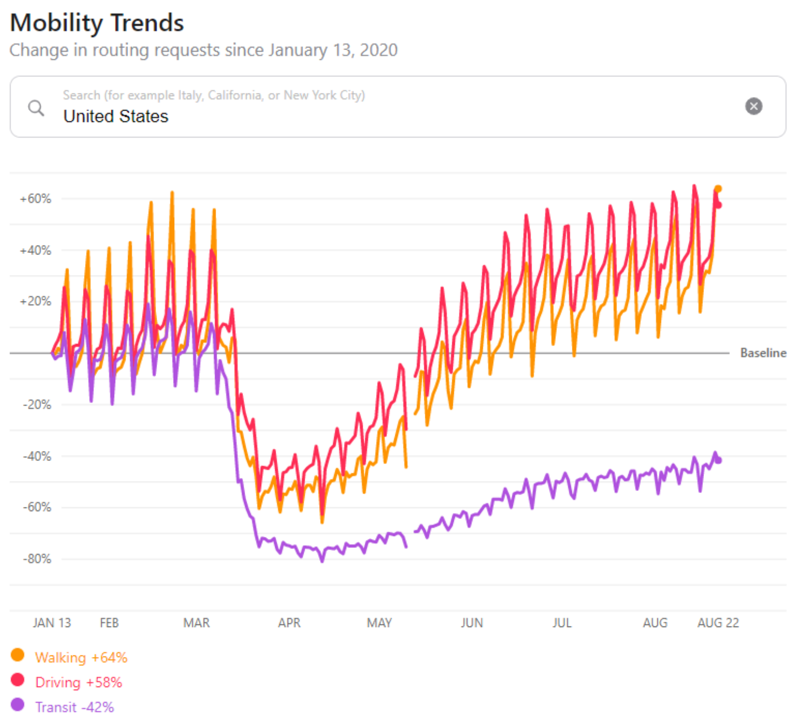
The Week Ahead …

Next week, we receive vital personal income and spending data for July. Indicators had pointed to slowing consumption growth as pessimism grew midsummer, as well as with the impending unemployment benefits expiration. We also receive the second estimate of the U.S. gross domestic product for the second quarter, which seems to have little relevance, if we're being honest.

Outside of data, Federal Reserve Chairman Jerome Powell plans to make a speech Thursday on the Fed's monetary policy framework, the keynote speech of this year's virtual Jackson Hole Monetary Policy Symposium. Powell is likely to preview any coming changes to the Fed's inflation target framework, expected to be strengthened by most Fed watchers.

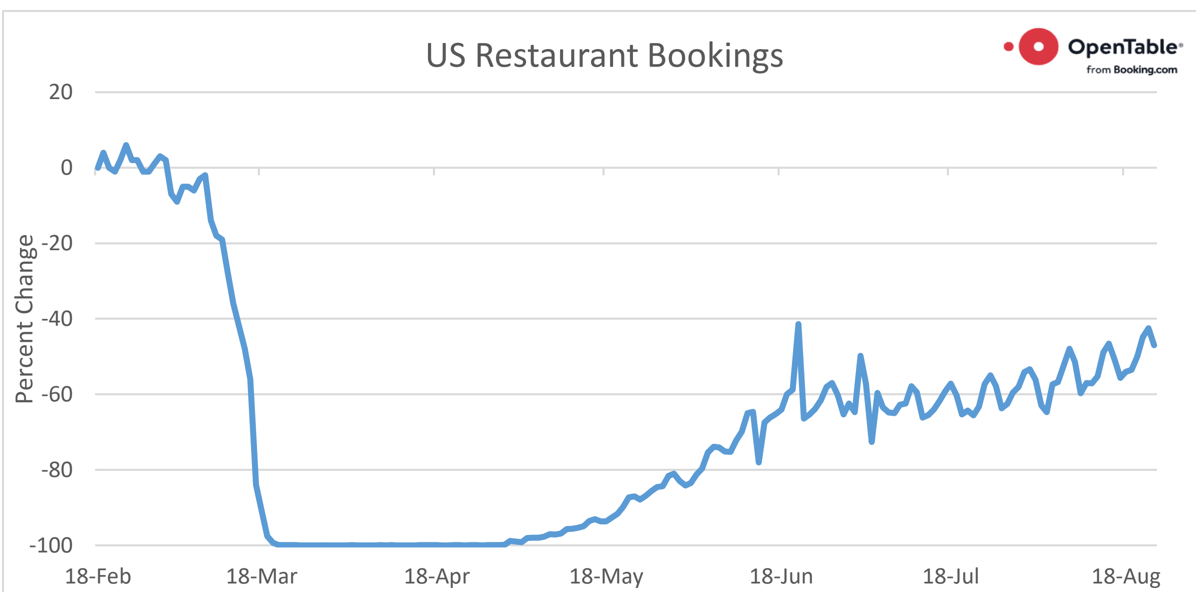
APPLE: DIRECTION REQUESTS | AUGUST 24, 2020

Requests for walking and driving directions from Apple's navigation tool, Maps, has shown a material recovery since the bottom in April although transit remains well below pre-covid levels. In any event Americans' mobility has improved greatly.

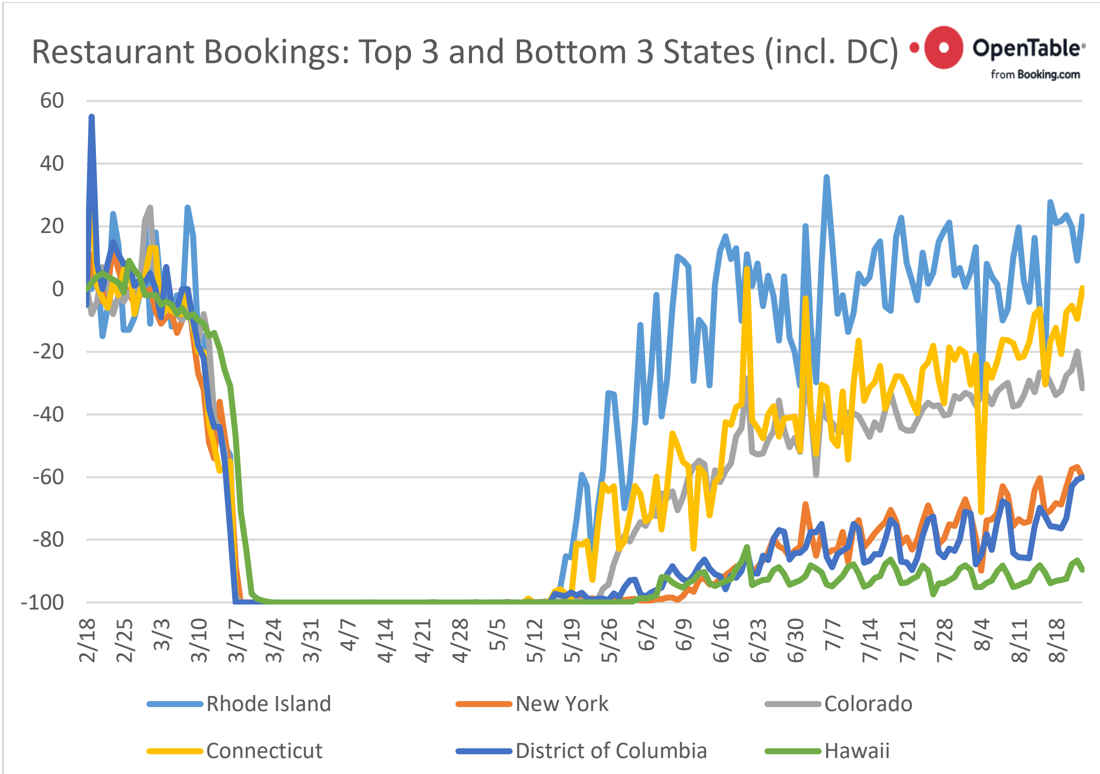


OPENTABLE: RESTAURANT BOOKINGS | AUGUST 24, 2020

U.S. restaurant bookings have increased off the April lows but remain much lower than pre-covid.



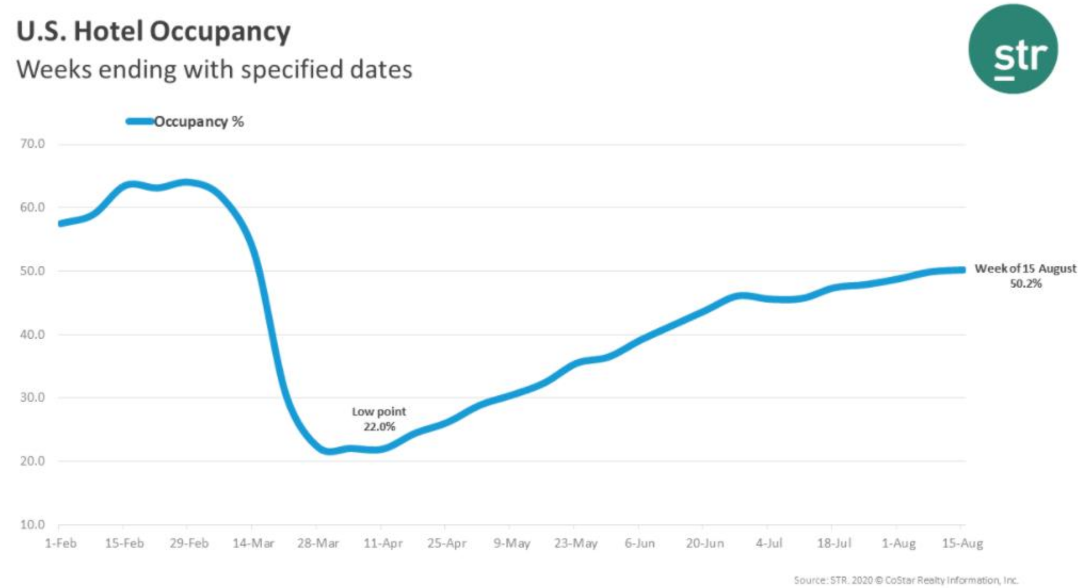
The following chart summarizes changes in restaurant bookings in the top three and bottom three performing states and DC (36 states and DC tracked).



Rhode Island leads the US in restaurant recovery followed by Connecticut both of which are now equal to or exceeding pre-covid levels. Colorado is third nationally but still down about 30%. Hawaii, DC and New York round out the bottom three, respectively.

STR: HOTEL OCCUPANCY | AUGUST 20, 2020

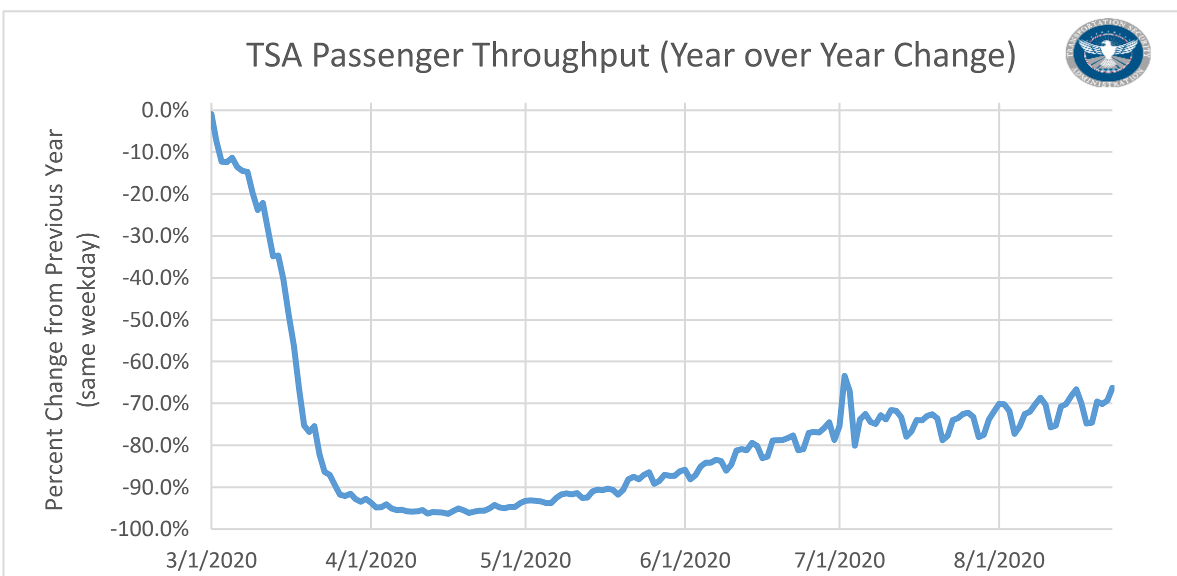
Hotel occupancy has increased from its April low of 22% but remains below pre-covid levels.



Aggregate data for the Top 25 Markets showed lower occupancy (42.2%) and ADR (US$99.29) than all other markets. Norfolk/Virginia Beach, Virginia, was the only one of those major markets to reach a 60% occupancy level (65.3%). Four additional markets reached or surpassed 50% occupancy: Philadelphia, Pennsylvania-New Jersey (52.7%); San Diego, California (51.8%); Detroit, Michigan (51.5%); and Los Angeles/Long Beach, California (50.8%). Markets with the lowest occupancy levels for the week included Oahu Island, Hawaii (22.8%), and Orlando, Florida (29.9%).

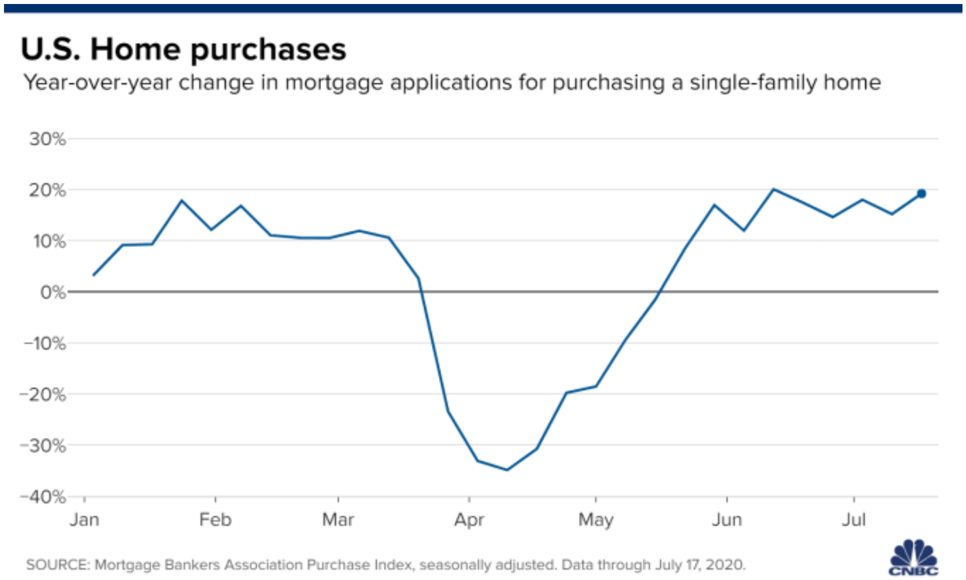
TSA: AIR TRAVEL | AUGUST 23, 2020

According to data from the Transportation Security Administration, air travel is down about 70% from the same period a year ago.



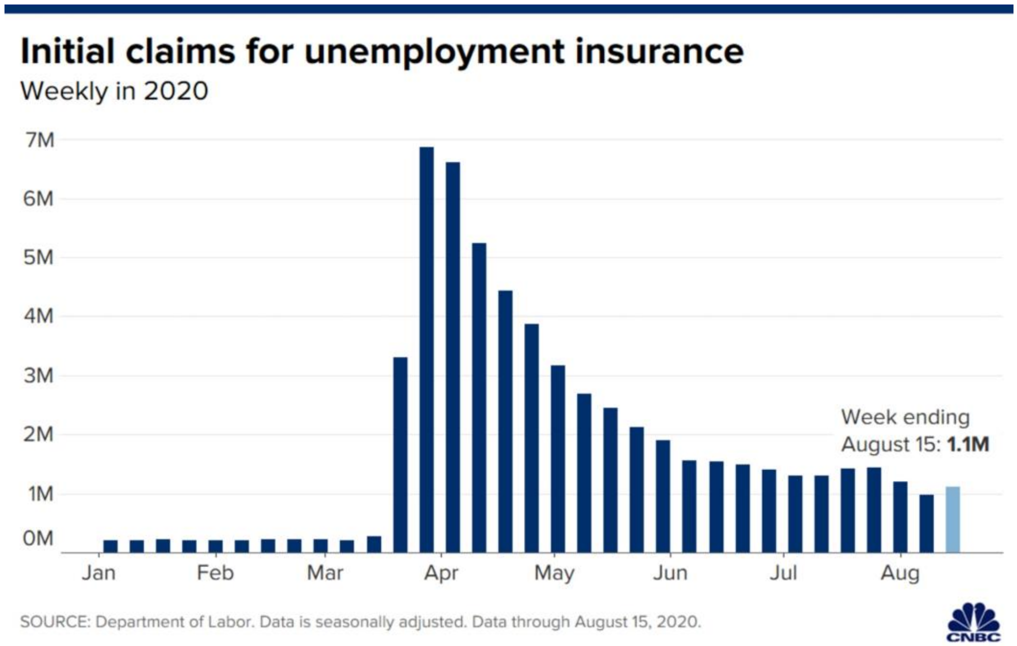
CNBC: HOME PURCHASES | AUGUST 2, 2020

Mortgage applications to purchase a home decreased 1% compared with the previous week, but applications are still up approximately 20% over a year ago, according to data from the Mortgage Bankers Association. The changes in interest in home purchases reflects the concerns seen over the duration of the pandemic, as economic uncertainty, the changing employment status of potential buyers and shutdowns have gripped the industry. MBA leadership said the changing trends could be connected to the economic worry tied to rising coronavirus cases.

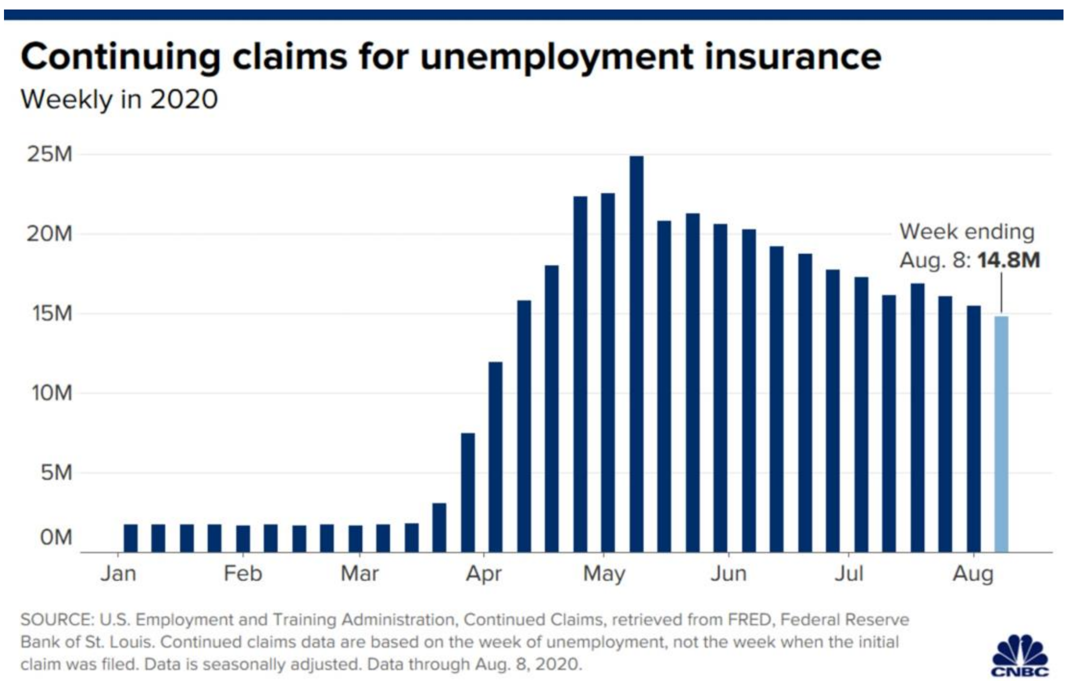


INITIAL JOBLESS CLAIMS | AUGUST 20, 2020

On March 26th initial jobless claims showed an increase in unemployment by 3.1 million persons for the week of March 16th-20th, setting a record that would be broken the following week at 6.9 million. All weekly claims reported since March 26th are higher than any historical figure prior to COVID-19. The following chart illustrates the weekly initial jobless claims since the Great Recession.

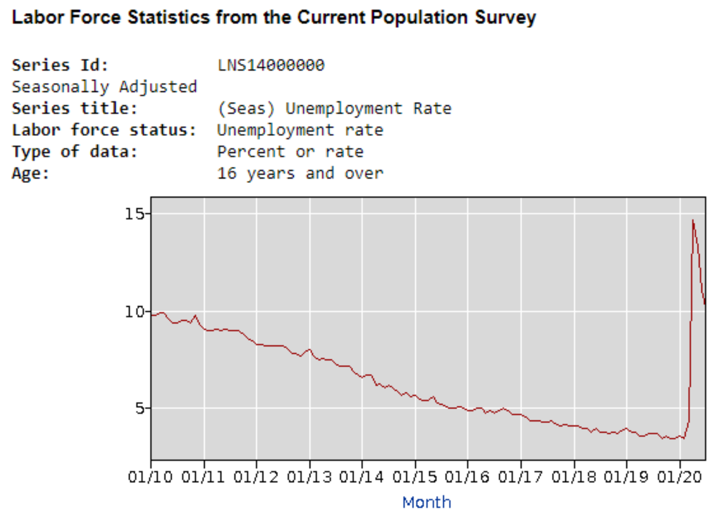


Continuing claims appear to have peaked indicating there has been hiring and re-hiring in the labor market.



BUREAU OF LABOR AND STATISTICS| AUGUST 24, 2020

The US unemployment rate (U-3) has declined to 10.2% in July from an August 2020 high of 14.7%. These improvements in the labor market reflected the continued resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it. In June, employment in leisure and hospitality rose sharply. Notable job gains also occurred in retail trade, education and health services, other services, manufacturing, and professional and business services.



GDP FORECASTS

The following chart summarizes GDP forecasts from various economists and institutions. Please note the annualized figures are the quarterly change multiplied by four.

2020 GDP Forecasts Annualized						
Source	**Date**	**Q1**	**Q2**	**Q3**	**Q4**	**Full Year**
Morgan Stanley	**4/3**	--	--	20.7%	15.9%	-5.5%
CNBC/Moody's Consensus	**8/21**	--	--	20.5%	9.3%	-4.5%
Mortgage Bankers Association	**8/20**	--	--	18.3%	5.4%	-5.6%
Goldman Sachs	**7/4**	--	--	25.0%	8.0%	-4.6%
Atlanta Fed GDP Now	**8/24**	--	--	25.6%	--	--
Actual		**-5.0%**	**-32.9%**			
Change from Previous Quarter						
Morgan Stanley		--	--	5.2%	4.0%	
CNBC/Moody's Consensus		--	--	5.1%	2.3%	
Mortgage Bankers Association		--	--	4.6%	1.4%	
Goldman Sachs		--	--	6.3%	2.0%	
Atlanta Fed GDP Now		--	--	--	--	
Actual		**-1.3%**	**-8.2%**			

While Q2 was beyond painful, the worst is behind us and Q3 looks promising.

COSTAR: FEDERAL RESERVE 2020 CRISIS ACTIONS | MARCH 29, 2020

And so we see the Fed moving on from being “lender of last resort” to “commercial banker of last resort.” These provisions are likely to be some of more powerful tools in the stimulus bill.

Fed 2020 Crisis Actions

Date	Category	Action
Mar-03	Rates	Cuts rates 50 bps to 1-1.25%
Mar-15	Rates	Cuts rates 100 bps to 0-0.25%
Mar-15	QE	Begins $700bn in QE
Mar-15	Rates	Provides forward guidance to keep rates at 0-25 bps "until it is confidence that the economy has weathered recent events"
Mar-15	Liquidity	Lowers rate at discount window to 0.25%, introduced term funding
Mar-15	Liquidity	Encourages use of intraday credit extended by Reserve Banks
Mar-15	Liquidity	Encourages banks to draw down on capital and liquidity buffers
Mar-15	Liquidity	Reduces reserve requirement ratios to 0% effective 3/26
Mar-15	Liquidity	Announces dollar swap lines with the BoC, BoE, BoJ, ECB, SNB
Mar-17	Liquidity	Establishes Commercial Paper Funding Facility to provide a liquidity backstop to US issuers of commerial paper through special purpose vehicle
Mar-17	Liquidity	Establishes Primary Dealer Credit Facility to offer overnight and term funding up to 90 days for at least 6 months. Broad range of collateral may be used
Mar-18	Liquidity	Establishes Money Market Fund Liquidity Facility to make loans available secured by high-quality assets purchased by the financial institution from money market funds
Mar-19	Liquidity	Regulatory agencies ease regulatory requirements for funds participating in MMLF
Mar-19	Liquidity	Extends dollar swap lines to Australia, Brazil, Denmark, South Korea, Mexico, Norway, New Zealand, Singapore and Sweden central banks
Mar-20	Liquidity	Increases frequency of dollar swap lines with BoC, BoE, BoJ, ECB, SNB
Mar-20	Liquidity	Allows muni bonds to be used as collateral under MMLF
Mar-22	Liquidity	Along with other agencies, encourages financial institutions to work with borrowers, allowing easier restructurings
Mar-23	QE	Announces unlimited Treasury and Agency MBS purchases. Will now include Agency CMBS
Mar-23	Liquidity	Establishes Exchange Stabilization Fund to provide $300 bn in funding to economy, capitalized by $30 bn in equity from Treasury Department
Mar-23	Liquidity	Establishes Primary Market Corporate Credit Facility for new bond and loan issuance to support credit to large employers
Mar-23	Liquidity	Establishes Secondary Market Corporate Credit Facility to provide liquidity for oustanding corporate bonds
Mar-23	Liquidity	Establishes Term Asset-Backed Securities Loan Facility to enable the issuance of ABS backed by student, auto, credit card loans, and small business loans
Mar-23	Liquidity	Expands Money Market Mutual Fund Liquidity Facility to include municipal variable rate demand notes and bank certificates of deposit
Mar-23	Liquidity	Expands Commercial Paper Funding Facility to include high-quality tax-exempt commercial paper. Reduces pricing of facility
Mar-23	Liquidity/Alt-QE	Expect to soon announce the establishment of a Main Street Business Lending Program to support small-and-medium sized businesses
Mar-23	Liquidity	Utilizes special purpose vehicle to facilitate loans through ESF to PMCCF, SMCCF, TALF
Mar-25	Liquidity/Alt-QE	Senate stimulus bill provides $545 mm I funding from Treasury for the Fed to finance up to $4 trillion in primary market security purchases, secondary market purchases or loans to eligible businesses, states or municipalities. To be operated through Main Street Business Lending Program in coordination with Treasury Department

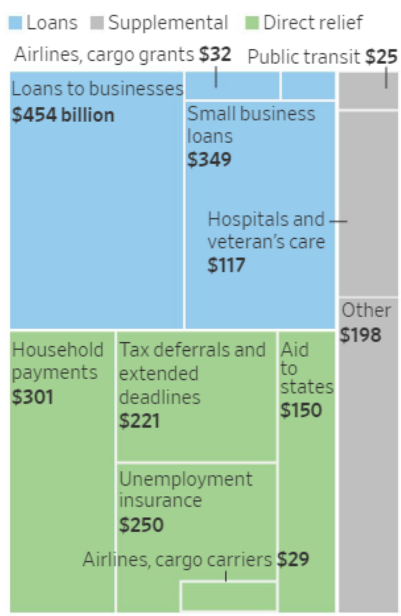
Source: Federal Reserve Board

CoStar

STIMULUS BILL| MARCH 27, 2020

The US government passed a $2+ trillion stimulus bill as summarized in the following chart.

What's in the Senate's $2.1 Trillion Emergency Aid Bill



Sources: Preliminary legislative text; estimates by aides, lawmakers and outside groups.

Credit: WSJ

Individuals earning less than $75,000 AGI and couples earning less than $150,000 AGI received $1,200 per adult and $500 per dependent child within three weeks. Those drawing unemployment will also receive an additional $600 per week for four months (ending in July). Small businesses less than 500 employees will receive loans totaling $350 billion. Loans used for payroll expenses, rent, interest on mortgage obligations (not principal) and utilities will be forgiven. The original funding for small business loans was exhausted quickly; however, congress approved an additional $310 in new funding for small businesses, which is expected to be exhausted soon. Market participants expect the stimulus bill to profoundly stimulate the economy. Another stimulus bill is expected to pass any day now; however, the scope of the bill changes multiple times daily.

US TREASURY AND FEDERAL RESERVE BOARD: MAIN STREET LENDING PROGRAM | APRIL 9, 2020

Pursuant to section 13(3) of the Federal Reserve Act, U.S. Treasury Secretary Steven T. Mnuchin today approved the establishment of a Main Street Business Lending Program and a Municipal Liquidity Facility to support the flow of credit to American workers, businesses, States, counties, and cities impacted by the coronavirus pandemic. Small and medium-sized businesses, through no fault of their own, have faced severe financial strain from widespread closures and liquidity pressures in the financial system. Using funds appropriated under the CARES Act, Treasury will make a $75 billion equity investment in a special purpose vehicle established to implement the Main Street Business Lending Program. This investment will enable up to $600 billion in new financing for businesses with up to 10,000 employees or $2.5 billion in 2019 annual revenues.

States, counties, and cities will be able to sell new municipal notes directly to the MLF to obtain the funds they need quickly and efficiently. Secretary Mnuchin also authorized the establishment of a new facility to provide term financing backed by Paycheck Protection Program loans. The Paycheck Protection Program provides $350 billion for job retention loans to help millions of small businesses sustain operations and keep their workers employed.

EXPANSION OF RECENTLY LAUNCHED FACILITIES

In addition to the new Main Street, MLF and Paycheck Protection Program facilities, Secretary Mnuchin approved a significant expansion of existing facilities established under section 13(3) to further enhance liquidity and support the economy. Consistent with authorities granted under the CARES Act, Secretary Mnuchin approved a $75 billion equity investment in a special purpose vehicle established to implement the Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF), which will be used to purchase eligible corporate debt. In combination, the PMCCF and SMCCF will provide $750 billion in additional liquidity.

Secretary Mnuchin also approved the expansion of the Term Asset-Backed Securities Loan Facility (TALF). Established to help meet the credit needs of American consumers and businesses by facilitating the issuance of asset-backed securities, the TALF will now also include highly rated newly issued collateralized loan obligations and legacy commercial mortgage-backed securities as eligible collateral. As previously announced, Treasury will make an equity investment of $10 billion in a special purpose vehicle established to implement TALF, which is expected to provide up to $100 billion of loans. The revised terms and focus on highly rated asset-backed securities will promote price discovery and liquidity, helping stabilize and re-open key lending markets for American consumers and businesses, while minimizing the risk to U.S. taxpayers. “The combination of these facilities will provide up to $2.3 trillion in new financing to support American workers by helping American businesses preserve jobs, sustain operations, and continue to serve their customers,” said Secretary Mnuchin.

RENT COLLECTIONS

The following chart from NAREIT summarizes rent collections by property type showing retail the most affected. This table shows the estimated REIT rent collections in April, May and June as a share of typical rent collections. A total of 34 equity U.S. REITs were included in the survey sample across six property sectors.

Table 1

Share of Typical Rent Received April-July

Sector	April	May	June	July
Industrial	97.0%	95.7%	97.8%	99.4%
Office	93.0%	92.5%	97.4%	96.3%
Apartments	93.8%	94.8%	96.0%	95.7%
Health Care	90.4%	90.3%	94.9%	95.2%
Retail				
Free Standing	72.7%	70.1%	79.3%	91.4%
Shopping Centers	50.2%	49.1%	60.6%	69.5%

Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REIT index equity market capitalization as of June 30, 2020 via FactSet.

Limited August data is available for select property types as noted in the following chart.

Table 1

Share of Typical Rent Received April-August

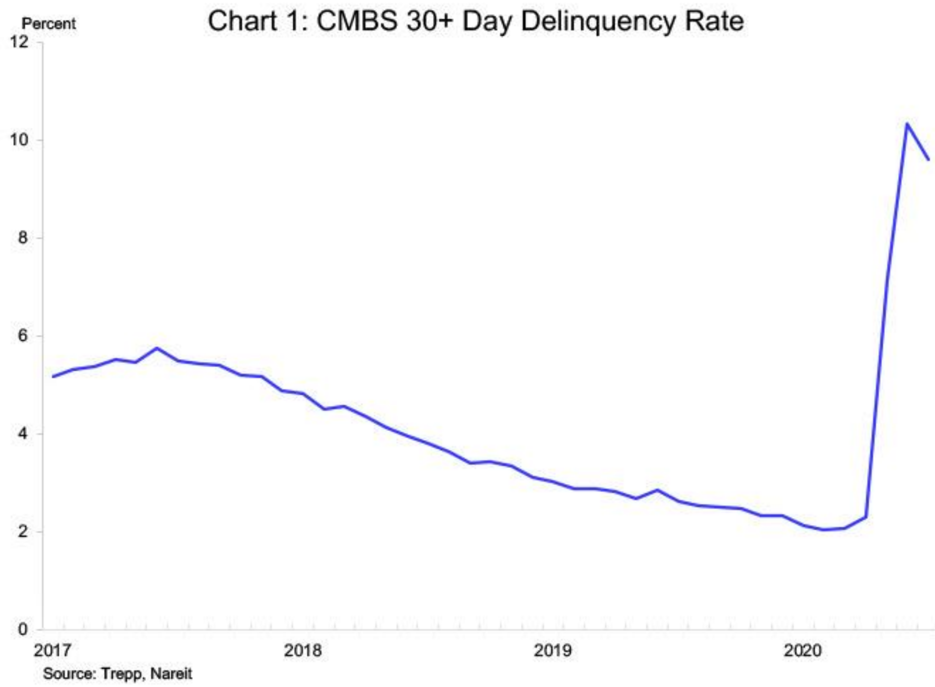
Subsector	April	May	June	July	August
Apartments	93.8%	94.8%	96.0%	95.3%	96.0%
Retail					
Free Standing	72.7%	70.1%	79.4%	91.1%	90.5%
Shopping Centers	50.2%	49.2%	60.5%	72.4%	80.1%

Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REIT index equity market capitalization as of July 31, 2020 via FactSet.

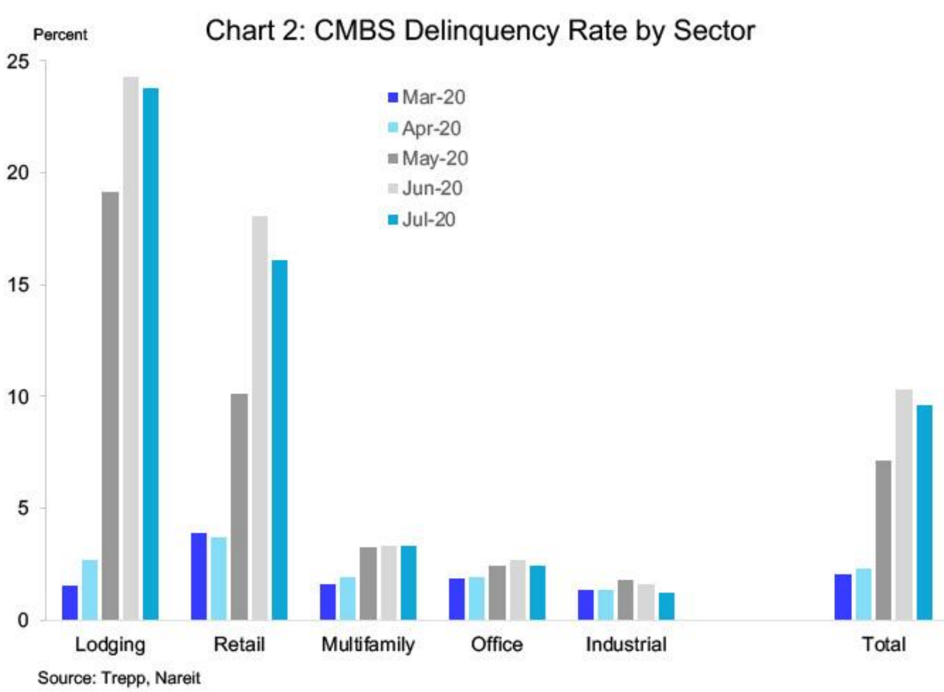
NAREIT/TREPP: CMBS DELINQUENCY| JULY 2, 2020

The 30+ day delinquency rate on securitized commercial mortgages fell 72 basis points in July, to 9.60%. Trepp reports that more than $8 billion in mortgages cured in July, as borrowers made up the missed payments that had been delinquent in June. It is not clear how much of this improvement in credit resulted from loan modifications, from reserve relief that allows borrowers to apply reserves to keep the loan current, as borrowers received cash from PPP funding or other stimulus money, or from the borrower's own cash flows as the economy began reopening.

Nevertheless, the borrowers most in need of debt service relief likely were reflected in the initial wave of delinquencies in May and June. If the economy is able to proceed with its reopening, delinquencies may not rise much beyond current rates. That is, it is likely that the delinquency rate will rise further, but (one hopes) not at the steep pace experienced in May and June. The decline in delinquency rates mainly reflects improvements in the retail sector. This should not be surprising, as much of the reopening involved shops, restaurants, and other retail establishments operating on at least a limited basis. Retail delinquencies fell nearly 200 basis points in July.



In contrast, although retail has begun to reopen, travel volumes remain deeply depressed. The lodging sector saw only a slight reduction in delinquencies, which moved down 50 bps in July. The other main property types—multifamily, office, and industrial borrowers—had only modest increases in delinquencies in May and June, and similarly small declines in July.



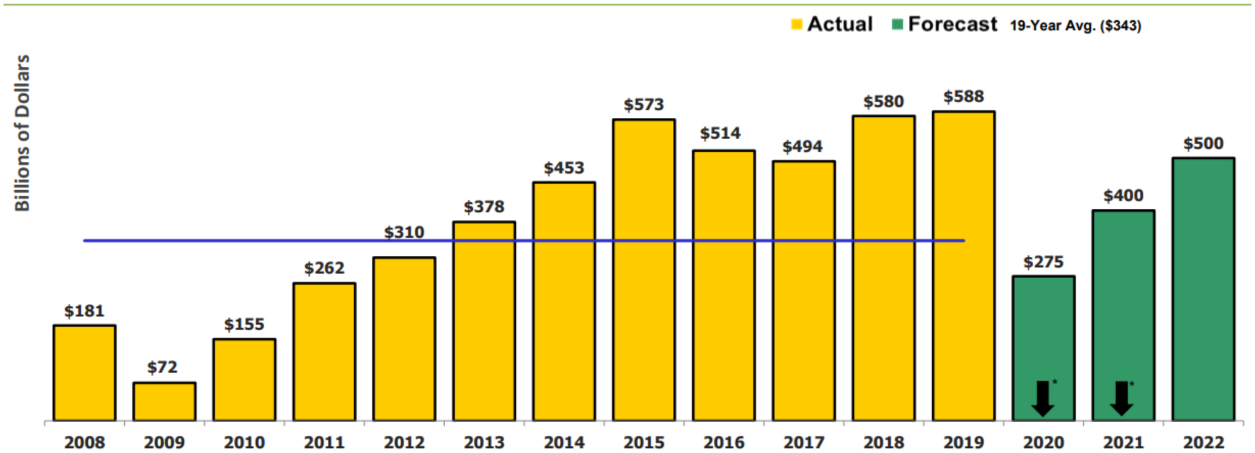
URBAN LAND INSTITUTE: REAL ESTATE ECONOMIC FORECAST | MAY 2020

ULI compiled forecasts from 39 economist/analysts at 35 real estate organizations. The next release will be in October. The key findings are noted as follows.

Transaction Volume

Commercial real estate transaction volume reached $588 billion in 2019, a post-Great Financial Crisis peak. Volume is expected to be over 50% lower in 2020 with a forecast of $275 billion. Forecasts for '21 and '22 show growth of $400 billion and $500 billion, respectively.

Commercial Real Estate Transaction Volume

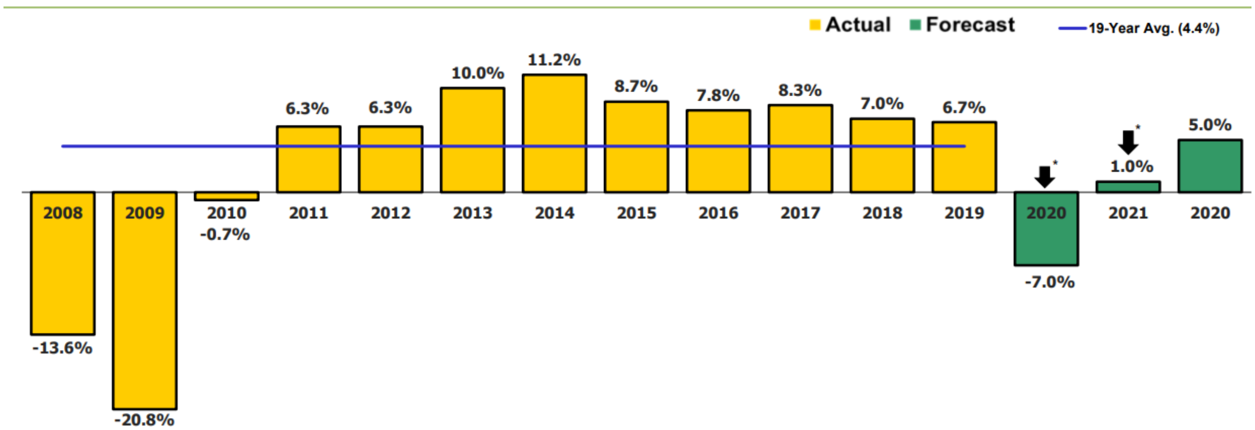


Sources: 2001-2019, Real Capital Analytics (RCA); 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in October, 2019) projected 480B for 2020 and 470B for 2021.

CRE Pricing

Commercial property prices are expected to drop by 7% in 2020, returning to positive, minimal growth of 1% in '21, with further growth of 5% in '22.

RCA Commercial Property Price Index (annual change)



Sources: 2000-2019, Real Capital Analytics (RCA); 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in October, 2019) projected 4.0% for 2020 and 3.9% for 2021.

CRE Returns

NCREIF total returns in 2020 for the industrial sector in 2020 are expected to be positive, the only sector for which this is the case. Still, at 2%, this is a significant decline from industrial returns in 2019 of 13.4% and well below its long-term average of 10.4%. Apartment, office and retail returns for 2020 are all forecast to be negative, at -3%, 5.9%, and -12%, respectively.

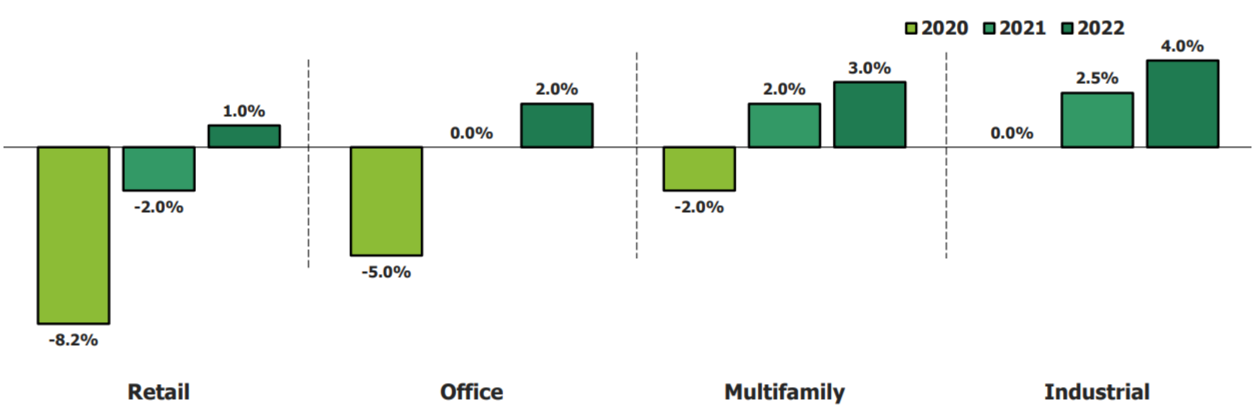
NCREIF Property Types Total Returns

Source: 2020-2022, ULI Real Estate Economic Forecast.

Rent Growth

Commercial property rent growth differs widely by property type, as well. In 2020, industrial rent growth is forecast to be 0.0%, while apartments, office and retail are forecast at -2.0%, -5.0%, and -8.2%, respectively. In '21, both the industrial and multifamily sectors experience positive growth, at 2.5% and 2.0%, respectively, while office rental rate growth is 0.0% and retail is -2.0%. By '22, positive rental growth is forecast for all sectors, ranging from 4.0% in the industrial sector to 1.0% in the retail sector.

Rental Rate Growth 2019-2022



Source: 2020-2022, ULI Real Estate Economic Forecast.

Vacancy

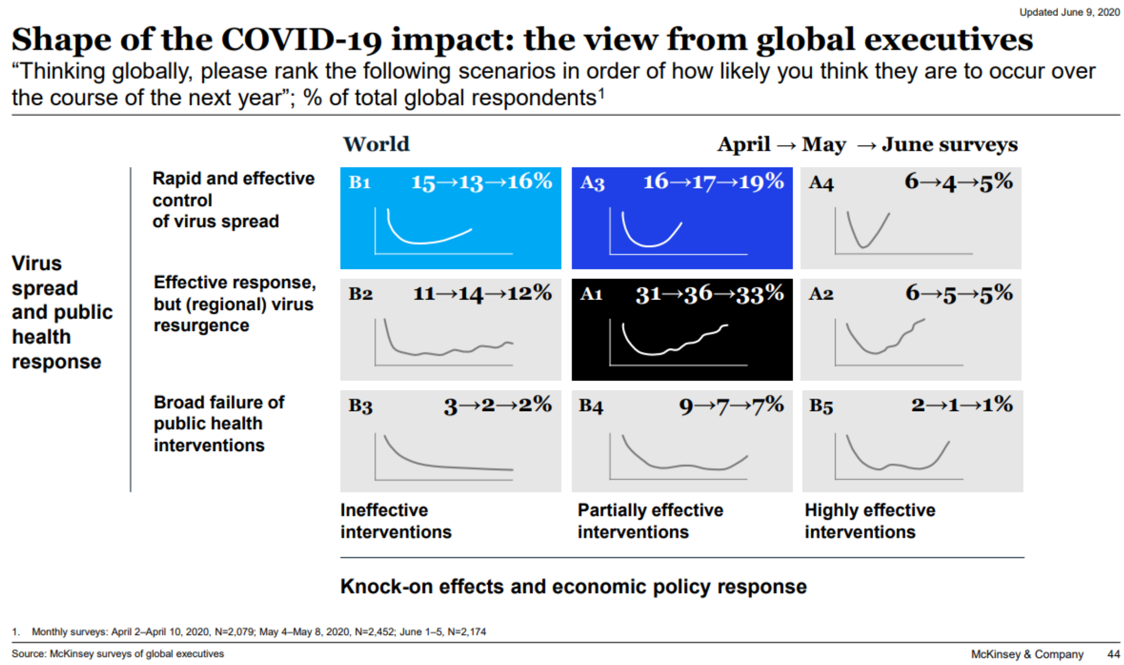
Change in vacancy and availability rates differ widely by property type. In 2020, industrial availability is forecast to move up 60 basis points, while apartments, office, and retail vacancy rates are forecast to move up 100, 230, and 300 basis points, respectively. In ’21, industrial availability is expected to move down slightly, apartment vacancy remains unchanged, and both office and retail vacancy rates continue to increase, albeit just moderately. In ’22, all sectors show slight improvement.

Vacancy Rate Change 2019-2022 (bps)

Source: 2020-2022, ULI Real Estate Economic Forecast.

MCKINSEY & COMPANY | JULY 6TH, 2020

The following from McKinsey & Company illustrates the many possible scenarios for the economic impact of the COVID-19 crisis. With a strong public health response and the stimulus package the most likely scenarios are A1 through A4. Other, more extreme scenarios can also be conceived, and some of them are already being discussed (B1–B5 in Exhibit 3). One can’t exclude the possibility of a “black swan of black swans”: structural damage to the economy, caused by a yearlong spread of the virus until a vaccine is widely available, combined with the lack of policy response to prevent widescale bankruptcies, unemployment, and a financial crisis.



If Scenario A1 occurs, McKinsey & Company projects US GDP will return to pre-crisis levels in the second quarter of 2023. If Scenario A3 occurs, McKinsey & Company projects US GDP will return to pre-crisis levels in the first quarter of 2021.

OTHER FEDERAL, STATE AND LOCAL CONSIDERATIONS

The federal government, states and municipalities are enacting legislation to lessen the economic impact of COVID-19. Landlords', owners' and tenants' rights may be affected by such legislation. Many states and cities issued shelter-in-place orders forcing most residents to remain indoors except for essential needs like groceries and essential businesses. Several states have proposed legislation that would forgive rent and/or would allow termination of contracts. These issues should be closely monitored as they could place downward pressure on value.

FORCE MAJEURE

Force majeure clauses are contract provisions that excuse a party's inability to perform its obligations under the contract if an unforeseeable event prevents such performance. Most leases have similar clauses. We are not experts with regard to force majeure contacts and laws. Should COVID-19 become accepted in the US as a force majeure event there may be additional risk for landlords.

Bisnow | June 24, 2020

A bankruptcy court in Illinois has ruled that a bankrupt restaurant operator is excused from some of its contractual obligations to its landlord, citing a force majeure clause in its lease. The case has major implications for businesses forced to close by local health authorities to prevent the spread of the coronavirus pandemic, many of which have sought relief via rent moratoriums and business insurance policies. Hitz Restaurant Group, which operates restaurants in the Chicago area, filed for Chapter 11 bankruptcy in late February, before the outbreak of the pandemic. The company argued that it shouldn't have to pay rent for April, May or June because of the state-ordered shutdown.

The specific language in the lease, as reported by Shearman & Sterling, notes that "Landlord and Tenant shall each be excused from performing its obligations or undertakings provided in the Lease, in the event, but only so long as the performance of any of its obligations are prevented or delayed, retarded or hindered by ... laws, governmental action or inaction, orders of government."

Kass Management Services, one of Hitz's landlords, argued that rent was due in full because it could still do takeout and delivery, and that it could avail itself of the Paycheck Protection Program to pay rent. On the whole, Judge Donald Cassling of the United States Bankruptcy Court for the Northern District of Illinois, who is overseeing the bankruptcy case, ruled in favor of Hitz. The action taken by the state of Illinois counted as force majeure under the terms of the lease, he found. But the judge didn't find that the restaurant operator is entirely free from its contractual obligations. Rather, he noted that about 25% of Hitz's space could be used to generate income under Illinois' stay-at-home order, namely food for delivery and pickup. Thus the restaurant operator was liable for 25% of the rent specified in the lease. Cassling also found that nothing in the lease's force majeure clause required the restaurant company to borrow money, as under the PPP, to pay its rent.

The ruling is among the first, if not the first, to adjudicate the question of whether force majeure can be cited as a reason for a restaurant not paying rent, Restaurant Business reports. The question has wider currency in the commercial real estate business in the punishing aftermath of the coronavirus pandemic. Opinion varies on how the question will play out.

CONCLUSION

The growth of COVID-19 infections and overall economic implications are the primary concern of US and international investors. This is an ongoing and evolving situation. All states have begun a phased reopening starting in early May and some of these states among the first to reopen such as Texas and Florida have experienced material increases in positive cases that can be attributed to both higher testing levels and spread of the virus; however, the number of new daily cases is now in the decline. New shelter-in-place orders are unlikely in most states given the economic ramifications; however, mitigation through social distancing and mask wearing are expected to be widespread in most areas with above average education levels.

Third quarter GDP growth is expected by most to be overwhelmingly positive as nearly all industry sectors have seen an increase in investment activity. Portions of the first and second quarters were recessionary; however, barring a second wave in the Fall the worst of the demand shock has passed as consumption and mobility are beginning to show meaningful improvement. Medium and long-term outlooks are much more favorable in the third quarter and 2021 GDP forecasts are much higher than historically achieved. Over the short-term hotels, restaurants and retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected, but none unscathed. Office will likely face downward pressures due to remote working trends and elevated levels of unemployment, which are declining. Hiring and rehiring is already occurring. Leasing activity is expected to increase in the third quarter. Any declines in property values can be best described as temporary external obsolescence that should end a short time after the stimulus package begins to affect the economy and most people are back to work. We will continue to interview market participants regarding changes in market conditions.

RESIDENTIAL MARKET ANALYSIS

The condition of the single-family residential real estate market has a bearing on the economic viability of the subject property. The current condition of the single-family market in terms of inventory, demand and sales performance of residential properties is examined in the following section.

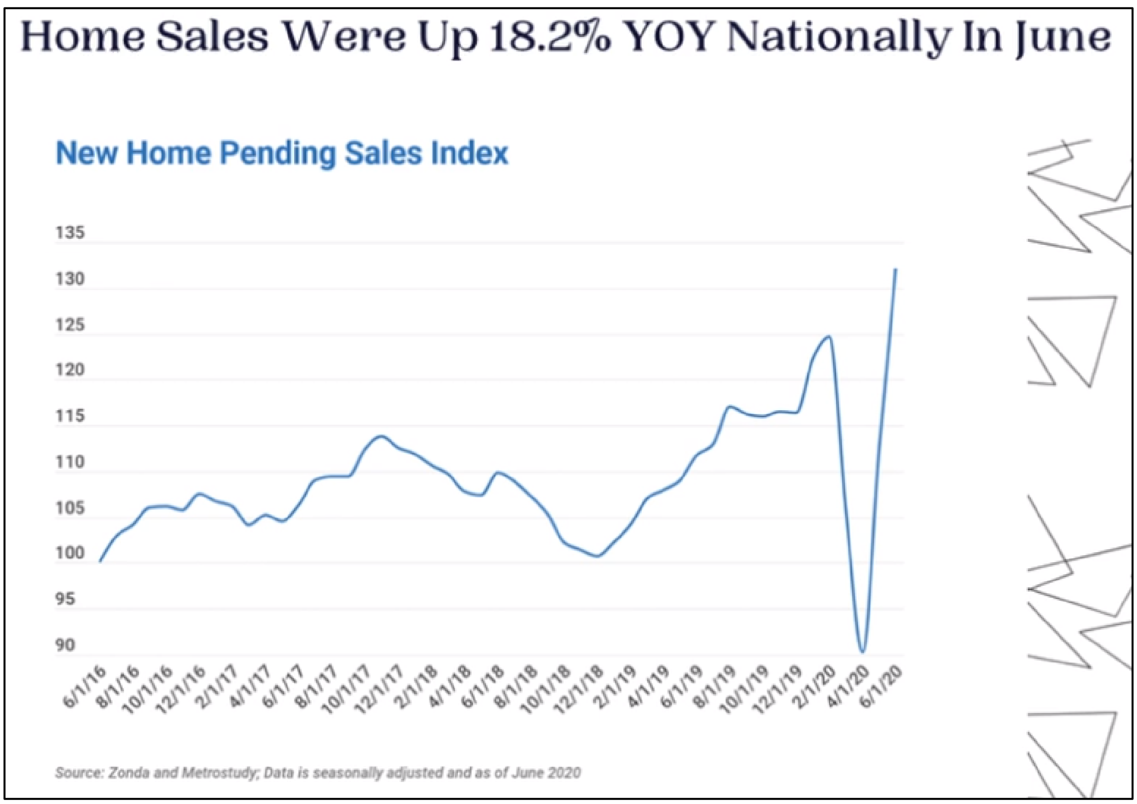
NATIONAL HOUSING MARKET COMMENTS

The condition of the single-family residential real estate market has a bearing on the economic viability of the subject property. The current condition of the single-family market in terms of inventory, demand and sales performance of residential properties is examined in the following section.

July 22, 2020 Podcast with Meyer's Chief Economist Ali Wolf and Tim Sullivan, Sr. Managing Principal

COVID -19: The Housing Market

Meyers Research is a new home housing consulting firm. Their 500 researchers, analysts and economist track 18,000 subdivisions across the country. The following is summary from this podcast:



August 21, 2020 Post by Meyers Research

The following is summary from this recent post.

- Builders had another blockbuster month in July. Our New Home Pending Sales Index captured a 32.7% increase in contract sales compared to last year and a 5.3% increase month-over-month. July's data highlights that the strength of the housing market is carrying on later in the year than the typical seasonality.

- The new home market has everything going for it right now including limited resale supply, fear of missing out, heightened dissatisfaction of our current living situation, low mortgage rates, months of saving money, and increased demand from key demographic cohorts.

- Builders are raising prices today to temper the demand," said Ali Wolf, Chief Economist at Meyers Research. "The higher prices are not acting as a deterrent for buyers right now, but we are keeping our eyes on affordability challenges down the road.

Excerpted from Article from Zillow , dated September 5, 2020:

Zillow reports that high buyer demand and rising prices kept its rhythm into September as buyers scooped houses off the market at record rates. Although total housing inventory continues to tighten, sellers are feeling more comfortable listing their homes, with more new listings coming on the market than at any point since the beginning of the pandemic. Optimism is rising in both the housing market and in the economy as buyers, sellers and economists gain confidence, new data show.

National Market

Newly pending sales are up 25.5% compared to the same week last year, the highest year-over-year increase in the weekly Zillow database reaching back through 2019. That figure is down 0.7% since last month but up 0.7% compared to last week, at a time when sales volume typically falls. In the same week last year, newly pending sales fell 9.3% month over month and 5% versus the week prior. Together it's more evidence that demand for houses is still strong and that the buying season has been pushed back after a delayed start in the spring.

- Typical days-to-pending for houses on the market remained a lightning-fast 13 days for the fifth week in a row. This is 14 days faster than last year and the shortest time on market going back through 2019.

- The median sale price from the week ending July 25 was $281,844, which is 7.8% higher than last year and the highest yearly rise in prices going back through January 2019. It's up 4.5% month over month.

- Median list price is $345,824, up 9.3% year over year — the highest year-over-year increase going back through January 2019. However, median list prices are up only 0.2% month over month and saw no change from the week before.

- The share of listings with a price cut is 4.2%, down 1.3 percentage points from last year and 0.1 percentage points from last month. The median price cut is 2.5%.

- Total for-sale inventory continues a long run of tightening, down 29% compared to 2019. Total inventory is down 3% since last month and has fallen week-over-week for the last 14 weeks.

- New for-sale inventory, on the other hand, is up 16.2% month over month and rose 17.6% since just last week, though it is still down 3.5% year over year. New for-sale inventory is at its highest level since March 22, following yearly trends of increasing new listings to start September and suggesting that more homeowners are deciding that now is a good time to sell.

REGIONAL ANALYSIS

Excerpted from the September 16, 2020 California Association of Realtors press release:

California housing market continues recovery as median home price breaks $700,000 mark, C.A.R. reports

- Existing, single-family home sales totaled 465,400 in August on a seasonally adjusted annualized rate, up 6.3 percent from July and up 14.6 percent from August 2019.

- August's statewide median home price was $706,900 up 6.1 percent from July and up 14.5 percent from August 2019.

- Year-to-date statewide home sales were down 6.8 percent in August.

LOS ANGELES (Sept. 16) – California's housing market continued to improve in August as home sales climbed to their highest level in more than a decade as the median home price broke last month's record and hit another high, the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) said today.

Closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 465,400 units in August, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2020 if sales maintained the August pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.

August's sales total climbed above the 400,000 level for the second straight month since the COVID-19 crisis depressed the housing market earlier this year, marking the first time since the summer of 2016 that sales increased from the previous month three months in a row. August sales rose 6.3 percent from 437,890 in July and were up 14.6 percent from a year ago, when 406,100 homes were sold on an annualized basis.

"California's strong housing recovery in terms of sales and price over the past few months is encouraging as motivated buyers are eager to purchase homes amid the lowest interest rates ever, which led to the fastest sales growth in a decade," said 2020 C.A.R. President Jeanne Radsick, a second-generation REALTOR® from Bakersfield, Calif. "However, persistently low housing inventory will continue to push up home prices due to heavy buyer competition, which is starting to outweigh the benefits of record low interest rates and hamper housing affordability."

With home sales continuing to bounce back in August and sales of higher-priced properties recovering faster than the rest of the market, the statewide median price hit another new high after setting records in June and July. California's median home price broke the $700,000 mark for the first time, reaching $706,900 in August, a 6.1 percent jump from July's $666,320 and 14.5 percent from $617,410 in August 2019. The yearly price increase was the highest recorded since March 2014 and larger than the six-month average of 4.3 percent observed between February 2020 to July 2020.

"Low rates and tight housing inventory are contributing factors to the statewide median price setting a new record high three months in a row from June to August, said C.A.R. Senior Vice President and Chief Economist Leslie Appleton-Young. "A change in the mix of sales is another variable that keeps pushing median prices higher, as sales growth of higher-priced properties continued to outpace their more affordable counterparts."

Reflecting the rise in home prices, consumers continue to say it is a good time to sell, according to C.A.R.'s monthly Consumer Housing Sentiment Index. Conducted in early September, the poll found that 58 percent of consumers said it is a good time to sell, up from 54 percent a month ago, and up from 46 percent a year ago. Meanwhile, low interest rates continue to fuel the optimism for homebuying; 34 percent of the consumers who responded to the poll believed that now is a good time to buy a home, sharply higher than last year, when 22 percent said it was a good time to buy a home.

Other key points from C.A.R.'s August 2020 resale housing report include:

- At the regional level, sales increased in all major regions from last year, but varied in the pace of growth. The Central Coast and the San Francisco Bay Area had the strongest sales growth in August with both regions surging more than 10 percent in sales from last year. The Far North and Southern California regions increased more modestly in sales with a gain of 8.6 percent and 5.5 percent, respectively. The Central Valley had the smallest sales gain among all regions, inching up only 0.5 percent from last August. The Central Valley region has been growing slower than the rest of the state in the past couple months probably because it was not as hard hit by the pandemic lockdown as other areas.

- Nearly three-quarters of all counties (37 of 51) tracked by C.A.R. experienced a year-over-year gain in closed sales, with Calaveras increasing the most from last year at 57.1 percent, followed by Tuolumne (53.8%) and Napa (52.5%). Counties with an increase from last year averaged a gain of 24.8 percent. Sales fell in 14 counties, with Sutter declining the most at 20.7 percent from last year.

- At the regional level, almost all major regions posted double-digit price increases from last year. San Francisco Bay Area had the highest median price increase, rising 18.7 percent from last year, followed by the Central Coast (16.4%), Southern California (12.9%), and Central Valley (12.2%). The Far North recorded the smallest gain in price from a year ago, but still improved on year-over-year basis by 8.3 percent. All regions set a new median price high in August.

- While the Central Coast posted the largest sales increase, Santa Cruz was the only county in the region with a sales decline. The wildfires that started in the area in mid-August has destroyed nearly 1,500 structures and may have contributed to the recent sales slowdown. Butte County's housing market was also negatively impacted by wildfires. The lingering effects of the wildfires may impact the market in the surrounding areas into September and October.

- All but two counties tracked by C.A.R. reported a year-over-year gain in price, with 33 of the counties growing more than 10 percent. Santa Barbara had the highest price increase, gaining 41.7 percent year-over-year, primarily due to a larger share of homes sold in South Santa Barbara County. Mono and Glenn were the only counties with a price drop in August, declining -6.7 percent and -2.4 percent, respectively.

- With fewer for-sale properties being added to the market, housing supply remained significantly below last year's level. The 50.3 percent drop from a year ago was the biggest decline in active listings since at least January 2008. It was also the ninth consecutive month with active listings falling more than 25 percent from the prior year.

- With higher-than-normal housing demand and supply not being replenished as fast as prior to the pandemic, C.A.R.'s Unsold Inventory index (UII) remained at the lowest level in the last 15 years. The UII fell sharply from 3.2 months in August 2019 to 2.1 months this August. Inventory in resort communities, in particular, remained extremely low in August as demand surged significantly in recent months. The UII in South Lake Tahoe has fallen from 5.9 months to 1.4 month and has declined from 7.3 months a year ago to 1.9 months in Lake Arrowhead.

- Active listings continued to decline significantly in every major region. Central Valley had the biggest drop of 53.1 percent from last August, followed by Southern California (-52.4%), Central Coast (-47.9%), Far North (-46.1%), and San Francisco Bay Area (-37.1%). Forty-nine of the 51 counties reported by C.A.R. experienced year-over-year declines in active listings in August. Merced fell the most with a decline of 70.4 percent from a year ago. San Francisco (45.5%) and San Mateo (2.9%) were the only counties in California with an increase in active listings.

- Housing supply tightened up in all price segments, but the housing shortage is especially pronounced in more affordable markets. While active listings in every price range declined by double-digits on a year-over-year basis, for-sale properties priced below $1 million fell 58 percent from last year. Compared to a year ago, the supply of homes priced between $1 million to $3 million declined 33.1 percent, and homes priced at or above the $3 million benchmark declined 17.2 percent.

- The median number of days it took to sell a California single-family home was 13 days in August, down from 23 in August 2019.

- C.A.R.'s statewide sales-price-to-list-price ratio was 100 percent in August 2020 and 98.7 percent in August 2019.

- The statewide average price per square foot for an existing single-family home was $315 in August 2020 and $287 in August 2019.

- The 30-year, fixed-mortgage interest rate averaged 2.94 percent in August, down from 3.62 percent in August 2019, according to Freddie Mac. The five-year, adjustable mortgage interest rate was an average of 2.91 percent, compared to 3.36 percent in August 2019.

MEDIAN SFR HOME PRICES AND % CHANGE SALES

August 2020	Median Sold Price of Existing Single-Family Homes					Sales	
State/Region/County	Aug. 2020	July 2020	Aug. 2019	Price MTM% Chg	Price YTY% Chg	Sales MTM% Chg	Sales YTY% Chg
Calif. Single-family homes	$706,900	$666,320	$617,410	6.1%	14.5%	6.3%	14.6%
Calif. Condo/Townhomes	$506,000	$500,000	$468,000	1.2%	8.1%	-0.3%	6.2%
Los Angeles Metro Area	$615,000	$590,000	$545,000	4.2%	12.8%	-1.7%	4.4%
Central Coast	$812,500	$785,000	$698,000	3.5%	16.4%	-6.2%	15.4%
Central Valley	$385,000	$377,720	$343,000	1.9%	12.2%	-8.0%	0.5%
Far North	$325,000	$318,250	$300,000	2.1%	8.3%	-3.0%	8.6%
Inland Empire	$435,000	$420,000	$380,000	3.6%	14.5%	-2.8%	9.0%
San Francisco Bay Area	$1,068,000	$1,050,000	$900,000	1.7%	18.7%	-6.3%	10.8%
Southern California	$640,000	$622,500	$567,000	2.8%	12.9%	-1.8%	5.5%
Central Valley							
Fresno	$322,000	$320,000	$285,000	0.6%	13.0%	-3.5%	-5.1%
Glenn	$263,500	$257,500	$270,000	2.3%	-2.4%	28.6%	-5.3%
Kern	$285,840	$282,980	$255,500	1.0%	11.9%	-21.3%	-16.4%
Kings	$265,500	$275,000	$258,450	-3.5%	2.7%	13.7%	-8.5%
Madera	$329,000	$313,850	$279,000	4.8%	17.9%	-0.9%	32.9%
Merced	$335,000	$319,900	$278,600	4.7%	20.2%	-19.8%	-3.8%
Placer	$538,750	$550,000	$500,000	-2.0%	7.7%	0.1%	29.3%
Sacramento	$425,000	$422,740	$386,000	0.5%	10.1%	-10.4%	-1.9%
San Benito	$625,000	$675,000	$609,950	-7.4%	2.5%	-8.2%	8.1%
San Joaquin	$425,000	$410,000	$389,000	3.7%	9.3%	-7.7%	-4.7%
Stanislaus	$370,000	$360,000	$335,000	2.8%	10.4%	-3.1%	-7.6%
Tulare	$280,220	$268,000	$250,000	4.6%	12.1%	-11.3%	26.4%

Source: California Association of Realtors

NEW HOME PRICE TRENDS -

The following table and graph summarizes historical data published by the Gregory Group. The regional data pertains to Fresno-Madera MSA. The data represents detached projects only.

FRESNO-MADERA MSA

Quarter Ending	Number of Projects	Average Home Size	Average Price	Net Avg. Price/Avg. SF	% Change Net Avg Price/Avg SF	% Change Net Avg Price/Avg SF - 12 Month Moving Average	Quarter Sold	Unsold Inventory	Unoffered Inventory	Sold Per Project Per Quarter	Sold Per Project Per Month
Jun-17	55	2,182	$343,787	$158	-0.4%	1.1%	675	221	2,100	12.3	4.1
Sep-17	64	2,130	$332,877	$156	-0.8%	-0.1%	472	435	2,785	7.4	2.5
Dec-17	65	2,151	$342,661	$159	1.9%	0.9%	647	454	2,829	10.0	3.3
Mar-18	71	2,154	$344,467	$160	0.4%	0.3%	698	387	3,066	9.8	3.3
Jun-18	67	2,154	$351,454	$163	2.0%	0.9%	640	329	2,527	9.6	3.2
Sep-18	74	2,166	$355,440	$164	0.6%	1.2%	526	687	2,965	7.1	2.4
Dec-18	74	2,151	$350,995	$163	-0.6%	0.6%	451	703	3,567	6.1	2.0
Mar-19	77	2,179	$362,257	$166	1.9%	1.0%	727	739	3,365	9.4	3.1
Jun-19	86	2,190	$366,628	$167	0.7%	0.6%	831	813	4,072	9.7	3.2
Sep-19	95	2,192	$368,028	$168	0.3%	0.6%	827	718	4,694	8.7	2.9
Dec-19	94	2,186	$370,199	$169	0.9%	0.9%	629	712	4,881	6.7	2.2
Mar-20	92	2,183	$373,302	$171	1.0%	0.7%	777	520	4,393	8.4	2.8
Jun-20	86	2,178	$376,473	$173	1.1%	0.8%	603	263	3,949	7.0	2.3

Source: The Gregory Group

The average net base price for Fresno-Madera MSA for 2Q 2020 is $376,473. Shown above, average prices have increased moderately since the middle of 2017. Total appreciation over the past three years is 9.5% or 3.1% annually.

Homes sales per project per quarter was 7.0 for 2Q 2020. The average absorption over the past 3 years is 8.6 sales per quarter. The slower rate of absorption is attributed to greater number of projects in the market.

DETACHED NEW HOME PROJECTS IN MADERA COUNTY

Quarter Ending	Number of Projects	Average Home Size	Average Price	Net Avg. Price/Avg. SF	% Change Net Avg Price/Avg SF	% Change Net Avg Price/Avg SF - 12 Month Moving Average	Quarter Sold	Unsold Inventory	Unoffered Inventory	Sold Per Project Per Quarter	Sold Per Project Per Month
Jun-17	2	2,217	$336,960	$152	-4.0%	0.2%	18	10	90	9.0	3.0
Sep-17	3	2,030	$302,473	$149	-2.0%	-1.2%	41	16	110	13.7	4.6
Dec-17	4	2,039	$324,289	$159	6.7%	0.9%	74	27	81	18.5	6.2
Mar-18	5	1,991	$305,943	$154	-3.4%	-0.6%	45	31	101	9.0	3.0
Jun-18	4	1,996	$321,063	$161	4.7%	1.5%	36	11	65	9.0	3.0
Sep-18	8	2,069	$332,089	$161	-0.2%	2.0%	38	81	259	4.8	1.6
Dec-18	9	2,120	$351,081	$166	3.2%	1.1%	56	114	306	6.2	2.1
Mar-19	12	2,212	$378,529	$171	3.3%	2.7%	88	191	562	7.3	2.4
Jun-19	14	2,296	$404,494	$176	2.9%	2.3%	116	222	817	8.3	2.8
Sep-19	16	2,230	$384,389	$172	-2.2%	1.8%	130	206	963	8.1	2.7
Dec-19	15	2,294	$405,372	$177	2.5%	1.7%	87	103	987	5.8	1.9
Mar-20	15	2,294	$409,223	$178	0.9%	1.1%	94	88	1,035	6.3	2.1
Jun-20	14	2,321	$422,007	$182	1.9%	0.8%	86	54	1,062	6.1	2.0

Source: The Gregory Group

The average net base price for Madera County for 2Q 2020 is $422,007. Shown above, average prices have increased moderately since the middle of 2017. Total appreciation over the past three years is 25.2% or 8.4% annually. Homes sales per project per quarter was 6.1 for 2Q 2020. The average absorption over the past 3 years is 8.6 sales per quarter. The slower rate of absorption is attributed to greater number of projects in the market.

MARKET DELINEATION / SUBMARKET ANALYSIS

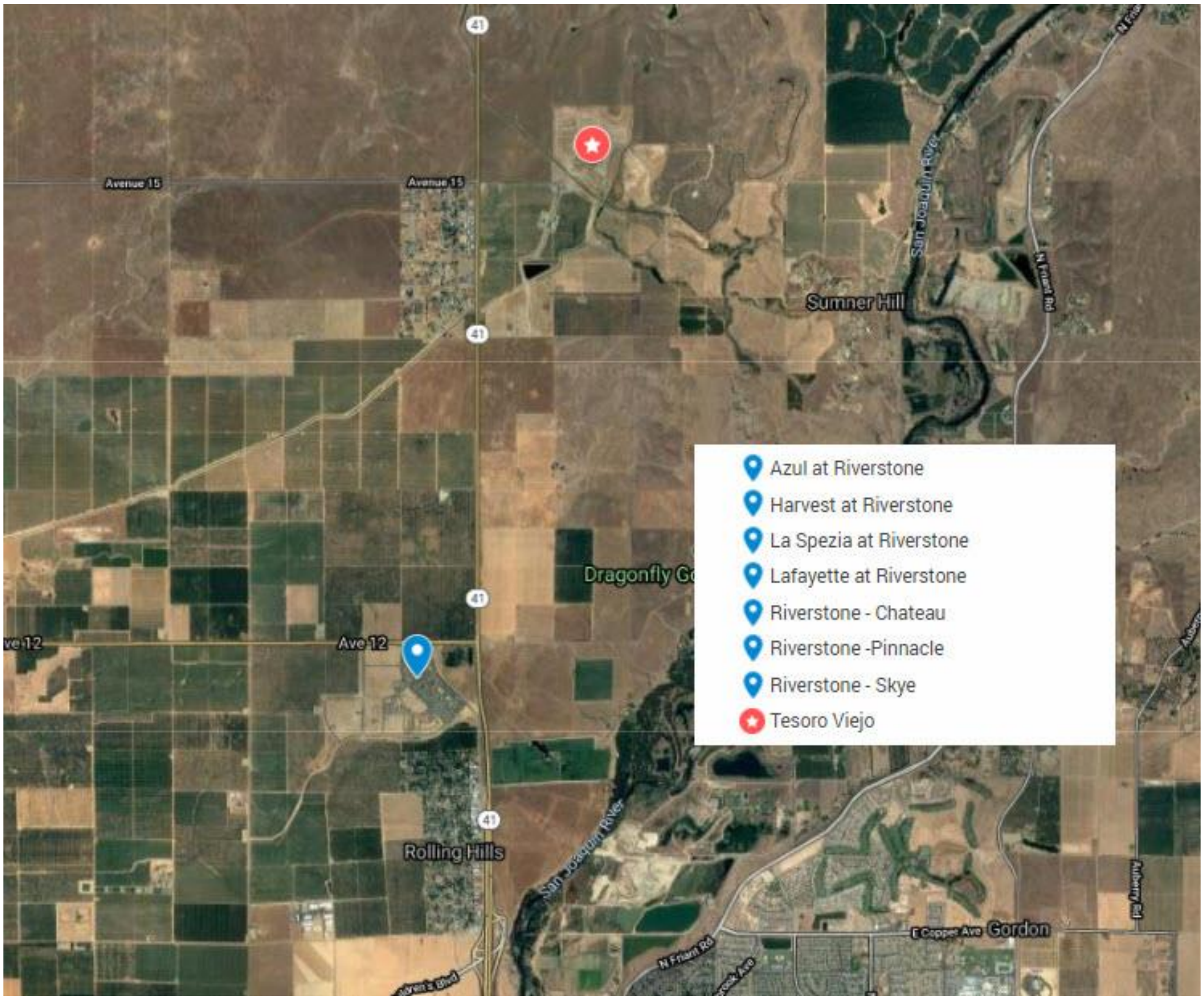
Market area identification serves to identify the sources of demand as well as the location, type, quantity, quality and price points of existing and potential competition. The delineation of the market begins with an examination of the site and proposed development and a general indication of what demographic and geographic area it will serve. The subject is located in the east Madera County area.

QUALITY SEGMENT

The target quality segment market for the subject is first-time new/move up buyers. The subject project will offers a range of lot sizes and home sizes, appealing to a range of buyer types that may include young and mature families, singles, retirees and move-down buyers.

TESORO VIEJO PROJECTS MAP

RIVERSTONE PROJECTS MAP



NEW HOME PROJECTS

Project	Builder	Location	Open Date	Lot Size	Plan Size	Base Price (Current or At Sell-Out)	Total Planned	Total Sold	Inventory	2Q 20 Sold	1Q 20 Sold	4Q 19 Sold	3Q 19 Sold	2Q 19 Sold	1Q 19 Sold	4Q 18 Sold	Total	Mnthly Avg.
Altura	McCaffrey Homes	Madera	10/20/2018	2,720	1,581 - 2,205	$328,000 - $386,000	122	60	62	7	3	2	13	5	18	12	60	2.6
Azul at Riverstone	Crown Homes	Madera	7/15/2019	5,500	1,576 - 2,350	$311,950 - $396,950	40	25	15	5	5	5	10	-	-	-	25	1.8
Harvest at Riverstone	Bonadelle	Madera	8/1/2019	2,200	1,209 - 1,579	$277,950 - $302,950	270	50	220	10	16	6	18	-	-	-	50	3.8
Hickory	McCaffrey Homes	Madera	12/21/2019	5,950	1,960 - 3,113	$429,900 - $506,900	100	7	93	3	3	1	-	-	-	-	7	0.8
Ivy	McCaffrey Homes	Madera	2/15/2019	6,600	1,846 - 2,953	$419,900 - $534,900	115	49	66	8	10	16	-1	13	3	-	49	2.6
La Spezia at Riverstone	Crown Homes	Madera	7/15/2018	4,500	1,393 - 1,777	$224,950 - $265,950	118	51	67	4	5	10	4	13	11	2	51	2.0
Lafayette at Riverstone	Wathen Castanos Homes	Madera	4/1/2020	8,000	2,645 - 3,813	$529,990 - $614,990	113	6	107	6	-	-	-	-	-	-	6	1.2
Oaks	McCaffrey Homes	Madera	1/15/2019	5,950	2,278 - 3,495	$491,900 - $580,900	86	20	66	8	2	2	1	3	4	-	20	1.0
Riverstone - Chateau	Lennar Homes	Madera	12/15/2018	5,000	1,787 - 2,798	$346,290 - $428,690	67	52	15	2	6	10	10	14	10	-	52	2.5
Riverstone - Pinnacle	Lennar Homes	Madera	4/1/2019	8,800	2,893 - 3,404	$548,450 - $574,950	57	29	28	2	8	7	6	6	-	-	29	1.7
Riverstone - Skye	Lennar Homes	Madera	4/1/2019	5,500	2,029 - 2,570	$403,950 - $465,950	67	46	21	3	12	7	9	15	-	-	46	2.7
The Bluffs	D. R. Horton	Madera	2/15/2019	5,500	2,138 - 2,851	$440,400 - $504,400	122	20	102	3	6	1	5	3	2	-	20	1.1
Vista Bella	K. Hovnanian Homes	Madera	7/1/2019	4,000	2,163 - 2,517	$398,990 - $421,990	112	19	93	12	-1	3	5	-	-	-	19	1.4
							1389	434	955									
									Total Quarterly Sales	73	75	70	80	72	48	14	432	
									No. of Competing Projects	14	13	13	12	9	6	2	67	
									Pro-Rata Qtrly Sales	5.2	5.8	5.4	6.7	8.0	8.0	7.0	6.4	
									Pro-Rata Montly Sales	1.7	1.9	1.8	2.2	2.7	2.7	2.3	$\boxed{\textbf{2.1}}$	

Sources: The Gregory Group

Source: The Gregory Group

The projects listed above have a total inventory of 955 planned units with 521 unsold lots/units. The last two quarters there were 73 and 75 sold homes. Based on the recent sales volume and using a sales rate of 75 sales per quarter there is about 7 quarters of lot inventory. The 2Q 2020 absorption rate for the projects was 5.2 home sales per quarter. This is slightly lower than 1Q 2020 which was 5.8 homes sales per quarter. Home prices from the new home communities listed above have mostly stayed the same or small increases during 2020. This is consistent with national trends.

MARKET STUDY BY GREGORY GROUP

A market study prepared by Greg Paquin of the Gregory Group was prepared for the subject development. This study dated August 2020 focused on the absorption of the subject project. The major conclusions of this report are summarized below.

Fresno County

- There are 44 new-home projects actively selling in Fresno County. The average price is $384,355, representing an increase of 2.1% from a year earlier. It is estimated that by year end 2020, new-home pricing may reach $390,059.

- Fresno County posted 319 new-home sales for the Second Quarter of 2020, this is a decrease from the 364 sales posted in the Second Quarter of 2019 . In 2019, Fresno County sold 1,452 total new-home sales and it is anticipated that in 2020, new-home sales may reach a total of 1,442 sales.

Madera County

- The new-home market in Madera County has changed dramatically since the addition of two major master planned communities: Riverstone and Tesoro Viejo. Over the past year the average new-home price in the county has increased from $404,494 to $422,007. It is anticipated that by the end of 2020, new-home pricing may reach $422,803.

- The homes are situated on lots that average 5,091 square feet and the currently selling projects in Madera County are averaging 0.56 sales per week overall (and 0.47 sales per week during the Second Quarter of 2020) compared to an overall rate of 0.64 sales per week overall in the Second Quarter of 2019 and a Second Quarter 2019 quarter sales rate of 0.72 sales per week.

- During the Second Quarter of 2020 Madera County has sold 86 units (a decrease of 25.9% from the 116 units sold a year earlier). Unsold inventory has also decreased from 222 units in the Second Quarter of 2019 compared to 54 units in the Second Quarter of 2020 (a decrease of 75.7%). The demand for new-housing in Madera County continues and is reflected in both pricing and sales increases.

- The Madera market and specially the Tesoro Viejo and Riverstone planned communities posted an average price of $453,101 in the Second Quarter of 2020 (an average price of $460,575 for Tesoro Viejo and $444,596 for Riverstone). In terms of sales, Tesoro Viejo and Riverstone planned communities totaled 68 recent sales and there are 868 units of total inventory and 59 units of unsold inventory.

Tesoro Viejo and Riverstone Market Summary

- There are two new master planned communities in Madera County, both located along Highway 41 and north of the Fresno County boundary. Riverstone originally opened in early 2017 and is planned to offer a total of 6,578 units (to-date, 1,142 units have either sold-out, are currently selling or are in development). Tesoro Viejo opened in late 2018 and is planned to offer a total of 5,190 units (to-date, 804 units are currently selling or are planned for development).

- While both communities are somewhat similar in scope, there is a general consensus that Tesoro Viejo offers a superior living environment to that of Riverstone. This may ultimately be a result of the greater land area, total acreage reserved for open space, parks and recreation, or a result of the overall design parameters of the project. A look at the comparative values reflects this difference; the average price per square foot value is $187 for Tesoro Viejo and $179 for Riverstone

Absorption Analysis

Gregory Group's absorption analysis was based on information provided by the developer which includes an estimate as to when villages will open for sales, infrastructure development, grading schedules, marketing considerations and anticipated market conditions. There are anticipated to be several different projects selling simultaneously within each product type but built by different builders. Additional factors considered in predicting absorption rates were:

- the desirability of Madera and Tesoro Viejo as a new-home destination;
- increasing new-home sales within the Madera County and Tesoro Viejo;
- Limited immediate future inventory in Madera and Tesoro Viejo;
- current absorption rates for similar product types within the Madera market area;
- and improving economic conditions (including exceptionally low interest rates) within the Mid Central Valley Region and the US despite a severe lockdown of the US economy due to COVID-19;

Gregory Group concluded that the subject project can absorb an average of 0.86 units per week per product offering for all of the product offerings over the marketing life of the development given the pricing. They projected that a total of 113 units will sell from August 1 through December 31, 2020, 269 units in 2021, 176 units in 2022 and 41 units in 2023. All product offerings are anticipated to conclude sales by the Third Quarter of 2023; the years to absorb the production homes is estimated to be 3.15 years given the absorption show below.

	Village	Developer	Lot Size	Open Date	Total Number of Units	Est. Abs. Per Week	Thru 7/31/2020	2020 From 08/01 - 12/31	Units Sold Per Year 2021	2022	2023
Tesoro Viejo	1	McCaffrey Homes	8,249	Feb-22	12	0.50	0	0	0	12	0
	2	McCaffrey Homes	6,600	Feb-19	115	0.75	45	16	39	15	0
	3	D.R. Horton Homes	5,500	Feb-19	39	0.75	21	16	2	0	0
	3	McCaffrey Homes	5,500	Jun-20	83	1.00	6	22	52	3	0
	4	McCaffrey Homes	5,225	Feb-21	136	1.00	0	0	46	52	38
	5	McCaffrey Homes	5,950	Jan-19	86	0.75	25	16	39	6	0
	7	K. Hovnanian Homes	4,000	Jul-19	112	0.75	15	16	39	39	3
	8	McCaffrey Homes	3,500	Jan-21	99	1.00	0	0	50	49	0
	10	McCaffrey Homes	2,720	Oct-18	122	1.25	93	27	2	0	0
				Totals/Averages:	804	0.86	205	113	269	176	41

Years to Absorb (From 08/01/2020):	3.15

Utilizing the Gregory Group's conclusion, we have modeled absorption rates between 10 to 16 units per quarter in our analysis.

HIGHEST AND BEST USE

A determination of highest and best use is necessary prior to valuation of a property. In the sixth edition of *The Dictionary of Real Estate Appraisal*, the Appraisal Institute defines Highest and Best Use 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.”

We conduct four tests to determine the highest and best use of the subject property:

- Legally permissible per the applicable zoning standards and other restrictions
- Physically possible
- Financially feasible
- Maximally productive

Typically, these tests are applied in the order listed above. The highest and best use of a property is the one that meets the first three criteria, and will produce the greatest future benefit to the owner. Analysis of the highest and best use of the land assumes that the subject site is vacant and available for development to the determined highest and best use. The analysis of Highest and Best Use As Improved determines whether continued use as is, alteration, or demolition and redevelopment constitutes the maximally productive use of the existing improvements.

AS IF VACANT

LEGALLY PERMISSIBLE

The subject is zoned Residential Low and Medium Density. Based on this zoning designation, the site can be developed with single-family residential homes. No other restrictions have been identified that would limit development of the property beyond the development standards stipulated by the municipal code for the subject’s designated zoning. Given prevailing land use patterns in the area, only residential development is given further consideration in determining the highest and best use of the site as vacant.

PHYSICALLY POSSIBLE

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Surrounding land uses are similar or complementing. Primary offsite improvements appear to be in place with utility connections available. The subject is not located in an adverse flood or earthquake zone. Nearby parcels have been developed with no apparent negative soil conditions.

The subject consists of groups of finished lots, partially completed lots and homes in various stages of construction. Development of these lots for production home projects may be maximally productive, based on the number of lots, sizes, lot type and surrounding home quality.

FINANCIALLY FEASIBLE

Based on our analysis of the market, there is currently adequate demand for residential homes in the subject’s area. As shown in the land residual analysis presented in the valuation section of this report, the value of the subject as completed homes, less construction costs, is positive. Moreover, numerous lots have sold to merchant builders over the last 36 months, providing evidence of builder demand. Despite the current COVID crisis, single-family residential development is financially feasible.

MAXIMALLY PRODUCTIVE

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential development. Accordingly, it is our opinion that single-family residential development is the maximally productive use of the property. Based on the lot density and location, the subject is best suited for production homes. In light of the fact the subject properties consist of multiple lot size categories and ownerships, it would be prudent for existing owners to work together, allowing for product lines to complement one another and to ensure there is not too much competition/supply within the same project.

CONCLUSION – AND MOST PROBABLE BUYER

Single-family residential development is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant. Builder demand for lots across the region will remain steady in the short term, and the outlook longer term is still cautious optimism that demand will remain after we get through the COVID crises; the probable buyer of the subject units would be production home builders.

AS IMPROVED OR PROPOSED

Highest and best use of a property as improved pertains to the use that should be made considering its current (or proposed) improvements. The subject lots are planned for residential home development. The highest and best use and probable buyer are the same as the "as vacant" condition.

Ultimately, the subject will be developed with single-family homes. The probable buyers of the lots are builders. The probable buyer of the finished homes are homebuyers.

VALUATION PROCESS

In developing an opinion of value, appraisers consider the Cost Approach, Sales Comparison Approach and the Income Approach. These three valuation methods are defined in the following table:

VALUATION METHOD	DEFINITION
Cost Approach	In this approach, the contributory value of the improvements (after deductions for accrued physical depreciation, functional obsolescence, and external obsolescence) is added to the value of the land as if it were vacant per our determination of highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.[1]
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property, based upon a market-derived unit of comparison (i.e. price per square foot). We analyze physical, locational, and geographic differences between the subject and each comparable, and apply quantitative or qualitative adjustments to the comparables in order to arrive at an indication of value. The theoretical basis for this approach lies in the principle of substitution, whereby investors or owner-users are able to comparison-shop and set prices based on relative differences in properties. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.[1]
Income Capitalization Approach	The income approach utilizes a market-oriented rate of return to convert a property's potential income into a value indication (capitalization). The approach considers explicitly considers rent, vacancy, expense, and capitalization/discount rate trends in the subject's market, and reflects the primary analysis employed by most investors in leased commercial real estate assets. The two most commonly used income approach methodologies are direct capitalization and discounted cash flow analysis. These are frequently employed separately or in concert, depending upon the economic characteristics of the property, and the anticipated process of the most probable purchaser. The theoretical basis for this approach comes from the principle of anticipation and substitution. The principle of anticipation applies because the value of a property is the present value of expected future cash flow. The principle of substitution is also applicable, because rental rates for the subject property must be in line with those of competitive space. Furthermore, the value estimated by the income capitalization approach assumes that investors will earn a rate of return consistent with that available for alternative investments of comparable risk.[1]

[1] Real Estate Education Company, "Income Property Appraisal", 1991.

We have considered the physical and economic characteristics of the property, as well as the most probable purchaser concluded in the analysis of Highest and Best Use, to determine the appropriate valuation methodology.

The valuation begins with the proposed home construction, where the sales comparison approach is the most applicable approach and sufficient sales data is available. In the sales comparison approach, we adjust the prices of comparable transactions in the region based on differences between the comparables and subject. The adjusted values are reconciled into final conclusions of value. The cost approach for retail home valuation is not applicable since such an analysis would rely on a retail lot valuation, and there is not an active market of retail lot sales of lots designed and intended for production homes (such lots are primarily sold in bulk to merchant builders). While a separate cost approach is not utilized, note that we conduct a “top down” land value analysis that considers all anticipated construction costs relative to anticipated home prices. This method is effectively a reverse cost approach that may also be used to gauge financial feasibility. Moreover, the income capitalization approach is not applicable for the completed homes because, while single-family homes can produce income, the market is owner-user dominated with prices established based on sales. For the valuation of the homes in bulk, the estimated home values are incorporated into a discounted cash flow analysis that considers the time and cost of selling the homes over an estimated absorption period.

In the valuation of the subject lots, we utilize the income capitalization approach, which, for subdivision analysis, is commonly referred to as the subdivision development method. The subdivision development method is a discounted cash flow analysis that reflects anticipated home prices and costs over an absorption period, leading to an estimate of residual land value. The projected cash flows have a finite life that corresponds with the sellout of the project.

A sales comparison approach was utilized to value the subject homes. Due to insufficient lot sale comparables, this approach was not used for the valuation of the subject lots.

A traditional cost approach for the subject lots is not applicable. This method is not utilized by market participants, who prefer to analyze land deals on an “all in” land plus cost basis. The method applied in this report mirrors how market participants analyze like property. Moreover, in arriving at an estimate of finished lot value, costs associated with proposed home construction relative to current home pricing were considered in the subdivision development method.

For each component analyzed, we reconcile the value indications of each approach to value. The reliability of each approach, and resulting emphasis given in the final reconciliation, is determined based upon the quantity, quality, and overall reliability of its data.

HOME VALUATION

BASIS OF PLAN ANALYSIS

The product lines within the subject property are summarized below. For each plan offered, we estimate a base market value.

LOT AND PRODUCT SUMMARY

Product Line	Plan Name	Lot Size Category (SF)	Home Size (SF)	Stories	Number of Bedrooms	Number of Bathrooms	Garage Size	Patio	Builder Pricing
The Bluffs	Hayden	5,500	2,133	1	3	2.5	2 Full	Front	$440,000
(D. R. Horton)	Maxwell	5,500	2,346	2	4	2.5	2	Front	$471,000
	Reese	5,500	2,600	2	4	3	2 Full	Front	$476,000
	Winchester	5,500	2,851	2	5	3	3 Full	Front	$504,000
Vista Bella	Aspen	4,000	2,163	2	4	2.5	2 Full	Front	$398,990
(K. Hovnanian)	Cypress	4,000	2,333	2	3	2.5	2 Full	Front	$403,990
	Willow	4,000	2,430	2	4	3	2 Full	Front	$414,990
	Spruce	4,000	2,517	2	5	4	2 Full	Front	$421,990
Altura	Bryce	2,720	1,581	2	3	2.5	2 Full	Front	$328,900
(McCaffery Homes)	Katelyn	2,720	1,852	2	3	2.5	3 Full	Front	$365,900
	Laina	2,720	2,205	2	4	3	2 Full	Front	$386,900
Hickory	Birch	5,950	1,960	1	3	2	3 Full	Front	$429,900
(McCaffery Homes)	Maple	5,950	1,974	1	3	2	3 Full	Front	$430,900
	Pecan	5,950	2,359	1	3	2.5	3 Full	Front	$447,900
	Walnut	5,950	3,113	2	3	3	3 Full	Front	$506,900
Ivy	Braden	6,600	1,846	1	3	2	2 Full	Front	$419,900
(McCaffrey Homes)	Cyril	6,600	2,126	1	3	2.5	2 Full	Front	$446,900
	Dylan	6,600	2,658	2	4	3	2 Full	Front	$481,900
	Makenna	6,600	2,769	1	4	3	2 Full	Front	$507,900
	Mary Lou	6,600	2,953	1	4	3.5	3 Full	Front	$534,900
	Pauline	6,600	2,180	2	4	3	2 Full	Front	$480,900
Oaks	Blue Oak	7,700	2,278	1	3	2.5	2 Full	Front	$491,900
(McCaffrey Homes)	Live Oak	7,700	3,072	2	3	2.5	3 Full	Front	$542,900
	Valley Oak	7,700	3,495	2	4	2.5	3 Full	Front	$580,900

SALES COMPARISON APPROACH

In order to develop an opinion of the subject site as if vacant and available for development to its highest and best use, we employ the sales comparison approach. This is accomplished by compiling, verifying, and comparing recent and pending sales, as well as listings of sites similar in location, potential use, and physical attributes. The sales comparison approach is based upon the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

We have taken the following steps in utilizing the sales comparison approach:

- Research recent sales of comparable improved properties;
- Select the most comparable sales and present the pertinent data on these sales;
- Adjust the sales for differences in the various elements of comparison; and
- Describe the analysis and conclude a value indication based upon the adjusted sale prices of the comparables.

A comprehensive search was conducted to locate sales of homes with floor plans similar to the subject. We researched new home prices (asking prices and closings) and resales.

The unit of comparison in the sales comparison approach is total sale price, which is the most common unit of comparison for the valuation of single-family residences.

COMPARABLE HOME SALES

On the following pages, we present a map and photos of the comparable home sales determined to be most relevant to the subject.

ADJUSTMENT FACTORS

The sales were compared to the subject and adjusted to account for material differences that affect value. We've considered property rights conveyed, financing terms, conditions of sale, market conditions, location and physical features. The adjustments applied are discussed in the sequence that follows. Except for where otherwise noted, if a characteristic is not discussed, no adjustment is applied. The adjustments and value conclusion(s) are then depicted in the appropriate grid(s).

COMPARABLES MAP

ANALYSIS AND ADJUSTMENT OF SALES

Concessions	Accounts for incentives or discounts not reflected in the closing price, such as closing costs. Usually applied directly to sale price on a lump sum basis.	Sales incentives were either deducted (e.g. closing costs or concession paid by seller) or already reflected (home upgrades) in the reported closing prices.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.	No condition of sale adjustments are warranted.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	The sales represent pending and recent transactions. Those sales with 2019 date of closings were adjusted upward by $10,000 for improving market conditions. Those sales with early 2020 closings were adjusted up by $5,000.
Location	Market or submarket area influences on sale price; surrounding land use influences.	The comparable sales are located in the subject development. No adjustments were warranted.
Tax Rate	Varying bonds/special assessments that affect affordability and carrying costs.	The tax rate of the comparables are the same. No adjustments were warranted.
Community Appeal	Neighborhood and project specific factors that influence pricing	The subject is a master planned development with excellent project amenities. No adjustments were warranted as all of the sales are located in the subject development.
Lot Size	Accounts for variances in pricing relative to lot size, as larger lots can typically accommodate larger, more expensive homes.	Suburban lots typically generate size premiums in the range of $3 to $20/SF, depending on the size of the property (diminishing size premiums per square foot for larger lots). Adjustment factors are shown in the adjustment grids.
Site Influence	Accounts for lot positions that generate premiums not reflected by lot size adjustments (such as corner or cul-de-sac positions).	Adjustments are applied accordingly, if necessary.
Project Type	Accounts for differences between the type of project such as traditional, cluster or alley-loaded, duet or townhome.	The subject product types are traditional housing. The comparable sales are the same. No adjustments were warranted.
Design/Appeal/ Features	Accounts for differences in base construction quality and/or design features.	Construction quality varies by project. The subject and comparable have similar building qualities. No adjustments were warranted.
Age/Year Built	Accounts for physical depreciation since date of construction.	The comparables do not require location adustments for age/year built.
Condition	Accounts for the premium achieved by new homes by virtue of the fact the homes have never been occupied (evidenced by lower prices achieved by homes that have resold within one year of construction).	The comparables do not require location adustments for age/year built.

Room Count	While room count may be buyer preference (with extra rooms resulting in more living area, adjusted separately), bathrooms are functional and require substantial costs, typically in the range of $5,000 per half-bath to $10,000 per full-bath for the subject's market segment.	Adjustments are applied accordingly to the comparables relative to the respective base plans.
Living Area	Accounts of differences in living area, with the adjustment factor derived by paired sales of similar homes offered at new home projects.	Market data generally reflects a range of $55 to $125 per square foot for the subject's market segment. Adjustment factors (selected by unit size) are shown in the adjustment grids.
Stories	All else being equal, one story homes are desired more strongly by the market than two story homes, and two story homes are more strongly desired than three story homes.	Adjustments are applied, accordingly, using an adjustment of $15,000 for one story vs. two story homes.
Garage	Accounts for differences in total garage size, including full car garage and tandem spaces.	Based on sales agent interviews and paired sales, we have estimated a $10,000 adjustment per full car space, $5,000 per tandem space and $2,500 to $5,000 if garages feature storage areas. Adjustments are applied to the comparables accordingly.
Landscaping	Accounts for differences in the level of standard landscaping. Front yard landscaping is typical for most production home projects.	Resale comparables (if any) are adjusted based on our review of photos on the MLS.
Patios/Decks	Accounts for differences in covered porch areas and/or decking. Front porches are standard in this submarket.	Builders typically charge around $10,000 to add a full covered rear porch, if not standard. Adjustments are applied, accordingly, if necessary.
Fireplaces	Accounts for differences in the total number of fireplaces in each unit (based on $2,500 per fireplace).	Adjustments applied accordingly.
Upgrades/Options	Accounts for upgrades/options above the base amenity level.	The comparable sales are base prices without upgrades. Adjustments for this factor do not apply.
Solar	Accounts for solar units between the comparables and subject, estimated at $10,000 per solar unit based on solar options charged by new home projects.	Adjustments for this factor do not apply.

ADJUSTMENT GRID – Ivy - 1,846 SF Plan

Item		Subject Property	Comparable No. 1			Comparable No. 2			Comparable No. 3		
Project			Ivy			Ivy			Ivy		
Builder			McCaffrey Homes			McCaffrey Homes			McCaffrey Homes		
Master Plan		Tesoro Viejio	Tesoro Viejio			Tesoro Viejio			Tesoro Viejio		
New or Resale		New	New			New			New		
Address		Base Plan	4580 Hillside			683 Overstone Avenue			867 Overstone Avenue		
Location		Madera	Madera			Madera			Madera		
Data Source		Builder	Builder & Public Records			Builder & Public Records			Builder & Public Records		
Price		$419,900			$426,850			$486,484			$474,223
Price/SF Living Area		$227 psf			$231 psf			$264 psf			$257 psf
Concessions			Yes		($12,500)	Yes		($11,000)	Yes		($14,500)
Effective Price					$414,350			$475,484			$459,723
Property Rights		Fee Simple	Similar			Similar			Similar		
Financing Terms		Market	Similar			Similar			Similar		
Status			Pending			Closed			Closed		
Date of Contract	0.25%	Current	07/14/20			07/12/19		$5,000	01/30/20		$5,000
Interim Adj. Value					$414,350			$480,484			$464,723
Project Location		Madera/Tesoro Viejo	Madera			Madera			Madera		
Effective Tax		Average	Similar			Similar			Similar		
HOA/month		-	Similar			Similar			Similar		
Community Appeal		Good	Similar			Similar			Similar		
Lot Size SF		6,600	6,626	$8 psf	($208)	6,660	$8 psf	($480)	7,063	$8 psf	($3,704)
View		None	Similar			Similar			Similar		
Site Influence		Interior	Similar			Similar			Similar		
Type (Attached/Detached)		Traditional	Similar			Similar			Similar		
Design, Appeal & Features		Above Average	Similar			Similar			Similar		
Year Built		2020	2020			2020			2020		
Effective Age	0.50%	0	0	0.0%		0	0.0%		0	0.0%	
Condition		New/Good	New			New			New		
Room Count Bdrm	$0	Bdrm / Bth	Bdrm / Bth			Bdrm / Bth			Bdrm / Bth		
Bath	$10,000	3 / 2	3 / 2			3 / 2			3 / 2		
Living Area		1,846 SF	1,846	$75 psf		1,846	$75 psf		1,846	$75 psf	
Stories	$15,000	1 STY	1 STY			1 STY			1 STY		
Functional Utility		Average	Similar			Similar			Similar		
Heating		Central/Forced	Similar			Similar			Similar		
Garage	$10,000	2 Full	2 Full			2 Full			2 Full		
Garage Type		Attached	Similar			Similar			Similar		
Landscaping		Front Yard	Similar			Similar			Similar		
Patios/Decks		Front	Front			Front			Front		
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)			0 Fireplace(s)			0 Fireplace(s)		
Appliances		DW, R/O, Disposal	Similar			Similar			Similar		
Upgrades/Options		N/A	Yes		($2,950)	Yes		($45,584)	Yes		($39,323)
Solar		None	None			None			None		
Other		N/A	Similar			Similar			Similar		
Net Adjustments			-3.7%		($15,658)	-10.7%		($52,064)	-11.1%		($52,527)
Gross Adjustments			3.7%		$15,658	12.8%		$62,064	13.2%		$62,527
Adjusted Base Value:					$411,192			$434,420			$421,696

Unadjusted Range:	$426,850 to $486,484
Adjusted Range:	$411,192 to $434,420
Concluded Value:	**$420,000**

BBG

ADJUSTMENT GRID – Oaks – 2,278 SF Plan

Item		Subject Property	Comparable No. 1			Comparable No. 2			Comparable No. 3		
Project			Oaks			Hickory			Oaks		
Builder			McCaffrey Homes			McCaffrey Homes			McCaffrey Homes		
Master Plan		Tesoro Viejio	Tesoro Viejio			Tesoro Viejio			Tesoro Viejio		
New or Resale		New	New			New			New		
Address		Base Plan	872 Overstone			4703 Terrace Road			4751 Overstone Avenue		
Location		Madera	Madera			Madera			Madera		
Data Source		Builder	Builder & Public Records			Builder & Public Records			Builder & Public Records		
Price		$491,900			$522,199			$471,260			$543,975
Price/SF Living Area		$216 psf			$229 psf			$219 psf			$270 psf
Concessions			Yes		($10,000)	Yes		($13,000)	Yes		($1,020)
Effective Price					$512,199			$458,260			$542,955
Property Rights		Fee Simple	Similar			Similar			Similar		
Financing Terms		Market	Similar			Similar			Similar		
Status			Closed			Closed			Closed		
Date of Contract	0.25%	Current	06/11/20			11/22/19		$5,000	09/27/19		$5,000
Interim Adj. Value					$512,199			$463,260			$547,955
Project Location		Madera/Tesoro Viejo	Madera			Madera			Madera		
Effective Tax		Average	Similar			Similar			Similar		
HOA/month		-	Similar			Similar			Similar		
Community Appeal		Good	Similar			Similar			Similar		
Lot Size SF		7,700	8,843	$8 psf	($9,144)	6,090	$8 psf	$12,880	6,888	$8 psf	$6,496
View		None	Similar			Similar			Similar		
Site Influence		Interior	Similar			Similar			Superior		($10,000)
Type (Attached/Detached)		Traditional	Similar			Similar			Similar		
Design, Appeal & Features		Above Average	Similar			Similar			Similar		
Year Built		2020	2020			2020			2020		
Effective Age	0.50%	0	0	0.0%		0	0.0%		0	0.0%	
Condition		New/Good	New			New			New		
Room Count Bdrm	$0	Bdrm Bth	Bdrm Bth			Bdrm Bth			Bdrm Bth		
Bath	$10,000	3 2.5	3 2.5			3 2.5			3 2.5		
Living Area		2,278 SF	2,278	$75 psf		2,152	$75 psf	$9,450	2,014	$75 psf	$19,800
Stories	$15,000	1 STY	1 STY			1 STY			1 STY		
Functional Utility		Average	Similar			Similar			Similar		
Heating		Central/Forced	Similar			Similar			Similar		
Garage	$10,000	2 Full	2 Full			2 Full			2 Full		
Garage Type		Attached	Similar			Similar			Similar		
Landscaping		Front Yard	Similar			Similar			Similar		
Patios/Decks		Front	Front			Front			Front		
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)			0 Fireplace(s)			0 Fireplace(s)		
Appliances		DW, R/O, Disposal	Similar			Similar			Similar		
Upgrades/Options		N/A	Yes		($21,219)	Yes		($35,360)	Yes		($74,075)
Solar		None	None			None			None		
Other		N/A	Similar			Similar			Similar		
Net Adjustments			-7.7%		($40,363)	-4.5%		($21,030)	-9.9%		($53,799)
Gross Adjustments			7.7%		$40,363	16.1%		$75,690	21.4%		$116,391
Adjusted Base Value:					$481,836			$450,230			$490,176

Unadjusted Range:	$471,260 to $543,975
Adjusted Range:	$450,230 to $490,176
Concluded Value:	**$480,000**

ADJUSTMENT GRID – Altura – 1,581 SF Plan

Item		Subject Property	Comparable No. 1			Comparable No. 2			Comparable No. 3		
Project			Altura			Altura			Altura		
Builder			McCaffrey Homes			McCaffrey Homes			McCaffrey Homes		
Master Plan		Tesoro Viejio	Tesoro Viejio			Tesoro Viejio			Tesoro Viejio		
New or Resale		New	New			New			New		
Address		Base Plan	Lot 76			4360 Horizon Drive			844 Twin Oaks		
Location		Madera	Madera			Madera			Madera		
Data Source		Builder	Builder & Public Records			Builder & Public Records			Builder & Public Records		
Price		$328,900			$348,216			$349,155			$338,100
Price/SF Living Area		$208 psf			$220 psf			$221 psf			$214 psf
Concessions			Yes		($13,500)	Yes		($17,500)	Yes		($1,020)
Effective Price					$334,716			$331,655			$337,080
Property Rights		Fee Simple	Similar			Similar			Similar		
Financing Terms		Market	Similar			Similar			Similar		
Status			Closed			Closed			Pending		
Date of Contract	0.25%	Current	02/11/20		$5,000	12/24/19		$5,000	05/22/20		
Interim Adj. Value					$339,716			$336,655			$337,080
Project Location		Madera/Tesoro Viejo	Madera			Madera			Madera		
Effective Tax		Average	Similar			Similar			Similar		
HOA/month		-	Similar			Similar			Similar		
Community Appeal		Good	Similar			Similar			Similar		
Lot Size SF		2,720	3,242	$8 psf	($4,176)	3,073	$8 psf	($2,824)	2,940	$8 psf	($1,760)
View		None	Similar			Similar			Similar		
Site Influence		Interior	Similar			Similar			Similar		
Type (Attached/Detached)		Traditional	Similar			Similar			Similar		
Design, Appeal & Features		Above Average	Similar			Similar			Similar		
Year Built		2020	2020			2020			2020		
Effective Age	0.50%	0	0	0.0%		0	0.0%		0	0.0%	
Condition		New/Good	New			New			New		
Room Count Bdrm	$0	Bdrm Bth	Bdrm Bth			Bdrm Bth			Bdrm Bth		
Bath	$10,000	3 2.5	3 2.5			3 2.5			3 2.5		
Living Area		1,581 SF	1,581	$75 psf		1,581	$75 psf		1,581	$75 psf	
Stories	$15,000	2 STY	2 STY			2 STY			2 STY		
Functional Utility		Average	Similar			Similar			Similar		
Heating		Central/Forced	Similar			Similar			Similar		
Garage	$10,000	2 Full	2 Full			2 Full			2 Full		
Garage Type		Attached	Similar			Similar			Similar		
Landscaping		Front Yard	Similar			Similar			Similar		
Patios/Decks		Front	Front			Front			Front		
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)			0 Fireplace(s)			0 Fireplace(s)		
Appliances		DW, R/O, Disposal	Similar			Similar			Similar		
Upgrades/Options		N/A	Yes		($20,816)	Yes		($22,255)	Yes		($13,200)
Solar		None	None			None			None		
Other		N/A	Similar			Similar			Similar		
Net Adjustments			-9.6%		($33,492)	-10.8%		($37,579)	-4.7%		($15,980)
Gross Adjustments			12.5%		$43,492	13.6%		$47,579	4.7%		$15,980
Adjusted Base Value:					$314,724			$311,576			$322,120

Unadjusted Range:	$338,100 to $349,155
Adjusted Range:	$311,576 to $322,120
Concluded Value:	**$325,000**

ADJUSTMENT GRID – Hickory – 1,960 SF Plan

Item		Subject Property	Comparable No. 1		Comparable No. 2		Comparable No. 3	
Project			Ivy		Ivy		Ivy	
Builder			McCaffrey Homes		McCaffrey Homes		McCaffrey Homes	
Master Plan		Tesoro Viejio	Tesoro Viejio		Tesoro Viejio		Tesoro Viejio	
New or Resale		New	New		New		New	
Address		Base Plan	4580 Hillside		683 Overstone Avenue		867 Overstone Avenue	
Location		Madera	Madera		Madera		Madera	
Data Source		Builder	Builder & Public Records		Builder & Public Records		Builder & Public Records	
Price		$429,900		$426,850		$486,484		$474,223
Price/SF Living Area		$219 psf		$231 psf		$264 psf		$257 psf
Concessions			Yes	($12,500)	Yes	($11,000)	Yes	($14,500)
Effective Price				$414,350		$475,484		$459,723
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Market	Similar		Similar		Similar	
Status			Pending		Closed		Closed	
Date of Contract	0.25%	Current	07/14/20		07/12/19	$5,000	01/30/20	$5,000
Interim Adj. Value				$414,350		$480,484		$464,723
Project Location		Madera/Tesoro Viejo	Madera		Madera		Madera	
Effective Tax		Average	Similar		Similar		Similar	
HOA/month		-	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Lot Size SF		5,950	6,626 $8 psf	($5,408)	6,660 $8 psf	($5,680)	7,063 $8 psf	($8,904)
View		None	Similar		Similar		Similar	
Site Influence		Interior	Similar		Similar		Similar	
Type (Attached/Detached)		Traditional	Similar		Similar		Similar	
Design, Appeal & Features		Above Average	Similar		Similar		Similar	
Year Built		2020	2020		2020		2020	
Effective Age	0.50%	0	0 0.0%		0 0.0%		0 0.0%	
Condition		New/Good	New		New		New	
Room Count Bdrm	$0	Bdrm Bth	Bdrm Bth		Bdrm Bth		Bdrm Bth	
Bath	$10,000	3 2	3 2		3 2		3 2	
Living Area		1,960 SF	1,846 $75 psf	$8,550	1,846 $75 psf	$8,550	1,846 $75 psf	$8,550
Stories	$15,000	1 STY	1 STY		1 STY		1 STY	
Functional Utility		Average	Similar		Similar		Similar	
Heating		Central/Forced	Similar		Similar		Similar	
Garage	$10,000	3 Full	2 Full	$10,000	2 Full	$10,000	2 Full	$10,000
Garage Type		Attached	Similar		Similar		Similar	
Landscaping		Front Yard	Similar		Similar		Similar	
Patios/Decks		Front	Front		Front		Front	
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)		0 Fireplace(s)		0 Fireplace(s)	
Appliances		DW, R/O, Disposal	Similar		Similar		Similar	
Upgrades/Options		N/A	Yes	($2,950)	Yes	($45,584)	Yes	($39,323)
Solar		None	None		None		None	
Other		N/A	Similar		Similar		Similar	
Net Adjustments			-0.5%	($2,308)	-8.0%	($38,714)	-8.3%	($39,177)
Gross Adjustments			9.2%	$39,408	17.6%	$85,814	18.2%	$86,277
Adjusted Base Value:				$424,542		$447,770		$435,046

Unadjusted Range: $426,850 to $486,484
Adjusted Range: $424,542 to $447,770
Concluded Value: **$430,000**

ADJUSTMENT GRID – The Bluffs – 2,133 SF Plan

Item		Subject Property	Comparable No. 1			Comparable No. 2			Comparable No. 3		
Project			Ivy			Ivy			Ivy		
Builder			McCaffrey Homes			McCaffrey Homes			McCaffrey Homes		
Master Plan		Tesoro Viejio	Tesoro Viejio			Tesoro Viejio			Tesoro Viejio		
New or Resale		New	New			New			New		
Address		Base Plan	4580 Hillside			683 Overstone Avenue			867 Overstone Avenue		
Location		Madera	Madera			Madera			Madera		
Data Source		Builder	Builder & Public Records			Builder & Public Records			Builder & Public Records		
Price		$440,000			$426,850			$486,484			$474,223
Price/SF Living Area		$206 psf			$231 psf			$264 psf			$257 psf
Concessions			Yes		($12,500)	Yes		($11,000)	Yes		($14,500)
Effective Price					$414,350			$475,484			$459,723
Property Rights		Fee Simple	Similar			Similar			Similar		
Financing Terms		Market	Similar			Similar			Similar		
Status			Pending			Closed			Closed		
Date of Contract	0.25%	Current	07/14/20			07/12/19		$10,000	01/30/20		$5,000
Interim Adj. Value					$414,350			$485,484			$464,723
Project Location		Madera/Tesoro Viejo	Madera			Madera			Madera		
Effective Tax		Average	Similar			Similar			Similar		
HOA/month		-	Similar			Similar			Similar		
Community Appeal		Good	Similar			Similar			Similar		
Lot Size SF		5,500	6,626	$8 psf	($9,008)	6,660	$8 psf	($9,280)	7,063	$8 psf	($12,504)
View		None	Similar			Similar			Similar		
Site Influence		Interior	Similar			Similar			Similar		
Type (Attached/Detached)		Traditional	Similar			Similar			Similar		
Design, Appeal & Features		Above Average	Similar			Similar			Similar		
Year Built		2020	2020			2020			2020		
Effective Age	0.50%	0	0	0.0%		0	0.0%		0	0.0%	
Condition		New/Good	New			New			New		
Room Count Bdrm	$0	Bdrm / Bth	Bdrm	Bth		Bdrm	Bth		Bdrm	Bth	
Bath	$10,000	3 / 2.5	3	2	$5,000	3	2	$5,000	3	2	$5,000
Living Area		2,133 SF	1,846	$75 psf	$21,525	1,846	$75 psf	$21,525	1,846	$75 psf	$21,525
Stories	$15,000	1 STY	1 STY			1 STY			1 STY		
Functional Utility		Average	Similar			Similar			Similar		
Heating		Central/Forced	Similar			Similar			Similar		
Garage	$10,000	2 Full	2 Full			2 Full			2 Full		
Garage Type		Attached	Similar			Similar			Similar		
Landscaping		Front Yard	Similar			Similar			Similar		
Patios/Decks		Front	Front			Front			Front		
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)			0 Fireplace(s)			0 Fireplace(s)		
Appliances		DW, R/O, Disposal	Similar			Similar			Similar		
Upgrades/Options		N/A	Yes		($2,950)	Yes		($45,584)	Yes		($39,323)
Solar		None	None			None			None		
Other		N/A	Similar			Similar			Similar		
Net Adjustments			0.5%		$2,067	-6.0%		($29,339)	-7.3%		($34,802)
Gross Adjustments			11.9%		$50,983	21.0%		$102,389	20.6%		$97,852
Adjusted Base Value:					$428,917			$457,145			$439,421

Unadjusted Range:	$426,850 to $486,484
Adjusted Range:	$428,917 to $457,145
Concluded Value:	**$440,000**

BBG

ADJUSTMENT GRID – Vista Bella – 2,163 SF Plan

Item		Subject Property	Comparable No. 1			Comparable No. 2			Comparable No. 3		
Project			Ivy			Ivy			Ivy		
Builder			McCaffrey Homes			McCaffrey Homes			McCaffrey Homes		
Master Plan		Tesoro Viejio	Tesoro Viejio			Tesoro Viejio			Tesoro Viejio		
New or Resale		New	New			New			New		
Address		Base Plan	4580 Hillside			683 Overstone Avenue			867 Overstone Avenue		
Location		Madera	Madera			Madera			Madera		
Data Source		Builder	Builder & Public Records			Builder & Public Records			Builder & Public Records		
Price		$398,990			$426,850			$486,484			$474,223
Price/SF Living Area		$187 psf			$231 psf			$264 psf			$257 psf
Concessions			Yes		($12,500)	Yes		($11,000)	Yes		($14,500)
Effective Price					$414,350			$475,484			$459,723
Property Rights		Fee Simple	Similar			Similar			Similar		
Financing Terms		Market	Similar			Similar			Similar		
Status			Pending			Closed			Closed		
Date of Contract	0.25%	Current	07/14/20			07/12/19		$10,000	01/30/20		$5,000
Interim Adj. Value					$414,350			$485,484			$464,723
Project Location		Madera/Tesoro Viejo	Madera			Madera			Madera		
Effective Tax		Average	Similar			Similar			Similar		
HOA/month		-	Similar			Similar			Similar		
Community Appeal		Good	Similar			Similar			Similar		
Lot Size SF		4,000	6,626	$10 psf	($26,260)	6,660	$10 psf	($26,600)	7,063	$10 psf	($30,630)
View		None	Similar			Similar			Similar		
Site Influence		Interior	Similar			Similar			Similar		
Type (Attached/Detached)		Traditional	Similar			Similar			Similar		
Design, Appeal & Features		Above Average	Sl. Superior		($10,000)	Sl. Superior		($10,000)	Sl. Superior		($10,000)
Year Built		2020	2020			2020			2020		
Effective Age	0.50%	0	0	0.0%		0	0.0%		0	0.0%	
Condition		New/Good	New			New			New		
Room Count Bdrm	$0	Bdrm / Bth	Bdrm	Bth		Bdrm	Bth		Bdrm	Bth	
Bath	$10,000	4 / 2.5	3	2	$5,000	3	2	$5,000	3	2	$5,000
Living Area		2,133 SF	1,846	$75 psf	$21,525	1,846	$75 psf	$21,525	1,846	$75 psf	$21,525
Stories	$15,000	2 STY	1 STY		($15,000)	1 STY		($15,000)	1 STY		($15,000)
Functional Utility		Average	Similar			Similar			Similar		
Heating		Central/Forced	Similar			Similar			Similar		
Garage	$10,000	2 Full	2 Full			2 Full			2 Full		
Garage Type		Attached	Similar			Similar			Similar		
Landscaping		Front Yard	Similar			Similar			Similar		
Patios/Decks		Front	Front			Front			Front		
Fireplace(s)	$2,500	0 Fireplace(s)	0 Fireplace(s)			0 Fireplace(s)			0 Fireplace(s)		
Appliances		DW, R/O, Disposal	Similar			Similar			Similar		
Upgrades/Options		N/A	Yes		($2,950)	Yes		($45,584)	Yes		($39,323)
Solar		None	None			None			None		
Other		N/A	Similar			Similar			Similar		
Net Adjustments			-9.4%		($40,185)	-14.7%		($71,659)	-16.4%		($77,928)
Gross Adjustments			21.8%		$93,235	29.7%		$144,709	29.7%		$140,978
Adjusted Base Value:					$386,665			$414,825			$396,295

Unadjusted Range:	$426,850 to $486,484
Adjusted Range:	$386,665 to $414,825
Concluded Value:	**$395,000**

The estimated base value conclusions based on a current date of value are shown below.

Ivy - 1,846 SF Plan: The comparable sales have adjusted prices from $411,192 to $434,420. The mean and median are $422,436 and $421,696, respectively. The current listing price of this plan is $419,900. Based on analysis, we estimate a value of $420,000 for this plan. This value is net of concessions

Oaks - 2,278 SF Plan: The comparable sales have adjusted prices from $450,230 to $490,176. The mean and median are $474,081 and $481,836, respectively. The current listing price of this plan is $491,900. Based on analysis, we estimate a value of $480,000 for this plan. This value is net of concessions.

Altura - 1,581 SF Plan: The comparable sales have adjusted prices from $320,576 to $325,576. The mean and median are $323,140 and $322,120, respectively. The current listing price of this plan is $328,900. Based on analysis, we estimate a value of $325,000 for this plan. This value is net of concessions.

Hickory - 1,960 SF Plan: The comparable sales have adjusted prices from $424,542 to $452,770. The mean and median are $437,453 and $435,046, respectively. The current listing price of this plan is $429,900. Based on analysis, we estimate a value of $430,000 for this plan. This value is net of concessions.

The Bluffs - 2,133 SF Plan: The comparable sales have adjusted prices from $428,917 to $457,145. The mean and median are $441,828 and $439,421, respectively. The current listing price of this plan is $440,900. Based on analysis, we estimate a value of $440,000 for this plan. This value is net of concessions.

Vista Bella - 2,163 SF Plan: The comparable sales have adjusted prices from $386,665 to $414,825. The mean and median are $399,262 and $396,295, respectively. The current listing price of this plan is $398,990. Based on analysis, we estimate a value of $395,000 for this plan. This value is net of concessions.

Shown on the following page is our estimate of the home plans for each of the product types.

BASE HOME VALUE CONCLUSIONS

Product Line		Lot Size Category (SF)	Home Size (SF)	Stories	Number of Bedrooms	Number of Bathrooms	Garage Size		Plan Conclusion
The Bluffs	Hayden	5,500	2,133	1	3	2.5	2	Full	$440,000
(D. R. Horton)	Maxwell	5,500	2,346	2	4	2.5	2	Full	$470,000
Product 3	**Reese**	**5,500**	**2,600**	**2**	**4**	**3**	**2**	**Full**	**$475,000**
	Winchester	5,500	2,851	2	5	3	3	Full	$500,000
Vista Bella	Aspen	4,000	2,163	2	4	2.5	2	Full	$395,000
(K. Hovnanian)	Cypress	4,000	2,333	2	3	2.5	2	Full	$405,000
Product 7	**Willow**	**4,000**	**2,430**	**2**	**4**	**3**	**2**	**Full**	**$415,000**
	Spruce	4,000	2,517	2	5	4	2	Full	$420,000
Altura	Bryce	2,720	1,581	2	3	2.5	2	Full	$325,000
(McCaffery Homes)	**Katelyn**	**2,720**	**1,852**	**2**	**3**	**2.5**	**3**	**Full**	**$360,000**
Product 10	Laina	2,720	2,205	2	4	3	2	Full	$380,000
Hickory	Birch	5,950	1,960	1	3	2	3	Full	$430,000
(McCaffery Homes)	Maple	5,950	1,974	1	3	2	3	Full	$430,000
Product 5	**Pecan**	**5,950**	**2,359**	**1**	**3**	**2.5**	**3**	**Full**	**$445,000**
	Walnut	5,950	3,113	2	3	3	3	Full	$500,000
Ivy	Braden	6,600	1,846	1	3	2	2	Full	$420,000
(McCaffrey Homes)	Cyril	6,600	2,126	1	3	2.5	2	Full	$440,000
Product 2	Dylan	6,600	2,658	2	4	3	2	Full	$475,000
	Makenna	**6,600**	**2,769**	**1**	**4**	**3**	**2**	**Full**	**$500,000**
	Mary Lou	6,600	2,953	1	4	3.5	3	Full	$530,000
	Pauline	6,600	2,180	2	4	3	2	Full	$475,000
Oaks	Blue Oak	7,700	2,278	1	3	2.5	2	Full	$480,000
(McCaffrey Homes)	**Live Oak**	**7,700**	**3,072**	**2**	**3**	**2.5**	**3**	**Full**	**$535,000**
Product 2	Valley Oak	7,700	3,495	2	4	2.5	3	Full	$575,000

The plans in **Bold** a represent the home plan utilized in the subdivision development model presented in the following preceding section.

LOT VALUATION

In the valuation of the subject lots, we utilize the subdivision development method (land residual analysis) and the sales comparison approach. For each approach, we begin by estimating the subject's current value as finished lots with site development completed. From the estimated value as finished, we deduct remaining site development costs and profit, if any.

IDENTIFICATION OF TYPICAL NEIGHBORHOOD

For the subdivision development analysis we have chosen one neighborhood for each product type to analyze. The lot types we have chosen are summarized below:

- 60 x 110 Product Type 2
- 70 x 110 Product Type 2
- 50 x 110 Product Type 3
- 70 x 85 Product Type 5
- 50 x 80 Product Type 7
- 40 x 68 Product Type 10

Our analysis begins with the subdivision development method below.

SUBDIVISION DEVELOPMENT METHOD

When analyzing a subdivision, the income approach (yield capitalization) to value is commonly referred to as the "Subdivision Development Method." This technique utilizes discounted cash flow (DCF) analysis to extract the price that an investor/developer can afford to pay for land or finished lots, and still satisfy a profitability requirement in production as a merchant builder or land developer. The subdivision development method is a "house down" analysis that deducts anticipated home construction and carrying costs from anticipated home prices over a projected absorption period. As a discounted cash flow analysis, there are four components (revenue, absorption, expenses and discount rate). The steps required to complete this analysis are as follows:

- Estimate the revenue from the retail sale of completed homes, with consideration to appreciation/inflation factors, if any;

- Estimate an appropriate absorption rate for the sale of homes or lots;

- Estimate all expenses associated with the sell-off of completed homes, including holding and selling costs, as well as direct and indirect construction costs (with consideration for inflationary expense trending);

- Estimate the appropriate profit rate/discount rate for the type of project under consideration, and discount the net cash flows to arrive at a value indication.

The DCF model allows for a complete analysis of the subject's financial performance throughout the projection period. In the following analysis, the appraisers have attempted to model the anticipated revenues and expenses for the project based on assumptions derived from the market.

Note that while the Developer's proposed product line and unit mix are within market parameters, the intent of this analysis is to replicate the perspective of a probable buyer using general market assumptions, as opposed to using the Developer's unit mix and budgeted expenses items (which may correlate more strongly with investment value). For this reason, our analysis uses general market estimates for average home size and cost, which are more or less consistent with the proposed unit mix and budgeted items.

The four components of the discounted cash flow analysis are discussed on the following pages.

REVENUE

Revenue is generated from the sale of completed homes, lot premiums and model home recapture (if any). Projected revenues are based on the typical product that meets the highest and best use criteria for the subject property relative to the market area.

HOME SALES

We have estimated average home sizes for each product type. Based on our prior analysis, we have estimated average prices to accompany those average sizes.

ESTIMATED HOME PRICES

Village	Lot Size	Units*	Est. Avg. Home Size	Current Est. Avg. Base Price
2 - 60 x 110 Product - Traditional	6,600	50	2,769	$500,000
2 - 70 x 110 Product - Traditional	7,700	50	3,072	$535,000
3 - 50 x 110 Product - Traditional	5,500	50	2,600	$475,000
5 - 70 x 85 Product - Traditional	5,950	50	2,359	$445,000
7 - 50 x 80 Product - Traditional	4,000	50	2,430	$415,000
10 - 40 x 68 Product - Traditional	2,720	50	1,852	$360,000

*We utilize a typical 50 lot transaction for our analysis

Our analysis shows sales begin in Period 1, with the first sales not achieved until the end of the period. The finished lot analysis presumes the builder has completed improvement plans and other pre-construction due diligence prior to acquisition.

PRICE CHANGES

Prior to COVID -19 the market gave mixed responses regarding whether participants trend home prices in land acquisition models. During down markets, market participants generally prefer not to speculate or price trend, but during expansionary periods with limited inventory, models require price trending in order to support land prices being paid by competitors. The size of the project also matters. Nearly all participants indicate some form of price trending when models exceed two years. We estimate an annual 3% increase in prices.

LOT PREMIUMS

We have reviewed the lot premiums for the home sales in the development. Based on this review we estimate total lot premiums from 0% to 5% of 1.0% of base home value. While lot premiums may change over a market cycle, builders do not typically increase or decrease lot premiums as home prices are adjusted. Below are the estimate lot premiums for the different lot types/sizes.

ESTIMATED LOT PREMIUMS

Village	Lot Size	Lot Premiums of Home Price
2 - 60 x 110 Product - Traditional	6,600	3%
2 - 70 x 110 Product - Traditional	7,700	5%
3 - 50 x 110 Product - Traditional	5,500	2%
5 - 70 x 85 Product - Traditional	5,950	3%
7 - 50 x 80 Product - Traditional	4,000	2%
10 - 40 x 68 Product - Traditional	2,720	0%

MODEL RECAPTURE

We have considered the number of remaining lots in each unit. For each product type, we estimate a builder would construct three models in each.

Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from $25,000 per model to over $250,000 per model. Based on the subject’s market segment and project size, we estimate the subject models—based on the assumed construction quality—would have a model expense of approximately $100,000/model. This estimate includes allocations of $75,000/model in upgrades/model, $10,000/model in personal property/furniture, $10,000/model in landscaping, and $5,000/model in sales office construction and conversion costs and other miscellaneous expenses.

When model homes are sold, the developer will recapture a portion of the expenses associated with the installation of premium upgrades in the model units. Model upgrades are based on all costs associated with model development – landscaping, upgrades, furnishing, fixtures and sales office set-up. Although not considered real estate, furniture is a real cost of tract development – to omit furniture would overstate land value. The model upgrade costs are a fixed expense and the number of models provided is based on the project size and market conditions.

Builders typically recapture around 30% to 50% of model expenses. The difference between model costs and recapture represents furniture costs (which are not real estate), upgrade depreciation and sale office conversion costs. Using an estimate of 40%, the estimated recapture equates to $40,000/model. Revenue from model recapture is reflected in the last period of sales.

OPTION REVENUE

For the subject market segment in an affluent neighborhood, a builder in the current competitive environment would likely underwrite its purchase with a standard options allocation. We utilize an estimate of 10.0% to 18% of base of base revenue. Option costs are estimated at 65% of option revenue.

OPTIONS SURVEY

Location	Year	Builder Type	Average Base Price	Options Allocation	Option Revenue as % of Base Revenue	Options Cost	Options Cost at % of Option Revenue	Source/Comment
Sacramento	2019	Private	$563,062	$55,010	10%	$38,507	70%	Pro Forma, mid-construction
Lathrop	2019	Private	$499,382	$48,264	10%	$39,563	82%	Pro Forma, pre-construction
Brentwood	2018	Public	$647,865	$48,958	8%	$31,823	65%	Pro Forma, pre-construction
Lincoln	2018	Public	$488,178	$35,000	7%	$21,875	63%	Pro Forma, pre-construction
Sacramento	2018	Private	$464,661	$23,637	5%	$16,546	70%	Pro Forma, pre-construction
Sacramento	2018	Private	$456,571	$22,829	5%	$15,980	70%	Pro Forma, pre-construction
Santa Rosa	2018	Private	$606,500	$21,250	4%	$14,854	70%	Pro Forma, pre-construction
Stockton	2017	Private	$434,030	$24,000	6%	$18,000	75%	Pro Forma, pre-construction
Folsom	2017	Private	$572,857	$40,000	7%	$30,000	75%	Pro Forma, pre-construction
Folsom	2017	Private	$488,784	$20,932	4%	$14,652	70%	Pro Forma, pre-construction
Folsom	2017	Private	$682,388	$40,000	6%	$26,000	65%	Pro Forma, pre-construction
Fairfield	2017	Private	$510,224	$10,204	2%	$8,164	80%	Pro Forma, pre-construction

ABSORPTION AND TIMING

We have relied on the Market Study completed by the Gregory Group to arrive at absorption of the lots and homes. These conclusions are as follows:

Village 2: The absorption estimate was 0.75 sales per week. We conclude to a quarterly absorption estimate of 10 sales per quarter.

Village 3: The absorption estimate was 1.00 sales per week. We conclude to a quarterly absorption estimate of 13 sales per quarter.

Village 5: The absorption estimate was 0.75 sales per week. We conclude to a quarterly absorption estimate of 10 sales per quarter.

Village 7: The absorption estimate was 0.75 sales per week. We conclude to a quarterly absorption estimate of 10 sales per quarter.

Village 10: The absorption estimate was 1.25 sales per week. We conclude to a quarterly absorption estimate of 16 sales per quarter.

CLOSING PROJECTIONS

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that closings will occur within three to six months beyond the date of sale. The discounted cash flow analysis reflects close of escrow of homes occurring in the period following the period of sale. The premise is that the builder constructs efficiently as homes are sold.

EXPENSES (SELLING AND HOLDING COSTS)

The holding and selling costs typically associated with a development where home construction is complete are summarized as follows:

SALES COMMISSIONS, CLOSING COSTS AND WARRANTY

Sales commissions, closing costs and warranty expenses typically are non-financeable and are paid at home closing. Sales commissions include both internal commissions and broker co-op. We previously estimated sales commissions at 1.5% of gross revenue. Closing and warranty expenses were previously estimated at 0.25% and 1.00%, respectively.

HOME CONSTRUCTION COSTS

Direct construction costs pertain to the labor and materials to build the project. The previously estimated direct costs are shown below. Home construction costs are spread over three periods for each home sale, which recognizes some expenses are occur before physical construction occurs. The cash flow shows the first expenses occurring in the period before point of sale, and finishing the period of home closing.

DIRECT CONSTUCTION COSTS - APPRAISER ESTIMATE

Product Line	Lot Size	Home Size SF	Appraiser Estimate Direct Cost ($/SF)	Total
2 - 60 x 110 Product	6,600	2,769	$90.00	$249,210
2 - 70 x 110 Product	7,700	3,072	$92.00	$282,624
3 - 50 x 110 Product	5,500	2,600	$90.00	$234,000
5 - 70 x 85 Product	5,950	2,359	$88.00	$207,592
7 - 50 x 80 Product	4,000	2,430	$88.00	$213,840
10 - 40 x 68 Product	2,720	1,852	$90.00	$166,680

CHANGES IN EXPENSES (EXPENSE INCREASES OR DECREASES)

While the "all items less food and energy" CPI index has been around 1.5% to 2.0% over the last 12 months, builders have reporting direct cost increases over the last 12 months in the 3% to 5% per year range. The increases were attributable to increases in labor costs (labor shortage) and materials. As the market adjusts, we expect lesser increases over the next 12 months. Given the short duration of the sell-out of the neighborhood, we have utilized a 3% annual increase in expenses.

BUILDING PERMITS AND FEES

Like previously discussed, permits and fees vary by product type and on average are estimated to be in the $35,000 to $40,000 per lot range, accordingly. The estimated fees are applied to the number of homes sold in each period.

MODEL HOME COSTS

Model costs were previously estimated at $105,000/model. We consider the number of models in each product line and reflect all model expenses in the first period of home sales.

GENERAL ADMINISTRATION & OVERHEAD COSTS

This category includes all salaries for internal professionals (construction supervisors, support staff, etc.) and office overhead and supplies. We apply an estimate of 3.50%, like previously estimated. This expense is spread evenly over the sell-off period.

MARKETING

Like previously discussed, we estimate marketing expenses at 1.50% of gross sales (which includes master marketing, if any). This expense is spread evenly over the sell-off period.

OTHER INDIRECT COSTS

Other indirect items (not including indirect costs that have been considered separately) are the costs and fees incurred in developing the project and during the construction cycle, which may include architectural and engineering, insurance/bonds, common costs, field overhead and project coordinator fees. As previously discussed, we estimate other indirect costs at 3.50% of the anticipated sale price, which is spread evenly over the sell off period.

REAL ESTATE TAXES

The subject's taxes are estimated based on the current tax rate of around 1.017697% applied to the estimated market value. Taxes have been applied to the remaining unclosed lots each quarter based on the final value estimate. Taxes are appreciated 2% every four quarters.

As vacant finished lots, annual direct levies for the subject are estimated to average $620 per lot. In addition, for each unit we consider the Special Taxes for the CFD, which vary by product line and home size. The estimated weighted average maximum Special Taxes range from $680 to $863/lot (depending on home size) and were discussed in the *Property Taxes* section of this report. The direct levy and Special Tax amounts are adjusted to a quarterly basis and applied to the unclosed beginning period inventory.

OPTION COSTS

Like previously discussed, there is strong demand for lots and the market is expanding. A builder in this competitive environment would likely underwrite its purchase with a standard options allocation. Based on the prior survey presented, we estimate options costs at 65% of option revenue.

SITE DEVELOPMENT COSTS

In this section, we consider the subject as if site development is completed. Therefore, an allocation for site development is not needed. We consider remaining site development costs (if any) and profit (if any) after concluding a value as if finished.

PROFIT PARTICIPATION

Some sales contracts have profit participations. There is no profit participation with the subject master developer and the builders. No profit participation has been modeled into the valuation.

DISCOUNT RATE/DEVELOPER PROFIT

The final element in the discounted cash flow analysis is the discount rate that is applied to the individual cash flows. Discount rates applied typically in one of two ways: (1) an overall discount rate (IRR) inclusive of profit and the cost of funds of money; or (2) a bifurcated discount rate that is net of profit and represents the cost of funds of money only. The latter may be applied with a profit net of debt only, where the discount rate represents the cost of debt only, or it may be applied with a profit net of debt and equity, where the discount rate represents the blended cost of debt and equity.

Both the overall discount rate and bifurcated models are typical in the market. However, one shortcoming of the overall discount rate (IRR) methodology is the IRR skews upward significantly for smaller projects, particularly those less than 75 lots. For instance, Project A may contain 50 lots and Project B may contain 125 lots, and both may achieve the same profit per home, but an overall discount rate (IRR) would may show Project A yielding an IRR of 25% while Project B may be 20%. This phenomenon was discussed in a featured article of The Appraisal Journal titled "The Trouble with Rates in the Subdivision Development Method to Land Valuation," (Curry, 2013).

Considering the different numbers of lots, and in an effort to keep our analysis uniform across areas under different ownership, we utilize a bifurcated discount rate in this report (net of debt and equity). We also calculate the implied IRR based on the estimated profit and discount rate, as a test of reasonableness and additional support only.

Interviews with home builders provide support for a profit range from 8-15% of home price, as supported by the following profit survey. Note that the profit survey about was based on respondents of suburban area projects. Urban projects typically require much higher profits, as capital outlays for construction are nearly double that of suburban projects.

PROFIT (INCENTIVE) SURVEY by BBG – Sacramento/San Francisco

Pro Forma (based on market acquisition)	Area	Expectation
Public builder acquiring 300 +/- unimproved lots, multiple product lines (2018)	East Bay Area	13.8% net profit
Private builder acquiring 200 +/- townhome lots at t-map (2018)	North Bay Area	10.3% net of debt and equity
Private builder acquiring 70 +/- finished lots (2018)	Sacramento MSA	9.9% net profit from production homes averaging $455K; 6.69% net profit after equity
Private builder acquiring 30 +/- finished lots (2018)	Sacramento MSA	11.3% net profit from production homes averaging $465K; 8.34% net profit after equity
Private builder acquiring 35 +/- finished lots (2017)	Sacramento MSA	14.3% net profit from production homes averaging $575K
Private builder acquiring 15 +/- finished lots (2017)	Sacramento MSA	11.4% net profit from production homes averaging $680K
Private builder acquiring 15 +/- unimproved lots (2016)	Sacramento MSA	6.28% net profit from production homes averaging $475K, including profit associated with completing site development
Private builder acquiring 90+ finished lots (2016)	Mountain House/Lathrop	12.4% net profit before upgrades from production homes averaging $475K, plus 0.9% after upgrades. After profit participation, 10.4% net profit before upgrades, plus 0.9% after upgrades
Private builder acquiring 40+ finished lots (2016)	Sacramento MSA	6.5% net profit before upgrades from production homes averaging $465K, plus 1.6% after upgrades
Public builder acquiring 100+ finished lots (2016)	Sacramento MSA	9.34% net profit before upgrades from production homes averaging $350K, plus 1.2% after upgrades

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Note: Net profit implies net of debt financing only (some builders do not utliize or report equity financing), unless otherwise specified

The reported profit expectations above are net of debt financing but before equity financing (unless otherwise noted). Based on the subject characteristics, we've estimated a profit of 7.50% net of debt and equity financing (or before accounting for the time value of money).

Typical debt financing is summarized as follows:

COST OF FUNDS SURVEY by BBG – Northern California		
Source	Area	Expectation
Private Builder Pro Forma using Regional Bank (2018)	Sacramento MSA	5.50% plus one point for lender, 12.0% equity with 1.6X
Private Builder Pro Forma using National Bank (2017)	Sacramento MSA	4.2% plus 0.7 point
Private Builder Pro Forma using National Bank (2017)	Sacramento MSA	70% LTV or 80% LTC on completed homes at 5.25% interest, plus one point
Private Builder Pro Forma using Regional Bank (2016)	Manteca/Lathrop	65% LTV on finished lot acquisition, 75% LTC on vertical, at 5.0% interest, points not reported
Private Builder (anonymous) using National Bank (2016)	Secondary market in San Joaquin County	Prime plus 1%, develoment and construction in one loan based on the lesser of 75% Loan to Retail Value or 83% Loan to Total Cost. Plus 1.25 points.
Private Builder Pro Forma using Regional Bank (2016)	San Francisco Bay Area and Sacramento	3.94% plus 1.25 points, 75% LTC
Loan Executive (anonymous) - Regional Bank (2015)	San Francisco Bay Area and Sacramento	Prime plus 1.5% to 2.0%. Higher rates are typical for smaller builders and projects. A 1.5% spread would be typical for a 50-lot subdivision with an experienced developer. Given really good loan terms (sub 50% LTV), a strong guarantor, market competition, etc., would likely go as low as Prime plus 1.0%. Committment fee is 1.0% to 2.0%.

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Equity financing is typically paid on a waterfall basis. Preferred returns typically range from 8% to 20% and come with minimum IRR expectations. Private equity requirements vary based on project size and type. Smaller projects may rely on private equity financing based on a preferred return only (reflecting a minor premium on rates expected from “safe” commercial investments such as low-risk self-storage facilities), while larger projects—such as master planned communities—may require a preferred return, as well as multiples of 2X or 3X, in addition to project performance requirements such as sales rate (3+/month) and unleveraged IRR requirements (25+%).

Assuming typical loan costs, we estimate a discount rate (cost of funds) of 5.00% for the subject.

At the estimated bifurcated variables, our analysis yields overall discount rates (IRRs) from 21% to 26% for each of the villages.

As a test of reasonableness, we compare the inferred overall discount rate (IRRs) with overall discount survey data in the market. We’ve considered the PwC Real Estate Investor Survey, Realty Rates and propriety BBG surveys for determination of the discount rate.

PUBLISHED SURVEYS		
Survey	Rate	Comment
PwC Real Estate Investor Survey 4th Quarter 2019	10% - 20%, with an average of 15.9%	Up 10 basis points from 2nd Quarter
Realty Rates 1st Quarter 2020	16.08% - 32.59%, 23.85% average	California/Pacific Islands Region Subdivisions/PUDs, -100 units

Further support for an appropriate yield rate is from the opinions of market participants. A discount rate survey (completed by BBG, Inc.) is presented below. Note that most of the properties below represented unimproved projects with higher risk (in this section, we are analyzing the subject on a finished lot basis).

IRR SURVEY by BBG – Northern California

Pro Forma (based on market acquisition)	Area	Expectation	
Private Builder acquiring 200+ townhome lots at t-map	North Bay Area	22.90%	One product line, 5+ years of expected sales
Land Banker completing site improvements and selling 300 finished lots (three villages) on rolling takedown at 3 lots per month (2018)	SE Bay Area/Mt. House	12.60%	All cost overruns guaranteed by builder-buyer
Private Builder acquiring 300 +/- unimproved lots w/ imp. plans (2018)	SE Bay Area/Mt. House	24.10%	Three product lines
Private Builder acquiring 300 +/- unimproved lots w/ imp. plans (2018)	East Bay Area	22.30%	Three product lines
Private Builder acquiring 70 +/- unimproved lots no imp. plans (2018)	Sacramento Area	19.04%	Price not finaled; price likely to be adjusted downward for higher IRR
Private Builder acquiring 30 +/- unimproved lots w/ imp. plans (2018)	Sacramento Area	26.34%	
Private Builder acquiring 10 +/- unimproved lots, no imp. plans (2016)	San Francisco Bay Area	24.02%	
Private Builder acquiring 200+ unimproved lots, no imp. plans (2016)	San Francisco Bay Area	24.12%	Two product lines
Private Builder acquiring 130+ blue-top lots (2015)	South Bay Area	21.41%	

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The calculated IRRs for the neighborhood tested are reasonable relative to market data.

CONCLUSION

A summary of the DCF analyses is provided below; the full discounted cash flows then follow.

SUMMARY OF DISCOUNTED CASH FLOWS

		2 - 60 x 110 Product		2 - 70 x 110 Product		3 - 50 x 110 Product		5 - 70 x 85 Product		7 - 50 x 80 Product		10 - 40 x 68 Product	
Configuration		Traditional		Traditional		Traditional		Traditional		Traditional		Traditional	
Avg. Home Size (SF)		2,769		3,072		2,600		2,359		2,430		1,852	
Number of Lots		50		50		50		50		50		50	
Revenue		**Single-Unit (from DCF Model)**	**Total from DCF**	**Single-Unit (from DCF Model)**	**Total from DCF**	**Single-Unit (from DCF Model)**	**Total from DCF**	**Single-Unit (from DCF Model)**	**Total from DCF**	**Single-Unit (from DCF Model)**	**Total from DCF**	**Single-Unit (from DCF Model)**	**Total from DCF**
Base Home Revenue		$500,000	$25,000,000	$535,000	$26,750,000	$475,000	$23,750,000	$445,000	$22,250,000	$415,000	$20,750,000	$360,000	$18,000,000
Appreciated Base Home Revenue		$508,698	$25,434,923	$544,307	$27,215,368	$481,162	$24,058,089	$452,742	$22,637,082	$422,220	$21,110,986	$363,741	$18,187,050
Lot Premium Revenue		$15,000	$750,000	$26,750	$1,337,500	$9,500	$475,000	$13,350	$667,500	$8,300	$415,000	$0	$0
Option Revenue		$50,000	$2,500,000	$96,300	$4,815,000	$47,500	$2,375,000	$44,500	$2,225,000	$41,500	$2,075,000	$36,000	$1,800,000
Model Recapture	*40%*	$2,400	$120,000	$2,400	$120,000	$2,400	$120,000	$2,400	$120,000	$2,400	$120,000	$2,400	$120,000
Total Revenue (Gross Sale Proceeds)		$576,098	$28,804,923	$669,757	$33,487,868	$540,562	$27,028,089	$512,992	$25,649,582	$474,420	$23,720,986	$402,141	$20,107,050
Expenses													
Sales Commissions	*1.50%*	$8,641	$432,074	$10,046	$502,318	$8,108	$405,421	$7,695	$384,744	$7,116	$355,815	$6,032	$301,606
Closing, Title, Escrow	*0.25%*	$1,440	$72,012	$1,674	$83,720	$1,351	$67,570	$1,282	$64,124	$1,186	$59,302	$1,005	$50,268
Warranty	*1.00%*	$5,761	$288,049	$6,698	$334,879	$5,406	$270,281	$5,130	$256,496	$4,744	$237,210	$4,021	$201,071
Direct Constructon Costs		$253,637	$12,681,839	$287,644	$14,382,216	$237,144	$11,857,221	$211,280	$10,563,975	$217,638	$10,881,925	$168,506	$8,425,311
Permits and Fees		$40,246	$2,012,300	$40,246	$2,012,300	$40,246	$2,012,300	$40,246	$2,012,300	$40,246	$2,012,300	$37,966	$1,898,300
Option Costs	*60%*	$30,000	$1,500,000	$57,780	$2,889,000	$28,500	$1,425,000	$26,700	$1,335,000	$24,900	$1,245,000	$21,600	$1,080,000
General and Administrative	*3.50%*	$20,163	$1,008,172	$23,442	$1,172,075	$18,920	$945,983	$17,955	$897,735	$16,605	$830,235	$14,075	$703,747
Marketing	*3.00%*	$17,283	$864,148	$20,093	$1,004,636	$16,217	$810,843	$15,390	$769,487	$14,233	$711,630	$12,064	$603,212
Other Indirects (Constr./Ins./Contingency)	*3.00%*	$17,283	$864,148	$20,093	$1,004,636	$16,217	$810,843	$15,390	$769,487	$14,233	$711,630	$12,064	$603,212
Model Costs		$6,000	$300,000	$6,000	$300,000	$6,000	$300,000	$6,000	$300,000	$6,000	$300,000	$6,000	$300,000
Ad Valorem Taxes		$1,302	$65,115	$1,434	$71,707	$1,045	$52,258	$1,257	$62,861	$891	$44,541	$718	$35,889
Direct Levies	*$620 /yr*	$667	$33,325	$667	$33,325	$577	$28,830	$667	$33,325	$667	$33,325	$524	$26,195
Special Taxes	*variable /yr*	$928	$46,386	$1,061	$53,051	$803	$40,130	$847	$42,355	$847	$42,355	$575	$28,730
HOA	*$2,388 /yr*	$299	$14,925	$299	$14,925	$299	$14,925	$299	$14,925	$299	$14,925	$299	$14,925
Remaining Site Development Costs		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Profit Participation		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Subtotal:	$403,650	$20,182,493	$477,176	$23,858,788	$380,832	$19,041,604	$350,136	$17,506,816	$349,604	$17,480,192	$285,449	$14,272,464
Net Income Before Profit		$172,449	$8,622,430	$192,582	$9,629,079	$159,730	$7,986,485	$162,855	$8,142,766	$124,816	$6,240,794	$116,692	$5,834,587
Implied Developer's Incentive		$43,207	$2,160,369	$50,232	$2,511,590	$40,542	$2,027,107	$38,474	$1,923,719	$35,581	$1,779,074	$30,161	$1,508,029
Net Income After Profit		$129,241	$6,462,061	$142,350	$7,117,489	$119,188	$5,959,378	$124,381	$6,219,047	$89,234	$4,461,720	$86,531	$4,326,558
Implied Cost of Funds	*5.00% /yr*	$10,634	$531,721	$11,735	$586,732	$8,961	$448,037	$9,879	$493,935	$1,337	$66,826	$3,132	$156,619
Value Indication - Static, Single-Year													
Value Indication		$118,607	$5,930,340	$130,615	$6,530,757	$110,227	$5,511,341	$114,502	$5,725,113	$81,132.46	$4,056,623	$76,060.90	$3,803,045
		$118,600	**$5,930,000**	**$130,620**	**$6,531,000**	**$110,220**	**$5,511,000**	**$114,500**	**$5,725,000**	**$81,200**	**$4,060,000**	**$76,000**	**$3,800,000**
Internal Rate of Return		24.18%		25.16%		26.47%		23.39%		21.00%		25.00%	
Profit Net of Debt and Equity		7.50%		7.50%		7.50%		7.50%		7.50%		7.50%	
Discount Rate Net of All Profit		5.00%		5.00%		5.00%		5.00%		5.00%		8.50%	

DISCOUNTED CASH FLOW ANLAYSIS – 2 – 60’ x 110 PRODUCT

REVENUE AND SALES	Quarter:	0	1	2	3	4	5	6	7	8
SALES	*10*	0	7	10	10	10	10	3	0	0
UNSOLD INVENTORY		*50*	43	33	23	13	3	0	0	0
CLOSE OF ESCROW		0	0	7	10	10	10	10	3	0
UNCLOSED INVENTORY			50	50	43	33	23	13	3	0
		Total								
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	*$500,000*	$25,000,000	$3,500,000	$5,000,000	$5,000,000	$5,000,000	$5,000,000	$1,500,000	$0	$0
	Quarterly Apprecation Factor	*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$25,434,923	$3,500,000	$5,037,500	$5,075,281	$5,113,346	$5,151,696	$1,557,100	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$25,434,923	$0	$3,500,000	$5,037,500	$5,075,281	$5,113,346	$5,151,696	$1,557,100	$0
LOT PREMIUM REVENUE	*$15,000*	$750,000	$0	$105,000	$150,000	$150,000	$150,000	$150,000	$45,000	$0
OPTION REVENUE	*$50,000*	$2,500,000	$0	$350,000	$500,000	$500,000	$500,000	$500,000	$150,000	$0
MODEL RECAPTURE	*$2,400*	$120,000	$0	$0	$0	$0	$0	$0	$120,000	$0
TOTAL REVENUE		$28,804,923	$0	$3,955,000	$5,687,500	$5,725,281	$5,763,346	$5,801,696	$1,872,100	$0
EXPENSES AND CASH FLOWS										
PAID AT CLOSING										
SALES COMMISSIONS (% OF TOTAL REVENUE)	*1.50%*	$432,074	$0	$59,325	$85,313	$85,879	$86,450	$87,025	$28,082	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	*0.25%*	$72,012	$0	$9,888	$14,219	$14,313	$14,408	$14,504	$4,680	$0
WARRANTY (% OF TOTAL REVENUE)	*1.00%*	$288,049	$0	$39,550	$56,875	$57,253	$57,633	$58,017	$18,721	$0
SUBTOTAL:		$792,135	$0	$108,763	$156,406	$157,445	$158,492	$159,547	$51,483	$0
FINANCABLE										
DIRECT CONSTRUCTION COSTS	*$249,210*	$12,460,500	$1,993,680	$2,242,890	$2,492,100	$2,492,100	$1,910,610	$1,079,910	$249,210	$0
	Quarterly Rate of Apprecation	*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$12,681,839	$1,993,680	$2,259,712	$2,529,622	$2,548,594	$1,968,576	$1,121,019	$260,637	$0
BUILDING PERMITS AND FEES (FIXED)	*$40,246*	$2,012,300	$281,722	$402,460	$402,460	$402,460	$402,460	$120,738	$0	$0
OPTION COSTS	*60%*	$1,500,000	$0	$210,000	$300,000	$300,000	$300,000	$300,000	$90,000	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	*3.50%*	$1,008,172	$144,025	$144,025	$144,025	$144,025	$144,025	$144,025	$144,025	$0
MARKETING (% OF TOTAL REVENUE)	*3.00%*	$864,148	$123,450	$123,450	$123,450	$123,450	$123,450	$123,450	$123,450	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	*3.00%*	$864,148	$123,450	$123,450	$123,450	$123,450	$123,450	$123,450	$123,450	$0
MODEL COSTS (FIXED)	*$6,000*	$300,000	$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	*$1,207*	$65,115	$15,088	$15,088	$12,976	$9,958	$7,079	$4,001	$923	$0
DIRECT LEVIES (FIXED)	*$620*	$33,325	$7,750	$7,750	$6,665	$5,115	$3,565	$2,015	$465	$0
SPECIAL TAXES	*$863*	$46,386	$10,788	$10,788	$9,277	$7,120	$4,962	$2,805	$647	$0
HOA (FIXED)	*$2,388*	$14,925	$0	$2,090	$2,985	$2,985	$2,985	$2,985	$896	$0
SITE DEVELOPMENT COSTS (FIXED)		$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$19,390,358	$2,999,952	$3,298,811	$3,654,909	$3,667,156	$3,080,552	$1,944,487	$744,492	$0
TOTAL EXPENSES		$20,182,493	$2,999,952	$3,407,573	$3,811,315	$3,824,601	$3,239,044	$2,104,033	$795,975	$0
NET PROFIT	**7.50%**	$2,160,369	$0	$296,625	$426,563	$429,396	$432,251	$435,127	$140,408	$0
NET INCOME AFTER PROFIT		$6,462,061	($2,999,952)	$250,802	$1,449,622	$1,471,284	$2,092,051	$3,262,535	$935,718	$0
DISCOUNT RATE	**5.00%**	Factor	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540
DISCOUNTED CASH FLOW		$5,930,340	($2,962,915)	$244,647	$1,396,593	$1,399,963	$1,966,061	$3,028,203	$857,788	$0
	VALUE CONCLUSION	**$5,930,000**								
IRR (VALUE CONCLUSION RELATIVE TO PROJECT RETURN)	24.18%	$5,930,340	($2,999,952)	$547,427	$1,876,185	$1,900,680	$2,524,302	$3,697,663	$1,076,125	$0

DISCOUNTED CASH FLOW ANALYSIS –2 - 70 x 110 PRODUCT

REVENUE AND SALES	Quarter:	0	1	2	3	4	5	6	7	8
SALES	10	0	7	10	10	10	10	3	0	0
UNSOLD INVENTORY		50	43	33	23	13	3	0	0	0
CLOSE OF ESCROW		0	0	7	10	10	10	10	3	0
UNCLOSED INVENTORY			50	50	43	33	23	13	3	0
		Total								
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	$535,000	$26,750,000	$3,745,000	$5,350,000	$5,350,000	$5,350,000	$5,350,000	$1,605,000	$0	$0
Quarterly Apprecation Factor		0.75%	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$27,215,368	$3,745,000	$5,390,125	$5,430,551	$5,471,280	$5,512,315	$1,666,097	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$27,215,368	$0	$3,745,000	$5,390,125	$5,430,551	$5,471,280	$5,512,315	$1,666,097	$0
LOT PREMIUM REVENUE	$26,750	$1,337,500	$0	$187,250	$267,500	$267,500	$267,500	$267,500	$80,250	$0
OPTION REVENUE	$96,300	$4,815,000	$0	$674,100	$963,000	$963,000	$963,000	$963,000	$288,900	$0
MODEL RECAPTURE	$2,400	$120,000	$0	$0	$0	$0	$0	$0	$120,000	$0
TOTAL REVENUE		$33,487,868	$0	$4,606,350	$6,620,625	$6,661,051	$6,701,780	$6,742,815	$2,155,247	$0
EXPENSES AND CASH FLOWS										
PAID AT CLOSING										
SALES COMMISSIONS (% OF TOTAL REVENUE)	1.50%	$502,318	$0	$69,095	$99,309	$99,916	$100,527	$101,142	$32,329	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	0.25%	$83,720	$0	$11,516	$16,552	$16,653	$16,754	$16,857	$5,388	$0
WARRANTY (% OF TOTAL REVENUE)	1.00%	$334,879	$0	$46,064	$66,206	$66,611	$67,018	$67,428	$21,552	$0
SUBTOTAL:		$920,916	$0	$126,675	$182,067	$183,179	$184,299	$185,427	$59,269	$0
FINANCABLE										
DIRECT CONSTRUCTION COSTS	$282,624	$14,131,200	$2,260,992	$2,543,616	$2,826,240	$2,826,240	$2,166,784	$1,224,704	$282,624	$0
Quarterly Rate of Apprecation		0.75%	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$14,382,216	$2,260,992	$2,562,693	$2,868,793	$2,890,309	$2,232,522	$1,271,324	$295,583	$0
BUILDING PERMITS AND FEES (FIXED)	$40,246	$2,012,300	$281,722	$402,460	$402,460	$402,460	$402,460	$120,738	$0	$0
OPTION COSTS	60%	$2,889,000	$0	$404,460	$577,800	$577,800	$577,800	$577,800	$173,340	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	3.50%	$1,172,075	$167,439	$167,439	$167,439	$167,439	$167,439	$167,439	$167,439	$0
MARKETING (% OF TOTAL REVENUE)	3.00%	$1,004,636	$143,519	$143,519	$143,519	$143,519	$143,519	$143,519	$143,519	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	3.00%	$1,004,636	$143,519	$143,519	$143,519	$143,519	$143,519	$143,519	$143,519	$0
MODEL COSTS (FIXED)	$6,000	$300,000	$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	$1,329	$71,707	$16,616	$16,616	$14,290	$10,966	$7,796	$4,407	$1,017	$0
DIRECT LEVIES (FIXED)	$620	$33,325	$7,750	$7,750	$6,665	$5,115	$3,565	$2,015	$465	$0
SPECIAL TAXES	$987	$53,051	$12,338	$12,338	$10,610	$8,143	$5,675	$3,208	$740	$0
HOA (FIXED)	$2,388	$14,925	$0	$2,090	$2,985	$2,985	$2,985	$2,985	$896	$0
SITE DEVELOPMENT COSTS (FIXED)		$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$22,937,872	$3,333,896	$3,862,884	$4,338,081	$4,352,256	$3,687,282	$2,436,955	$926,519	$0
TOTAL EXPENSES		$23,858,788	$3,333,896	$3,989,559	$4,520,148	$4,535,435	$3,871,581	$2,622,382	$985,788	$0
NET INCOME/PROJECT RETURN		$9,629,079	($3,333,896)	$616,791	$2,100,477	$2,125,616	$2,830,199	$4,120,432	$1,169,459	$0
NET PROFIT	**7.50%**	$2,511,590	$0	$345,476	$496,547	$499,579	$502,634	$505,711	$161,644	$0
NET INCOME AFTER PROFIT		$7,117,489	($3,333,896)	$271,315	$1,603,930	$1,626,037	$2,327,566	$3,614,721	$1,007,815	$0
DISCOUNT RATE (COST OF FUNDS)	**5.00%**	Factor	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540
DISCOUNTED CASH FLOW		$6,530,757	($3,292,736)	$264,657	$1,545,256	$1,547,214	$2,187,393	$3,355,093	$923,881	$0
	VALUE CONCLUSION	**$6,531,000**								
IRR (VALUE CONCLUSION RELATIVE TO PROJECT RETURN)	25.16%	$6,530,757	($3,333,896)	$616,791	$2,100,477	$2,125,616	$2,830,199	$4,120,432	$1,169,459	$0

DISCOUNTED CASH FLOW ANALYSIS – 3 - 50 x 110 PRODUCT

REVENUE AND SALES	Quarter:	0	1	2	3	4	5	6	7	8
SALES	*13*	0	9	13	13	13	2	0	0	0
UNSOLD INVENTORY		*50*	41	28	15	2	0	0	0	0
CLOSE OF ESCROW		0	0	9	13	13	13	2	0	0
UNCLOSED INVENTORY			50	50	41	28	15	2	0	0
		Total								
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	*$475,000*	$23,750,000	$4,275,000	$6,175,000	$6,175,000	$6,175,000	$950,000	$0	$0	$0
Quarterly Apprecation Factor		*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$24,058,089	$4,275,000	$6,221,313	$6,267,972	$6,314,982	$978,822	$0	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$24,058,089	$0	$4,275,000	$6,221,313	$6,267,972	$6,314,982	$978,822	$0	$0
LOT PREMIUM REVENUE	*$9,500*	$475,000	$0	$85,500	$123,500	$123,500	$123,500	$19,000	$0	$0
OPTION REVENUE	*$47,500*	$2,375,000	$0	$427,500	$617,500	$617,500	$617,500	$95,000	$0	$0
MODEL RECAPTURE	*$2,400*	$120,000	$0	$0	$0	$0	$0	$120,000	$0	$0
TOTAL REVENUE		$27,028,089	$0	$4,788,000	$6,962,313	$7,008,972	$7,055,982	$1,212,822	$0	$0
EXPENSES AND CASH FLOWS										
PAID AT CLOSING										
SALES COMMISSIONS (% OF TOTAL REVENUE)	*1.50%*	$405,421	$0	$71,820	$104,435	$105,135	$105,840	$18,192	$0	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	*0.25%*	$67,570	$0	$11,970	$17,406	$17,522	$17,640	$3,032	$0	$0
WARRANTY (% OF TOTAL REVENUE)	*1.00%*	$270,281	$0	$47,880	$69,623	$70,090	$70,560	$12,128	$0	$0
SUBTOTAL:		$743,272	$0	$131,670	$191,464	$192,747	$194,040	$33,353	$0	$0
FINANCABLE										
DIRECT CONSTRUCTION COSTS	*$234,000*	$11,700,000	$2,418,000	$2,730,000	$3,042,000	$2,184,000	$1,170,000	$156,000	$0	$0
Quarterly Rate of Apprecation		*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$11,857,221	$2,418,000	$2,750,475	$3,087,801	$2,233,509	$1,205,497	$161,938	$0	$0
BUILDING PERMITS AND FEES (FIXED)	*$40,246*	$2,012,300	$362,214	$523,198	$523,198	$523,198	$80,492	$0	$0	$0
OPTION COSTS	*60%*	$1,425,000	$0	$256,500	$370,500	$370,500	$370,500	$57,000	$0	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	*3.50%*	$945,983	$157,664	$157,664	$157,664	$157,664	$157,664	$157,664	$0	$0
MARKETING (% OF TOTAL REVENUE)	*3.00%*	$810,843	$135,140	$135,140	$135,140	$135,140	$135,140	$135,140	$0	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	*3.00%*	$810,843	$135,140	$135,140	$135,140	$135,140	$135,140	$135,140	$0	$0
MODEL COSTS (FIXED)	*$6,000*	$300,000	$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	*$1,122*	$52,258	$14,022	$14,022	$11,498	$7,852	$4,291	$572	$0	$0
DIRECT LEVIES (FIXED)	*$620*	$28,830	$7,750	$7,750	$6,355	$4,340	$2,325	$310	$0	$0
SPECIAL TAXES	*$863*	$40,130	$10,788	$10,788	$8,846	$6,041	$3,236	$432	$0	$0
HOA (FIXED)	*$2,388*	$14,925	$0	$2,687	$3,881	$3,881	$3,881	$597	$0	$0
SITE DEVELOPMENT COSTS (FIXED)		$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$18,298,332	$3,540,718	$3,993,364	$4,440,023	$3,577,266	$2,098,166	$648,794	$0	$0
TOTAL EXPENSES		$19,041,604	$3,540,718	$4,125,034	$4,631,487	$3,770,013	$2,292,206	$682,146	$0	$0
NET INCOME/PROJECT RETURN		$7,986,485	($3,540,718)	$662,966	$2,330,826	$3,238,959	$4,763,776	$530,676	$0	$0
NET PROFIT	**7.50%**	$2,027,107	$0	$359,100	$522,173	$525,673	$529,199	$90,962	$0	$0
NET INCOME AFTER PROFIT		$5,959,378	($3,540,718)	$303,866	$1,808,652	$2,713,287	$4,234,578	$439,714	$0	$0
DISCOUNT RATE (COST OF FUNDS)	**5.00%**	Factor	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540
DISCOUNTED CASH FLOW		$5,511,341	($3,497,006)	$296,410	$1,742,489	$2,581,758	$3,979,559	$408,132	$0	$0
VALUE CONCLUSION		**$5,511,000**								
IRR (VALUE CONCLUSION RELATIVE TO PROJECT RETURN)	26.47%	$5,511,341	($3,540,718)	$662,966	$2,330,826	$3,238,959	$4,763,776	$530,676	$0	$0

DISCOUNTED CASH FLOW ANALYSIS – 5 - 70 X 85 PRODUCT

REVENUE AND SALES	**Quarter:**	**0**		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
SALES	*10*	0		7	10	10	10	10	3	0	0
UNSOLD INVENTORY		*50*		43	33	23	13	3	0	0	0
CLOSE OF ESCROW		0		0	7	10	10	10	10	3	0
UNCLOSED INVENTORY				50	50	43	33	23	13	3	0
		Total									
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	*$445,000*	$22,250,000		$3,115,000	$4,450,000	$4,450,000	$4,450,000	$4,450,000	$1,335,000	$0	$0
Quarterly Apprecation Factor		*0.75%*		1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$22,637,082		$3,115,000	$4,483,375	$4,517,000	$4,550,878	$4,585,009	$1,385,819	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$22,637,082		$0	$3,115,000	$4,483,375	$4,517,000	$4,550,878	$4,585,009	$1,385,819	$0
LOT PREMIUM REVENUE	*$13,350*	$667,500		$0	$93,450	$133,500	$133,500	$133,500	$133,500	$40,050	$0
OPTION REVENUE	*$44,500*	$2,225,000		$0	$311,500	$445,000	$445,000	$445,000	$445,000	$133,500	$0
MODEL RECAPTURE	*$2,400*	$120,000		$0	$0	$0	$0	$0	$0	$120,000	$0
TOTAL REVENUE		$25,649,582		$0	$3,519,950	$5,061,875	$5,095,500	$5,129,378	$5,163,509	$1,679,369	$0
EXPENSES AND CASH FLOWS											
PAID AT CLOSING											
SALES COMMISSIONS (% OF TOTAL REVENUE)	*1.50%*	$384,744		$0	$52,799	$75,928	$76,433	$76,941	$77,453	$25,191	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	*0.25%*	$64,124		$0	$8,800	$12,655	$12,739	$12,823	$12,909	$4,198	$0
WARRANTY (% OF TOTAL REVENUE)	*1.00%*	$256,496		$0	$35,200	$50,619	$50,955	$51,294	$51,635	$16,794	$0
SUBTOTAL:		$705,363		$0	$96,799	$139,202	$140,126	$141,058	$141,997	$46,183	$0
FINANCABLE											
DIRECT CONSTRUCTION COSTS	*$207,592*	$10,379,600		$1,660,736	$1,868,328	$2,075,920	$2,075,920	$1,591,539	$899,565	$207,592	$0
Quarterly Rate of Apprecation		*0.75%*		1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$10,563,975		$1,660,736	$1,882,340	$2,107,176	$2,122,979	$1,639,825	$933,809	$217,111	$0
BUILDING PERMITS AND FEES (FIXED)	*$40,246*	$2,012,300		$281,722	$402,460	$402,460	$402,460	$402,460	$120,738	$0	$0
OPTION COSTS	*60%*	$1,335,000		$0	$186,900	$267,000	$267,000	$267,000	$267,000	$80,100	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	*3.50%*	$897,735		$128,248	$128,248	$128,248	$128,248	$128,248	$128,248	$128,248	$0
MARKETING (% OF TOTAL REVENUE)	*3.00%*	$769,487		$109,927	$109,927	$109,927	$109,927	$109,927	$109,927	$109,927	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	*3.00%*	$769,487		$109,927	$109,927	$109,927	$109,927	$109,927	$109,927	$109,927	$0
MODEL COSTS (FIXED)	*$6,000*	$300,000		$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	*$1,165*	$62,861		$14,566	$14,566	$12,527	$9,614	$6,834	$3,863	$891	$0
DIRECT LEVIES (FIXED)	*$620*	$33,325		$7,750	$7,750	$6,665	$5,115	$3,565	$2,015	$465	$0
SPECIAL TAXES	*$788*	$42,355		$9,850	$9,850	$8,471	$6,501	$4,531	$2,561	$591	$0
HOA (FIXED)	*$2,388*	$14,925		$0	$2,090	$2,985	$2,985	$2,985	$2,985	$896	$0
SITE DEVELOPMENT COSTS (FIXED)		$0		$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$16,801,452		$2,622,726	$2,854,058	$3,155,385	$3,164,755	$2,675,302	$1,681,072	$648,155	$0
TOTAL EXPENSES		$17,506,816		$2,622,726	$2,950,856	$3,294,586	$3,304,882	$2,816,359	$1,823,069	$694,338	$0
NET INCOME/PROJECT RETURN		$8,142,766		($2,622,726)	$569,094	$1,767,289	$1,790,619	$2,313,018	$3,340,441	$985,031	$0
NET PROFIT	**7.50%**	$1,923,719		$0	$263,996	$379,641	$382,163	$384,703	$387,263	$125,953	$0
NET INCOME AFTER PROFIT		$6,219,047		($2,622,726)	$305,098	$1,387,648	$1,408,456	$1,928,315	$2,953,177	$859,079	$0
DISCOUNT RATE (COST OF FUNDS)	**5.00%**	Factor		0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540
DISCOUNTED CASH FLOW		$5,725,113		($2,590,346)	$297,611	$1,336,885	$1,340,180	$1,812,186	$2,741,065	$787,531	$0
	VALUE CONCLUSION	**$5,725,000**									
IRR (VALUE CONCLUSION RELATIVE TO PROJECT RETURN)	23.39%	$5,725,113	($5,725,113)	($2,622,726)	$569,094	$1,767,289	$1,790,619	$2,313,018	$3,340,441	$985,031	$0

DISCOUNTED CASH FLOW ANALYSIS – 7 - 50 X 80 PRODUCT

REVENUE AND SALES	Quarter:	0	1	2	3	4	5	6	7	8
SALES	*10*	0	7	10	10	10	10	3	0	0
UNSOLD INVENTORY		*50*	43	33	23	13	3	0	0	0
CLOSE OF ESCROW		0	0	7	10	10	10	10	3	0
UNCLOSED INVENTORY			50	50	43	33	23	13	3	0
		Total								
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	*$415,000*	$20,750,000	$2,905,000	$4,150,000	$4,150,000	$4,150,000	$4,150,000	$1,245,000	$0	$0
	Quarterly Apprecation Factor	*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$21,110,986	$2,905,000	$4,181,125	$4,212,483	$4,244,077	$4,275,908	$1,292,393	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$21,110,986	$0	$2,905,000	$4,181,125	$4,212,483	$4,244,077	$4,275,908	$1,292,393	$0
LOT PREMIUM REVENUE	*$8,300*	$415,000	$0	$58,100	$83,000	$83,000	$83,000	$83,000	$24,900	$0
OPTION REVENUE	*$41,500*	$2,075,000	$0	$290,500	$415,000	$415,000	$415,000	$415,000	$124,500	$0
MODEL RECAPTURE	*$2,400*	$120,000	$0	$0	$0	$0	$0	$0	$120,000	$0
TOTAL REVENUE		$23,720,986	$0	$3,253,600	$4,679,125	$4,710,483	$4,742,077	$4,773,908	$1,561,793	$0
EXPENSES AND CASH FLOWS										
PAID AT CLOSING										
SALES COMMISSIONS (% OF TOTAL REVENUE)	*1.50%*	$355,815	$0	$48,804	$70,187	$70,657	$71,131	$71,609	$23,427	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	*0.25%*	$59,302	$0	$8,134	$11,698	$11,776	$11,855	$11,935	$3,904	$0
WARRANTY (% OF TOTAL REVENUE)	*1.00%*	$237,210	$0	$32,536	$46,791	$47,105	$47,421	$47,739	$15,618	$0
SUBTOTAL:		$652,327	$0	$89,474	$128,676	$129,538	$130,407	$131,282	$42,949	$0
FINANCABLE										
DIRECT CONSTRUCTION COSTS	*$213,840*	$10,692,000	$1,710,720	$1,924,560	$2,138,400	$2,138,400	$1,639,440	$926,640	$213,840	$0
	Quarterly Rate of Apprecation	*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$10,881,925	$1,710,720	$1,938,994	$2,170,596	$2,186,876	$1,689,179	$961,914	$223,645	$0
BUILDING PERMITS AND FEES (FIXED)	*$40,246*	$2,012,300	$281,722	$402,460	$402,460	$402,460	$402,460	$120,738	$0	$0
OPTION COSTS	*60%*	$1,245,000	$0	$174,300	$249,000	$249,000	$249,000	$249,000	$74,700	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	*3.50%*	$830,235	$118,605	$118,605	$118,605	$118,605	$118,605	$118,605	$118,605	$0
MARKETING (% OF TOTAL REVENUE)	*3.00%*	$711,630	$101,661	$101,661	$101,661	$101,661	$101,661	$101,661	$101,661	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	*3.00%*	$711,630	$101,661	$101,661	$101,661	$101,661	$101,661	$101,661	$101,661	$0
MODEL COSTS (FIXED)	*$6,000*	$300,000	$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	*$826*	$44,541	$10,321	$10,321	$8,876	$6,812	$4,843	$2,737	$632	$0
DIRECT LEVIES (FIXED)	*$620*	$33,325	$7,750	$7,750	$6,665	$5,115	$3,565	$2,015	$465	$0
SPECIAL TAXES	*$788*	$42,355	$9,850	$9,850	$8,471	$6,501	$4,531	$2,561	$591	$0
HOA (FIXED)	*$2,388*	$14,925	$0	$2,090	$2,985	$2,985	$2,985	$2,985	$896	$0
SITE DEVELOPMENT COSTS (FIXED)		$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$16,827,865	$2,642,291	$2,867,692	$3,170,981	$3,181,676	$2,678,491	$1,663,878	$622,856	$0
PROFIT PARTICIPATION	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES		$17,480,192	$2,642,291	$2,957,166	$3,299,657	$3,311,215	$2,808,898	$1,795,160	$665,805	$0
NET PROFIT	**7.50%**	$1,779,074	$0	$244,020	$350,934	$353,286	$355,656	$358,043	$117,134	$0
NET INCOME AFTER PROFIT		$4,461,720	($2,642,291)	$52,414	$1,028,534	$1,045,983	$1,577,524	$2,620,704	$778,853	$0
DISCOUNT RATE (COST OF FUNDS)	**5.00%**	Factor	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540
BIFURCATED DISCOUNTED CASH FLOW		$4,056,623	($2,609,670)	$51,127	$990,908	$995,278	$1,482,520	$2,432,472	$713,987	$0
	VALUE CONCLUSION	**$4,060,000**								

DISCOUNTED CASH FLOW ANALYSIS – 10- 40 X 68 PRODUCT

REVENUE AND SALES	Quarter:	0	1	2	3	4	5	6	7	8
SALES	*16*	0	11	16	16	7	0	0	0	0
UNSOLD INVENTORY		*50*	39	23	7	0	0	0	0	0
CLOSE OF ESCROW		0	0	11	16	16	7	0	0	0
UNCLOSED INVENTORY			50	50	39	23	7	0	0	0
		Total								
CONTRACTED BASE HOME REVENUE (BEFORE APPRECIATION)	*$360,000*	$18,000,000	$3,960,000	$5,760,000	$5,760,000	$2,520,000	$0	$0	$0	$0
Quarterly Apprecation Factor		*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED BASE HOME REVENUE		$18,187,050	$3,960,000	$5,803,200	$5,846,724	$2,577,126	$0	$0	$0	$0
APPRECIATED CLOSING BASE HOME REVENUE		$18,187,050	$0	$3,960,000	$5,803,200	$5,846,724	$2,577,126	$0	$0	$0
LOT PREMIUM REVENUE	*$0*	$0	$0	$0	$0	$0	$0	$0	$0	$0
OPTION REVENUE	*$36,000*	$1,800,000	$0	$396,000	$576,000	$576,000	$252,000	$0	$0	$0
MODEL RECAPTURE	*$2,400*	$120,000	$0	$0	$0	$0	$120,000	$0	$0	$0
TOTAL REVENUE		$20,107,050	$0	$4,356,000	$6,379,200	$6,422,724	$2,949,126	$0	$0	$0
EXPENSES AND CASH FLOWS										
PAID AT CLOSING										
SALES COMMISSIONS (% OF TOTAL REVENUE)	*1.50%*	$301,606	$0	$65,340	$95,688	$96,341	$44,237	$0	$0	$0
CLOSING, TITLE, ESCROW (% OF TOTAL REVENUE)	*0.25%*	$50,268	$0	$10,890	$15,948	$16,057	$7,373	$0	$0	$0
WARRANTY (% OF TOTAL REVENUE)	*1.00%*	$201,071	$0	$43,560	$63,792	$64,227	$29,491	$0	$0	$0
SUBTOTAL:		$552,944	$0	$119,790	$175,428	$176,625	$81,101	$0	$0	$0
FINANCABLE										
DIRECT CONSTRUCTION COSTS	*$166,680*	$8,334,000	$2,111,280	$2,389,080	$2,166,840	$1,277,880	$388,920	$0	$0	$0
Quarterly Rate of Apprecation		*0.75%*	1.0000	1.0075	1.0151	1.0227	1.0303	1.0381	1.0459	1.0537
APPRECIATED DIRECT CONSTRUCTION COSTS		$8,425,311	$2,111,280	$2,406,998	$2,199,464	$1,306,848	$400,720	$0	$0	$0
BUILDING PERMITS AND FEES (FIXED)	*$37,966*	$1,898,300	$417,626	$607,456	$607,456	$265,762	$0	$0	$0	$0
OPTION COSTS	*60%*	$1,080,000	$0	$237,600	$345,600	$345,600	$151,200	$0	$0	$0
GENERAL ADM & OVERHEAD (% OF TOTAL REVENUE)	*3.50%*	$703,747	$140,749	$140,749	$140,749	$140,749	$140,749	$0	$0	$0
MARKETING (% OF TOTAL REVENUE)	*3.00%*	$603,212	$120,642	$120,642	$120,642	$120,642	$120,642	$0	$0	$0
OTHER INDIRECTS (CONSTRUCTION/INSURANCE/ETC.)	*3.00%*	$603,212	$120,642	$120,642	$120,642	$120,642	$120,642	$0	$0	$0
MODEL COSTS (FIXED)	*$6,000*	$300,000	$300,000	$0	$0	$0	$0	$0	$0	$0
AD VALOREM REAL ESTATE TAXES (% OF TOTAL)	*$849*	$35,889	$10,609	$10,609	$8,275	$4,880	$1,515	$0	$0	$0
DIRECT LEVIES (FIXED)	*$620*	$26,195	$7,750	$7,750	$6,045	$3,565	$1,085	$0	$0	$0
SPECIAL TAXES	*$680*	$28,730	$8,500	$8,500	$6,630	$3,910	$1,190	$0	$0	$0
HOA (FIXED)	*$2,388*	$14,925	$0	$3,284	$4,776	$4,776	$2,090	$0	$0	$0
SITE DEVELOPMENT COSTS (FIXED)		$0	$0	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL:		$13,719,520	$3,237,799	$3,664,231	$3,560,281	$2,317,376	$939,833	$0	$0	$0
PROFIT PARTICIPATION	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES		$14,272,464	$3,237,799	$3,784,021	$3,735,709	$2,494,001	$1,020,934	$0	$0	$0
NET PROFIT	**7.50%**	$1,508,029	$0	$326,700	$478,440	$481,704	$221,184	$0	$0	$0
NET INCOME AFTER PROFIT			($3,237,799)	$245,279	$2,165,051	$3,447,019	$1,707,008	$0	$0	$0
DISCOUNT RATE (COST OF FUNDS)	**8.50%**	Factor	0.97919	0.95882	0.93887	0.91933	0.90020	0.88147	0.86313	0.84517
BIFURCATED DISCOUNTED CASH FLOW		$3,803,045	($3,170,428)	$235,178	$2,032,694	$3,168,950	$1,536,651	$0	$0	$0
	VALUE CONCLUSION	**$3,800,000**								

CONCLUSION OF LOT VALUES

The values as finished via the subdivision development method are restated below. These value are for a typical grouping of 50 finished lots that a builder would purchase.

SUBDIVISION DEVELOPMENT METHOD CONCLUSIONS				
Description/Status	No. Of Lots	Conclusion	Value Per Lot	Rounded Conclusion
2 - 60 x 110 Product - 6,600 SF (Traditional)	50	**$5,930,000**	$118,600	$120,000
2 - 70 x 110 Product - 7,700 SF (Traditional)	50	**$6,531,000**	$130,620	$130,000
3 - 50 x 110 Product - 5,500 SF (Traditional)	50	**$5,511,000**	$110,220	$110,000
5 - 70 x 85 Product - 5,950 SF (Traditional)	50	**$5,725,000**	$114,500	$115,000
7 - 50 x 80 Product - 4,000 SF (Traditional)	50	**$4,060,000**	$81,200	$80,000
10 - 40 x 68 Product - 2,720 SF (Traditional)	50	**$3,800,000**	$76,000	$75,000

Lot values for six different product types are shown above. Based on these conclusions, we can estimate lot values for the remaining lot types. This analysis is shown as follows:

Product 1: This is the 12 custom lots that have average lot size of 20,765 square feet. The effective lot size is significantly smaller as there is hillside land that is unusable. We estimate a useable land area of 8,000 SF to 9,000 SF. The lots are situated on a hill-top and offers good views. With view premium and larger lots, we estimate a lot value of $180,000 for these lots.

Product 4: These lots are 55’ x 95’ or 5,225 SF. A value similar Product 3 is reasonable for these lots. We estimate a lot value of $110,000 for these lots.

Product 8: These lots are 55’ x 70’ or 3,850 SF. A value between the values Product 7 and 10 is reasonable for these lots. We estimate a lot value of $77,000 for these lots.

SUMMARY OF LOT VALUE CONCLUSIONS			
Area	Type	Lot Size	**Conclusion of Value As Finished**
1	Estate	20,000	$180,000
2	60 x 110	6,600	$120,000
2	70 x 110	7,700	$130,000
3	50 x 110	5,500	$110,000
4	55' x 95'	5,225	$110,000
5	70' x 85'	5,950	$115,000
7	50' x 80'	4,000	$80,000
8	50' x 70'	3,500	$77,000
10	40' x 68'	2,720	$75,000

VALUE BY OWNERSHIP

In this section, we value the subject property by ownership.

D.R. HORTON

D. R. HORTON

D. R. Horton is the owner of 4 finished lots, 6 partially completed homes, 6 completed homes and 3 models. The lots are 100% finished. Below is a summary of the values for this entity.

Owner	Description	No. of Units	Concluded Value Per Unit/Lot	Concluded Finished Lot/ Unit Value
D.R. Horton	5,500 SF			
Finished Lots		4	$110,000	$ 440,000
Partially Completed Homes		6	$222,917	$ 1,337,500
Finished Homes		6	$470,833	$ 2,825,000
Models		3	$511,667	$ 1,535,000
	Sub-total	19		
			Aggregate Retail Value	$ 6,137,500
			Bulk Discount @ 12%	$ (736,500)
			Bulk Value of Homes by D.R. Horton	$ 5,401,000
			Rounded	**$ 5,400,000**
			avg./unit	$ 284,211

Finished Lots: D. R. Horton has lots that averrage 5,500 SF. This lot size was valued at $110,000 earlier in the report.

Partially Completed Lots: For partially completed homes we apply an estimated percentage completion to the home plan value under construction of the lot. For those construction start after June 1, 2020, we assign only lot value.

Finished Homes: We assign home value per plan for the finished homes.

Model Homes: We assign home value per plan plus an estimate of the upgrades for the finished model homes.

The aggregate retail value for the 19 lots owned by D. R. Horton is $6,137,500. We apply a 12% bulk discount to arrive at the bulk value of $5,400,000.

Details of the each lot value are summarized on the following page.

Parcel No.	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Val	Final Value
081-230-068	274	5	D.R. Horton	Model			2,133	Complete	$110,000	$490,000	$490,000
081-230-069	274	6	D.R. Horton	Model			2,346	Complete	$110,000	$520,000	$520,000
081-230-070	274	7	D.R. Horton	Model			2,600	Complete	$110,000	$525,000	$525,000
081-280-006	273	15	D.R. Horton				2,346	Complete	$110,000	$470,000	$470,000
081-280-011	273	20	D.R. Horton				2,121	Complete	$110,000	$440,000	$440,000
081-280-012	273	21	D.R. Horton				2,346	Complete	$110,000	$470,000	$470,000
081-290-005	273	5	D.R. Horton				2,851	Complete	$110,000	$500,000	$500,000
081-290-008	273	8	D.R. Horton				2,600	Complete	$110,000	$475,000	$475,000
081-290-034	274	12	D.R. Horton				2,346	Complete	$110,000	$470,000	$470,000
081-280-007	273	16	D.R. Horton				2,851	Under Construction	$110,000	$250,000	$250,000
081-280-009	273	18	D.R. Horton				2,851	Under Construction	$110,000	$250,000	$250,000
081-280-013	273	22	D.R. Horton				2,600	Under Construction	$110,000	$237,500	$237,500
081-280-015	273	24	D.R. Horton				2,851	Under Construction	$110,000	$125,000	$125,000
081-290-002	273	2	D.R. Horton				2,600	Under Construction	$110,000	$237,500	$237,500
081-290-004	273	4	D.R. Horton				2,600	Under Construction	$110,000	$237,500	$237,500
081-230-071	274	8	D.R. Horton					Vacant	$110,000		$110,000
081-290-031	274	9	D.R. Horton				2,851	Vacant	$110,000		$110,000
081-290-033	274	11	D.R. Horton				2,600	Vacant	$110,000		$110,000
081-290-035	274	13	D.R. Horton					Vacant	$110,000		$110,000
								TOTAL			**$6,137,500**

K. HOVNANIAN CA LAND HOLDINGS, LLC

K. Hovnanian CA Land Holdings is the owner of 2 finished lots, 5 substantially completed homes and 2 models. The lots are 100% finished. Below is a summary of the values for this entity.

Owner	Description	No. of Units	Concluded Value Per Unit/Lot	Concluded Finished Lot/ Unit Value
K. Hovnanian	4,000 SF			
Finished Lots		2	$80,000	$ 160,000
Partially Completed Homes		0	-	$ -
Finished Homes		5	$410,000	$ 2,050,000
Models		2	$462,500	$ 925,000
	Sub-total	9		
			Aggregate Retail Value	$ 3,135,000
			Bulk Discount @ 12%	$ (376,200)
			Bulk Value of Homes by K. Hovnanian	$ 2,758,800
			Rounded	**$ 2,760,000**
			avg./unit	$ 306,667

Finished Lots: K. Hovnanian has lots that averrage 4,000 SF. This lot size was valued at $80,000 earlier in the report.

Finished Homes: We assign home value per plan for the finished homes.

Model Homes: We assign home value per plan plus an estimate of the upgrades for the finished model homes.

The aggregate retail value for the 9 lots owned by K. Hovnanian is $3,135,000. We apply a 12% bulk discount to arrive at the bulk value of $2,760,000.

Details of the each lot value are summarized on the following page.

Parcel No.	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value	Final Value
081-240-013	275	338	K. Hovnanian CA Land Holdings, LLC					Vacant	$80,000		$80,000
081-240-014	275	339	K. Hovnanian CA Land Holdings, LLC	Model			2,330	Complete	$80,000	$455,000	$455,000
081-240-015	275	340	K. Hovnanian CA Land Holdings, LLC	Model			2,517	Complete	$80,000	$470,000	$470,000
081-240-016	275	341	K. Hovnanian CA Land Holdings, LLC					Vacant	$80,000		$80,000
081-290-017	273	37	K. Hovnanian CA Land Holdings, LLC				2,430	Complete	$80,000	$415,000	$415,000
081-290-022	273	42	K. Hovnanian CA Land Holdings, LLC				2,517	Complete	$80,000	$420,000	$420,000
081-290-023	273	43	K. Hovnanian CA Land Holdings, LLC				2,330	Complete	$80,000	$405,000	$405,000
081-290-038	273	16	K. Hovnanian CA Land Holdings, LLC				2,371	Complete	$80,000	$405,000	$405,000
081-290-039	273	17	K. Hovnanian CA Land Holdings, LLC				2,330	Complete	$80,000	$405,000	$405,000
								TOTAL			**$3,135,000**

TREASURE HILLS RM, LLC (McCAFFREY HOMES)

Treasure Hills RM, LLC is the owner of 21 finished vacant lots, 31 partially completed homes, 5 substantially completed homes and 8 models. The lots are 100% finished. Below is a summary of the values for this entity.

Owner	Description	No. of Units	Concluded Value Per Unit/Lot	Concluded Finished Lot/ Unit Value
Treasure Hills RM, LLC	Various sizes			
Finished Lots		21	$115,238	$ 2,420,000
Partially Completed Homes		31	$265,713	$ 8,237,105
Finished Homes		5	$498,000	$ 2,490,000
Models		8	$581,250	$ 4,650,000
	Sub-total	65		
			Aggregate Retail Value	$ 17,797,105
			Bulk Discount @ 12%	$ (2,135,653)
			Bulk Value of Homes by Treasure Hills RM, LLC	$ 15,661,452
			Rounded	**$ 15,660,000**
			avg./unit	$ 240,923

Finished Lots: Treasure Hills RM, LLC has various lots sizes. The different lot size that are owned were valued between $115,000 to $130,000 per lot earlier in the report.

Partially Completed Lots: For partially completed homes we apply an estimated percentage completion to the home plan value under construction of the lot. For those construction starts after June 1, 2020, we assign only lot value.

Finished Homes: We assign home value per plan for the finished homes.

Model Homes: We assign home value per plan plus an estimate of the upgrades for the finished model homes.

The aggregate retail value for the 65 lots owned by Treasure Hills RM, LLC is $17,797,105. We apply a 12% bulk discount to arrive at the bulk value of $15,660,000.

Details of the each lot value are summarized on the following page.

Parcel No.	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value	Final Value
081-230-003	273	49	Treasure Hills RM, LLC	Model			1,846	Complete	$120,000	$470,000	$470,000
081-230-004	273	50	Treasure Hills RM, LLC	Model			2,658	Complete	$120,000	$515,000	$515,000
081-230-005	273	51	Treasure Hills RM, LLC	Model			2,769	Complete	$120,000	$590,000	$590,000
081-240-002	275	327	Treasure Hills RM, LLC	Model			2,278	Complete	$115,000	$630,000	$630,000
081-240-003	275	328	Treasure Hills RM, LLC	Model			3,072	Complete	$115,000	$710,000	$710,000
081-240-004	275	329	Treasure Hills RM, LLC	Model			3,495	Complete	$115,000	$775,000	$775,000
081-240-098	275	330	Treasure Hills RM, LLC	Model			1,974	Complete	$115,000	$480,000	$480,000
081-240-099	275	331	Treasure Hills RM, LLC	Model			2,152	Complete	$115,000	$480,000	$480,000
081-220-015	273	364	Treasure Hills RM, LLC				2,953	Complete	$120,000	$530,000	$530,000
081-250-017	273	271	Treasure Hills RM, LLC	07/17/20		$771,286	3,495	Complete	$130,000	$575,000	$575,000
081-270-017	273	419	Treasure Hills RM, LLC				3,113	Complete	$115,000	$500,000	$500,000
081-270-018	273	420	Treasure Hills RM, LLC				2,359	Complete	$115,000	$445,000	$445,000
081-270-039	273	441	Treasure Hills RM, LLC				2,177	Complete	$115,000	$440,000	$440,000
081-220-007	273	248	Treasure Hills RM, LLC	07/01/20		$466,538		Under Construction	$120,000		$120,000
081-220-018	273	367	Treasure Hills RM, LLC	07/16/20		$557,970		Under Construction	$120,000		$120,000
081-220-019	273	368	Treasure Hills RM, LLC	01/21/20		$656,409	3,307	Under Construction	$120,000	$492,307	$492,307
081-220-021	273	370	Treasure Hills RM, LLC	05/07/20		$454,886	1,846	Under Construction	$120,000	$227,443	$227,443
081-220-022	273	371	Treasure Hills RM, LLC	02/14/20		$712,313	3,285	Under Construction	$120,000	$534,235	$534,235
081-220-024	273	373	Treasure Hills RM, LLC	02/26/20		$637,953	3,285	Under Construction	$120,000	$478,465	$478,465
081-220-027	273	376	Treasure Hills RM, LLC	03/06/20		$664,798	3,072	Under Construction	$120,000	$332,399	$332,399
081-250-016	273	270	Treasure Hills RM, LLC	07/13/20		$567,381	2,658	Under Construction	$130,000	$240,000	$240,000
081-250-018	273	272	Treasure Hills RM, LLC	07/16/20		$503,805		Under Construction	$130,000		$130,000
081-250-028	273	274	Treasure Hills RM, LLC	06/26/20		$517,648		Under Construction	$130,000		$130,000
081-260-004	273	278	Treasure Hills RM, LLC	07/01/20		$576,615		Under Construction	$130,000		$130,000
081-260-006	273	280	Treasure Hills RM, LLC	03/13/20		$552,438	2,690	Under Construction	$130,000	$480,000	$480,000
081-260-007	273	281	Treasure Hills RM, LLC	07/14/20		$619,009	3,072	Under Construction	$130,000		$130,000
081-260-008	273	282	Treasure Hills RM, LLC	07/16/20		$545,298		Under Construction	$130,000		$130,000
081-260-042	273	285	Treasure Hills RM, LLC	04/24/20		$484,187	1,960	Under Construction	$115,000	$322,500	$322,500
081-260-043	273	286	Treasure Hills RM, LLC	07/01/20		$470,470		Under Construction	$115,000		$115,000
081-260-044	273	291	Treasure Hills RM, LLC	05/08/20		$680,588	3,495	Under Construction	$115,000	$287,500	$287,500
081-260-045	273	292	Treasure Hills RM, LLC	06/11/20		$540,493	2,278	Under Construction	$115,000	$120,000	$120,000
081-260-046	273	287	Treasure Hills RM, LLC	05/07/20		$680,399	3,741	Under Construction	$115,000	$143,750	$143,750
081-260-050	273	275	Treasure Hills RM, LLC	01/21/20		$581,666		Under Construction	$130,000	$436,250	$436,250
081-260-051	273	276	Treasure Hills RM, LLC	02/26/20		$773,010		Under Construction	$130,000	$579,758	$579,758
081-270-023	273	425	Treasure Hills RM, LLC	04/24/20		$500,462	2,152	Under Construction	$115,000	$440,000	$440,000
081-270-030	273	432	Treasure Hills RM, LLC	07/01/20		$522,650		Under Construction	$115,000		$115,000
081-270-033	273	435	Treasure Hills RM, LLC	06/26/20		$657,790		Under Construction	$115,000		$115,000
081-270-034	273	436	Treasure Hills RM, LLC	06/19/20		$672,405		Under Construction	$115,000		$115,000
081-270-035	273	437	Treasure Hills RM, LLC	04/24/20		$537,177	2,278	Under Construction	$115,000	$240,000	$240,000
081-270-036	273	438	Treasure Hills RM, LLC	04/08/20		$612,250	3,072	Under Construction	$115,000	$267,500	$267,500
081-270-037	273	439	Treasure Hills RM, LLC	03/06/20		$633,462	3,495	Under Construction	$115,000	$431,250	$431,250
081-270-042	273	320	Treasure Hills RM, LLC	05/07/20		$708,279	3,495	Under Construction	$115,000	$287,500	$287,500
081-270-047	273	322	Treasure Hills RM, LLC	06/25/20		$569,782		Under Construction	$115,000		$115,000
081-270-055	273	325	Treasure Hills RM, LLC	03/19/20		$731,820	3,495	Under Construction	$115,000	$431,250	$431,250

Parcel No.	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value	Final Value
081-220-023	273	372	Treasure Hills RM, LLC					Vacant	$120,000		$120,000
081-260-047	273	288	Treasure Hills RM, LLC	08/13/20		$562,900		Vacant	$115,000		$115,000
081-260-048	273	289	Treasure Hills RM, LLC	07/24/20		$501,700		Vacant	$115,000		$115,000
081-260-049	273	290	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-015	273	417	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-016	273	418	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-027	273	429	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-028	273	430	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-031	273	433	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-032	273	434	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-038	273	440	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-040	273	318	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-041	273	319	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-045	273	317	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-046	273	321	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-048	273	315	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-049	273	316	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-050	273	323	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-052	273	313	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-053	273	314	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
081-270-054	273	324	Treasure Hills RM, LLC					Vacant	$115,000		$115,000
								TOTAL			**$17,797,105**

REDROCK RM, LLC (McCAFFREY HOMES)

Redrock RM, LLC is the owner of 13 finished vacant lots, 18 partially completed homes, 1 completed home and 3 models. The lots are 100% finished. Below is a summary of the values for this entity.

Owner	Description	No. of Units	Concluded Value Per Unit/Lot	Concluded Finished Lot/ Unit Value
Redrock RM, LLC	Various sizes			
Finished Lots		13	$75,000	$ 975,000
Partially Completed Homes		18	$149,653	$ 2,693,750
Finished Homes		1	$380,000	$ 380,000
Models		3	$355,000	$ 1,065,000
	Sub-total	35		
			Aggregate Retail Value	$ 5,113,750
			Bulk Discount @ 12%	$ (613,650)
			Bulk Value of Homes by Redrock RM, LLC	$ 4,500,100
			Rounded	**$ 4,500,000**
			avg./unit	$ 128,571

Finished Lots: Redrock RM, LLC has 2,720 SF average lot sizes. These sized lots were valued at $75,000 earlier in the report.

Partially Completed Lots: For partially completed homes we apply an estimated percentage completion to the home plan value under construction of the lot. For those construction starts after June 1, 2020, we assign only lot value.

Finished Homes: We assign home value per plan for the finished homes.

Model Homes: We assign home value per plan plus an estimate of the upgrades for the finished model homes.

The aggregate retail value for the 35 lots owned by Redrock RM, LLC is $5,113,750. We apply a 12% bulk discount to arrive at the bulk value of $4,500,000.

Details of the each lot value are summarized on the following page.

Parcel	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value	Final Value
081-291-085	274	95	Redrock RM, LLC	Model			1,581	Complete	$75,000	$325,000	$325,000
081-291-086	274	96	Redrock RM, LLC	Model			2,205	Complete	$75,000	$380,000	$380,000
081-291-080	274	97	Redrock RM, LLC	Model			2,052	Complete	$75,000	$360,000	$360,000
081-242-016	275	33	Redrock RM, LLC	06/11/20		$435,972	2,205	Complete	$75,000	$380,000	$380,000
081-241-001	275	1	Redrock RM, LLC	05/07/20		$339,559	1,581	Under Construction	$75,000	$162,500	$162,500
081-241-002	275	2	Redrock RM, LLC	06/19/20		$336,104		Under Construction	$75,000		$75,000
081-241-004	275	4	Redrock RM, LLC	05/22/20		$338,100	1,708	Under Construction	$75,000	$162,500	$162,500
081-242-009	275	26	Redrock RM, LLC	05/14/20		$355,888		Under Construction	$75,000		$75,000
081-242-010	275	27	Redrock RM, LLC	06/30/20		$353,816	2,205	Under Construction	$75,000	$380,000	$380,000
081-242-012	275	29	Redrock RM, LLC	06/11/20		$339,170	1,602	Under Construction	$75,000	$81,250	$81,250
081-242-015	275	32	Redrock RM, LLC	06/25/20		$400,107		Under Construction	$75,000		$75,000
081-242-017	275	34	Redrock RM, LLC	07/01/20		$420,122	1,581	Under Construction	$75,000	$81,250	$81,250
081-242-020	275	37	Redrock RM, LLC	04/30/20		$408,530	2,052	Under Construction	$75,000	$180,000	$180,000
081-242-021	275	38	Redrock RM, LLC	06/11/20		$400,932	2,052	Under Construction	$75,000	$90,000	$90,000
081-242-022	275	39	Redrock RM, LLC	06/03/20		$336,985	1,581	Under Construction	$75,000	$81,250	$81,250
081-291-001	274	18	Redrock RM, LLC	05/07/20		$392,005	2,052	Under Construction	$75,000	$270,000	$270,000
081-291-003	274	20	Redrock RM, LLC	04/30/20		$340,665	1,581	Under Construction	$75,000	$243,750	$243,750
081-291-008	274	25	Redrock RM, LLC	07/14/20		$406,350		Under Construction	$75,000	$75,000	$75,000
081-291-009	274	26	Redrock RM, LLC	05/02/20		$340,355	1,581	Under Construction	$75,000	$243,750	$243,750
081-291-015	274	32	Redrock RM, LLC	07/23/20		$394,895		Under Construction	$75,000	$75,000	$75,000
081-291-017	274	34	Redrock RM, LLC	03/19/20		$365,235	1,852	Under Construction	$75,000	$180,000	$180,000
081-291-019	274	36	Redrock RM, LLC	03/27/20		$341,290	2,163	Under Construction	$75,000	$162,500	$162,500
081-241-003	275	3	Redrock RM, LLC	06/19/20		$347,604		Vacant	$75,000		$75,000
081-242-011	275	28	Redrock RM, LLC					Vacant	$75,000		$75,000
081-242-013	275	30	Redrock RM, LLC					Vacant	$75,000		$75,000
081-242-014	275	31	Redrock RM, LLC					Vacant	$75,000		$75,000
081-242-018	275	35	Redrock RM, LLC	08/06/20		$393,975	2,205	Vacant	$75,000		$75,000
081-242-019	275	36	Redrock RM, LLC	07/16/20		$408,850	1,602	Vacant	$75,000		$75,000
081-242-023	275	40	Redrock RM, LLC					Vacant	$75,000		$75,000
081-242-024	275	41	Redrock RM, LLC					Vacant	$75,000		$75,000
081-242-025	275	42	Redrock RM, LLC	06/11/20		$405,244	2,052	Vacant	$75,000		$75,000
081-291-002	274	19	Redrock RM, LLC					Vacant	$75,000		$75,000
081-291-012	274	29	Redrock RM, LLC					Vacant	$75,000		$75,000
081-291-076	274	93	Redrock RM, LLC					Vacant	$75,000		$75,000
081-291-077	274	94	Redrock RM, LLC					Vacant	$75,000		$75,000
								TOTAL			**$5,113,750**

INDIVIDUAL HOMEOWENERS

There are 133 completed homes that have transferred to individual homeowners. Below is a summary of the values for this entity. The individual values for each of the lots are shown in the addedum of the report.

Owner	Description	No. of Units	Concluded Value Per Unit/Lot	Concluded Finished Lot/ Unit Value
Individual Homeowners	Various sizes			
Finished Lots		0	-	$ -
Partially Completed Homes		0	-	$ -
Finished Homes		133	$446,412	$ 59,372,811
Models		0	-	$ -
	Sub-total	133		
			Aggregate Retail Value	$ 59,372,811
			Rounded	**$ 59,370,000**
			avg./unit	$ 446,391

Finished Homes: We assign home value per plan for the finished homes. For those properties that transferred in 2020 we use their actual sale price if known. For those sales closing prior to 2020 we assign the home plan value.

These properties are reported in aggregate value. No discounting is necessary as they are all owned by separate individuals.

Details of the each lot value are summarized on the following page.

Parcel	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value
081-200-064	273	241	Individual Homeowner		10/02/19	$588,000	2,953	Complete	$120,000	$530,000
081-220-001	273	242	Individual Homeowner	07/12/19	01/24/20	$486,484	1,846	Complete	$120,000	$486,484
081-220-002	273	243	Individual Homeowner		12/20/19	$690,000	3,285	Complete	$120,000	$530,000
081-220-003	273	244	Individual Homeowner		07/17/19	$517,500	2,690	Complete	$120,000	$475,000
081-220-004	273	245	Individual Homeowner		09/30/19	$584,500	2,796	Complete	$120,000	$500,000
081-220-005	273	246	Individual Homeowner		09/25/19	$517,500	2,690	Complete	$120,000	$475,000
081-220-006	273	247	Individual Homeowner		12/26/19	$614,500	2,886	Complete	$120,000	$500,000
081-220-008	273	249	Individual Homeowner		12/23/19	$537,500	2,359	Complete	$120,000	$440,000
081-220-009	273	250	Individual Homeowner	01/30/20	07/29/20	$474,223	1,846	Complete	$120,000	$474,223
081-220-010	273	251	Individual Homeowner		12/23/19	$668,000	2,769	Complete	$120,000	$500,000
081-220-011	273	252	Individual Homeowner	07/05/19	03/06/20	$692,514	3,285	Complete	$120,000	$692,514
081-220-014	273	363	Individual Homeowner		08/20/19	$436,000	2,014	Complete	$120,000	$420,000
081-220-016	273	365	Individual Homeowner	07/03/19	02/19/20	$685,226	3,285	Complete	$120,000	$685,226
081-220-017	273	366	Individual Homeowner		07/24/19	$437,500	2,014	Complete	$120,000	$420,000
081-220-020	273	369	Individual Homeowner	10/24/19	06/08/20	$549,201	2,359	Complete	$120,000	$549,201
081-220-025	273	374	Individual Homeowner	02/06/20	03/17/20	$448,665	1,846	Complete	$120,000	$448,665
081-220-026	273	375	Individual Homeowner	01/09/20	N/A	$764,629	3,741	Complete	$120,000	$764,629
081-220-028	273	377	Individual Homeowner	11/26/19	06/29/20	$438,905	1,846	Complete	$120,000	$438,905
081-250-011	273	265	Individual Homeowner	09/27/19	05/27/20	$740,027	3,072	Complete	$130,000	$740,027
081-250-012	273	266	Individual Homeowner	09/27/19	05/19/20	$543,975	2,014	Complete	$130,000	$543,975
081-250-013	273	267	Individual Homeowner	10/11/19	06/30/20	$699,642	3,285	Complete	$130,000	$699,642
081-250-014	273	268	Individual Homeowner	11/13/19	05/11/20	$536,093	1,846	Complete	$130,000	$536,093
081-250-015	273	269	Individual Homeowner	09/20/19	05/13/20	$662,000	3,957	Complete	$130,000	$662,000
081-250-027	273	273	Individual Homeowner	11/22/19	08/11/20	$787,837	3,741	Complete	$130,000	$787,837
081-260-003	273	277	Individual Homeowner	09/12/19	07/31/20	$842,040	3,495	Complete	$130,000	$842,040
081-260-005	273	279	Individual Homeowner	10/18/19	04/27/20	$629,210	2,953	Complete	$130,000	$629,210
081-260-009	273	283	Individual Homeowner	10/22/19	05/12/20	$686,345	3,285	Complete	$130,000	$686,345
081-260-010	273	284	Individual Homeowner	10/11/19	05/22/20	$492,188	2,014	Complete	$130,000	$492,188
081-270-014	273	416	Individual Homeowner	10/11/19	05/28/20	$612,059	3,072	Complete	$115,000	$612,059
081-270-019	273	421	Individual Homeowner	11/22/19	06/09/20	$471,260	2,152	Complete	$115,000	$471,260
081-270-020	273	422	Individual Homeowner		12/31/19	$606,000	3,285	Complete	$115,000	$575,000
081-270-021	273	423	Individual Homeowner	06/11/20	07/02/20	$522,119	2,278	Complete	$115,000	$522,119
081-270-022	273	424	Individual Homeowner		11/26/19	$581,000	3,072	Complete	$115,000	$535,000
081-270-024	273	426	Individual Homeowner	11/27/19	07/28/20	$685,396	3,495	Complete	$115,000	$685,396
081-270-025	273	427	Individual Homeowner	11/22/19	07/21/20	$670,127	3,072	Complete	$115,000	$670,127
081-270-026	273	428	Individual Homeowner	12/04/19	08/04/20	$642,117	3,741	Complete	$115,000	$642,117
081-270-029	273	431	Individual Homeowner	11/22/19	07/20/20	$699,300	3,495	Complete	$115,000	$699,300
081-280-001	273	10	Individual Homeowner		08/01/19	$473,500	2,121	Complete	$110,000	$440,000
081-280-002	273	11	Individual Homeowner		12/31/19	$517,000	2,851	Complete	$110,000	$500,000
081-280-003	273	12	Individual Homeowner		03/20/20	$454,000	2,600	Complete	$110,000	$454,000
081-280-004	273	13	Individual Homeowner		02/13/20	$401,500	1,800	Complete	$110,000	$401,500
081-280-005	273	14	Individual Homeowner		09/07/20	N/A	2,133	Complete	$110,000	$440,000
081-280-008	273	17	Individual Homeowner		04/01/20	$484,500	2,138	Complete	$110,000	$484,500
081-280-010	273	19	Individual Homeowner		05/22/20	$440,500	2,600	Complete	$110,000	$440,500

Parcel	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value
081-280-014	273	23	Individual Homeowner		N/A	N/A	2,600	Complete	$110,000	$475,000
081-280-016	273	25	Individual Homeowner		N/A	N/A	2,851	Complete	$110,000	$500,000
081-280-017	273	26	Individual Homeowner		N/A	N/A	2,600	Complete	$110,000	$475,000
081-280-018	273	27	Individual Homeowner		04/08/20	$432,500	2,121	Complete	$110,000	$432,500
081-280-019	273	28	Individual Homeowner		N/A	N/A	2,851	Complete	$110,000	$500,000
081-280-020	273	29	Individual Homeowner		N/A	N/A	2,600	Complete	$110,000	$475,000
081-280-021	273	30	Individual Homeowner		N/A	N/A	2,346	Complete	$110,000	$470,000
081-290-001	273	1	Individual Homeowner		02/28/20	$522,000	2,346	Complete	$110,000	$522,000
081-290-003	273	3	Individual Homeowner		09/08/20	N/A	2,121	Complete	$110,000	$440,000
081-290-006	273	6	Individual Homeowner		03/02/20	$505,000	2,346	Complete	$110,000	$505,000
081-290-007	273	7	Individual Homeowner		04/30/20	$492,500	2,851	Complete	$110,000	$492,500
081-290-009	273	9	Individual Homeowner		03/30/20	$450,000	2,133	Complete	$110,000	$450,000
081-290-011	273	31	Individual Homeowner		10/29/19	$409,500	2,330	Complete	$80,000	$405,000
081-290-012	273	32	Individual Homeowner		12/11/19	$440,500	2,371	Complete	$80,000	$405,000
081-290-013	273	33	Individual Homeowner		10/20/19	$449,500	2,430	Complete	$80,000	$420,000
081-290-014	273	34	Individual Homeowner		01/31/20	$410,000	2,517	Complete	$80,000	$420,000
081-290-015	273	35	Individual Homeowner		06/29/20	$412,500	2,330	Complete	$80,000	$412,500
081-290-016	273	36	Individual Homeowner		03/13/20	$415,000	2,163	Complete	$80,000	$415,000
081-290-018	273	38	Individual Homeowner		N/A	N/A	2,517	Complete	$80,000	$420,000
081-290-019	273	39	Individual Homeowner		N/A	N/A	2,330	Complete	$80,000	$405,000
081-290-020	273	40	Individual Homeowner		06/01/20	$432,500	2,163	Complete	$80,000	$432,500
081-290-021	273	41	Individual Homeowner		N/A	N/A	2,430	Complete	$80,000	$415,000
081-290-024	273	44	Individual Homeowner		N/A	N/A	2,371	Complete	$80,000	$405,000
081-290-025	273	45	Individual Homeowner		N/A	N/A	2,430	Complete	$80,000	$415,000
081-290-026	273	46	Individual Homeowner		N/A	N/A	2,517	Complete	$80,000	$420,000
081-290-032	274	10	Individual Homeowner		04/15/20	$500,000	2,121	Complete	$110,000	$500,000
081-290-036	274	14	Individual Homeowner		04/29/20	$459,000	2,517	Complete	$80,000	$459,000
081-290-037	274	15	Individual Homeowner		12/30/19	$466,000	2,430	Complete	$80,000	$415,000
081-291-004	274	21	Individual Homeowner	03/13/20	05/21/20	$422,568	2,205	Complete	$75,000	$422,568
081-291-005	274	22	Individual Homeowner	02/20/20	08/10/20	$393,448	2,051	Complete	$75,000	$393,448
081-291-006	274	23	Individual Homeowner	02/20/20	08/11/20	$409,535	2,205	Complete	$75,000	$409,535
081-291-007	274	24	Individual Homeowner	02/20/20	08/12/20	$343,120	1,581	Complete	$75,000	$343,120
081-291-010	274	27	Individual Homeowner	12/10/19	06/10/20	$429,844	1,581	Complete	$75,000	$429,844
081-291-011	274	28	Individual Homeowner	02/06/20	07/17/20	$345,935	1,581	Complete	$75,000	$345,935
081-291-013	274	30	Individual Homeowner	11/22/19	05/11/20	$414,570	2,205	Complete	$75,000	$414,570
081-291-014	274	31	Individual Homeowner		09/14/20	$343,770	1,602	Complete	$75,000	$343,770
081-291-016	274	33	Individual Homeowner	09/20/19	02/26/20	$442,610	2,205	Complete	$75,000	$442,610
081-291-018	274	35	Individual Homeowner	09/20/19	02/14/20	$406,328	2,205	Complete	$75,000	$406,328
081-291-020	274	37	Individual Homeowner	01/09/20	07/15/20	$371,271	1,624	Complete	$75,000	$371,271
081-291-021	274	38	Individual Homeowner	10/03/19	03/16/20	$402,681	2,052	Complete	$75,000	$402,681
081-291-022	274	39	Individual Homeowner	03/20/20	07/14/20	$331,230	1,581	Complete	$75,000	$331,230
081-291-023	274	40	Individual Homeowner	10/22/19	04/21/20	$456,264	2,205	Complete	$75,000	$456,264
081-291-024	274	41	Individual Homeowner		12/30/19	$427,500	2,205	Complete	$75,000	$380,000
081-291-025	274	42	Individual Homeowner		12/27/19	$398,500	2,052	Complete	$75,000	$360,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Close of Escrow	Sale Price	Home Size	Status	Lot Value	Home Value
081-291-026	274	43	Individual Homeowner	12/18/19	06/30/20	$372,393	1,581	Complete	$75,000	$372,393
081-291-027	274	44	Individual Homeowner		12/23/19	$371,000	2,052	Complete	$75,000	$360,000
081-291-028	274	45	Individual Homeowner		12/17/19	$424,000	2,205	Complete	$75,000	$380,000
081-291-029	274	46	Individual Homeowner		12/10/19	$406,000	2,052	Complete	$75,000	$360,000
081-291-030	274	47	Individual Homeowner	10/18/19	04/15/20	$343,440	1,581	Complete	$75,000	$343,440
081-291-031	274	48	Individual Homeowner	05/21/20	N/A	$408,670	2,052	Complete	$75,000	$408,670
081-291-032	274	49	Individual Homeowner	06/11/20	06/26/20	$349,018	1,581	Complete	$75,000	$349,018
081-291-033	274	50	Individual Homeowner		12/26/19	$410,500	2,205	Complete	$75,000	$380,000
081-291-034	274	51	Individual Homeowner		10/30/19	$323,000	1,581	Complete	$75,000	$325,000
081-291-035	274	52	Individual Homeowner		11/19/19	$382,500	2,205	Complete	$75,000	$380,000
081-291-036	274	53	Individual Homeowner		12/16/19	$348,000	1,581	Complete	$75,000	$325,000
081-291-040	274	57	Individual Homeowner		10/29/19	$408,000	2,052	Complete	$75,000	$360,000
081-291-041	274	58	Individual Homeowner	01/16/20	06/19/20	$338,040	1,581	Complete	$75,000	$338,040
081-291-042	274	59	Individual Homeowner	02/11/20	3/60/20	$376,495	2,052	Complete	$75,000	$376,495
081-291-043	274	60	Individual Homeowner		11/27/19	$409,000	2,205	Complete	$75,000	$380,000
081-291-044	274	61	Individual Homeowner		09/30/19	$345,500	1,581	Complete	$75,000	$325,000
081-291-045	274	62	Individual Homeowner		09/09/19	$396,500	2,052	Complete	$75,000	$360,000
081-291-046	274	63	Individual Homeowner	12/24/19	06/16/20	$349,155	1,581	Complete	$75,000	$349,155
081-291-047	274	64	Individual Homeowner		10/23/19	$381,000	2,052	Complete	$75,000	$360,000
081-291-048	274	65	Individual Homeowner		09/30/19	$343,000	1,602	Complete	$75,000	$325,000
081-291-049	274	66	Individual Homeowner		10/22/19	$342,000	1,581	Complete	$75,000	$325,000
081-291-050	274	67	Individual Homeowner		11/06/19	$384,000	2,205	Complete	$75,000	$380,000
081-291-051	274	68	Individual Homeowner		11/04/19	$325,000	1,581	Complete	$75,000	$325,000
081-291-052	274	69	Individual Homeowner		08/30/19	$420,500	2,205	Complete	$75,000	$380,000
081-291-058	274	75	Individual Homeowner		08/30/19	$415,500	2,205	Complete	$75,000	$380,000
081-291-059	274	76	Individual Homeowner	12/03/19	03/23/20	$348,216	1,581	Complete	$75,000	$348,216
081-291-060	274	77	Individual Homeowner		05/08/19	$379,000	2,205	Complete	$75,000	$380,000
081-291-061	274	78	Individual Homeowner		07/31/19	$387,500	2,052	Complete	$75,000	$360,000
081-291-062	274	79	Individual Homeowner		07/31/19	$345,000	1,602	Complete	$75,000	$325,000
081-291-063	274	80	Individual Homeowner		05/10/19	$393,000	2,205	Complete	$75,000	$380,000
081-291-064	274	81	Individual Homeowner		08/09/19	$376,500	1,581	Complete	$75,000	$325,000
081-291-065	274	82	Individual Homeowner		11/22/19	$327,000	1,581	Complete	$75,000	$325,000
081-291-066	274	83	Individual Homeowner		08/27/19	$427,000	2,205	Complete	$75,000	$380,000
081-291-067	274	84	Individual Homeowner		05/20/19	$422,000	2,205	Complete	$75,000	$380,000
081-291-068	274	85	Individual Homeowner		10/21/19	$327,500	1,581	Complete	$75,000	$325,000
081-291-069	274	86	Individual Homeowner		12/31/19	$327,000	1,624	Complete	$75,000	$325,000
081-291-070	274	87	Individual Homeowner		06/19/19	$377,000	1,852	Complete	$75,000	$360,000
081-291-071	274	88	Individual Homeowner		08/26/19	$341,500	1,581	Complete	$75,000	$325,000
081-291-072	274	89	Individual Homeowner		05/28/19	$392,000	2,205	Complete	$75,000	$380,000
081-291-073	274	90	Individual Homeowner		06/25/19	$383,000	2,052	Complete	$75,000	$360,000
081-291-074	274	91	Individual Homeowner		10/15/19	$332,000	1,581	Complete	$75,000	$325,000
081-291-075	274	92	Individual Homeowner		09/11/19	$408,000	2,205	Complete	$75,000	$380,000
081-291-082	274	54	Individual Homeowner	01/09/20	03/30/20	$400,128	2,052	Complete	$75,000	$400,128
081-291-083	274	55	Individual Homeowner		03/03/20	$386,000	2,052	Complete	$75,000	$386,000
081-291-084	274	56	Individual Homeowner		07/23/19	$381,500	2,205	Complete	$75,000	$380,000
							TOTAL			**$59,372,811**

HILLSIDE RM, LLC

Tesoro Viejo, Inc is the owner of 543 lots. The lots are in various stages of construction and the expected sell-out period is several years. A discounted cash flow analysis will be used to estimate the value under this ownbership. The aggrregate value of the 543 lots is $55,248,000. The bulk as is value is estimated in the following discounted cash flow analysis.

To determine the requested bulk value, we utilize a discounted cash flow analysis, which includes four components (Revenue, Absorption, Expenses and Discount Rate). The discounted cash flows are conducted quarterly.

The discounted cash flows reflect finished lot revenue with deductions for remaining site development costs, accordingly, as applicable.

LOT SALE ABSORPTION

As discussed earlier, the Gregory Group estimated a 3.15-year sell out period for the lots. Below is our estimate of the lot absorption for Hillside RM, LLS's lot sales.

LOT DISPOSITION SCHEDULE	12 mos/period	**Year 1**	**Year 2**	Year **3**
	Lots Owned			
Phase 1	315	180	135	
Phase 2	224		45	183
	Total Lots Sold:	180	180	183

REVENUE

For a bulk sale as partially developed lots and engineering complete, the most probable buyer is a development/land investment company. Because home and lot values were trending upward, we estimate lot values to increase 3% annually. No trending has been input in year 1. The 3% annual growth is consistent with mid and longer-term prices trends achieved in the market for single-family homes.

LOT REVENUE					
LOT VALUES	Phase 1	*$96,564*	*$96,564*	*$99,461*	*$99,461*
PER UNIT	Phase 2	*$109,125*	*$109,125*	*$112,399*	*$112,399*
LOT REVENUE					
	Phase 1	$30,808,827	$17,381,567	$13,427,260	$0
	Phase 2	$25,626,915	$0	$5,057,944	$20,568,971
TOTAL LOT REVENUE		$56,435,742	$17,381,567	$18,485,204	$20,568,971

EXPENSES

The discounted cash flow analyses account for the following expense items:

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses would include management of project entitlements, as well as coordination with others. We have estimated this expense at 1.0% of revenue, which is spread evenly over the sell-off period.

MARKETING AND SALE

Based on single-family revenue, we have estimated an expense of 1.0% for sales, which is within market parameters. For the sell-off of villages to builders, marketing costs would be negligible, since master developers often contact builders directly and indicate lots are available, rather than openly list properties and have marketing costs.

AD VALOREM REAL ESTATE TAXES

Base real estate taxes (excluding all assessments) have been estimated using the current tax rate of 1.073568% applied to the market value and divided by the total number of lots. The ad valorem taxes are reduced over the cash flow as lots are sold off.

DIRECT LEVIES

As vacant finished lots, annual direct levies for the subject are estimated to average $620 per lot. In addition, for each unit we consider the Special Taxes for the CFD, which vary by product line and home sizing. The estimated weighted average maximum Special Taxes range from $680 to $863/lot (depending on home size) and were discussed in the *Property Taxes* section of this report. Until the lots are transferred to builders the master developer would receive a reimbursement for the paid CFD taxes. The net cost to the developer for CFD taxes for the vacant lots is close to zero. No CFD taxes are modeled in this analysis.

HOA DUES

This DCF model concerns lots. HOA dues are assessed for vacant lots until the first home closes in a phase. No HOA dues are modeled in this analysis.

SITE DEVELOPMENT COSTS

We deduct all costs associated with backbone infrastructure, on-sites, in-tract development, and engineering related to Phase 2 lots. These expenses are spread over years 3 and 4. As reported earlier, we estimate the remaining costs with contingencies are $8,500,000. No appreciation is applied as the costs were provided with future cost increases built into them.

DISCOUNT RATE

The final element in the discounted cash flow analysis is the discount rate that is applied to the individual cash flows. The discount rate is a rate of return commensurate with perceived risk used to convert future payments or receipts to present value. This rate reflects the compensation offered to an investor for assuming the inherent risk associated with the property. Naturally the discount rate varies with the size and complexity of the project and can be affected by numerous other factors. The discount rate is inclusive of developer profit. A survey of discount rates was presented in the Subdivision Development Method section of this report. As stated, the subject property as unimproved land carries elevated risk. The lot values input into this DCF model are reflected of a bulk lot price, which already reflects elevated risk to the home builder buyer. The discount rate for this analysis is primarily attributed to the holding costs and return on equity to the master developer. A component of risk for the lot development is also included. We believe a discount rate of 15% is reasonable for this analysis.

The discounted cash flow with the aforementioned parameters is presented below.

AS-IS MARKET VALUATION - HILLSIDE RM, LLC PROPERTY

LOT DISPOSITION SCHEDULE	12 mos/period		**Year 1**	**Year 2**	Year 3
	Lots Owned				
Phase 1	315		180	135	
Phase 2	224			45	183
	Total Lots Sold:		180	180	183
LOT VALUES	Phase 1	*$96,564*	*$96,564*	*$99,461*	*$99,461*
PER UNIT	Phase 2	*$109,125*	*$109,125*	*$112,399*	*$112,399*
LOT REVENUE					
	Phase 1	$30,808,827	$17,381,567	$13,427,260	$0
	Phase 2	$25,626,915	$0	$5,057,944	$20,568,971
TOTAL LOT REVENUE		$56,435,742	$17,381,567	$18,485,204	$20,568,971
EXPENSES AND CASH FLOWS					
GENERAL AND ADMINISTRATIVE	0.5%	$282,179	$86,908	$92,426	$102,845
MARKETING/COMMISSIONS	1.0%	$564,357	$173,816	$184,852	$205,690
AD VALOREM	1.073568%	$222,926	$44,656	$94,834	$83,436
DIRECT LEVIES	$620	$509,330	$235,600	$166,780	$110,050
BACKBONE & INTRACTS		$8,500,000	$0	$4,250,000	$4,250,000
TOTAL EXPENSES		$10,081,892	$540,979	$4,788,893	$4,752,020
NET INCOME		$46,353,850	$16,840,588	$13,696,312	$15,816,951
PRESENT VALUE FACTOR	15.0%		0.86957	0.75614	0.65752
DISCOUNTED CASH FLOW		$35,400,271	$14,643,989	$10,356,379	$10,399,902
VALUE CONCLUSION		**$35,400,000**			

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-200-001	273	157	Hillside RM, LLC			Vacant	$110,000
081-200-002	273	158	Hillside RM, LLC			Vacant	$110,000
081-200-003	273	159	Hillside RM, LLC			Vacant	$110,000
081-200-004	273	160	Hillside RM, LLC			Vacant	$110,000
081-200-005	273	161	Hillside RM, LLC			Vacant	$110,000
081-200-006	273	162	Hillside RM, LLC			Vacant	$110,000
081-200-007	273	163	Hillside RM, LLC			Vacant	$110,000
081-200-008	273	164	Hillside RM, LLC			Vacant	$110,000
081-200-009	273	165	Hillside RM, LLC			Vacant	$110,000
081-200-010	273	166	Hillside RM, LLC			Vacant	$110,000
081-200-011	273	167	Hillside RM, LLC			Vacant	$110,000
081-200-012	273	168	Hillside RM, LLC			Vacant	$110,000
081-200-013	273	169	Hillside RM, LLC			Vacant	$110,000
081-200-014	273	170	Hillside RM, LLC			Vacant	$110,000
081-200-015	273	171	Hillside RM, LLC			Vacant	$110,000
081-200-016	273	172	Hillside RM, LLC			Vacant	$110,000
081-200-017	273	173	Hillside RM, LLC			Vacant	$110,000
081-200-018	273	174	Hillside RM, LLC			Vacant	$110,000
081-200-019	273	175	Hillside RM, LLC			Vacant	$110,000
081-200-020	273	176	Hillside RM, LLC			Vacant	$110,000
081-200-021	273	177	Hillside RM, LLC			Vacant	$110,000
081-200-022	273	178	Hillside RM, LLC			Vacant	$110,000
081-200-023	273	179	Hillside RM, LLC			Vacant	$110,000
081-200-024	273	180	Hillside RM, LLC			Vacant	$110,000
081-200-025	273	181	Hillside RM, LLC			Vacant	$110,000
081-200-026	273	182	Hillside RM, LLC			Vacant	$110,000
081-200-027	273	183	Hillside RM, LLC			Vacant	$110,000
081-200-028	273	184	Hillside RM, LLC			Vacant	$110,000
081-200-029	273	185	Hillside RM, LLC			Vacant	$110,000
081-200-030	273	186	Hillside RM, LLC			Vacant	$110,000
081-200-031	273	187	Hillside RM, LLC			Vacant	$110,000
081-200-032	273	188	Hillside RM, LLC			Vacant	$110,000
081-200-033	273	189	Hillside RM, LLC			Vacant	$110,000
081-200-034	273	190	Hillside RM, LLC			Vacant	$110,000
081-200-035	273	191	Hillside RM, LLC			Vacant	$110,000
081-200-036	273	192	Hillside RM, LLC			Vacant	$110,000
081-200-037	273	193	Hillside RM, LLC			Vacant	$110,000
081-200-038	273	194	Hillside RM, LLC			Vacant	$110,000
081-200-039	273	195	Hillside RM, LLC			Vacant	$110,000
081-200-040	273	196	Hillside RM, LLC			Vacant	$110,000
081-200-041	273	218	Hillside RM, LLC			Vacant	$110,000
081-200-042	273	219	Hillside RM, LLC			Vacant	$110,000
081-200-043	273	220	Hillside RM, LLC			Vacant	$110,000
081-200-044	273	221	Hillside RM, LLC			Vacant	$110,000
081-200-045	273	222	Hillside RM, LLC	07/16/20	$612,335	Under Construction	$110,000
081-200-046	273	223	Hillside RM, LLC	07/24/20	$579,260	Under Construction	$110,000
081-200-047	273	224	Hillside RM, LLC			Vacant	$110,000
081-200-048	273	225	Hillside RM, LLC			Vacant	$110,000
081-200-049	273	226	Hillside RM, LLC			Vacant	$110,000
081-200-050	273	227	Hillside RM, LLC			Vacant	$110,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-200-051	273	228	Hillside RM, LLC			Vacant	$110,000
081-200-052	273	229	Hillside RM, LLC			Vacant	$110,000
081-200-053	273	230	Hillside RM, LLC			Vacant	$110,000
081-200-054	273	231	Hillside RM, LLC			Vacant	$110,000
081-200-055	273	232	Hillside RM, LLC			Vacant	$110,000
081-200-056	273	233	Hillside RM, LLC			Vacant	$110,000
081-200-057	273	234	Hillside RM, LLC			Vacant	$110,000
081-200-058	273	235	Hillside RM, LLC			Vacant	$110,000
081-200-059	273	236	Hillside RM, LLC			Vacant	$110,000
081-200-060	273	237	Hillside RM, LLC			Vacant	$110,000
081-200-061	273	238	Hillside RM, LLC			Vacant	$110,000
081-200-062	273	239	Hillside RM, LLC			Vacant	$110,000
081-200-063	273	240	Hillside RM, LLC			Vacant	$110,000
081-200-065	273	355	Hillside RM, LLC			Vacant	$80,000
081-200-066	273	356	Hillside RM, LLC			Vacant	$80,000
081-200-067	273	357	Hillside RM, LLC			Vacant	$80,000
081-200-068	273	358	Hillside RM, LLC			Vacant	$80,000
081-200-069	273	359	Hillside RM, LLC			Vacant	$80,000
081-200-070	273	360	Hillside RM, LLC			Vacant	$80,000
081-200-071	273	361	Hillside RM, LLC			Vacant	$80,000
081-200-072	273	362	Hillside RM, LLC			Vacant	$80,000
081-210-001	273	86	Hillside RM, LLC			Vacant	$77,000
081-210-002	273	87	Hillside RM, LLC			Vacant	$77,000
081-210-003	273	88	Hillside RM, LLC			Vacant	$77,000
081-210-004	273	89	Hillside RM, LLC			Vacant	$77,000
081-210-005	273	90	Hillside RM, LLC			Vacant	$77,000
081-210-006	273	91	Hillside RM, LLC			Vacant	$77,000
081-210-007	273	92	Hillside RM, LLC			Vacant	$77,000
081-210-008	273	93	Hillside RM, LLC			Vacant	$77,000
081-210-009	273	94	Hillside RM, LLC			Vacant	$77,000
081-210-010	273	104	Hillside RM, LLC			Vacant	$110,000
081-210-011	273	105	Hillside RM, LLC			Vacant	$110,000
081-210-012	273	106	Hillside RM, LLC			Vacant	$110,000
081-210-013	273	107	Hillside RM, LLC			Vacant	$110,000
081-210-014	273	108	Hillside RM, LLC			Vacant	$110,000
081-210-015	273	109	Hillside RM, LLC			Vacant	$110,000
081-210-016	273	110	Hillside RM, LLC			Vacant	$110,000
081-210-017	273	111	Hillside RM, LLC			Vacant	$110,000
081-210-018	273	112	Hillside RM, LLC			Vacant	$110,000
081-210-019	273	113	Hillside RM, LLC			Vacant	$110,000
081-210-020	273	114	Hillside RM, LLC			Vacant	$110,000
081-210-021	273	115	Hillside RM, LLC			Vacant	$110,000
081-210-022	273	116	Hillside RM, LLC			Vacant	$110,000
081-210-023	273	117	Hillside RM, LLC			Vacant	$110,000
081-210-024	273	118	Hillside RM, LLC			Vacant	$110,000
081-210-025	273	119	Hillside RM, LLC			Vacant	$110,000
081-210-026	273	120	Hillside RM, LLC			Vacant	$110,000
081-210-027	273	121	Hillside RM, LLC			Vacant	$110,000
081-210-028	273	122	Hillside RM, LLC			Vacant	$110,000
081-210-029	273	123	Hillside RM, LLC			Vacant	$110,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-210-030	273	124	Hillside RM, LLC			Vacant	$110,000
081-210-031	273	125	Hillside RM, LLC			Vacant	$110,000
081-210-032	273	126	Hillside RM, LLC			Vacant	$110,000
081-210-033	273	127	Hillside RM, LLC			Vacant	$110,000
081-210-034	273	128	Hillside RM, LLC			Vacant	$110,000
081-210-035	273	129	Hillside RM, LLC			Vacant	$110,000
081-210-036	273	130	Hillside RM, LLC			Vacant	$110,000
081-210-037	273	131	Hillside RM, LLC			Vacant	$110,000
081-210-038	273	132	Hillside RM, LLC			Vacant	$110,000
081-210-039	273	133	Hillside RM, LLC			Vacant	$80,000
081-210-040	273	134	Hillside RM, LLC			Vacant	$80,000
081-210-041	273	135	Hillside RM, LLC			Vacant	$80,000
081-210-042	273	136	Hillside RM, LLC			Vacant	$80,000
081-210-043	273	137	Hillside RM, LLC			Vacant	$80,000
081-210-044	273	138	Hillside RM, LLC			Vacant	$80,000
081-210-045	273	139	Hillside RM, LLC			Vacant	$80,000
081-210-046	273	140	Hillside RM, LLC			Vacant	$80,000
081-210-047	273	141	Hillside RM, LLC			Vacant	$80,000
081-210-048	273	142	Hillside RM, LLC			Vacant	$80,000
081-210-049	273	143	Hillside RM, LLC			Vacant	$80,000
081-210-050	273	144	Hillside RM, LLC			Vacant	$80,000
081-210-051	273	145	Hillside RM, LLC			Vacant	$80,000
081-210-052	273	146	Hillside RM, LLC			Vacant	$80,000
081-210-053	273	147	Hillside RM, LLC			Vacant	$80,000
081-210-054	273	148	Hillside RM, LLC			Vacant	$80,000
081-210-055	273	149	Hillside RM, LLC			Vacant	$80,000
081-210-056	273	150	Hillside RM, LLC			Vacant	$80,000
081-210-057	273	151	Hillside RM, LLC			Vacant	$80,000
081-210-058	273	152	Hillside RM, LLC			Vacant	$80,000
081-210-059	273	153	Hillside RM, LLC			Vacant	$80,000
081-210-060	273	154	Hillside RM, LLC			Vacant	$80,000
081-210-061	273	155	Hillside RM, LLC			Vacant	$80,000
081-210-062	273	156	Hillside RM, LLC			Vacant	$80,000
081-210-063	273	207	Hillside RM, LLC	07/14/20	$426,850	Under Construction	$110,000
081-210-064	273	208	Hillside RM, LLC			Vacant	$110,000
081-210-065	273	209	Hillside RM, LLC			Vacant	$110,000
081-210-066	273	210	Hillside RM, LLC			Vacant	$110,000
081-210-067	273	211	Hillside RM, LLC			Vacant	$110,000
081-210-068	273	212	Hillside RM, LLC	08/13/20	$422,900	Under Construction	$110,000
081-210-069	273	213	Hillside RM, LLC			Vacant	$110,000
081-210-070	273	214	Hillside RM, LLC	07/16/20	$524,635	Under Construction	$110,000
081-210-072	273	215	Hillside RM, LLC	07/31/20	$451,300	Under Construction	$110,000
081-210-073	273	216	Hillside RM, LLC	08/06/20	$492,900	Under Construction	$110,000
081-210-074	273	217	Hillside RM, LLC			Vacant	$80,000
081-210-077	273	348	Hillside RM, LLC			Vacant	$80,000
081-210-078	273	349	Hillside RM, LLC			Vacant	$80,000
081-210-079	273	350	Hillside RM, LLC			Vacant	$80,000
081-210-080	273	351	Hillside RM, LLC			Vacant	$80,000
081-210-081	273	352	Hillside RM, LLC			Vacant	$80,000
081-210-082	273	353	Hillside RM, LLC			Vacant	$80,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-210-083	273	354	Hillside RM, LLC			Vacant	$80,000
081-210-084	273	346	Hillside RM, LLC			Vacant	$80,000
081-210-085	273	347	Hillside RM, LLC			Vacant	$80,000
081-220-029	273	378	Hillside RM, LLC			Vacant	$77,000
081-220-030	273	379	Hillside RM, LLC			Vacant	$77,000
081-220-031	273	380	Hillside RM, LLC			Vacant	$77,000
081-220-032	273	381	Hillside RM, LLC			Vacant	$77,000
081-220-033	273	382	Hillside RM, LLC			Vacant	$77,000
081-220-034	273	383	Hillside RM, LLC			Vacant	$77,000
081-220-035	273	384	Hillside RM, LLC			Vacant	$77,000
081-220-036	273	385	Hillside RM, LLC			Vacant	$77,000
081-220-037	273	386	Hillside RM, LLC			Vacant	$77,000
081-220-038	273	387	Hillside RM, LLC			Vacant	$77,000
081-220-039	273	388	Hillside RM, LLC			Vacant	$77,000
081-220-040	273	389	Hillside RM, LLC			Vacant	$77,000
081-220-041	273	390	Hillside RM, LLC			Vacant	$77,000
081-220-042	273	391	Hillside RM, LLC			Vacant	$77,000
081-220-043	273	392	Hillside RM, LLC			Vacant	$77,000
081-220-044	273	393	Hillside RM, LLC			Vacant	$77,000
081-220-045	273	394	Hillside RM, LLC			Vacant	$77,000
081-220-046	273	395	Hillside RM, LLC			Vacant	$77,000
081-220-047	273	396	Hillside RM, LLC			Vacant	$77,000
081-220-048	273	397	Hillside RM, LLC			Vacant	$77,000
081-220-051	273	253	Hillside RM, LLC			Vacant	$180,000
081-220-052	273	254	Hillside RM, LLC			Vacant	$180,000
081-230-001	273	47	Hillside RM, LLC			Vacant	$120,000
081-230-002	273	48	Hillside RM, LLC			Vacant	$120,000
081-230-006	273	52	Hillside RM, LLC			Vacant	$120,000
081-230-007	273	53	Hillside RM, LLC			Vacant	$77,000
081-230-008	273	54	Hillside RM, LLC			Vacant	$77,000
081-230-009	273	55	Hillside RM, LLC			Vacant	$77,000
081-230-010	273	56	Hillside RM, LLC			Vacant	$77,000
081-230-011	273	57	Hillside RM, LLC			Vacant	$77,000
081-230-012	273	58	Hillside RM, LLC			Vacant	$77,000
081-230-013	273	59	Hillside RM, LLC			Vacant	$77,000
081-230-014	273	60	Hillside RM, LLC			Vacant	$77,000
081-230-015	273	61	Hillside RM, LLC			Vacant	$77,000
081-230-016	273	62	Hillside RM, LLC			Vacant	$77,000
081-230-017	273	63	Hillside RM, LLC			Vacant	$77,000
081-230-018	273	64	Hillside RM, LLC			Vacant	$77,000
081-230-019	273	65	Hillside RM, LLC			Vacant	$77,000
081-230-020	273	66	Hillside RM, LLC			Vacant	$77,000
081-230-021	273	67	Hillside RM, LLC			Vacant	$77,000
081-230-022	273	68	Hillside RM, LLC			Vacant	$77,000
081-230-023	273	69	Hillside RM, LLC			Vacant	$77,000
081-230-024	273	70	Hillside RM, LLC			Vacant	$77,000
081-230-025	273	71	Hillside RM, LLC			Vacant	$77,000
081-230-026	273	72	Hillside RM, LLC			Vacant	$77,000
081-230-027	273	73	Hillside RM, LLC			Vacant	$77,000
081-230-028	273	74	Hillside RM, LLC			Vacant	$77,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-230-029	273	75	Hillside RM, LLC			Vacant	$77,000
081-230-030	273	76	Hillside RM, LLC			Vacant	$77,000
081-230-031	273	77	Hillside RM, LLC			Vacant	$77,000
081-230-032	273	78	Hillside RM, LLC			Vacant	$77,000
081-230-033	273	79	Hillside RM, LLC			Vacant	$77,000
081-230-034	273	80	Hillside RM, LLC			Vacant	$77,000
081-230-035	273	81	Hillside RM, LLC			Vacant	$77,000
081-230-036	273	82	Hillside RM, LLC			Vacant	$77,000
081-230-037	273	83	Hillside RM, LLC			Vacant	$77,000
081-230-038	273	84	Hillside RM, LLC			Vacant	$77,000
081-230-039	273	85	Hillside RM, LLC			Vacant	$77,000
081-230-040	273	95	Hillside RM, LLC			Vacant	$77,000
081-230-041	273	96	Hillside RM, LLC			Vacant	$110,000
081-230-042	273	97	Hillside RM, LLC			Vacant	$110,000
081-230-043	273	98	Hillside RM, LLC			Vacant	$110,000
081-230-044	273	99	Hillside RM, LLC			Vacant	$110,000
081-230-045	273	100	Hillside RM, LLC			Vacant	$110,000
081-230-046	273	101	Hillside RM, LLC			Vacant	$110,000
081-230-047	273	102	Hillside RM, LLC			Vacant	$110,000
081-230-048	273	103	Hillside RM, LLC			Vacant	$110,000
081-230-050	273	197	Hillside RM, LLC			Vacant	$110,000
081-230-051	273	198	Hillside RM, LLC			Vacant	$110,000
081-230-052	273	199	Hillside RM, LLC			Vacant	$110,000
081-230-053	273	200	Hillside RM, LLC			Vacant	$110,000
081-230-054	273	201	Hillside RM, LLC			Vacant	$110,000
081-230-055	273	202	Hillside RM, LLC			Vacant	$110,000
081-230-056	273	203	Hillside RM, LLC			Vacant	$110,000
081-230-057	273	204	Hillside RM, LLC			Vacant	$110,000
081-230-058	273	205	Hillside RM, LLC			Vacant	$110,000
081-230-059	273	206	Hillside RM, LLC			Vacant	$110,000
081-230-064	274	1	Hillside RM, LLC			Vacant	$110,000
081-230-065	274	2	Hillside RM, LLC			Vacant	$110,000
081-230-066	274	3	Hillside RM, LLC			Vacant	$110,000
081-230-067	274	4	Hillside RM, LLC			Vacant	$110,000
081-240-001	275	326	Hillside RM, LLC			Vacant	$115,000
081-240-007	275	332	Hillside RM, LLC			Vacant	$77,000
081-240-008	275	333	Hillside RM, LLC			Vacant	$77,000
081-240-009	275	334	Hillside RM, LLC			Vacant	$77,000
081-240-010	275	335	Hillside RM, LLC			Vacant	$77,000
081-240-011	275	336	Hillside RM, LLC			Vacant	$77,000
081-240-012	275	337	Hillside RM, LLC			Vacant	$77,000
081-240-083	275	342	Hillside RM, LLC			Vacant	$80,000
081-240-084	275	343	Hillside RM, LLC			Vacant	$80,000
081-240-085	275	344	Hillside RM, LLC			Vacant	$80,000
081-240-086	275	345	Hillside RM, LLC			Vacant	$80,000
081-241-005	275	5	Hillside RM, LLC			Vacant	$75,000
081-241-006	275	6	Hillside RM, LLC	08/13/20	$375,400	Vacant	$75,000
081-241-007	275	7	Hillside RM, LLC			Vacant	$75,000
081-241-008	275	8	Hillside RM, LLC	08/06/20	$335,000	Under Construction	$75,000
081-241-009	275	9	Hillside RM, LLC			Vacant	$75,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-241-010	275	10	Hillside RM, LLC			Vacant	$75,000
081-241-011	275	11	Hillside RM, LLC	08/12/20	$338,050	Under Construction	$75,000
081-241-012	275	12	Hillside RM, LLC			Vacant	$75,000
081-241-013	275	13	Hillside RM, LLC			Vacant	$75,000
081-241-014	275	14	Hillside RM, LLC			Vacant	$75,000
081-241-015	275	15	Hillside RM, LLC			Vacant	$75,000
081-241-016	275	16	Hillside RM, LLC			Vacant	$75,000
081-241-017	275	17	Hillside RM, LLC			Vacant	$75,000
081-241-018	275	398	Hillside RM, LLC			Vacant	$77,000
081-241-019	275	399	Hillside RM, LLC			Vacant	$77,000
081-241-020	275	400	Hillside RM, LLC			Vacant	$77,000
081-241-021	275	401	Hillside RM, LLC			Vacant	$77,000
081-241-022	275	402	Hillside RM, LLC			Vacant	$77,000
081-241-023	275	403	Hillside RM, LLC			Vacant	$77,000
081-241-024	275	404	Hillside RM, LLC			Vacant	$77,000
081-241-025	275	405	Hillside RM, LLC			Vacant	$77,000
081-241-026	275	406	Hillside RM, LLC			Vacant	$77,000
081-241-027	275	407	Hillside RM, LLC			Vacant	$77,000
081-241-028	275	408	Hillside RM, LLC			Vacant	$77,000
081-241-029	275	409	Hillside RM, LLC			Vacant	$77,000
081-241-030	275	410	Hillside RM, LLC			Vacant	$77,000
081-241-031	275	411	Hillside RM, LLC			Vacant	$77,000
081-241-032	275	412	Hillside RM, LLC			Vacant	$77,000
081-241-033	275	413	Hillside RM, LLC			Vacant	$77,000
081-241-034	275	414	Hillside RM, LLC			Vacant	$77,000
081-241-035	275	415	Hillside RM, LLC			Vacant	$77,000
081-242-001	275	18	Hillside RM, LLC	07/23/20	$395,000	Under Construction	$75,000
081-242-002	275	19	Hillside RM, LLC	07/31/20	$411,150	Under Construction	$75,000
081-242-003	275	20	Hillside RM, LLC			Vacant	$75,000
081-242-004	275	21	Hillside RM, LLC	07/20/20	$336,640	Under Construction	$75,000
081-242-005	275	22	Hillside RM, LLC	07/23/20	$331,400	Under Construction	$75,000
081-242-006	275	23	Hillside RM, LLC	07/16/20	$344,785	Under Construction	$75,000
081-242-007	275	24	Hillside RM, LLC	07/23/20	$337,225	Under Construction	$75,000
081-242-008	275	25	Hillside RM, LLC	07/14/20	$340,990	Under Construction	$75,000
081-250-029	273	255	Hillside RM, LLC			Vacant	$180,000
081-250-030	273	256	Hillside RM, LLC			Vacant	$180,000
081-250-031	273	257	Hillside RM, LLC			Vacant	$180,000
081-250-032	273	258	Hillside RM, LLC			Vacant	$180,000
081-250-033	273	259	Hillside RM, LLC			Vacant	$180,000
081-250-034	273	260	Hillside RM, LLC			Vacant	$180,000
081-250-035	273	261	Hillside RM, LLC			Vacant	$180,000
081-250-036	273	262	Hillside RM, LLC			Vacant	$180,000
081-250-037	273	263	Hillside RM, LLC			Vacant	$180,000
081-250-038	273	264	Hillside RM, LLC			Vacant	$180,000
081-260-019	273	293	Hillside RM, LLC			Vacant	$110,000
081-260-020	273	294	Hillside RM, LLC			Vacant	$110,000
081-260-021	273	295	Hillside RM, LLC			Vacant	$110,000
081-260-022	273	296	Hillside RM, LLC			Vacant	$110,000
081-260-023	273	297	Hillside RM, LLC			Vacant	$110,000
081-260-024	273	298	Hillside RM, LLC			Vacant	$110,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-260-025	273	299	Hillside RM, LLC			Vacant	$110,000
081-260-026	273	300	Hillside RM, LLC			Vacant	$110,000
081-260-027	273	301	Hillside RM, LLC			Vacant	$110,000
081-260-028	273	302	Hillside RM, LLC			Vacant	$110,000
081-260-029	273	303	Hillside RM, LLC			Vacant	$110,000
081-260-030	273	304	Hillside RM, LLC			Vacant	$110,000
081-260-031	273	305	Hillside RM, LLC			Vacant	$110,000
081-260-032	273	306	Hillside RM, LLC			Vacant	$110,000
081-260-033	273	307	Hillside RM, LLC			Vacant	$110,000
081-260-034	273	308	Hillside RM, LLC			Vacant	$110,000
081-260-035	273	309	Hillside RM, LLC			Vacant	$110,000
081-260-036	273	310	Hillside RM, LLC			Vacant	$110,000
081-260-037	273	311	Hillside RM, LLC			Vacant	$110,000
081-260-038	273	312	Hillside RM, LLC			Vacant	$110,000
081-291-053	274	70	Hillside RM, LLC			Vacant	$75,000
081-291-054	274	71	Hillside RM, LLC			Vacant	$75,000
081-291-055	274	72	Hillside RM, LLC			Vacant	$75,000
081-291-056	274	73	Hillside RM, LLC			Vacant	$75,000
081-291-057	274	74	Hillside RM, LLC			Vacant	$75,000
081-310-001	273	442	Hillside RM, LLC			Vacant	$110,000
081-310-002	273	443	Hillside RM, LLC			Vacant	$110,000
081-310-003	273	444	Hillside RM, LLC			Vacant	$110,000
081-310-004	273	445	Hillside RM, LLC			Vacant	$110,000
081-310-005	273	446	Hillside RM, LLC			Vacant	$110,000
081-310-006	273	447	Hillside RM, LLC			Vacant	$130,000
081-310-007	273	448	Hillside RM, LLC			Vacant	$130,000
081-310-008	273	449	Hillside RM, LLC			Vacant	$130,000
081-310-009	273	450	Hillside RM, LLC			Vacant	$130,000
081-310-010	273	451	Hillside RM, LLC			Vacant	$130,000
081-310-011	273	452	Hillside RM, LLC			Vacant	$130,000
081-310-012	273	453	Hillside RM, LLC			Vacant	$130,000
081-310-013	273	454	Hillside RM, LLC			Vacant	$130,000
081-310-014	273	455	Hillside RM, LLC			Vacant	$130,000
081-310-015	273	456	Hillside RM, LLC			Vacant	$130,000
081-310-016	273	457	Hillside RM, LLC			Vacant	$130,000
081-310-017	273	458	Hillside RM, LLC			Vacant	$130,000
081-310-018	273	459	Hillside RM, LLC			Vacant	$130,000
081-310-019	273	460	Hillside RM, LLC			Vacant	$130,000
081-310-020	273	520	Hillside RM, LLC			Vacant	$115,000
081-310-021	273	521	Hillside RM, LLC			Vacant	$115,000
081-310-022	273	522	Hillside RM, LLC			Vacant	$115,000
081-310-023	273	523	Hillside RM, LLC			Vacant	$115,000
081-310-024	273	524	Hillside RM, LLC			Vacant	$115,000
081-310-025	273	525	Hillside RM, LLC			Vacant	$130,000
081-310-026	273	526	Hillside RM, LLC			Vacant	$130,000
081-310-027	273	527	Hillside RM, LLC			Vacant	$130,000
081-310-028	273	528	Hillside RM, LLC			Vacant	$80,000
081-310-029	273	529	Hillside RM, LLC			Vacant	$80,000
081-310-030	273	530	Hillside RM, LLC			Vacant	$80,000
081-310-031	273	531	Hillside RM, LLC			Vacant	$80,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-310-032	273	532	Hillside RM, LLC			Vacant	$80,000
081-310-033	273	533	Hillside RM, LLC			Vacant	$80,000
081-310-034	273	550	Hillside RM, LLC			Vacant	$77,000
081-310-035	273	551	Hillside RM, LLC			Vacant	$77,000
081-310-036	273	552	Hillside RM, LLC			Vacant	$77,000
081-310-037	273	553	Hillside RM, LLC			Vacant	$77,000
081-310-038	273	554	Hillside RM, LLC			Vacant	$77,000
081-310-039	273	555	Hillside RM, LLC			Vacant	$110,000
081-310-040	273	556	Hillside RM, LLC			Vacant	$110,000
081-310-041	273	557	Hillside RM, LLC			Vacant	$110,000
081-310-042	273	558	Hillside RM, LLC			Vacant	$110,000
081-310-043	273	562	Hillside RM, LLC			Vacant	$110,000
081-320-001	273	461	Hillside RM, LLC			Vacant	$130,000
081-320-002	273	462	Hillside RM, LLC			Vacant	$130,000
081-320-003	273	463	Hillside RM, LLC			Vacant	$130,000
081-320-004	273	464	Hillside RM, LLC			Vacant	$130,000
081-320-005	273	465	Hillside RM, LLC			Vacant	$130,000
081-320-006	273	466	Hillside RM, LLC			Vacant	$130,000
081-320-007	273	513	Hillside RM, LLC			Vacant	$115,000
081-320-008	273	514	Hillside RM, LLC			Vacant	$115,000
081-320-009	273	515	Hillside RM, LLC			Vacant	$115,000
081-320-010	273	516	Hillside RM, LLC			Vacant	$115,000
081-320-011	273	517	Hillside RM, LLC			Vacant	$115,000
081-320-012	273	518	Hillside RM, LLC			Vacant	$115,000
081-320-013	273	519	Hillside RM, LLC			Vacant	$115,000
081-320-014	273	534	Hillside RM, LLC			Vacant	$80,000
081-320-015	273	535	Hillside RM, LLC			Vacant	$80,000
081-320-016	273	536	Hillside RM, LLC			Vacant	$80,000
081-320-017	273	537	Hillside RM, LLC			Vacant	$80,000
081-320-018	273	538	Hillside RM, LLC			Vacant	$80,000
081-320-019	273	539	Hillside RM, LLC			Vacant	$80,000
081-320-020	273	540	Hillside RM, LLC			Vacant	$80,000
081-320-021	273	541	Hillside RM, LLC			Vacant	$80,000
081-320-022	273	542	Hillside RM, LLC			Vacant	$80,000
081-320-023	273	543	Hillside RM, LLC			Vacant	$77,000
081-320-024	273	544	Hillside RM, LLC			Vacant	$77,000
081-320-025	273	545	Hillside RM, LLC			Vacant	$77,000
081-320-026	273	546	Hillside RM, LLC			Vacant	$77,000
081-320-027	273	547	Hillside RM, LLC			Vacant	$77,000
081-320-028	273	548	Hillside RM, LLC			Vacant	$77,000
081-320-029	273	549	Hillside RM, LLC			Vacant	$77,000
081-320-030	273	559	Hillside RM, LLC			Vacant	$110,000
081-320-031	273	560	Hillside RM, LLC			Vacant	$110,000
081-320-032	273	561	Hillside RM, LLC			Vacant	$110,000
081-320-033	273	563	Hillside RM, LLC			Vacant	$110,000
081-320-034	273	564	Hillside RM, LLC			Vacant	$110,000
081-320-035	273	565	Hillside RM, LLC			Vacant	$110,000
081-320-036	273	566	Hillside RM, LLC			Vacant	$110,000
081-320-037	273	567	Hillside RM, LLC			Vacant	$110,000
081-320-038	273	568	Hillside RM, LLC			Vacant	$110,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-320-039	273	569	Hillside RM, LLC			Vacant	$110,000
081-320-040	273	570	Hillside RM, LLC			Vacant	$110,000
081-320-049	286	1	Hillside RM, LLC			Vacant	$110,000
081-320-050	286	2	Hillside RM, LLC			Vacant	$110,000
081-320-051	286	3	Hillside RM, LLC			Vacant	$110,000
081-320-052	286	4	Hillside RM, LLC			Vacant	$110,000
081-320-053	286	5	Hillside RM, LLC			Vacant	$110,000
081-320-054	286	6	Hillside RM, LLC			Vacant	$110,000
081-320-055	286	7	Hillside RM, LLC			Vacant	$110,000
081-320-056	286	8	Hillside RM, LLC			Vacant	$110,000
081-320-057	286	9	Hillside RM, LLC			Vacant	$110,000
081-320-058	286	10	Hillside RM, LLC			Vacant	$110,000
081-320-059	286	11	Hillside RM, LLC			Vacant	$110,000
081-320-060	286	12	Hillside RM, LLC			Vacant	$110,000
081-320-061	286	13	Hillside RM, LLC			Vacant	$110,000
081-320-062	286	14	Hillside RM, LLC			Vacant	$110,000
081-330-001	273	467	Hillside RM, LLC			Vacant	$130,000
081-330-002	273	468	Hillside RM, LLC			Vacant	$130,000
081-330-003	273	469	Hillside RM, LLC			Vacant	$130,000
081-330-004	273	470	Hillside RM, LLC			Vacant	$130,000
081-330-005	273	471	Hillside RM, LLC			Vacant	$130,000
081-330-006	273	472	Hillside RM, LLC			Vacant	$130,000
081-330-007	273	473	Hillside RM, LLC			Vacant	$130,000
081-330-008	273	474	Hillside RM, LLC			Vacant	$130,000
081-330-009	273	475	Hillside RM, LLC			Vacant	$110,000
081-330-010	273	476	Hillside RM, LLC			Vacant	$110,000
081-330-011	273	477	Hillside RM, LLC			Vacant	$110,000
081-330-012	273	478	Hillside RM, LLC			Vacant	$110,000
081-330-013	273	479	Hillside RM, LLC			Vacant	$110,000
081-330-014	273	480	Hillside RM, LLC			Vacant	$110,000
081-330-015	273	481	Hillside RM, LLC			Vacant	$110,000
081-330-016	273	482	Hillside RM, LLC			Vacant	$110,000
081-330-022	273	582	Hillside RM, LLC			Vacant	$110,000
081-330-023	273	583	Hillside RM, LLC			Vacant	$110,000
081-330-024	273	584	Hillside RM, LLC			Vacant	$110,000
081-330-025	273	585	Hillside RM, LLC			Vacant	$110,000
081-330-026	273	586	Hillside RM, LLC			Vacant	$110,000
081-330-027	273	587	Hillside RM, LLC			Vacant	$110,000
081-330-028	273	588	Hillside RM, LLC			Vacant	$80,000
081-330-029	273	589	Hillside RM, LLC			Vacant	$80,000
081-330-030	273	590	Hillside RM, LLC			Vacant	$80,000
081-330-031	273	591	Hillside RM, LLC			Vacant	$80,000
081-330-032	273	592	Hillside RM, LLC			Vacant	$80,000
081-330-033	273	593	Hillside RM, LLC			Vacant	$80,000
081-330-034	273	594	Hillside RM, LLC			Vacant	$80,000
081-330-035	273	595	Hillside RM, LLC			Vacant	$80,000
081-330-036	273	596	Hillside RM, LLC			Vacant	$80,000
081-330-037	273	597	Hillside RM, LLC			Vacant	$80,000
081-330-038	273	598	Hillside RM, LLC			Vacant	$80,000
081-330-039	273	599	Hillside RM, LLC			Vacant	$80,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-330-040	273	600	Hillside RM, LLC			Vacant	$80,000
081-330-041	273	601	Hillside RM, LLC			Vacant	$80,000
081-330-042	273	602	Hillside RM, LLC			Vacant	$80,000
081-330-043	273	603	Hillside RM, LLC			Vacant	$80,000
081-330-044	273	604	Hillside RM, LLC			Vacant	$80,000
081-330-045	273	605	Hillside RM, LLC			Vacant	$80,000
081-330-046	273	606	Hillside RM, LLC			Vacant	$110,000
081-330-047	273	607	Hillside RM, LLC			Vacant	$110,000
081-340-001	273	505	Hillside RM, LLC			Vacant	$130,000
081-340-002	273	506	Hillside RM, LLC			Vacant	$130,000
081-340-003	273	507	Hillside RM, LLC			Vacant	$130,000
081-340-004	273	508	Hillside RM, LLC			Vacant	$130,000
081-340-005	273	509	Hillside RM, LLC			Vacant	$130,000
081-340-006	273	510	Hillside RM, LLC			Vacant	$130,000
081-340-007	273	511	Hillside RM, LLC			Vacant	$130,000
081-340-008	273	512	Hillside RM, LLC			Vacant	$130,000
081-340-009	273	608	Hillside RM, LLC			Vacant	$115,000
081-340-010	273	609	Hillside RM, LLC			Vacant	$115,000
081-340-011	273	610	Hillside RM, LLC			Vacant	$115,000
081-340-012	273	611	Hillside RM, LLC			Vacant	$115,000
081-340-013	273	612	Hillside RM, LLC			Vacant	$115,000
081-340-014	273	613	Hillside RM, LLC			Vacant	$115,000
081-340-015	273	614	Hillside RM, LLC			Vacant	$115,000
081-340-016	273	615	Hillside RM, LLC			Vacant	$115,000
081-340-017	273	616	Hillside RM, LLC			Vacant	$115,000
081-340-018	273	617	Hillside RM, LLC			Vacant	$115,000
081-340-032	273	642	Hillside RM, LLC			Vacant	$110,000
081-340-033	273	643	Hillside RM, LLC			Vacant	$110,000
081-340-035	273	640	Hillside RM, LLC			Vacant	$110,000
081-340-036	273	619	Hillside RM, LLC			Vacant	$115,000
081-340-038	273	620	Hillside RM, LLC			Vacant	$115,000
081-340-040	273	621	Hillside RM, LLC			Vacant	$115,000
081-340-041	273	622	Hillside RM, LLC			Vacant	$115,000
081-340-042	273	623	Hillside RM, LLC			Vacant	$115,000
081-340-043	273	628	Hillside RM, LLC			Vacant	$115,000
081-340-044	273	627	Hillside RM, LLC			Vacant	$115,000
081-340-045	273	626	Hillside RM, LLC			Vacant	$115,000
081-340-047	273	625	Hillside RM, LLC			Vacant	$115,000
081-340-048	273	624	Hillside RM, LLC			Vacant	$115,000
081-340-049	273	618	Hillside RM, LLC			Vacant	$115,000
081-340-050	273	641	Hillside RM, LLC			Vacant	$115,000
081-350-001	273	483	Hillside RM, LLC			Vacant	$130,000
081-350-002	273	484	Hillside RM, LLC			Vacant	$130,000
081-350-003	273	485	Hillside RM, LLC			Vacant	$130,000
081-350-004	273	486	Hillside RM, LLC			Vacant	$130,000
081-350-005	273	487	Hillside RM, LLC			Vacant	$130,000
081-350-016	273	498	Hillside RM, LLC			Vacant	$130,000
081-350-017	273	499	Hillside RM, LLC			Vacant	$130,000
081-350-018	273	500	Hillside RM, LLC			Vacant	$130,000
081-350-019	273	501	Hillside RM, LLC			Vacant	$130,000

Parcel	Map No.	Lot No.	Owner	Contract Date	Sale Price	Status	Lot Value
081-350-020	273	502	Hillside RM, LLC			Vacant	$130,000
081-350-021	273	503	Hillside RM, LLC			Vacant	$130,000
081-350-022	273	504	Hillside RM, LLC			Vacant	$130,000
081-350-025	273	631	Hillside RM, LLC			Vacant	$110,000
081-350-034	273	644	Hillside RM, LLC			Vacant	$110,000
081-350-035	273	645	Hillside RM, LLC			Vacant	$110,000
081-350-036	273	646	Hillside RM, LLC			Vacant	$110,000
081-350-037	273	647	Hillside RM, LLC			Vacant	$110,000
081-350-038	273	648	Hillside RM, LLC			Vacant	$110,000
081-350-039	273	649	Hillside RM, LLC			Vacant	$110,000
081-350-040	273	650	Hillside RM, LLC			Vacant	$110,000
081-350-041	273	651	Hillside RM, LLC			Vacant	$110,000
081-350-042	273	652	Hillside RM, LLC			Vacant	$110,000
081-350-043	273	653	Hillside RM, LLC			Vacant	$110,000
081-350-044	273	654	Hillside RM, LLC			Vacant	$110,000
081-350-045	273	655	Hillside RM, LLC			Vacant	$110,000
081-350-046	273	656	Hillside RM, LLC			Vacant	$110,000
081-350-047	273	657	Hillside RM, LLC			Vacant	$110,000
081-350-048	273	658	Hillside RM, LLC			Vacant	$110,000
081-350-049	273	659	Hillside RM, LLC			Vacant	$110,000
081-350-050	273	660	Hillside RM, LLC			Vacant	$110,000
081-350-051	273	661	Hillside RM, LLC			Vacant	$110,000
081-350-054	273	Outlot S	Hillside RM, LLC			Vacant	$110,000
081-350-055	273	639	Hillside RM, LLC			Vacant	$110,000
081-350-056	273	638	Hillside RM, LLC			Vacant	$110,000
081-350-057	273	637	Hillside RM, LLC			Vacant	$110,000
081-350-059	273	636	Hillside RM, LLC			Vacant	$110,000
081-350-060	273	635	Hillside RM, LLC			Vacant	$110,000
081-350-062	273	629	Hillside RM, LLC			Vacant	$110,000
081-350-064	273	630	Hillside RM, LLC			Vacant	$110,000
081-350-065	273	632	Hillside RM, LLC			Vacant	$110,000
081-350-066	273	633	Hillside RM, LLC			Vacant	$110,000
081-350-067	273	634	Hillside RM, LLC			Vacant	$110,000
081-350-068	273	488	Hillside RM, LLC			Vacant	$110,000
081-350-069	273	489	Hillside RM, LLC			Vacant	$110,000
081-350-070	273	490	Hillside RM, LLC			Vacant	$110,000
081-350-071	273	491	Hillside RM, LLC			Vacant	$110,000
081-350-072	273	492	Hillside RM, LLC			Vacant	$110,000
081-350-073	273	493	Hillside RM, LLC			Vacant	$110,000
081-350-074	273	494	Hillside RM, LLC			Vacant	$110,000
081-350-075	273	495	Hillside RM, LLC			Vacant	$110,000
081-350-076	273	496	Hillside RM, LLC			Vacant	$110,000
081-350-077	273	497	Hillside RM, LLC			Vacant	$110,000
							$55,248,000

FINAL OPINIONS OF VALUE

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinions follow:

VALUATION			
Ownership	Description	Value by Ownership	
D. R. Horton	19 Lots & Homes	$5,400,000	(not-less than market value in bulk)
K. Hovnanian CA Land Holdings, LLC	9 Lots & Homes	$2,760,000	(not-less than market value in bulk)
Treasure Hills RM, LLC	65 Lots & Homes	$15,660,000	(not-less than market value in bulk)
Redrock RM, LLC	35 Lots & Homes	$4,500,000	(not-less than market value in bulk)
Individual Homeowners	133 Homes	$59,370,000	(not-less than aggregate value)
Hillside RM, LLC	543 Lots	$35,400,000	(not-less than market value in bulk)

The values reported above are subject to the extraordinary assumptions, hypothetical conditions, standard assumptions and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than the Client and Intended Users may use or rely on the information, opinions and conclusions contained in the report.

EXPOSURE TIME AND MARKETING PERIOD

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current economic conditions. Demand remains high for bulk purchase of lots. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time is 6 months for the subject lots, based on the concluded value(s) and as of the date of value.

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property. We see changes in market conditions in the near term; therefore, it is our opinion that a reasonable marketing period is likely to be higher than the exposure time. Accordingly, we estimate the subject's marketing period at 12 months, based on the concluded value(s) and as of the date of value.

CERTIFICATION

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

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

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

3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.

4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

8. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

9. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as applicable state laws and regulations.

10. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Appraisal Practice of the Appraisal Institute.

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, Scott Beebe, MAI, FRICS, , and have completed the continuing education program for Designated Members of the Appraisal Institute.

13. Scott Beebe, MAI, FRICS personally inspected the property.

14. No one provided significant real property appraisal assistance to the person signing this certification.

Scott Beebe, MAI, FRICS
California Certified General Appraiser
No. AG 015266
Ph: (925) 588-7641
Email: sbeebe@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
   a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
   b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
   c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
   d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
   e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative

or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal repot based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.

4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand

factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9) If the appraisal report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

ADDENDA

APPRAISER QUALIFICATIONS

BBG

Scott Beebe, MAI, FRICS
Senior Managing Director
Work: 916-949-7360
sbeebe@bbgres.com

PROFILE

Scott Beebe is a Senior Managing Director at BBG in the Sacramento office. Mr. Beebe has over 30 years of experience in the valuation and analysis of commercial real estate including multi-family, retail, industrial, office, mixed-use and development land. Prior to BBG, Scott was one of the founding partners of Integra Realty Resources in 1999. Specialized property types include all types of lodging facilities, affordable housing, senior apartment communities, sports and health club facilities, golf course properties, automobile dealerships, manufactured home parks, self-storage facilities, regional malls and power centers and others.

Mr. Beebe has provided valuation and consulting services for condemnation purposes, estate, financing, equity participation and due diligence support. Specialized services include portfolio valuations, institutional-grade property valuations, market feasibility studies and acquisition/disposition counseling. Mr. Beebe has testified as an expert witness in superior and municipal courts. Clients served include life insurance companies, pension funds and pension fund advisors, banks and financial institutions, conduits, developers and investors, law firms, businesses/ corporations and government.

PROFESSIONAL AFFILIATIONS & LICENCES

Appraisal Institute, Member (MAI)

Royal Institute of Chartered Surveyors, Fellow (FRICS)

Lambda Alpha International – Honorary Land Economics Society

Board Director, Sacramento Sierra Chapter, Current Board Member and 2000-2002

Education Committee Member & Chair, (1996-2002)

General Certified Appraiser:

State of California (License # AG 015266)

EDUCATION

B.B.A. Degree, Business Administration, University of Texas, Austin, Texas, 1988

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.

Currently certified by the Appraisal Institute’s voluntary program of continuing education for its designated members

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Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE

Michael S. Beebe

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

"Certified General Real Estate Appraiser"

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 015266

Effective Date: February 11, 2019
Date Expires: February 10, 2021

Jim Martin, Bureau Chief, BREA

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APPENDIX H

MARKET ABSORPTION STUDY

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Tesoro Viejo

Prepared for Madera County

Madera, California

THE Gregory Group

August 2020

Objective

This analysis was prepared by The Gregory Group, a market research firm that specializes in providing information and consulting services to the building industry. The Gregory Group provides quarterly market analysis for the nation, the state of California and the MSAs of California; compiles a quarterly new-home database for MSA's within the State of California and performs consulting and feasibility analysis throughout the western United States.

The Gregory Group was commissioned by Madera County to perform this Absorption Study related to the Tesoro Viejo master planned community located in Madera County. The Tesoro Viejo master plan is located east of Highway 41 at Tesoro Viejo Road in Madera County and is planned to include a total of 5,190 units on 1,545.6-gross acres (a gross density of 3.36 units per acre). The Tesoro Viejo master plan includes a private club, open space, trails, parks and schools; there is a Homeowners Association Fee of $199 per month and a total tax rate of approximately 1.45%.

The focus of this effort is on the first phase of development that includes a total of 804 units within nine development villages. The development villages include lots that are sized from 2,720 to 7,700 traditional square foot lots (and estate lots sized from 8,249 to 20,182 square feet), with all but three of the villages currently being development by D.R. Horton Homes, K. Hovnanian Homes and McCaffrey Homes (with multiple villages).

Absorption Study Services will be focused on providing conclusions related to absorption per project per year.

Contact Information

Greg Paquin, President conducted the analysis and developed conclusions. Follow-up questions can be directed to:

Greg Paquin at 916.983.3524 or gpaq@thegregorygroup.com.

Table of Contents

Executive Summary

COVID-19 (Coronavirus) and the Economy

COVID-19

On December 29th of 2019, Chinese authorities identified a small cluster of similar cases of pneumonia in the city of Wuhan, Hubei Province, China; a city with a population of 11 million residents. On December 31st, Chinese authorities alerted the World Health Organization (WHO) to the cluster of cases that have been associated with the local seafood and animal market. The first case outside of China was reported in Thailand on January 13, 2020 and on January 30, 2020 the WHO declared a global health emergency associated with the virus. A month and a half later on March 11th, the WHO declared COVID-19 a pandemic.

By definition, a novel coronavirus is a disease caused by a new infectious virus (a coronavirus is a large family of zoonotic viruses which have the ability to transfer from animals to humans): the current coronavirus is called COVID-19. COVID-19 is highly infectious (from person to person) and is estimated to have a RO (replication number) of between 1.5 and 3.5 (the common flu has a RO of 1.3), meaning that every person that has the disease spreads it to between 1.5 and 3.5 other people. As a pathogen, it is highly effective because it is self-replicating (once the virus infects the host, the host becomes a cellular manufacture of the virus and a higher RO correlates with a higher spread of the disease). However, as time goes on and more information becomes available, there is increasing speculation that the virus may not be as contagious by asymptomatic spread as originally thought (at the same time, treatment is becoming much more effective). In addition, there may be new evidence that the virus is mutating and becoming less lethal (except perhaps, within specific age and preexisting disease segments). COVID-19 can cause illnesses that vary in severity, ranging from those that exhibit no symptoms (asymptomatic), to those that exhibit only mild flu like symptoms to those that become extremely ill, in need of hospitalization and a ventilator and even die.

There is a lot of discussion (often political and unscientifically based) about the severity of COVID-19 and whether it was worth shutting down the entire economy for deaths that appeared to be, at varying times, not much more significant than the common flu. While a discussion of how and when to open up the economy has been warranted, the initial estimates were that COVID-19 was more contagious and lethal and would result in the overwhelming of hospitals and a significantly greater death toll than the common flu if left unchecked. While it is still too early to know the exact numbers related to death rates, the estimates of the COVID-19 death rates, even conservative estimates, result in greater deaths then with the common flu. Furthermore, a lower rate of death and a lowering RO value will result in even fewer deaths (and certainly less than if nothing was done at all). Therefore, it appears that the current course of action has been warranted and effective, even if there has been a significant (hopefully short-term) disruption to the economy.

While it appeared that the rate of infection was declining (flattening the curve), as of late June, infection rates have again spiked. In fact, after much of America had reopened and residents were returning to “normal”, many were engaging in activities that contributed to the spread of the virus (going to crowed bars, the beach and parties, not social distancing or wearing masks, etc.). The result has been a spike in not only positive cases, but also significant increases in hospitalizations. This has led to most states imposing guidance on the wearing of masks and several of the most impacted states (Florida, Texas, Arizona and California) have begun more restrictive measures (closing of bars, nightclubs, etc.). Many of these restrictions are still in place even as rates again begin to decline.

As has been true throughout much of this crisis, the future is largely unknown. However, it does appear likely that mass reopening of the economy is unlikely. In fact, short of new government mandated shelter-in-place orders, it is believed that people may self-shelter-in-place. Either way, it is probable that the overall economy will feel the effects of less business activity and lower consumer spending; and this may not be alleviated until people feel safe and secure from further spread of the virus (a vaccine or the virus dies out)--despite the fact that a recent poll suggests only 50% of people will get a vaccine when one becomes available.

Economy

To-date one thing is known: the current disruption brought about by COVID-19 is having a significant impact on the US and world economies. Almost ninety-percent of the US population had been living under a shelter-in-place order which requires that all residents do not gather and congregate, work from home and do not leave the house except for essential needs. Restaurants, bars, movie theatres, work conferences and sporting events (to name just a few) have been delayed, cancelled or shutdown completely. While most states have begun loosening up shelter in place orders, the original shelter in place order has resulted in a massive contraction of economic activity.

The overall economy had been performing well heading into 2020 with homebuilding leading the way in many surveys and economic reports. Initial sales activity early in the year projected 2020 to be the best sales year since the Great Recession a decade earlier. And while recent data points all confirmed this (everything from GDP growth, employment growth, unemployment, personal consumption, etc.), the data is backward looking; as newer data is released, it is becoming apparent that the winding down of the US economy has had significant repercussions in the short term. In fact, recent data from the government has stated that a recession actually began in February of this year.

The federal government recently passed several aid packages (and is considering additional aid as the original extended unemployment benefits have expired) aimed at supporting the economy which includes everything from direct payments to citizens, extended unemployment insurance, to relief for both large and small companies. But the damage is likely to be devastating for many people and companies, especially smaller business that rely on current customers and do not have large cash reserves to see them through especially difficult times and people that make moderate wages and have little cash on hand for emergencies. It was hoped that many of these companies would be able to restart their business after a recovery began; but with multiple shutdowns, declining help from the government and a hesitant population, they may simply not have the money to do so. In fact, both large and small companies have either declared bankruptcy or have simply shut down.

In addition, there is also the potential that cultural habits will shift: how will the increased emphasis of working from home affect future office leasing decisions? Will people decide to stay in their current home longer and spend money on enhancing it rather than the purchase of a new home? Will the flexibility that renting allows become even more popular? Will anyone go to the theatre again with streaming services that more people are using and enjoying? Will health clubs continue to flourish as streaming workouts are sprouting up by the hundreds? Will people decide that consuming less will lead to a better life? In fact, a recent survey by CBS News suggests that once shelter in place orders are lifted only 29% of people will visit a bar or restaurant, only 15% will get on an airplane and only 13% will attend a large event. History would tell us that some things may change, but major disruptions in consumer habits are slow to materialize…the honest answer is that we just don't know yet.

As businesses have been slowly opening up (most with new statewide restrictions on how to go about their business), they are attracting customers, but at a slower rate than what they may have expected as people slowly emerge from the shelter-in-place orders (recent polls have suggested that people are being more cautious in reemerging and participating in the economy).

Current information is beginning to materialize:

- In the current crisis, jobless claims have reached 55.307 million people as of the week of August 6, 2020; from a high of 6.867 million people for the week of April 14 to 1.186 million people for the week of August 6.
- Job numbers: 1.373 million lost jobs in March, 20.787 million lost jobs in April, a surprising 2.725 million jobs gained in May, 4.791 million jobs gained in June and 1.763 million new jobs gained in July (steady progress but at a declining rate).
- On March 1, 2020 the number of people passing through airport security was 99.1% of a year earlier; given the current crisis, airport traffic reached a low of 3.6% compared to a year earlier on April 16 and is 29.7% of a year earlier as of August 10.
- Daily commercial flights decreased from a high of 109,732 on February 28, 2020 to a low of 23,926 on April 12 (a decline of 78.2%) but has been increasing during the past several months and as of August 10 is 68,016 flights (an increase of 184.3%).
- Hotel occupancy rates have plunged, but are inching upward; for US markets, the average occupancy rate bottomed at 21% for the week ending April 1; while increasing, the occupancy rate is still a low (but increasing) at 48.1% as of the week ending July 25.

Recent reports by Wells Fargo Bank provides short-term projections that reveal the depth of the current crisis (all numbers are from Wells Fargo unless otherwise noted):

- GDP: Q1:-5.0% (actual); Q2: -32.9% (actual); Q3: 18.4% and Q4: 9.7% (a decline of 6.1% for the year and an increase of 3.3% in 2021).
- Employment (average monthly change): Q1: -303,000 jobs (actual); Q2: -4,397,000 jobs (actual); Q3: 2,000,000 new jobs and Q4: 550,000 new jobs.
- Unemployment Rate: Q1: 3.8% (actual); Q2: 13.0% (actual); Q3: 9.5% and Q4: 8.2%.
- Personal Consumption: Q1: -6.9% (actual); Q2: -34.6% (actual); Q3: 24.8% and Q4: 9.4%.
- US Housing Starts: Q1: 1.48 million (actual); Q2: 1.04 million (actual); Q3: 1.14 million and Q4: 1.21 million.
- 30-Year Mortgage Rates: Q1:3.45% (actual); Q2: 3.16% (actual); Q3: 3.00% and Q4: 3.00%.

The above estimates were published during the week of July 9 and it is possible that job losses will be greater, GDP will be lower, and unemployment will be higher. Furthermore, despite some positive economic news, it is possible that the resurgence of the virus could cause even greater economic damage than first imagined.

While very few industries have or will prosper during the COVID-19 crisis (other than perhaps Amazon, Walmart and similar companies and streaming services for example); there is hope that the building industry may fare better than other industries (and to-date, that seems to be a reasonable assumption). However, there are also some risk factors including: the stability of smaller builders and their ability to manage through a crisis with very little revenue, supply chain disruptions and changing buyer attitudes.

Ultimately, and even as communities continue to relax shelter-in-place orders, businesses reopen and people re-emerge from their homes, the economic impact will be profound, but if the virus is not corralled (and allowances are not made to alleviate the current resurgence in COVID-19 cases or the potential for a return of the virus in the fall when the weather cools), it could prove to be a longer lasting depression than a simple recession.

There are currently three working scenarios of how the economy will behave on its continued (and some say, long lasting) return to normalcy:

- **A "V" shaped recovery**: a sharp contraction is followed by just as sharp of a recovery. This is a scenario that some economists and hopeful business groups had been working with based on the sudden impact of COVID-19 and not a fundamental or structural issue with the economy. It makes sense that once the virus is extinguished, economic activity can return to normal (and that is in fact what has initially been observed); however, the longer the virus lingers and the longer that businesses cannot open, and people cannot get back to work, the less likely a true "V" shaped recovery will occur.

  While if is still possible that a "V" recovery can occur, with each passing day the slope of the recovery becomes flatter (time away from work or from businesses opening as well as limited occupancy when business have opened, is not a friend to the recovery). While current "V" shaped recovery proponents, and there are still a few, believe that the first and second quarters will post negative GDP growth with the third and fourth quarters positing positive growth; a continuing struggle with the virus may push positive growth into late 2020 and 2021.

  The recession of 1982 – 1983 was a classic "V" shaped recession; the remainder of the decade resulted in strong economic growth with housing being one of the leading industries. A similar recovery is possible in 2020 as the economy, while slowing, was not exhibiting any major structural issues and when considering housing, there was a significant undersupply of available housing, strong financial markets and positive buyer demand that may not have abated.

  While many economists originally believed that a "V" shaped recovery was possible if not probable; most agree now that a "V" shaped recovery is very unlikely due primarily to the length and severity of the economic shut-down. It should be noted that several industries (like housing) are initially experiencing a "V" recovery, while many others have not bounced back as readily.

- **A "U" shaped recovery**: a sharp contraction is followed by a period of time where not much economic activity is taking place (certainly no real positive economic growth) at which point some time in the future, growth resumes (and it can resume at a strong rate). If too much damage is done to the economy for too long a period of time, the potential for a quick recovery diminishes; in this scenario, it will take time to ramp up economic activity. Think of it as a lost demand scenario on a larger scale (if you usually eat out two-times a week you won't necessarily eat out four-times a week once the recovery begins and that trip to Europe may be replaced by a trip to Carmel; still economic growth through consumer spending, but not as much as originally planned).

  The most recent example of a "U" shaped recovery is the Great Recession of 2008 when there was a sharp contraction and anemic (horizontal) growth for several years before the economy started to post true positive growth again. Under the "U" shaped recovery scenario, it is possible that growth may turn positive in late 2020 but that true economic growth would not occur until 2021 or beyond.

  Recently, another variation to the "U" shaped recovery is emerging (boosted by the recent positive employment numbers); the decrease in economic activity is followed by a sharp initial increase in growth (due to large sectors of pent up demand and business as usual demands) and then the recovery begins to flatten. At some point in the future, the recovery resumes strong growth (presumably after all economic systems are again in place). This is being called a modified "U" shaped recovery.
- **A "L" shaped recovery**: a sharp contraction is followed by a longer period of limited growth. This would be the worst-case scenario, may result in a depression and would most likely not result in economic growth until beyond 2022. The Great Depression was an "L" shaped recovery; while the brunt of the depression occurred in the early 1930's, no real recovery occurred the entire decade.

The current working theory that makes the most sense related to this analysis, however, is that the recovery will be a modified "U" shaped recovery; with positive initial economic growth in the second and third quarter, a flattening into the fourth quarter and the first quarter of 2021 and continued growth in the spring of 2021. This would result in a strong initial recovery and the setting of the foundation for stronger future growth.

It should be noted that despite the current recession and economic shutdown of the economy, the housing market, after a brief but severe slowdown, has emerged to levels that are similar (and better) than before the crisis began in mid-March. Pricing is consistent and sales have generally resumed a pattern of normal activity. It is believed that this is attainable for the longer term as the economy rises out of a recession and interest rates remain low.

With COVID-19, The Future Will Look A Lot Different Than The Past…

COVID-19 is changing the economic landscape in fundamental and significant ways. But despite the dramatic measures that are talking place both socially and economically, the true effects are largely unknown and may not be fully understood for months or even years in the future. The US economy has dipped into a recession (as of February); and given the complete shutdown of most industries and stay-at-home orders for more than ninety-percent of the US population, there has been soaring unemployment, falling economic growth, significant increases in national debt, not to mention a housing market that was on pace to have the best year since the Great Recession ten years ago; and really, a total restructuring of the US economy. COVID-19 may have far greater reach then just the health and economic impacts; the US may see a complete restructuring of work habits, social interaction and work-life integration. In this section we will highlight the positive economic news of the past and provide general guidance on the projected negative economic news of the future.

- During the past several years, GDP growth in the United States has kept chugging along; since 2012 GDP has been positive at 2.2% in 2012, 1.8% in 2013, 2.5% in 2014, 2.9% in 2015, 1.6% in 2016, 2.4% in 2017, 2.9% in 2018 and the recent 2.3% in 2019. The recession that many economists and other market watchers predicted several years ago has materialized but not due to traditional economic factors, but to the shut down of the US and World economies related to COVID-19.
- The depths of the future recession are impossible to predict as the depth and width of the virus is completely unknown. The federal government is providing significant economic and financial help during the crisis (and considering more) taking many different and varied forms and this may ultimately provide a backstop to an otherwise lengthy and prolonged depression. There is a current recession, but it may not be as severe if the Fed had done nothing.
- In addition to the effects of COVID-19, the US is still weathering several other influences including a pending national election in November, a potential cold war with China (only intensified since the spread of the virus), unpredictability in other parts of the world (North Korea, etc.) and a shifting in attitudes that may play out long after the current crisis: a greater reliance on working from home (and the resulting effect on commercial real estate), a potential leveling in education services (and a disconnect with the high prices being paid for college), the ability to learn and play via the internet (one of the most used portals during this crisis is physical activity instruction via the internet) and perhaps a restructuring in what is important resulting in an expansion of experiential retail and a reduction in traditional retail. All-in-all, economists are hopeful that the economic downturn associated with COVID-19 will be deep and short and that the recovery will be more of a “U” (a modified “V” recovery) rather than a prolonged “U” (or “W”).

- Despite a First Quarter of 2020 that offered relatively robust employment growth through mid-March, the total job growth for the quarter was the loss of 908,000 jobs (or an average of -302,667 jobs per month). Things deteriorated significantly in the Second Quarter; a total job loss of 13,271,000 (or an average of -4,423,667 jobs per month). While April recorded a loss of 20,787,000 jobs, May and June posted positive job growth (2,725,000 and 4,791,000 respectively). With a moderate resurgence of the virus in July, job growth, while still positive, slowed to an increase of 1,763,000 new jobs.

  The unemployment rate for the First Quarter of 2020 stood at 3.8%; but due to the onset of COVID-19 in March, the Second Quarter unemployment rate increased sustainably to 13.0%. It is anticipated that the unemployment rate may end the year at 8.6% (Wells Fargo).

- The inflation rate was 1.5% in March of 2020 and the core inflation rate was 2.1% in March of 2020. More recently, inflation rates have decreased significantly: 0.6% in June of 2020 and the core inflation rate was 1.2% in June of 2020.

- Nominal wage growth posted an increase of 3.35% in March and an increase of 4.86% in June. With the strong stimulus provided by the government, wage growth rebounded strongly in April, increasing 7.98%. Preliminary July 2020 numbers suggest a further lessening with 4.78% wage growth.

- The Consumer Confidence Index (CCI) posted a value of 99.24 in March of 2020 followed by a significant decrease to 98.20 in June of 2020 due to the COVID-19 crisis. Preliminary numbers for July suggest that a rebound is occurring with a slight increase to 98.41.

- A continuing and significant factor in the increase in home sales activity is the decrease of 30-year mortgage rates which receded to a March 2020 low of 3.45%. Mortgage rates receded further to 3.16 in June and even further in July (to 3.02%). Given the current economic climate and the lowering of the Federal Funds Rate, it is anticipated that 30-year mortgage rates may decline even further and potentially fall below 3.00%; as already is occurring, this will result in increasing home sales and providing the economy with a boost due to home construction during a very difficult economy.

- After raising the Federal Funds Rate four times in 2018 (March 22 to 1.75%, June 14 to 2.00%, September 27 to 2.25% and December 20 to 2.50%), the Federal Reserve has since reduced the Federal Funds Rate to 2.25% on August 1 of 2019, to 2.00% on September 19, 2019 and 1.75% on October 31, 2019. However, after strong indications of economic growth powered by GDP growth, employment growth and decreasing unemployment, the FOMC did not reduce rates at its last scheduled meeting of 2019 (December 10 - 11) and furthermore, left rates unchanged in its first meeting of 2020 (January 28 – 29). However, due to the COVID-19 crisis and in an effort to provide economic and financial support, the FOMC has recently decreased the Federal Funds Rate to 0.00% with the expectation of remaining at 0.00% for the long-term.

Mid Central Valley Region Economy…

- An analysis of year end employment considers that job growth for all of 2020 will total a job loss of approximately 22,631 people (a decline of 4.4%) and an unemployment rate between 12.0% and 14.1% for the year.
- While it appears that the initial layoffs were in the lower paying sectors of the economy (i.e. travel and leisure, hospitality, etc.), the final fallout is still unknown, and the ultimate result may be a longer time to rebuild a damaged economy.
- However, it is generally accepted that higher income households are less affected by the recession and shelter-in-place orders, resulting in a greater ability to purchase a home and take advantage of lower interest rates; the result has been a stronger housing market recovery than anticipated.
- Ultimately, higher earning households have a greater opportunity to purchase housing based on their job security while lower income households are not concerned with the purchase of a new home but with maintaining an income to pay their rent or mortgage. The two ideas are not dependent; wealthier households can purchase a new home while at the same time, less wealthy households can default on rent or a mortgage.
- Income growth has posted moderate growth during the past several years that has resulted in median income levels that range from $49,978 to $58,288 within the four-county Mid Central Valley Region.
- Household income is a lagging statistic, but it is believed that the Mid Central Valley Region median household income growth, like the national statistics, may post decreases that are due to structural issues within the numbers and not specifically related to the decrease in incomes.
- Finally, with half of the incomes in the region above $60,000, there is a good opportunity for longer term home buying strength (it is starting to become accepted that household incomes above $60,000 per year are less likely to be affected by the economic fallout of the COVID-19 crisis).

Fresno and Madera County Market Summary

Given the location of the subject project in Madera County just to the north of the Fresno County boundary, the two most competitive market areas include the combined Fresno County and Madera County. In total, there were 405 new-home sales during the Second Quarter of 2020 resulting in an average overall sales rate of 0.68 units per week (and 0.54 sales per week for the Second Quarter). As compared to a year earlier, new-home sales have decreased 15.6% (from 480 sales in the Second Quarter of 2019) and sales rates were 0.89 sales per week overall and 0.65 sales per week for the Second Quarter of 2019.

There are only 151 units of unsold inventory and a total of 58 projects (less than three units per project of available inventory) in the Second Quarter of 2020. Compared to a year earlier, the number of projects has increased 1.8% (from 57 projects) and unsold inventory has decrease 75.4%. In total, there were 1,873 new-home sales in 2019 and it is estimated that, despite the COVID-19 crisis, new-home sales in 2020 may reach 1,802 units (a remarkably slight 3.8% decrease).

In terms of new-home pricing, the average price was $392,056 in the Second Quarter of 2020 for Fresno and Madera Counties, an increase of 2.5% from the Second Quarter of 2019 (and an average price of $382,608). The price increase is a result of differences in mix and available homes for sale, but also increasing values associated with demand as more consumers become active buyers in the marketplace. It is estimated that by the end of the year, new-home pricing may reach $396,392.

Increasing sales and pricing are anticipated to continue into the future; however, given the current development environment in California a moderating of sales and/or pricing may be the result of many factors including:

1. Shortages in labor; both actual construction and land development (infrastructure and grading); making it more difficult to complete construction in a timely manner.
2. Increasing construction costs that are generally rising at faster rates than home price appreciation; buyers are often unwilling to be the recipient of these increasing costs. For instance, it is estimated that increasing lumber prices could add between $8,000 to $14,000 per home in the coming months.
3. Process; government approvals, regulations, etc.—it is taking longer (and is harder to achieve) getting new projects approved and to bring them to market. Increasing and unnegotiable fees are also a part of this equation.
4. Buyers are being more diligent and selective in what/where/why they buy; in addition, baby-boomer buyers (including empty-nesters and move-downs) generally take longer to purchase a home and in making a home buying decision.


Madera
Madera County
Ave 12
Tesoro Viejo
(subject)
Highway 41
Clovis
Tollhouse Rd
Sierra Fwy
Fresno
Highway 180
Fresno County
Whitesbridge Ave
Yosemite Fwy
Highway 99
Rd 27
99
145
41
168
180
Google Earth

Fresno County

Given the proximity of Fresno County to the subject project, it is important to understand the Fresno market dynamics. There are currently 44 new-home projects actively selling in Fresno County (one more project than in the Second Quarter of 2019) and the average price is currently $384,355 (an increase of 2.1% from a year earlier—an average price of $376,488). It is estimated that by year end 2020, new-home pricing may reach $390,059.

The homes are situated on lots that average 5,656 square feet and overall, the currently selling projects in Fresno County average 0.56 sales per week (a decrease from the Second Quarter of 2019 sales pace of 0.94 sales per week due primarily to the effects of the COVID-19 crisis) and there are a 97 units of unsold inventory (a decrease of 75.3% from a year earlier).

For sales, Fresno County posted 319 new-home sales for the Second Quarter of 2020, this is a decrease from the 364 sales posted in the Second Quarter of 2019 (a 12.4% decrease). In 2019, Fresno County sold 1,452 total new-home sales and it is anticipated that in 2020, new-home sales may reach a total of 1,442 sales (a slight 0.7 decrease).

Madera County

The new-home market in Madera County has changed dramatically since the addition of two major master planned communities: Riverstone and Tesoro Viejo. Over the past year the average new-home price in the county has increased from $404,494 to $422,007 currently (an increase of 4.3%). It is anticipated that by the end of 2020, new-home pricing may reach $422,803.

The homes are situated on lots that average 5,091 square feet and the currently selling projects in Madera County are averaging 0.56 sales per week overall (and 0.47 sales per week during the Second Quarter of 220) compared to an overall rate of 0.64 sales per week overall in the Second Quarter of 2019 and a Second Quarter 2019 quarter sales rate of 0.72 sales per week.

In addition, during the Second Quarter of 2020 Madera County has sold 86 units (a decrease of 25.9% from the 116 units sold a year earlier). Unsold inventory has also decreased from 222 units in the Second Quarter of 2019 compared to 54 units in the Second Quarter of 2020 (a decrease of 75.7%). The demand for new-housing in Madera County continues and is reflected in both pricing and sales increases.

Madera Market Summary

Tesoro Viejo and Riverstone Sales, Pricing and Market Capture

The Madera market and specially the Tesoro Viejo and Riverstone planned communities posted an average price of $453,101 in the Second Quarter of 2020 (an average price of $460,575 for Tesoro Viejo and $444,596 for Riverstone). The homes averaged 2,470 square feet (2,460 square feet in Tesoro Viejo and 2,482 square feet for Riverstone) and the average price per square foot is $183 ($187 per square foot for Tesoro Viejo and $179 per square foot for Riverstone). In terms of sales, Tesoro Viejo and Riverstone planned communities totaled 68 recent sales and there are 868 units of total inventory and 59 units of unsold inventory.

New homes keep entering the Madera County market area (Tesoro Viejo and Riverstone planned communities have consistently offered multiple new projects within each master plan) and the average sale pace (average sales per project per week) has remained relatively constant—0.69 sales per week overall and a recent sales pace of 0.91 sales per week (with Tesoro Viejo selling at 0.59 and 0.87 sales per week compared to Riverstone at 0.78 and 0.96 sales per week respectively).

In terms of market capture, for year-to-date in 2020 Madera and Fresno Counties have captured 65.3% of the Mid Central Valley Region (the counties Fresno, Kings, Madera and Merced); this is slightly below the long-term average of 70.0% but moderately above the 2019 capture rate of 62.1%. It is evident that an increase in the capture rate for Fresno and Madera Counties is feasible and that new projects within the Tesoro Viejo and Riverstone planned communities can attract both existing buyers from within the market areas, but also new buyers from outside of the Mid Central Valley as the communities continue to mature.

Riverstone Existing Home Sales and Pricing

Resales were surveyed from within the Riverstone master planned community as new-homes have previously been offered and sold; in total, only eight existing home sales were recorded from the middle of March of 2020 resulting in an average existing home price of $427,843 (an average of $184 per square foot). These homes were built, on average, in 2018 and are situated on lots that are an average of 5,855 square feet. The average Days on Market is currently 88 days.

Who is buying a home, specifically within the Mid Central Valley Region and Madera?

The most active buyers in the region are a combination of first-time buyers, first-time move-up buyers, second- and third-time move-ups and empty-nesters, move-downs and retiree buyers.

Today's buyers have an expectation of a high quality, energy efficient home with low maintenance and technologically advanced features; a home that is designed around lifestyle choices (entertaining, working from home, etc.); and one that will transition to meet future evolving lifestyle demands.

Buyers are staying in their homes longer and are asking builders to provide a long-term, livable home that meets a changing and evolving lifestyle. This includes a malleable floorplan and a location where the surrounding area provides lifestyle amenities.

Furthermore, many of these regional buyers make a lateral location move and stay within the Mid Central Valley Region. As they make this lateral move, they often bring with them an acceptance for higher density product (as it's easier to maintain and often optimizes location amenities), yet simultaneously prioritize suburban values and privacy.

- For a downsizer, most often the lateral move is from a suburban home or a country home that is situated on acreage (two to five acres for example) and they prioritize the convenience and safety of a suburban home in a trustworthy neighborhood in a next home.
- For a first-timer or first-time move up buyer, they often need a home with more suburban values due to life circumstances (i.e. a growing family) but have a great acceptance for high density product and prioritize the ability to live in quiet comfort while remaining within close access within close commutes to work.

Where are the Buyers coming from?

To supplement the Mid Central Valley region buyers, there is substantial momentum from the Bay Area, Los Angeles, and out-of-state geared towards a regional home purchase; sales agents report on average, that 25%-35% of active buyers are hailing from the Bay Area, up to 20% from southern California, and the remainder from local areas within the Central Valley (including Fresno and Clovis).

This momentum is propelled by the attention received from the unprecedented rises in the real estate market and strong family values offered by the homes in the region. As Bay Area, Southern California, and out-of-state buyers purchase in the Central Valley Region, they buy what they cannot find in the places from which they emigrate: a more affordable and less hectic lifestyle and a close proximity to entertainment, community gathering spots and recreational facilities. They are often times moving to be closer to family as well and/or job transitions and opportunities.

Tesoro Viejo and Riverstone Market Summary

There are two new master planned communities in Madera County, both located along Highway 41 and north of the Fresno County boundary (and north of the San Joaquin River). Both communities are a short drive over the San Joaquin River to the south and into Fresno and Clovis (Tesoro Viejo is located at Avenue 15 and Riverstone is located at Avenue 12).

- Riverstone originally opened in early 2017 and is planned to offer a total of 6,578 units (to-date, 1,142 units have either sold-out, are currently selling or are in development).
- Tesoro Viejo opened in late 2018 and is planned to offer a total of 5,190 units (to-date, 804 units are currently selling or are planned for development).

There are many similarities between the two communities, although they differ in scope:

	Tesoro Viejo	Riverstone
Residential Villages:	9 residential Villages (plus a business park and retail)	8 Districts (including retail)
Total Units:	5,190	6,578
Commercial Uses:	Three-million square feet	One-million square feet
Recreational Uses:	Clubhouse	Clubhouse
Open Space/Parks/Trails	400-Acres	115-Acres
Other Uses:	Amphitheater	Community Farm, Dog Park

While both communities are somewhat similar in scope, there is a general consensus that Tesoro Viejo offers a superior living environment to that of Riverstone. This may ultimately be a result of the greater land area, total acreage reserved for open space, parks and recreation, or a result of the overall design parameters of the project. A look at the comparative values reflects this difference; the average price per square foot value is $187 for Tesoro Viejo and $179 for Riverstone.

This results in a 4.5% premium for a home in Tesoro Viejo compared to a home in Riverstone; for a $400,000 home, this equates to a $18,000 difference. A graph of both communities and the resulting trendlines, reflects this difference. Overall, the average price for a new home in Tesoro Viejo is $460,575 (for an average 2,460 square foot home) compared to an average price of $444,596 in Riverstone (for an average 2,482 square foot home).

- The average lot size is 5,045 square feet for Tesoro Viejo and 5,714 square feet for Riverstone.
- There are 24 units of unsold inventory in Tesoro Viejo (and 352 units of total inventory) compared to 35 units of unsold inventory in Riverstone (and 516 units of total inventory.)

However, while there is a justifiable difference in price, there is also some differences in absorption.

- Tesoro Viejo is selling at an overall average weekly sales pace of 0.59 units per week (and a current sales pace of 0.87 units per week);
- Riverstone is selling slightly faster at 0.78 sales per week overall (and a current sales pace of 0.96 sales per week).

It is believed that part of the greater overall sales pace for Riverstone is due to a lower price point, but it may also be a result of a community that, while not better, offers many similar attributes as Tesoro Viejo, and is closer to Fresno and Clovis as compared to Tesoro Viejo.

Buyers Specific to the Subject Project (Tesoro Viejo)

The subject project will be distinguished in success with pricing by its location within the Mid Central Valley Region, the nature of the site, the project design and implementation, and the ability to attract and capture both the large local buyer pool, as well as those emigrating from out of the area in places like the Bay Area, Southern California, and out-of-state. The specific buyer types will be:

- **Locals looking for a new-home to meet their shifting priorities and life transitions**; many people want less maintenance in a lot and home size, but wish to remain in their long-term community; they wish to remain in a community with familiar friends and family, plus a familiar interaction with medical services, grocery shopping, and entertainment options. While some of these buyers are coming form Fresno and Clovis, many are coming from foothill communities up and down the Central Valley (they are generally tired of larger and older homes—sometimes on acreage—and are looking for smaller homes with less maintenance).
- **Out-of-area buyers who are priced out of homeownership in closer-in metropolitan areas, and/or desire a home that is in an environment that is less crowded, offers a less hectic lifestyle and a much less expensive cost of living.** Buyers that are within commuting distance or are looking to relocate to a town that is considered suburban but offers a more authentic lifestyle. Many of these buyers are coming from the west; including large metropolitan areas like the greater San Francisco Bay Area and Los Angeles.
- Both **baby-boomer-buyers and buyers from family-driven age-segmentations**, relocate to the Mid Central Valley area to be closer to family and job centers as well as greater recreational opportunities. Job growth in the Mid Central Valley Region has been particularly strong and relocations have been increasing over time.
- Many buyers have been looking for a structured master planned community living environment within the Mid Central Valley Region and have generally been unable to find it. Within the current inventory of new-homes available, there is a lack of larger master planned community living that is available, affordable and livable.

Many of the current housing designs are meeting resistance from some buyers within the two master planned communities of Riverstone and Tesoro Viejo. Up to fifty-percent of the buyers within the two master planned communities are aging baby-boomers; a combination of empty-nesters, move-downs and retirees. A majority of the product being offered is two story living; although that started to shift to a greater number of single-story homes in order to attract the older buyer. In fact, currently, of all plans being offered for sale, Tesoro Viejo has 42% single story plans (an increase from 37% a year earlier) while Riverstone offers 55% single-story plans (an increase from 53% a year earlier).

In addition, another major buyer segment is younger singles and couples (a combination of no-kids and young families) who are price sensitive and looking for new-housing that is affordable and livable. This is evidenced by two currently selling projects (the two best selling projects within the master plans); one in Tesoro Viejo and one in Riverstone:

- McCaffrey Homes is selling Altura in Tesoro Viejo at a current sales rate of 1.00 units per week (and a recent sales pace of 2.71 sales per week); the project has an average price of $350,567 ($194 per square foot) and is situated on 2,720 square foot lots;
- Bonadelle is selling Harvest in Riverstone at a current overall sales rate of 1.18 units per week (and a recent sales pace of 2.04 sales per week); the project has an average price of $291,700 ($206 per square foot) and is situated on 2,200 square foot lots;

Tesoro Viejo Conclusions

The subject project is located in one of only two major master planned communities within the Madera market area. In fact, Madera has not seen major housing development in many years and the addition of new-housing in the area has increased demand as evidenced by increasing sales despite an increase in the number of projects and the available inventory.

In order for the subject project to be competitive within the market area, it is important that the project be positioned appropriately as compared to competitive projects, specifically within Tesoro Viejo.

- In general, this includes a positioning for the subject projects that is consistent with the current offerings in the master plan.
- It is also believed that the subject project is targeted very effectively towards a wide range of buyer segments (including first-time and first-time move-up affordability, second-time move-ups with growing families and aging baby-boomers who are generally 55-years of age and older looking for single-story and master bedroom down plans).
- The overall design of the subject community is unique and will create a stand-alone community within Madera County. This also includes a design that incorporates an abundance of open space, walking trails, parks within the interior and at the exterior of the community as well as common gathering spots and future entertainment and commercial hubs.
- Finally, the design of the units, the architecture, and the anticipated features and amenities are anticipated to be in keeping with a generally superior product within the master plan.

Therefore, it is feasible that the subject project can be positioned competitive to the existing and currently selling homes within the Tesoro Viejo master plan.

The table on the following page highlights our conclusions and are consistent with current market conditions, and especially considering the product types, in the competitive market area. The pricing is net of incentives and does not include options/upgrades or premiums. Finally, Absorption is in line and consistent with currently selling projects in the subject market area and the Tesoro Viejo master planned community and considers the product design and price point as well as the location of the subject project.

It should be noted that in some instances the current pricing structure has been “smoothed” on the pricing graph in order to be complementary to all competitive projects. In addition, several of the slower selling projects (due to project design, mismatched configurations, home size ranges and/or locations) have been adjusted to allow for a more competitive absorption rate.

Community Location Product Summary	Builder Master Plan Sales Summary	Home Size (SF)	Bed	Bath	Levels	Gar	Base Price	Base Price/ Sq. Ft.	Current Add-Ons: Options/ Upgrades	Current Add-Ons: Premiums	Total Price	Total Price/ Sq. Ft.	Monthly Obligation (Base): Monthly HOA	Monthly Obligation (Base): Base Tax	Monthly Obligation (Base): Add Tax	80% 3.00% Mo. Pmt	Req. Income
							RECOMMENDATIONS										
Village 1 (Estates Lots)	**McCaffrey Homes**	3,000	--	--	--	--	$655,000	$218	$0	$0	$655,000	$218	$199	1.06%	0.39%	$3,200	$123,858
Madera	**Tesoro Viejo**	3,500	--	--	--	--	$694,000	$198	$0	$0	$694,000	$198	$199	1.06%	0.39%	$3,378	$130,774
Product Type: Detached	Total Units: 12	4,000	--	--	--	--	$728,000	$182	$0	$0	$728,000	$182	$199	1.06%	0.39%	$3,534	$136,803
Configuration: Traditional		4,500	--	--	--	--	$762,000	$169	$0	$0	$762,000	$169	$199	1.06%	0.39%	$3,690	$142,833
Lot Dimensions: --																	
Lot Size/Density (Min 8,249	(Average: 14,571 sf)																
Rec. Wkly Abs.: 0.50																	
	Totals/Averages:	**3,750**					**$709,750**	**$192**	**$0**	**$0**	**$709,750**	**$192**	**$199**	**1.06%**	**0.39%**	**$3,450**	**$133,567**
Village 2 (Ivy and Oaks)	**McCaffrey Homes**	1,846	3	2	1	2	$440,000	$238	$0	$0	$440,000	$238	$199	1.06%	0.39%	$2,215	$85,731
Madera	**Tesoro Viejo**	2,126	3/F	2.5	1	3	$462,000	$217	$0	$0	$462,000	$217	$199	1.06%	0.39%	$2,315	$89,632
Product Type: Detached	Total Units: 115	2,180	4	3	2	2	$466,000	$214	$0	$0	$466,000	$214	$199	1.06%	0.39%	$2,334	$90,342
Configuration: Traditional		2,658	4/L	3	2	2	$503,000	$189	$0	$0	$503,000	$189	$199	1.06%	0.39%	$2,503	$96,903
Lot Dimensions: 60 x 110 (Ivy)/70 x 110 (Oaks)		2,769	4	2.5	1	2	$512,000	$185	$0	$0	$512,000	$185	$199	1.06%	0.39%	$2,545	$98,499
Lot Size/Density: 6,600 (Ivy)/7,700 (Oaks)		2,953	4	3.5	1	3	$526,000	$178	$0	$0	$526,000	$178	$199	1.06%	0.39%	$2,609	$100,982
Rec. Wkly Abs.: 0.75																	
		2,278	3	2	1	2	$490,000	$215	$0	$0	$490,000	$215	$199	1.06%	0.39%	$2,444	$94,598
		3,072	3/F	2.5	2	3	$552,000	$180	$0	$0	$552,000	$180	$199	1.06%	0.39%	$2,728	$105,592
		3,495	3/F/B	2.5	2	3	$585,000	$167	$0	$0	$585,000	$167	$199	1.06%	0.39%	$2,879	$111,444
		Note: The 1,846 to 2,953 sf product (Ivy) is situated on the 60-foot wide lots and the 2,278 to 3,495 sf product (Oaks) is situated on the 70-foot wide lots.															
	Totals/Averages:	**2,597**					**$504,000**	**$198**	**$0**	**$0**	**$504,000**	**$198**	**$199**	**1.06%**	**0.39%**	**$2,508**	**$97,080**
Village 3 (The Bluffs)	**D.R. Horton Homes**	2,138	3/D	2.5	1	2	$425,000	$199	$0	$0	$425,000	$199	$199	1.06%	0.39%	$2,146	$83,071
Madera	**Tesoro Viejo**	2,346	3/D/L	2.5	2	2	$441,000	$188	$0	$0	$441,000	$188	$199	1.06%	0.39%	$2,219	$85,908
Product Type: Detached	Total Units: 39	2,600	3/D/L	2.5	2	2	$461,000	$177	$0	$0	$461,000	$177	$199	1.06%	0.39%	$2,311	$89,455
Configuration: Traditional		2,851	4/F/L	2.5	2	3	$481,000	$169	$0	$0	$481,000	$169	$199	1.06%	0.39%	$2,403	$93,002
Lot Dimensions: 50 x 110																	
Lot Size/Density: 5,500																	
Rec. Wkly Abs.: 0.75																	
	Totals/Averages:	**2,484**					**$452,000**	**$183**	**$0**	**$0**	**$452,000**	**$183**	**$199**	**1.06%**	**0.39%**	**$2,270**	**$87,859**
Village 3 (Ivy)	**McCaffrey Homes**	1,846	3	2	1	2	$424,000	$230	$0	$0	$424,000	$230	$199	1.06%	0.39%	$2,141	$82,893
Madera	**Tesoro Viejo**	2,126	3/F	2.5	1	3	$446,000	$210	$0	$0	$446,000	$210	$199	1.06%	0.39%	$2,242	$86,795
Product Type: Detached	Total Units: 83	2,180	4	3	2	2	$450,000	$206	$0	$0	$450,000	$206	$199	1.06%	0.39%	$2,261	$87,504
Configuration: Traditional		2,658	4/L	3	2	2	$487,000	$183	$0	$0	$487,000	$183	$199	1.06%	0.39%	$2,430	$94,066
Lot Dimensions: 50 x 110/55 x 110		2,769	4	2.5	1	2	$496,000	$179	$0	$0	$496,000	$179	$199	1.06%	0.39%	$2,471	$95,662
Lot Size/Density: 5,500/6,050		2,953	4	3.5	1	3	$510,000	$173	$0	$0	$510,000	$173	$199	1.06%	0.39%	$2,535	$98,144
Rec. Wkly Abs.: 1.00																	
	Totals/Averages:	**2,422**					**$468,833**	**$197**	**$0**	**$0**	**$468,833**	**$197**	**$199**	**1.06%**	**0.39%**	**$2,347**	**$90,844**
Village 4	**McCaffrey Homes**	1,900	--	--	--	--	$395,000	$208	$0	$0	$395,000	$208	$199	1.06%	0.39%	$2,009	$77,751
Madera	**Tesoro Viejo**	2,200	--	--	--	--	$418,000	$190	$0	$0	$418,000	$190	$199	1.06%	0.39%	$2,114	$81,829
Product Type: Detached	Total Units: 136	2,500	--	--	--	--	$441,000	$176	$0	$0	$441,000	$176	$199	1.06%	0.39%	$2,219	$85,908
Configuration: Traditional		2,800	--	--	--	--	$464,000	$166	$0	$0	$464,000	$166	$199	1.06%	0.39%	$2,325	$89,987
Lot Dimensions: 55 x 95																	
Lot Size/Density: 5,225																	
Rec. Wkly Abs.: 1.00																	
	Totals/Averages:	**2,350**					**$429,500**	**$185**	**$0**	**$0**	**$429,500**	**$185**	**$199**	**1.06%**	**0.39%**	**$2,167**	**$83,869**

												RECOMMENDATIONS						
Community		Builder	Home						Base	Current Add-Ons			Total	Monthly Obligation (Base)			80%	
Location		Master Plan	Size					Base	Price/	Options/		Total	Price/	Monthly	Base	Add	3.00%	Req.
Product Summary		Sales Summary	(SF)	Bed	Bath	Levels	Gar	Price	Sq. Ft.	Upgrades	Premiums	Price	Sq. Ft.	HOA	Tax	Tax	Mo. Pmt	Income
Village 5 (Oaks and Hickory)		**McCaffrey Homes**	1,960	3	2	1	3	$407,000	$208	$0	$0	$407,000	$208	$199	1.06%	0.39%	$2,064	$79,879
Madera		**Tesoro Viejo**	1,974	3	2	1	3	$408,000	$207	$0	$0	$408,000	$207	$199	1.06%	0.39%	$2,068	$80,056
Product Type:	Detached	Total Units: 86	2,359	3	2	1	3	$438,000	$186	$0	$0	$438,000	$186	$199	1.06%	0.39%	$2,206	$85,376
Configuration:	Traditional		3,113	3/B	2.5	2	3	$497,000	$160	$0	$0	$497,000	$160	$199	1.06%	0.39%	$2,476	$95,839
Lot Dimensions:	70 x 85																	
Lot Size/Density:	5,950		2,278	3	2	1	2	$464,000	$204	$0	$0	$464,000	$204	$199	1.06%	0.39%	$2,325	$89,987
Rec. Wkly Abs.:	0.75		3,072	3/F	2.5	2	3	$526,000	$171	$0	$0	$526,000	$171	$199	1.06%	0.39%	$2,609	$100,982
			3,495	3/F/B	2.5	2	3	$559,000	$160	$0	$0	$559,000	$160	$199	1.06%	0.39%	$2,760	$106,834
			Note: The 1,960 to 3,113 sf product is Hickory and the 2,278 to 3,495 sf product is Oaks.															
		Totals/Averages:	**2,607**					**$471,286**	**$185**	**$0**	**$0**	**$471,286**	**$185**	**$199**	**1.06%**	**0.39%**	**$2,358**	**$91,279**
Village 7 (Vista Bella)		**K. Hovnanian Homes**	2,163	4/L	2.5	2	3	$385,000	$178	$0	$0	$385,000	$178	$199	1.06%	0.39%	$1,963	$75,977
Madera		**Tesoro Viejo**	2,333	3/L	2.5	2	2	$398,000	$171	$0	$0	$398,000	$171	$199	1.06%	0.39%	$2,022	$78,283
Product Type:	Detached	Total Units: 112	2,430	4/D/L	3	2	2	$406,000	$167	$0	$0	$406,000	$167	$199	1.06%	0.39%	$2,059	$79,701
Configuration:	Traditional		2,517	5/L	3	2	2	$413,000	$164	$0	$0	$413,000	$164	$199	1.06%	0.39%	$2,091	$80,943
Lot Dimensions:	50 x 80																	
Lot Size/Density:	4,000																	
Rec. Wkly Abs.:	0.75																	
		Totals/Averages:	**2,361**					**$400,500**	**$170**	**$0**	**$0**	**$400,500**	**$170**	**$199**	**1.06%**	**0.39%**	**$2,034**	**$78,726**
Village 8		**McCaffrey Homes**	1,581	3	2.5	2	2	$347,000	$219	$0	$0	$347,000	$219	$199	1.06%	0.39%	$1,789	$69,239
Madera		**Tesoro Viejo**	1,852	3	2.5	2	3	$368,000	$199	$0	$0	$368,000	$199	$199	1.06%	0.39%	$1,885	$72,963
Product Type:	Detached	Total Units: 99	2,205	4	3	2	2	$396,000	$180	$0	$0	$396,000	$180	$199	1.06%	0.39%	$2,013	$77,928
Configuration:	Small-Lot																	
Lot Dimensions:	50 x 70																	
Lot Size/Density:	3,500																	
Rec. Wkly Abs.:	1.00																	
		Totals/Averages:	**1,879**					**$370,333**	**$199**	**$0**	**$0**	**$370,333**	**$199**	**$199**	**1.06%**	**0.39%**	**$1,896**	**$73,376**
Village 10 (Altura)		**McCaffrey Homes**	1,581	3	2.5	2	2	$335,000	$212	$0	$0	$335,000	$212	$199	1.06%	0.39%	$1,734	$67,111
Madera		**Tesoro Viejo**	1,852	3	2.5	2	3	$356,000	$192	$0	$0	$356,000	$192	$199	1.06%	0.39%	$1,830	$70,835
Product Type:	Detached	Total Units: 122	2,205	4	3	2	2	$384,000	$174	$0	$0	$384,000	$174	$199	1.06%	0.39%	$1,958	$75,800
Configuration:	Small-Lot																	
Lot Dimensions:	40 x 68																	
Lot Size/Density:	2,720																	
Rec. Wkly Abs.:	1.25																	
		Totals/Averages:	**1,879**					**$358,333**	**$193**	**$0**	**$0**	**$358,333**	**$193**	**$199**	**1.06%**	**0.39%**	**$1,841**	**$71,248**

Absorption Analysis

The absorption analysis is based on information provided by the developer (as well as estimates by the absorption analyst) which includes an estimate as to when villages will open for sales, infrastructure development, grading schedules, marketing considerations and anticipated market conditions. Furthermore, there are anticipated to be (and the market can sustain) several different projects selling simultaneously within each product type but built by different builders (i.e. there may be several different projects selling on 4,000 square foot lots at the same time but by different home builders). Additional factors considered in predicting absorption rates are:

- the desirability of Madera and Tesoro Viejo as a new-home destination;
- increasing new-home sales within the Madera County and Tesoro Viejo;
- Limited immediate future inventory in Madera and Tesoro Viejo;
- current absorption rates for similar product types within the Madera market area;
- and improving economic conditions (including exceptionally low interest rates) within the Mid Central Valley Region and the US despite a severe lockdown of the US economy due to COVID-19;

In conclusion, it is believed that the subject project can absorb an average of 0.86 units per week per product offering for all of the product offerings over the marketing life of the development given the pricing (with home sizes ranging from 1,581 to 4,500 square feet and base prices range from $335,000 to $762,000).

Tesoro Viejo has already opened for sale (with 205 units of the 804 total units having sold through July 31, 2020) and the years to absorb is based on the number of sales from August 1, 2020 onward.

It is projected that a total of 113 units will sell from August 1 through December 31, 2020, 269 units in 2021, 176 units in 2022 and 41 units in 2023. It should be noted that the schedule of product offerings (project entry dates) was provided by the developer (and estimated by the absorption analyst); the decreases and increases in the number of units absorbed over time is a result of the scheduled market entry (and sellout of projects) and is not considered to be a result of changes in project absorption rates during the sales cycle of the projects.

All product offerings are anticipated to conclude sales by the Third Quarter of 2023; the years to absorb the production homes is estimated to be 3.15 years given the absorption schedule on the following page.

Absorption Table

	Village	Developer	Lot Size	Open Date	Total Number of Units	Est. Abs. Per Week	Thru 7/31/2020	2020 From 08/01 - 12/31	Units Sold Per Year 2021	2022	2023
Tesoro Viejo	1	McCaffrey Homes	8,249	Feb-22	12	0.50	0	0	0	12	0
	2	McCaffrey Homes	6,600	Feb-19	115	0.75	45	16	39	15	0
	3	D.R. Horton Homes	5,500	Feb-19	39	0.75	21	16	2	0	0
	3	McCaffrey Homes	5,500	Jun-20	83	1.00	6	22	52	3	0
	4	McCaffrey Homes	5,225	Feb-21	136	1.00	0	0	46	52	38
	5	McCaffrey Homes	5,950	Jan-19	86	0.75	25	16	39	6	0
	7	K. Hovnanian Homes	4,000	Jul-19	112	0.75	15	16	39	39	3
	8	McCaffrey Homes	3,500	Jan-21	99	1.00	0	0	50	49	0
	10	McCaffrey Homes	2,720	Oct-18	122	1.25	93	27	2	0	0
				Totals/Averages:	**804**	**0.86**	**205**	**113**	**269**	**176**	**41**

Years to Absorb (From 08/01/2020):	**3.15**

Community Summary Table

						INVENTORY SUMMARY					SALES SUMMARY		AVERAGE			MONTHLY OBLIGATION			
	COMMUNITY NAME	BUILDER	COMMUNITY	PRODUCT TYPE	LOT SIZE	UNITS PLANNED	UNITS OFFERED	UNITS SOLD	TOTAL REM UTS	UNSOLD REM UTS	OVERALL	RECENT	HOME SIZE	NET PRICE	NET $/SF	MONTHLY HOA	BASE TAX	ADD TAX	MONTHLY PAYMENT
Subject	**Village 1 (Estate Lots)**	**McCaffrey Homes**	**Madera**	**Detached/Traditional**	**8,249**	**12**	**--**	**--**	**--**	**--**	**0.50**	**--**	**3,750**	**$709,750**	**$192**	**$199**	**1.06%**	**0.39%**	**$3,450**
Subject	**Village 2 (Ivy and Oaks)**	**McCaffrey Homes**	**Madera**	**Detached/Traditional**	**6,600**	**115**	**--**	**--**	**--**	**--**	**0.75**	**--**	**2,597**	**$504,000**	**$198**	**$199**	**1.06%**	**0.39%**	**$2,508**
Subject	**Village 3 (The Bluffs)**	**D.R. Horton Homes**	**Madera**	**Detached/Traditional**	**5,500**	**39**	**--**	**--**	**--**	**--**	**0.75**	**--**	**2,484**	**$452,000**	**$183**	**$199**	**1.06%**	**0.39%**	**$2,270**
Subject	**Village 3 (Ivy)**	**McCaffrey Homes**	**Madera**	**Detached/Traditional**	**5,500**	**83**	**--**	**--**	**--**	**--**	**1.00**	**--**	**2,422**	**$468,833**	**$197**	**$199**	**1.06%**	**0.39%**	**$2,347**
Subject	**Village 4**	**McCaffrey Homes**	**Madera**	**Detached/Traditional**	**5,225**	**136**	**--**	**--**	**--**	**--**	**1.00**	**--**	**2,350**	**$429,500**	**$185**	**$199**	**1.06%**	**0.39%**	**$2,167**
Subject	**Village 5 (Oaks and Hickory)**	**McCaffrey Homes**	**Madera**	**Detached/Traditional**	**5,950**	**86**	**--**	**--**	**--**	**--**	**0.75**	**--**	**2,607**	**$471,286**	**$185**	**$199**	**1.06%**	**0.39%**	**$2,358**
Subject	**Village 7 (Vista Bella)**	**K. Hovnanian Homes**	**Madera**	**Detached/Traditional**	**4,000**	**112**	**--**	**--**	**--**	**--**	**0.75**	**--**	**2,361**	**$400,500**	**$170**	**$199**	**1.06%**	**0.39%**	**$2,034**
Subject	**Village 8**	**McCaffrey Homes**	**Madera**	**Detached/Small-Lot**	**3,500**	**99**	**--**	**--**	**--**	**--**	**1.00**	**--**	**1,879**	**$370,333**	**$199**	**$199**	**1.06%**	**0.39%**	**$1,896**
Subject	**Village 10 (Altura)**	**McCaffrey Homes**	**Madera**	**Detached/Small-Lot**	**2,720**	**122**	**--**	**--**	**--**	**--**	**1.25**	**--**	**1,879**	**$358,333**	**$193**	**$199**	**1.06%**	**0.39%**	**$1,841**
				NEW-HOME TOTALS/AVERAGES:	**5,249**	**804**	**--**	**--**	**--**	**--**	**0.86**	**--**	**2,528**	**$472,750**	**$187**	**$199**	**1.06%**	**0.39%**	**$1,841**

						INVENTORY SUMMARY					SALES SUMMARY		AVERAGE			MONTHLY OBLIGATION			
	COMMUNITY NAME	BUILDER	COMMUNITY	PRODUCT TYPE	LOT SIZE	UNITS PLANNED	UNITS OFFERED	UNITS SOLD	TOTAL REM UTS	UNSOLD REM UTS	OVERALL	RECENT	HOME SIZE	NET PRICE	NET $/SF	MONTHLY HOA	BASE TAX	ADD TAX	MONTHLY PAYMENT
Primary Market Area	Village 2 (Ivy and Oaks)	McCaffrey Homes	Madera/Tesoro Viejo	Detached/Traditional	6,600	115	46	45	70	1	0.59	1.35	2,597	$504,011	$198	$199	1.06%	0.39%	$2,508
Primary Market Area	Village 3 (Ivy)	McCaffrey Homes	Madera/Tesoro Viejo	Detached/Traditional	5,500	83	9	6	77	3	1.11	1.13	2,422	$466,733	$196	$199	1.06%	0.39%	$2,337
Primary Market Area	Village 5 (Hickory and Oaks)	McCaffrey Homes	Madera/Tesoro Viejo	Detached/Traditional	5,950	86	28	25	61	3	0.31	0.00	2,607	$480,186	$189	$199	1.06%	0.39%	$2,399
Primary Market Area	Village 10 (Altura)	McCaffrey Homes	Madera/Tesoro Viejo	Detached/Small-Lot	2,720	122	93	93	29	0	1.00	2.71	1,879	$350,567	$188	$199	1.06%	0.39%	$1,805
Primary Market Area	The Bluffs	D.R. Horton	Madera/Tesoro Viejo	Detached/Traditional	5,500	39	33	21	18	12	0.28	0.45	2,484	$458,150	$186	$199	1.06%	0.39%	$2,298
Primary Market Area	Vista Bella	K. Hovnanian Homes	Madera/Tesoro Viejo	Detached/Traditional	4,000	112	20	15	97	5	0.27	-0.45	2,361	$404,990	$172	$199	1.06%	0.39%	$2,054
Primary Market Area	Estrella	Crowne Homes	Madera/Riverstone	Detached/Traditional	5,000	36	--	--	--	--	--	--	2,055	$391,283	$191	$124	1.06%	0.51%	$1,956
Primary Market Area	Harvest	Bonadelle	Madera/Riverstone	Detached/Small Lot	2,200	270	70	66	204	4	1.18	2.04	1,425	$284,200	$201	$124	1.06%	0.51%	$1,454
Primary Market Area	Lafayetter	Wathen Castanos Homes	Madera/Riverstone	Detached/Traditional	8,000	113	12	11	102	1	0.53	0.64	3,167	$581,240	$185	$124	1.06%	0.51%	$2,845
Primary Market Area	Riverstone--Chateau	Lennar Homes	Madera/Riverstone	Detached/Traditional	5,000	67	64	54	13	10	0.61	0.25	2,191	$382,923	$178	$124	1.06%	0.39%	$1,878
Primary Market Area	Riverstone--Coronet	Lennar Homes	Madera/Riverstone	Detached/Traditional	5,500	103	18	10	93	8	1.19	1.27	2,480	$424,305	$177	$124	1.06%	0.51%	$2,110
Primary Market Area	Riverstone--Pinnacle	Lennar Homes	Madera/Riverstone	Detached/Traditional	8,800	57	35	32	25	3	0.44	0.38	3,409	$579,817	$172	$124	1.06%	0.25%	$2,713
Primary Market Area	Riverstone--Skye	Lennar Homes	Madera/Riverstone	Detached/Traditional	5,500	134	64	55	79	9	0.75	1.15	2,311	$431,344	$187	$124	1.06%	0.34%	$2,082
				NEW-HOME TOTALS/AVERAGES (Tesoro Viejo MPC):	**5,045**	**557**	**229**	**205**	**352**	**24**	**0.59**	**0.87**	**2,460**	**$460,575**	**$187**	**$199**	**1.06%**	**0.39%**	**$2,234**
				NEW-HOME TOTALS/AVERAGES (Riverstone MPC):	**5,714**	**780**	**263**	**228**	**516**	**35**	**0.78**	**0.96**	**2,482**	**$444,596**	**$179**	**$124**	**1.06%**	**0.43%**	**$2,148**
				NEW-HOME TOTALS/AVERAGES (All Projects):	**5,405**	**1,337**	**492**	**433**	**868**	**59**	**0.69**	**0.91**	**2,470**	**$453,101**	**$183**	**$159**	**1.06%**	**0.41%**	**$2,188**

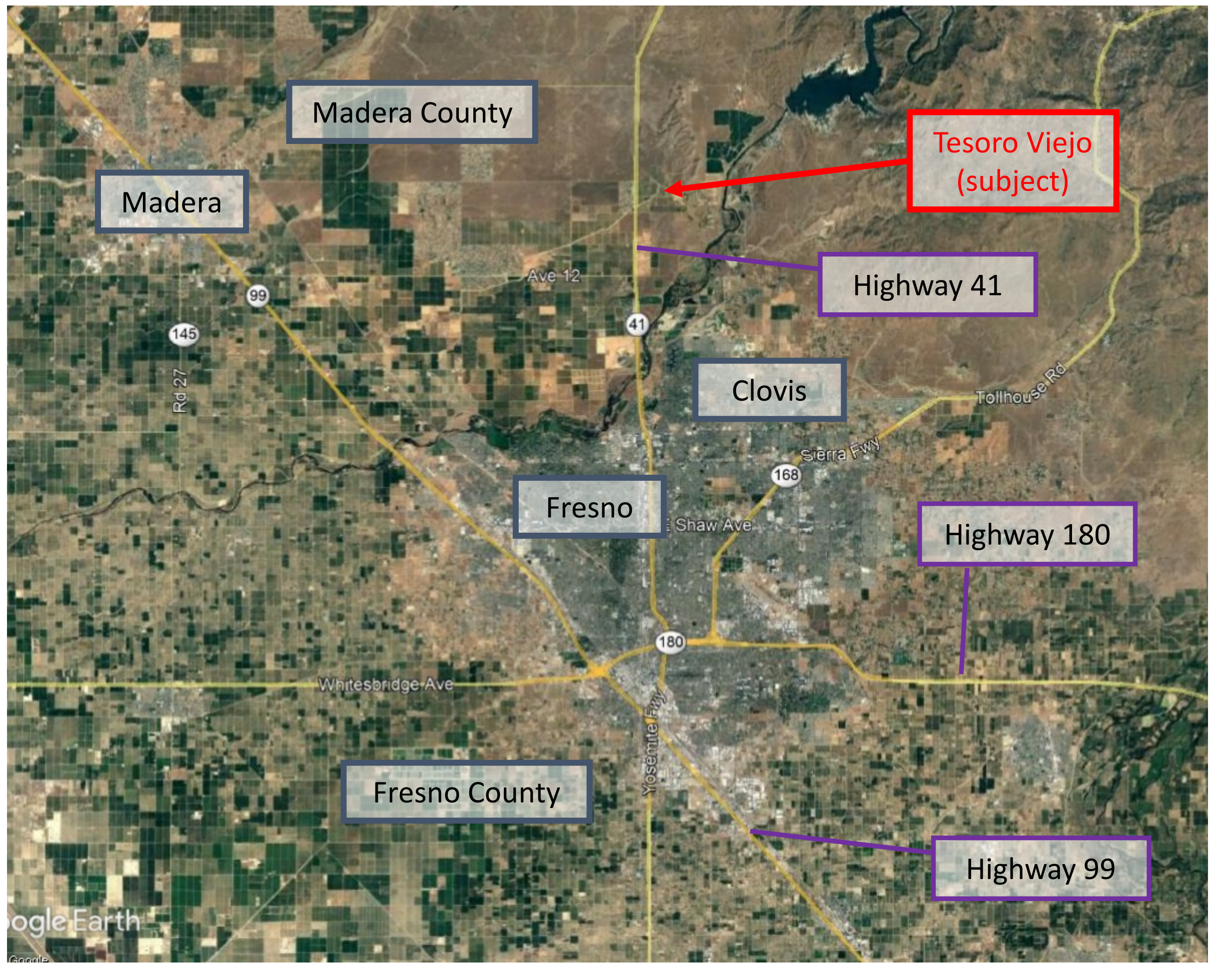
Locational Assessment

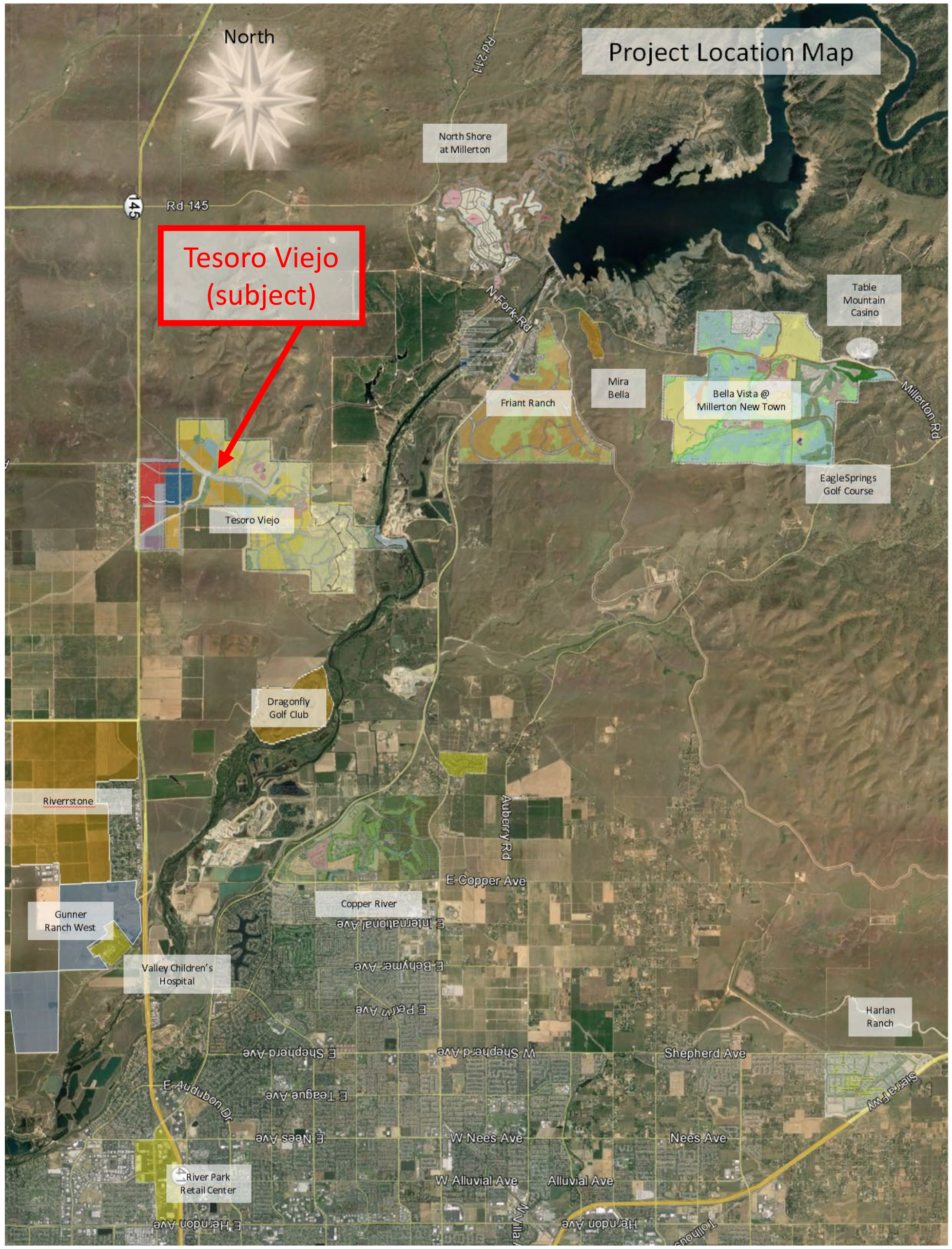
Fresno Region, Madera County, and Tesoro Viejo

The Fresno Region consists of Fresno County and Madera County. Within Fresno there are two submarkets; the City of Fresno and the City of Clovis. Within Madera, there are two submarket areas: the City of Madera and the County of Madera along the Highway 41 corridor. The Tesoro Viejo master plan is located east of Highway 41 at Tesoro Viejo Road in Madera County and is directly comparable to projects that are located along the Highway 41 corridor; this includes the Riverstone and Tesoro Viejo master planned communities.

Overall, Madera and Fresno Counties are highly desirable due to their affordability, overall central location in California, new schools, employment opportunities and recreational activities.

New housing growth has traditionally moved north and east in Fresno County. As the northern expansion is nearly complete, growth to the east (through Fresno and Clovis) has escalated. However, the recent opening of Tesoro Viejo and Riverstone has provided buyers with homes that are within a planned community, offering similar product (quality and design) to other areas and is often closer to major employment and convenience centers than much of the new-home product further to the east in Fresno and Clovis.





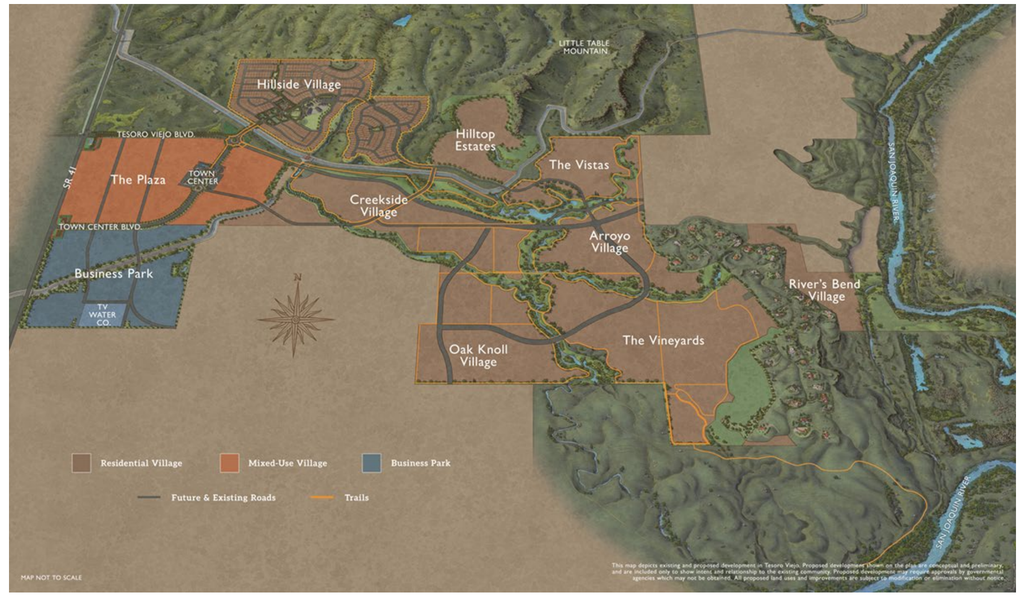
Project Location Map
North
Tesoro Viejo
(subject)
North Shore
at Millerton
Table
Mountain
Casino
Mira
Bella
Friant Ranch
Bella Vista @
Millerton New Town
EagleSprings
Golf Course
Tesoro Viejo
Dragonfly
Golf Club
Riverrstone
Copper River
Gunner
Ranch West
Valley Children's
Hospital
Harlan
Ranch
River Park
Retail Center
Rd 145
N Fork Rd
Millerton Rd
Auberry Rd
E Copper Ave
E International Ave
E Behymer Ave
E Perrin Ave
E Shepherd Ave
W Shepherd Ave
Shepherd Ave
E Teague Ave
E Nees Ave
W Nees Ave
Nees Ave
W Alluvial Ave
Alluvial Ave
E Herndon Ave
E Audubon Dr

Tesoro Viejo

The Tesoro Viejo master planned community is located east of Highway 41 at Tesoro Viejo Road in Madera County. The focus of this analysis includes 804 units in Phase 1 of the project that are within the Hillside Village section of the community. The master plan includes a private clubhouse, open space, parks, walling trails and schools; HOA values are estimated to be $199 per month and the total tax rate is estimated at 1.45%.

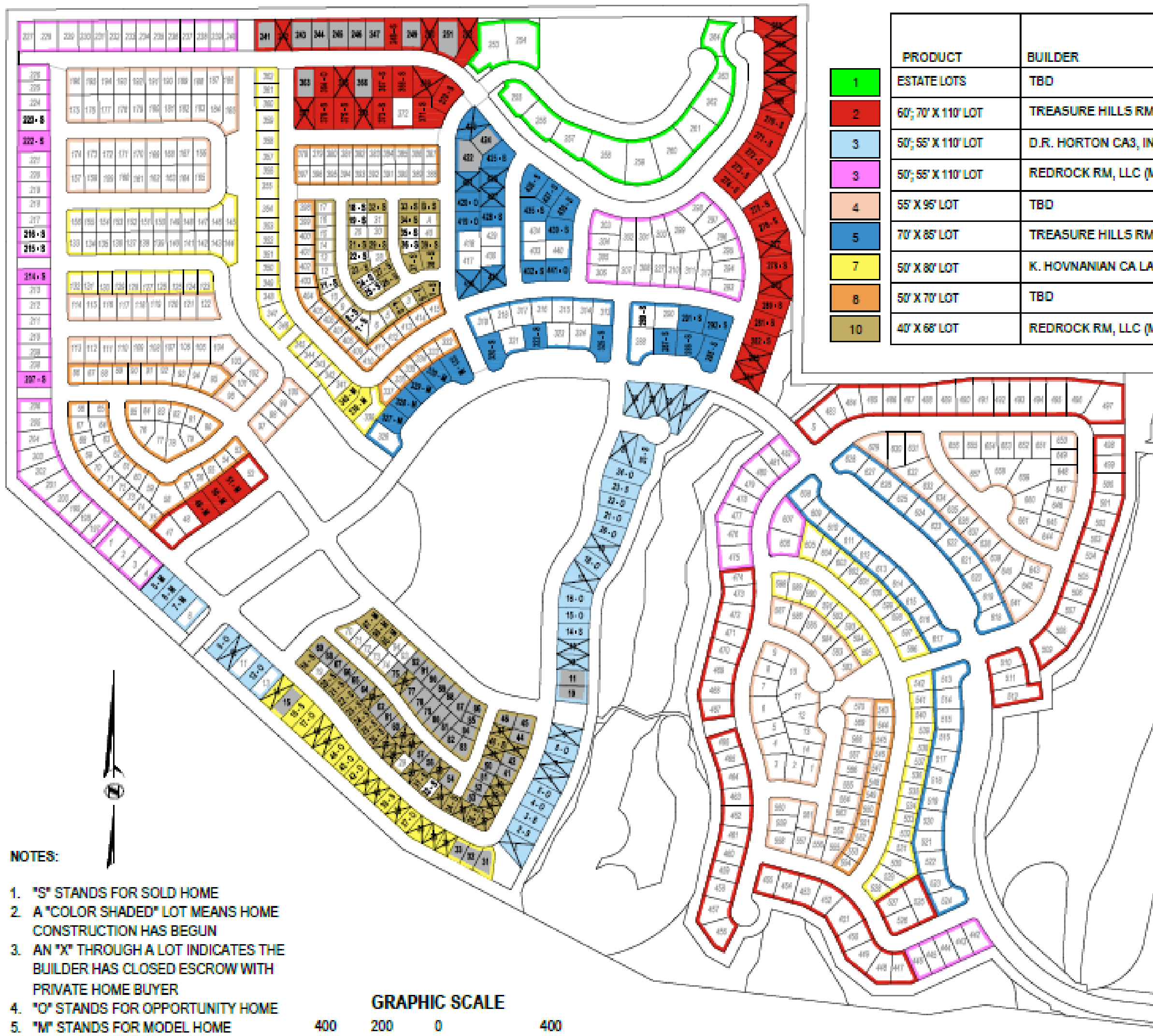
This analysis is concerned with a total of 804 units and nine villages as follows:

- Village 1: 12 estate lots sized between 8,249 and 20,182 square feet;
- Village 2: 115 lots in a traditional orientation; 6,600 and 7,700 square foot lots in a 60-foot wide and 70-foot wide by 110-foot deep configuration;
- Village 3: 39 lots in a traditional orientation; 5,500 and 6,050 square foot lots in a 50-foot wide and 55-foot wide by 110-foot deep configuration;
- Village 3: 83 lots in a traditional orientation; 5,500 and 6,050 square foot lots in a 50-foot wide and 55-foot wide by 110-foot deep configuration;
- Village 4: 136 lots in a traditional orientation; 5,225 square foot lots in a 55-foot wide by 95-foot deep configuration;
- Village 5: 86 lots in a traditional orientation; 5,950 square foot lots in a 70-foot wide by 85-foot deep configuration;
- Village 7: 112 lots in a traditional orientation; 4,000 square foot lots in a 50-foot wide by 80-foot deep configuration;
- Village 8: 99 lots in a small-lot orientation; 3,000 square foot lots in a 50-foot wide by 70-foot deep configuration;
- Village 10: 122 lots in a small-lot orientation; 2,720 square foot lots in a 40-foot wide by 68-foot deep configuration;



LAST UPDATED 07.31.20

	PRODUCT	BUILDER	TOTAL LOTS	TOTAL SOLD HOMES	TOTAL CONST. STARTS	TOTAL ESCROW CLOSED	TOTAL OPPOR-TUNITIES	TOTAL MODEL HOMES
1	ESTATE LOTS	TBD	12	---	---	---	---	---
2	60'; 70' X 110' LOT	TREASURE HILLS RM, LLC (McCAFFREY HOMES)	115	45	49	26	1	3
3	50'; 55' X 110' LOT	D.R. HORTON CA3, INC.	39	21	36	16	12	3
3	50'; 55' X 110' LOT	REDROCK RM, LLC (McCAFFREY HOMES)	83	6	3	0	0	0
4	55' X 95' LOT	TBD	136	---	---	---	---	---
5	70' X 85' LOT	TREASURE HILLS RM, LLC (McCAFFREY HOMES)	86	25	32	8	3	5
7	50' X 80' LOT	K. HOVNANIAN CA LAND HOLDINGS, LLC	112	15	22	13	5	2
8	50' X 70' LOT	TBD	99	---	---	---	---	---
10	40' X 68' LOT	REDROCK RM, LLC (McCAFFREY HOMES)	122	93	85	55	0	3
			804	205	227	118	21	16



HILLSIDE SUMMARY	2019	2020	TOTALS
BUILDER HOME SALES	108	97	205
CONSTRUCTION STARTS	129	98	227
CLOSE OF ESCROW	56	62	118
OPPORTUNITY HOMES	27	-6	21
MODEL HOMES	16	0	16

NOTES:

1. "S" STANDS FOR SOLD HOME
2. A "COLOR SHADED" LOT MEANS HOME CONSTRUCTION HAS BEGUN
3. AN "X" THROUGH A LOT INDICATES THE BUILDER HAS CLOSED ESCROW WITH PRIVATE HOME BUYER
4. "O" STANDS FOR OPPORTUNITY HOME
5. "M" STANDS FOR MODEL HOME
6. A "GREY SHADED" LOT MEANS ESCROW CLOSED IN 2019

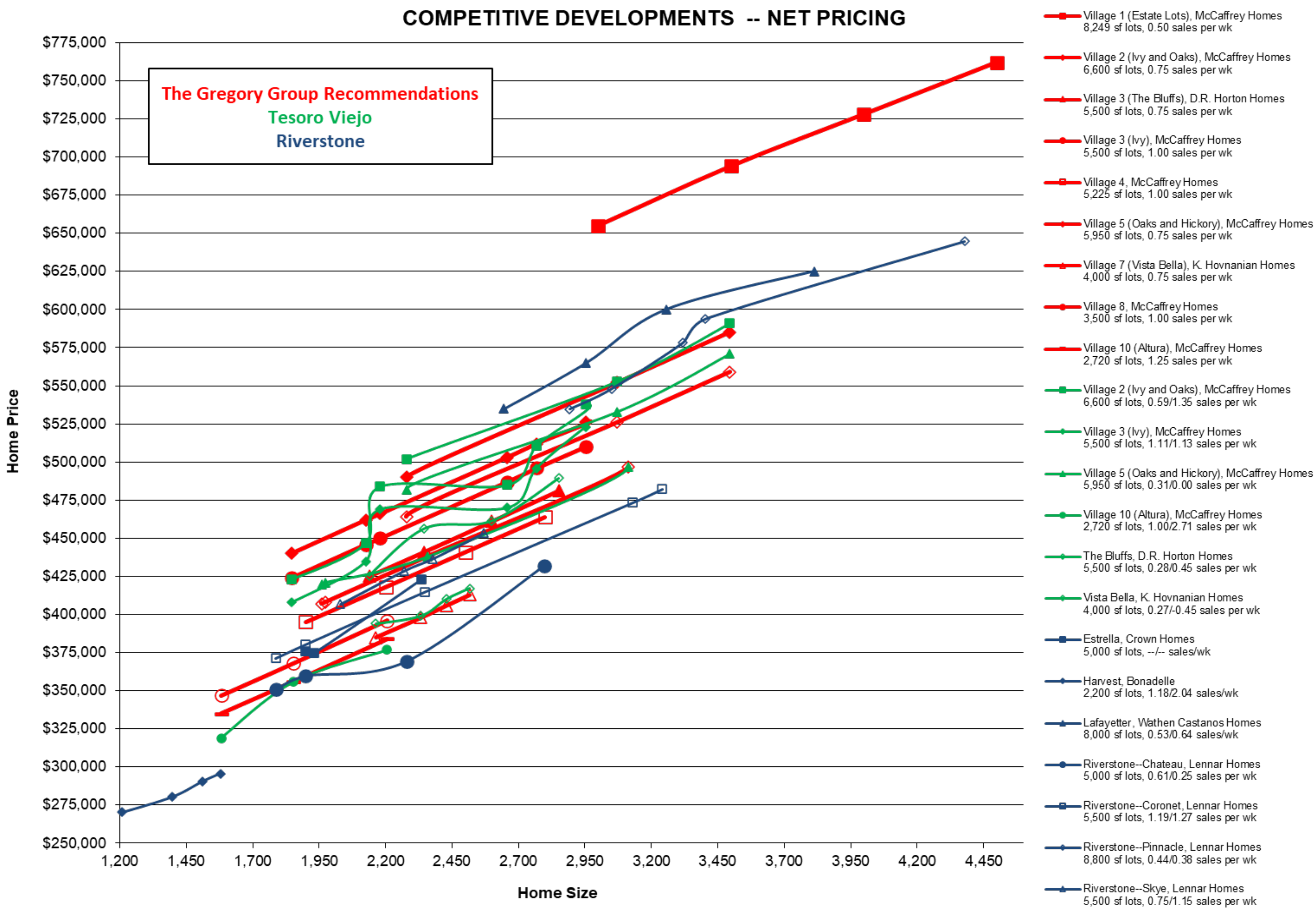
GRAPHIC SCALE

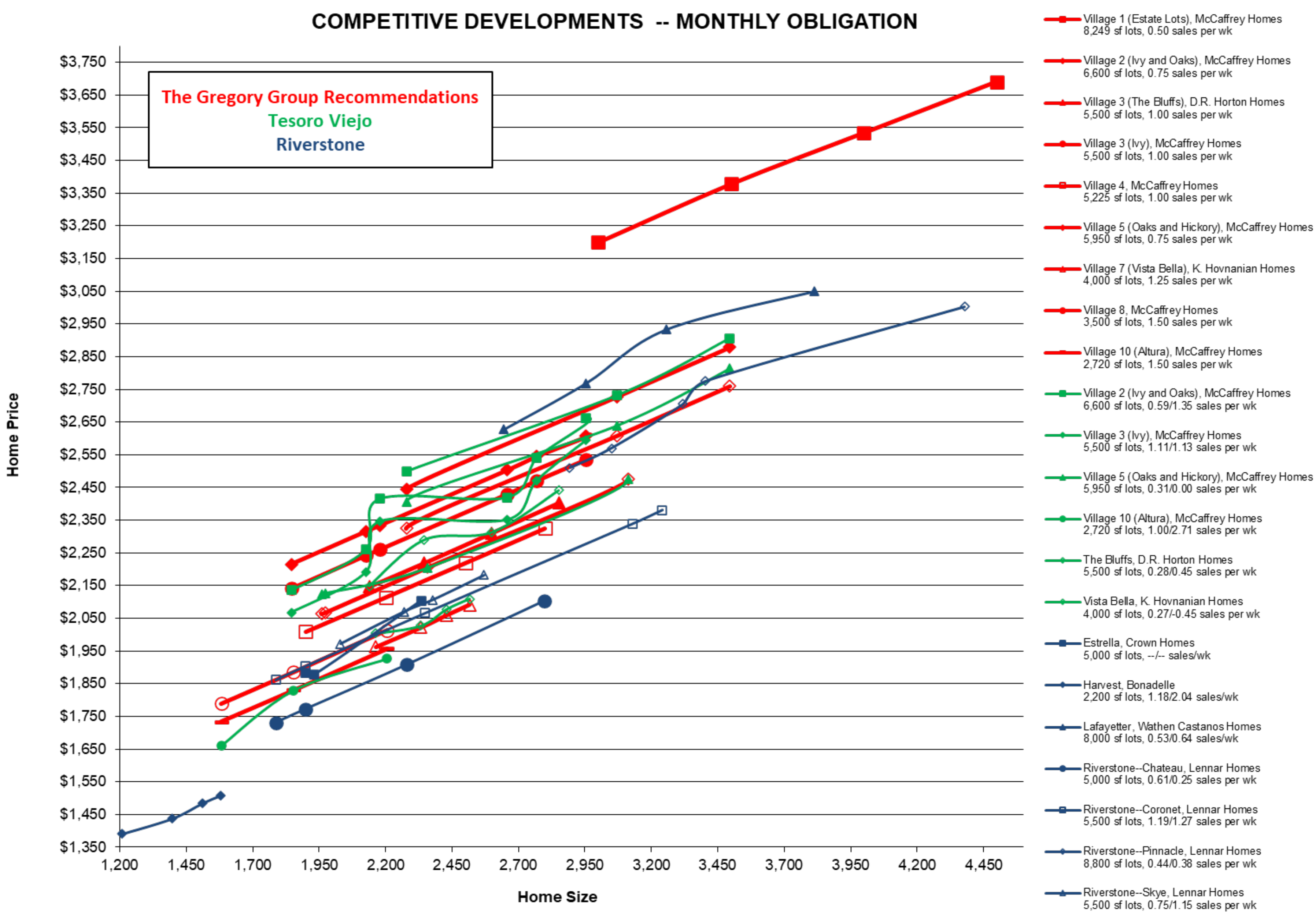
400 200 0 400

1 in = 400 ft

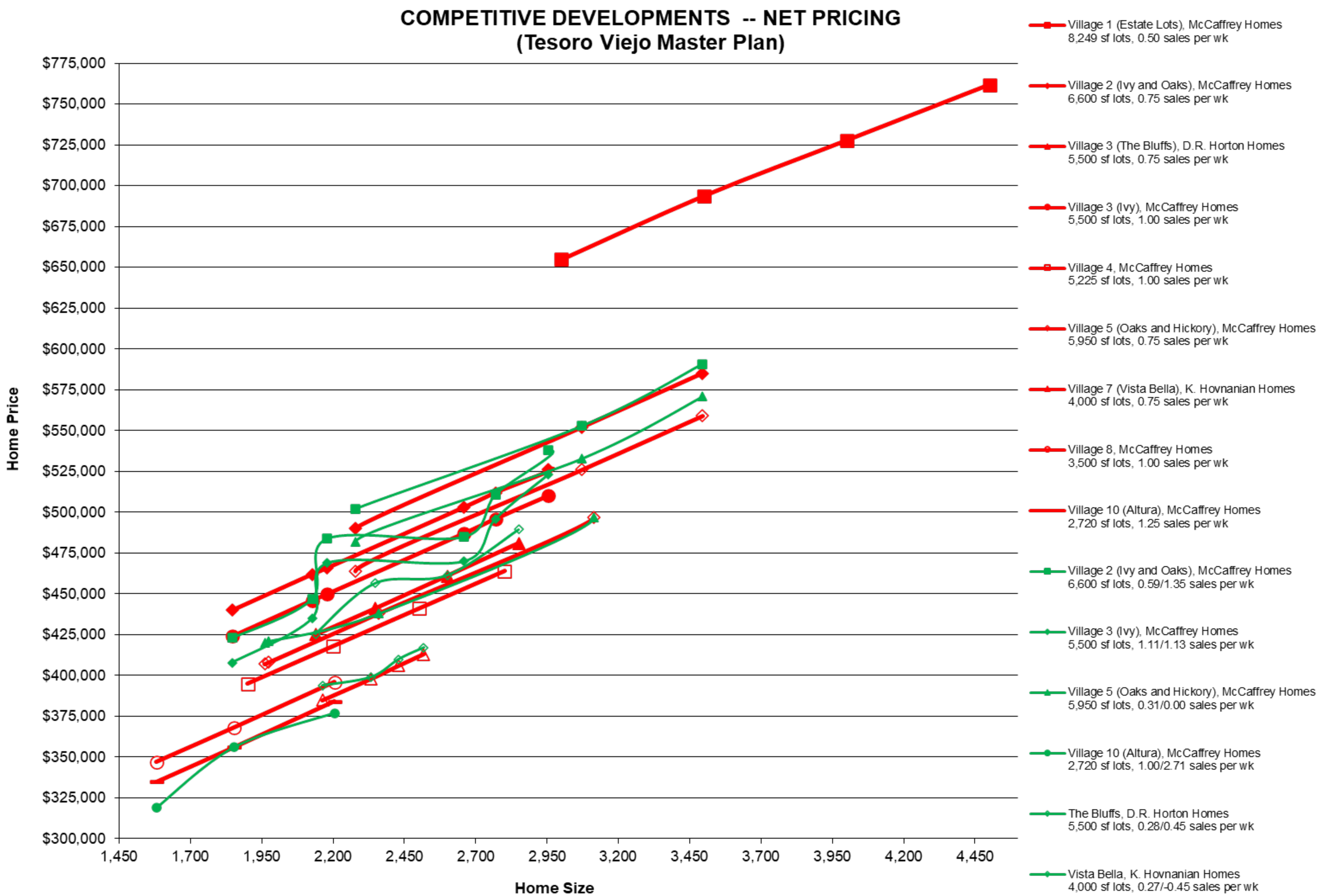
HILLSIDE VILLAGE SALES AND CONSTRUCTION ACTIVITY MAP

Competitive Housing Analysis


COMPETITIVE DEVELOPMENTS -- NET PRICING
The Gregory Group Recommendations
Tesoro Viejo
Riverstone
Home Price
Home Size
$775,000
$750,000
$725,000
$700,000
$675,000
$650,000
$625,000
$600,000
$575,000
$550,000
$525,000
$500,000
$475,000
$450,000
$425,000
$400,000
$375,000
$350,000
$325,000
$300,000
$275,000
$250,000
1,200
1,450
1,700
1,950
2,200
2,450
2,700
2,950
3,200
3,450
3,700
3,950
4,200
4,450
Village 1 (Estate Lots), McCaffrey Homes 8,249 sf lots, 0.50 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.75 sales per wk
Village 3 (The Bluffs), D.R. Horton Homes 5,500 sf lots, 0.75 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.00 sales per wk
Village 4, McCaffrey Homes 5,225 sf lots, 1.00 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.75 sales per wk
Village 7 (Vista Bella), K. Hovnanian Homes 4,000 sf lots, 0.75 sales per wk
Village 8, McCaffrey Homes 3,500 sf lots, 1.00 sales per wk
Village 10 (Altura), McCaffrey Homes 2,720 sf lots, 1.25 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.59/1.35 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.11/1.13 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.31/0.00 sales per wk
Village 10 (Altura), McCaffrey Homes 2,720 sf lots, 1.00/2.71 sales per wk
The Bluffs, D.R. Horton Homes 5,500 sf lots, 0.28/0.45 sales per wk
Vista Bella, K. Hovnanian Homes 4,000 sf lots, 0.27/-0.45 sales per wk
Estrella, Crown Homes 5,000 sf lots, --/-- sales/wk
Harvest, Bonadelle 2,200 sf lots, 1.18/2.04 sales/wk
Lafayetter, Wathen Castanos Homes 8,000 sf lots, 0.53/0.64 sales/wk
Riverstone--Chateau, Lennar Homes 5,000 sf lots, 0.61/0.25 sales per wk
Riverstone--Coronet, Lennar Homes 5,500 sf lots, 1.19/1.27 sales per wk
Riverstone--Pinnacle, Lennar Homes 8,800 sf lots, 0.44/0.38 sales per wk
Riverstone--Skye, Lennar Homes 5,500 sf lots, 0.75/1.15 sales per wk



COMPETITIVE DEVELOPMENTS -- MONTHLY OBLIGATION
The Gregory Group Recommendations
Tesoro Viejo
Riverstone
Home Price
Home Size
$3,750
$3,650
$3,550
$3,450
$3,350
$3,250
$3,150
$3,050
$2,950
$2,850
$2,750
$2,650
$2,550
$2,450
$2,350
$2,250
$2,150
$2,050
$1,950
$1,850
$1,750
$1,650
$1,550
$1,450
$1,350
1,200
1,450
1,700
1,950
2,200
2,450
2,700
2,950
3,200
3,450
3,700
3,950
4,200
4,450
Village 1 (Estate Lots), McCaffrey Homes 8,249 sf lots, 0.50 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.75 sales per wk
Village 3 (The Bluffs), D.R. Horton Homes 5,500 sf lots, 1.00 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.00 sales per wk
Village 4, McCaffrey Homes 5,225 sf lots, 1.00 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.75 sales per wk
Village 7 (Vista Bella), K. Hovnanian Homes 4,000 sf lots, 1.25 sales per wk
Village 8, McCaffrey Homes 3,500 sf lots, 1.50 sales per wk
Village 10 (Altura), McCaffrey Homes 2,720 sf lots, 1.50 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.59/1.35 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.11/1.13 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.31/0.00 sales per wk
Village 10 (Altura), McCaffrey Homes 2,720 sf lots, 1.00/2.71 sales per wk
The Bluffs, D.R. Horton Homes 5,500 sf lots, 0.28/0.45 sales per wk
Vista Bella, K. Hovnanian Homes 4,000 sf lots, 0.27/-0.45 sales per wk
Estrella, Crown Homes 5,000 sf lots, --/-- sales/wk
Harvest, Bonadelle 2,200 sf lots, 1.18/2.04 sales/wk
Lafayetter, Wathen Castanos Homes 8,000 sf lots, 0.53/0.64 sales/wk
Riverstone--Chateau, Lennar Homes 5,000 sf lots, 0.61/0.25 sales per wk
Riverstone--Coronet, Lennar Homes 5,500 sf lots, 1.19/1.27 sales per wk
Riverstone--Pinnacle, Lennar Homes 8,800 sf lots, 0.44/0.38 sales per wk
Riverstone--Skye, Lennar Homes 5,500 sf lots, 0.75/1.15 sales per wk


COMPETITIVE DEVELOPMENTS -- NET PRICING
(Tesoro Viejo Master Plan)
Home Price
Home Size
$775,000
$750,000
$725,000
$700,000
$675,000
$650,000
$625,000
$600,000
$575,000
$550,000
$525,000
$500,000
$475,000
$450,000
$425,000
$400,000
$375,000
$350,000
$325,000
$300,000
1,450
1,700
1,950
2,200
2,450
2,700
2,950
3,200
3,450
3,700
3,950
4,200
4,450
Village 1 (Estate Lots), McCaffrey Homes 8,249 sf lots, 0.50 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.75 sales per wk
Village 3 (The Bluffs), D.R. Horton Homes 5,500 sf lots, 0.75 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.00 sales per wk
Village 4, McCaffrey Homes 5,225 sf lots, 1.00 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.75 sales per wk
Village 7 (Vista Bella), K. Hovnanian Homes 4,000 sf lots, 0.75 sales per wk
Village 8, McCaffrey Homes 3,500 sf lots, 1.00 sales per wk
Village 10 (Altura), McCaffrey Homes 2,720 sf lots, 1.25 sales per wk
Village 2 (Ivy and Oaks), McCaffrey Homes 6,600 sf lots, 0.59/1.35 sales per wk
Village 3 (Ivy), McCaffrey Homes 5,500 sf lots, 1.11/1.13 sales per wk
Village 5 (Oaks and Hickory), McCaffrey Homes 5,950 sf lots, 0.31/0.00 sales per wk
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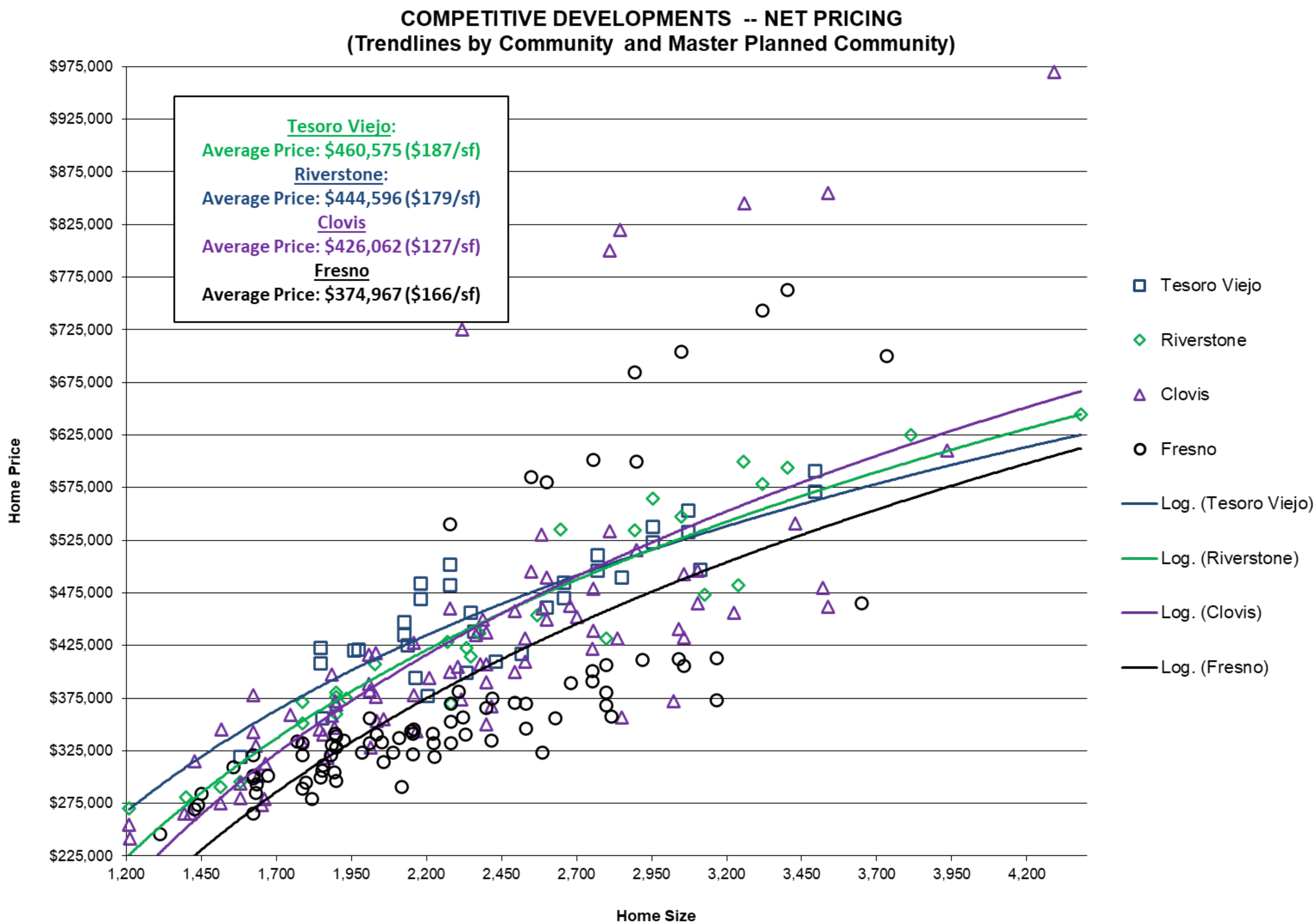
Vista Bella, K. Hovnanian Homes 4,000 sf lots, 0.27/-0.45 sales per wk



COMPETITIVE DEVELOPMENTS -- NET PRICING
(Trendlines by Community and Master Planned Community)
Tesoro Viejo:
Average Price: $460,575 ($187/sf)
Riverstone:
Average Price: $444,596 ($179/sf)
Clovis
Average Price: $426,062 ($127/sf)
Fresno
Average Price: $374,967 ($166/sf)
Home Price
$975,000
$925,000
$875,000
$825,000
$775,000
$725,000
$675,000
$625,000
$575,000
$525,000
$475,000
$425,000
$375,000
$325,000
$275,000
$225,000
1,200
1,450
1,700
1,950
2,200
2,450
2,700
2,950
3,200
3,450
3,700
3,950
4,200
Home Size
Tesoro Viejo
Riverstone
Clovis
Fresno
Log. (Tesoro Viejo)
Log. (Riverstone)
Log. (Clovis)
Log. (Fresno)

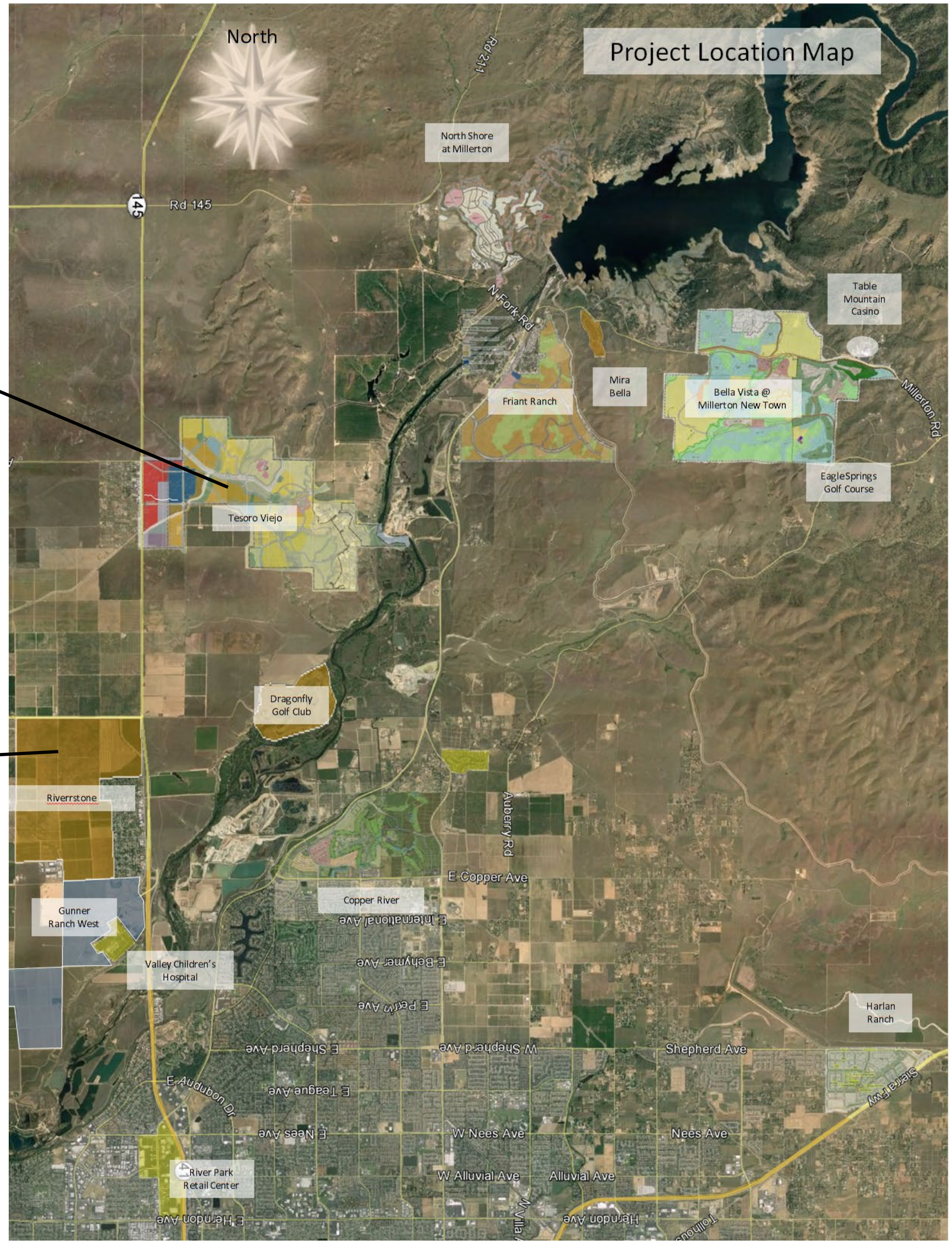
	COMMUNITY DETAILS				PRODUCT SUMMARY					MARKET PRICING SUMMARY															
	Community / Location / Product Summary			Builder / Master Plan / Sales Summary	Home Size (SF)	Bed	Bath	Levels	Gar	Base Price	Base Price/ Sq. Ft.	Current Incentives: Price Reduction	Current Incentives: Options/ Upgrades	Current Incentives: Closing $/ Other	Net Base Price	Net Base Price/ Sq. Ft.	Current Add-Ons: Options/ Upgrades	Current Add-Ons: Premiums	Total Price	Total Price/ Sq. Ft.	Monthly Payment: Monthly HOA	Monthly Payment: Base Tax	Monthly Payment: Add Tax	80% 3.00% Mo. Pmt	Req. Income
Primary Market Area	**Village 2 (Ivy and Oaks)**			**McCaffrey Homes**	1,846	3	2	1	2	$419,900	$227	$0	$0	$12,000	$407,900	$221	$0	$15,000	$422,900	$229	$199	1.06%	0.39%	$2,136	$82,698
	Madera			**Tesoro Viejo**	2,126	3/F	2.5	1	3	$446,900	$210	$0	$0	$12,000	$434,900	$205	$0	$15,000	$449,900	$212	$199	1.06%	0.39%	$2,260	$87,486
	Product Type:	Detached	Total Units:	115	2,180	4	3	2	2	$480,900	$221	$0	$0	$12,000	$468,900	$215	$0	$15,000	$483,900	$222	$199	1.06%	0.39%	$2,416	$93,516
	Configuration:	Traditional	Units Offered:	46	2,658	4/L	3	2	2	$481,900	$181	$0	$0	$12,000	$469,900	$177	$0	$15,000	$484,900	$182	$199	1.06%	0.39%	$2,420	$93,693
	Lot Dimensions:	60 x 110	Units Sold:	45	2,769	4	2.5	1	2	$507,900	$183	$0	$0	$12,000	$495,900	$179	$0	$15,000	$510,900	$185	$199	1.06%	0.39%	$2,540	$98,304
	Lot Size/Density:	6,600	Recent Sold:	6	2,953	4	3.5	1	3	$534,900	$181	$0	$0	$12,000	$522,900	$177	$0	$15,000	$537,900	$182	$199	1.06%	0.39%	$2,663	$103,092
	Open Date:	Feb-19	Total RU:	70																					
	Overall Sales Rate:	0.59	Total % R:	61%	2,278	3	2	1	2	$491,900	$216	$0	$0	$10,000	$481,900	$212	$0	$20,000	$501,900	$220	$199	1.06%	0.39%	$2,498	$96,708
	Recent Sales Rate:	1.35	Unsold RU:	70	3,072	3/F	2.5	2	3	$542,900	$177	$0	$0	$10,000	$532,900	$173	$0	$20,000	$552,900	$180	$199	1.06%	0.39%	$2,732	$105,752
					3,495	3/F/B	2.5	2	3	$580,900	$166	$0	$0	$10,000	$570,900	$163	$0	$20,000	$590,900	$169	$199	1.06%	0.39%	$2,906	$112,491
					Note: There are also 70 x 110 (7,700 sf) lots in Village 2. The 1,846 to 2,953 sf product (Ivy) is situated on the 60-foot wide lots and the 2,278 to 3,495 sf product (Oaks) is situated on the 70-foot wide lots.																				
				Averages:	**2,597**					**$498,678**	**$196**	**$0**	**$0**	**$11,333**	**$487,344**	**$191**	**$0**	**$16,667**	**$504,011**	**$198**	**$199**	**1.06%**	**0.39%**	**$2,508**	**$97,082**
Primary Market Area	**Village 3 (Ivy)**			**McCaffrey Homes**	1,846	3	2	1	2	$419,900	$227	$0	$0	$12,000	$407,900	$221	$0	$0	$407,900	$221	$199	1.06%	0.39%	$2,068	$80,038
	Madera			**Tesoro Viejo**	2,126	3/F	2.5	1	3	$446,900	$210	$0	$0	$12,000	$434,900	$205	$0	$0	$434,900	$205	$199	1.06%	0.39%	$2,191	$84,826
	Product Type:	Detached	Total Units:	83	2,180	4	3	2	2	$480,900	$221	$0	$0	$12,000	$468,900	$215	$0	$0	$468,900	$215	$199	1.06%	0.39%	$2,347	$90,856
	Configuration:	Traditional	Units Offered:	9	2,658	4/L	3	2	2	$481,900	$181	$0	$0	$12,000	$469,900	$177	$0	$0	$469,900	$177	$199	1.06%	0.39%	$2,352	$91,033
	Lot Dimensions:	50 x 110	Units Sold:	6	2,769	4	2.5	1	2	$507,900	$183	$0	$0	$12,000	$495,900	$179	$0	$0	$495,900	$179	$199	1.06%	0.39%	$2,471	$95,644
	Lot Size/Density:	5,500	Recent Sold:	5	2,953	4	3.5	1	3	$534,900	$181	$0	$0	$12,000	$522,900	$177	$0	$0	$522,900	$177	$199	1.06%	0.39%	$2,594	$100,432
	Open Date:	Jun-20	Total RU:	77																					
	Overall Sales Rate:	1.11	Total % R:	93%																					
	Recent Sales Rate:	1.13	Unsold RU:	3	Note: There are also 55 x 110 (6,050 sf) lots in Village 3.																				
				Averages:	**2,422**					**$478,733**	**$201**	**$0**	**$0**	**$12,000**	**$466,733**	**$196**	**$0**	**$0**	**$466,733**	**$196**	**$199**	**1.06%**	**0.39%**	**$2,337**	**$90,472**
Primary Market Area	**Village 5 (Hickory and Oaks)**			**McCaffrey Homes**	1,960	3	2	1	3	$429,900	$219	$0	$0	$10,000	$419,900	$214	$0	$0	$419,900	$214	$199	1.06%	0.39%	$2,123	$82,166
	Madera			**Tesoro Viejo**	1,974	3	2	1	3	$430,900	$218	$0	$0	$10,000	$420,900	$213	$0	$0	$420,900	$213	$199	1.06%	0.39%	$2,127	$82,344
	Product Type:	Detached	Total Units:	86	2,359	3	2	1	3	$447,900	$190	$0	$0	$10,000	$437,900	$186	$0	$0	$437,900	$186	$199	1.06%	0.39%	$2,205	$85,358
	Configuration:	Traditional	Units Offered:	28	3,113	3/B	2.5	2	3	$506,900	$163	$0	$0	$10,000	$496,900	$160	$0	$0	$496,900	$160	$199	1.06%	0.39%	$2,475	$95,821
	Lot Dimensions:	70 x 85	Units Sold:	25																					
	Lot Size/Density:	5,950	Recent Sold:	0	2,278	3	2	1	2	$491,900	$216	$0	$0	$10,000	$481,900	$212	$0	$0	$481,900	$212	$199	1.06%	0.39%	$2,407	$93,161
	Open Date:	Jan-19	Total RU:	61	3,072	3/F	2.5	2	3	$542,900	$177	$0	$0	$10,000	$532,900	$173	$0	$0	$532,900	$173	$199	1.06%	0.39%	$2,640	$102,205
	Overall Sales Rate:	0.31	Total % R:	71%	3,495	3/F/B	2.5	2	3	$580,900	$166	$0	$0	$10,000	$570,900	$163	$0	$0	$570,900	$163	$199	1.06%	0.39%	$2,814	$108,944
	Recent Sales Rate:	0.00	Unsold RU:	3	Note: The 1,960 to 3,113 sf product is Hickory and the 2,278 to 3,495 sf product is Oaks.																				
				Averages:	**2,607**					**$490,186**	**$193**	**$0**	**$0**	**$10,000**	**$480,186**	**$189**	**$0**	**$0**	**$480,186**	**$189**	**$199**	**1.06%**	**0.39%**	**$2,399**	**$92,857**
Primary Market Area	**Village 10 (Altura)**			**McCaffrey Homes**	1,581	3	2.5	2	2	$328,900	$208	$0	$0	$10,000	$318,900	$202	$0	$0	$318,900	$202	$199	1.06%	0.39%	$1,660	$64,255
	Madera			**Tesoro Viejo**	1,852	3	2.5	2	3	$365,900	$198	$0	$0	$10,000	$355,900	$192	$0	$0	$355,900	$192	$199	1.06%	0.39%	$1,829	$70,817
	Product Type:	Detached	Total Units:	122	2,205	4	3	2	2	$386,900	$175	$0	$0	$10,000	$376,900	$171	$0	$0	$376,900	$171	$199	1.06%	0.39%	$1,926	$74,541
	Configuration:	Small Lot	Units Offered:	93																					
	Lot Dimensions:	40 x 68	Units Sold:	93																					
	Lot Size/Density:	2,720	Recent Sold:	12																					
	Open Date:	Oct-18	Total RU:	29																					
	Overall Sales Rate:	1.00	Total % R:	24%																					
	Recent Sales Rate:	2.71	Unsold RU:	0																					
				Averages:	**1,879**					**$360,567**	**$194**	**$0**	**$0**	**$10,000**	**$350,567**	**$188**	**$0**	**$0**	**$350,567**	**$188**	**$199**	**1.06%**	**0.39%**	**$1,805**	**$69,871**
Primary Market Area	**The Bluffs**			**D.R. Horton**	2,138	3/D	2.5	1	2	$440,400	$206	$0	$0	$15,000	$425,400	$199	$0	$0	$425,400	$199	$199	1.06%	0.39%	$2,148	$83,142
	Madera			**Tesoro Viejo**	2,346	3/D/L	2.5	2	2	$471,400	$201	$0	$0	$15,000	$456,400	$195	$0	$0	$456,400	$195	$199	1.06%	0.39%	$2,290	$88,639
	Product Type:	Detached	Total Units:	39	2,600	3/D/L	2.5	2	2	$476,400	$183	$0	$0	$15,000	$461,400	$177	$0	$0	$461,400	$177	$199	1.06%	0.39%	$2,313	$89,526
	Configuration:	Traditional	Units Offered:	33	2,851	4/F/L	2.5	2	3	$504,400	$177	$0	$0	$15,000	$489,400	$172	$0	$0	$489,400	$172	$199	1.06%	0.39%	$2,441	$94,491
	Lot Dimensions:	50 x 110	Units Sold:	21																					
	Lot Size/Density:	5,500	Recent Sold:	2																					
	Open Date:	Feb-19	Total RU:	18																					
	Overall Sales Rate:	0.28	Total % R:	46%																					
	Recent Sales Rate:	0.45	Unsold RU:	12	Note: The lots are also 55 x 110; 6,050 square feet.																				
				Averages:	**2,484**					**$473,150**	**$192**	**$0**	**$0**	**$15,000**	**$458,150**	**$186**	**$0**	**$0**	**$458,150**	**$186**	**$199**	**1.06%**	**0.39%**	**$2,298**	**$88,949**

Market Area	COMMUNITY DETAILS: Community / Location / Product Summary			Builder / Master Plan / Sales Summary	PRODUCT SUMMARY: Home Size (SF)	Bed	Bath	Levels	Gar	MARKET PRICING SUMMARY: Base Price	Base Price/ Sq. Ft.	Current Incentives: Price Reduction	Current Incentives: Options/ Upgrades	Current Incentives: Closing $/ Other	Net Base Price	Net Base Price/ Sq. Ft.	Current Add-Ons: Options/ Upgrades	Current Add-Ons: Premiums	Total Price	Total Price/ Sq. Ft.	Monthly Payment: Monthly HOA	Monthly Payment: Base Tax	Monthly Payment: Add Tax	80% 3.00% Mo. Pmt	Req. Income
Primary Market Area	**Vista Bella**			**K. Hovnanian Homes**	2,163	4/L	2.5	2	3	$398,990	$184	$0	$0	$5,000	$393,990	$182	$0	$0	$393,990	$182	$199	1.06%	0.39%	$2,004	$77,572
	Madera			**Tesoro Viejo**	2,333	3/L	2.5	2	2	$403,990	$173	$0	$0	$5,000	$398,990	$171	$0	$0	$398,990	$171	$199	1.06%	0.39%	$2,027	$78,458
	Product Type:	Detached	Total Units:	112	2,430	4/D/L	3	2	2	$414,990	$171	$0	$0	$5,000	$409,990	$169	$0	$0	$409,990	$169	$199	1.06%	0.39%	$2,077	$80,409
	Configuration:	Traditional	Units Offered:	20	2,517	5/L	3	2	2	$421,990	$168	$0	$0	$5,000	$416,990	$166	$0	$0	$416,990	$166	$199	1.06%	0.39%	$2,109	$81,650
	Lot Dimensions:	50 x 80	Units Sold:	15																					
	Lot Size/Density:	4,000	Recent Sold:	-2																					
	Open Date:	Jul-19	Total RU:	97																					
	Overall Sales Rate:	0.27	Total % R:	87%																					
	Recent Sales Rate:	-0.45	Unsold RU:	5																					
				Averages:	**2,361**					**$409,990**	**$174**	**$0**	**$0**	**$5,000**	**$404,990**	**$172**	**$0**	**$0**	**$404,990**	**$172**	**$199**	**1.06%**	**0.39%**	**$2,054**	**$79,522**
Primary Market Area	**Estrella**			**Crowne Homes**	1,900	4	2	1	2	$379,950	$200	$0	$0	$4,000	$375,950	$198	$0	$0	$375,950	$198	$124	1.06%	0.51%	$1,884	$72,925
	Madera			**Riverstone**	1,932	4	2	1	2	$378,950	$196	$0	$0	$4,000	$374,950	$194	$0	$0	$374,950	$194	$124	1.06%	0.51%	$1,879	$72,743
	Product Type:	Detached	Total Units:	36	2,334	4	2	1	2	$426,950	$183	$0	$0	$4,000	$422,950	$181	$0	$0	$422,950	$181	$124	1.06%	0.51%	$2,104	$81,441
	Configuration:	Traditional	Units Offered:	--																					
	Lot Dimensions:	50 x 100	Units Sold:	--																					
	Lot Size/Density:	5,000	Recent Sold:	--																					
	Open Date:	--	Total RU:	--																					
	Overall Sales Rate:	--	Total % R:	--																					
	Recent Sales Rate:	--	Unsold RU:	--																					
				Averages:	**2,055**					**$395,283**	**$193**	**$0**	**$0**	**$4,000**	**$391,283**	**$191**	**$0**	**$0**	**$391,283**	**$191**	**$124**	**1.06%**	**0.51%**	**$1,956**	**$75,703**
Primary Market Area	**Harvest**			**Bonadelle**	1,209	3	2.5	2	2	$277,950	$230	$0	$0	$7,500	$270,450	$224	$0	$0	$270,450	$224	$124	1.06%	0.51%	$1,390	$53,807
	Madera			**Riverstone**	1,398	3	2.5	2	2	$287,950	$206	$0	$0	$7,500	$280,450	$201	$0	$0	$280,450	$201	$124	1.06%	0.51%	$1,437	$55,619
	Product Type:	Detached	Total Units:	270	1,512	3	2.5	2	2	$297,950	$197	$0	$0	$7,500	$290,450	$192	$0	$0	$290,450	$192	$124	1.06%	0.51%	$1,484	$57,431
	Configuration:	Small Lot	Units Offered:	70	1,579	3	2.5	2	2	$302,950	$192	$0	$0	$7,500	$295,450	$187	$0	$0	$295,450	$187	$124	1.06%	0.51%	$1,507	$58,337
	Lot Dimensions:	40 x 55	Units Sold:	66																					
	Lot Size/Density:	2,200	Recent Sold:	16																					
	Open Date:	Aug-19	Total RU:	204																					
	Overall Sales Rate:	1.18	Total % R:	76%																					
	Recent Sales Rate:	2.04	Unsold RU:	4																					
				Averages:	**1,425**					**$291,700**	**$206**	**$0**	**$0**	**$7,500**	**$284,200**	**$201**	**$0**	**$0**	**$284,200**	**$201**	**$124**	**1.06%**	**0.51%**	**$1,454**	**$56,299**
Primary Market Area	**Lafayette**			**Wathen Castanos Homes**	2,645	5	2.5	1	2	$534,990	$202	$0	$0	$0	$534,990	$202	$0	$0	$534,990	$202	$124	1.06%	0.51%	$2,628	$101,744
	Madera			**Riverstone**	2,954	5	3.5	1	2	$564,990	$191	$0	$0	$0	$564,990	$191	$0	$0	$564,990	$191	$124	1.06%	0.51%	$2,769	$107,180
	Product Type:	Detached	Total Units:	113	3,255	4	3.5	1	2	$599,990	$184	$0	$0	$0	$599,990	$184	$0	$0	$599,990	$184	$124	1.06%	0.51%	$2,933	$113,522
	Configuration:	Traditional	Units Offered:	12	3,813	6	5	2	3	$624,990	$164	$0	$0	$0	$624,990	$164	$0	$0	$624,990	$164	$124	1.06%	0.51%	$3,050	$118,052
	Lot Dimensions:	80 x 100	Units Sold:	11																					
	Lot Size/Density:	8,000	Recent Sold:	5																					
	Open Date:	Apr-20	Total RU:	102																					
	Overall Sales Rate:	0.53	Total % R:	90%																					
	Recent Sales Rate:	0.64	Unsold RU:	1																					
				Averages:	**3,167**					**$581,240**	**$185**	**$0**	**$0**	**$0**	**$581,240**	**$185**	**$0**	**$0**	**$581,240**	**$185**	**$124**	**1.06%**	**0.51%**	**$2,845**	**$110,124**
Primary Market Area	**Riverstone--Chateau**			**Lennar Homes**	1,787	3	2	1	2	$354,290	$198	$0	$0	$3,542	$350,748	$196	$0	$0	$350,748	$196	$124	1.06%	0.39%	$1,731	$67,000
	Madera			**Riverstone**	1,898	3	2	1	2	$363,290	$191	$0	$0	$3,632	$359,658	$189	$0	$0	$359,658	$189	$124	1.06%	0.39%	$1,772	$68,580
	Product Type:	Detached	Total Units:	67	2,280	4/D	2.5	2	2	$393,290	$172	$0	$0	$3,932	$389,358	$171	$0	$0	$389,358	$171	$124	1.06%	0.39%	$1,908	$73,847
	Configuration:	Traditional	Units Offered:	64	2,798	4/NG	3.5	2	2	$436,290	$156	$0	$0	$4,362	$431,928	$154	$0	$0	$431,928	$154	$124	1.06%	0.39%	$2,103	$81,396
	Lot Dimensions:	50 x 100	Units Sold:	54																					
	Lot Size/Density:	5,000	Recent Sold:	2																					
	Open Date:	Dec-18	Total RU:	13																					
	Overall Sales Rate:	0.61	Total % R:	19%																					
	Recent Sales Rate:	0.25	Unsold RU:	10																					
				Averages:	**2,191**					**$386,790**	**$180**	**$0**	**$0**	**$3,867**	**$382,923**	**$178**	**$0**	**$0**	**$382,923**	**$178**	**$124**	**1.06%**	**0.39%**	**$1,878**	**$72,706**

	COMMUNITY DETAILS: Community / Location / Product Summary			Builder / Master Plan / Sales Summary	PRODUCT SUMMARY: Home Size (SF)	Bed	Bath	Levels	Gar	MARKET PRICING SUMMARY: Base Price	Base Price/ Sq. Ft.	Current Incentives: Price Reduction	Current Incentives: Options/ Upgrades	Current Incentives: Closing $/ Other	Net Base Price	Net Base Price/ Sq. Ft.	Current Add-Ons: Options/ Upgrades	Current Add-Ons: Premiums	Total Price	Total Price/ Sq. Ft.	Monthly Payment: Monthly HOA	Monthly Payment: Base Tax	Monthly Payment: Add Tax	80% 3.00% Mo. Pmt	Req. Income
Primary Market Area	**Riverstone--Coronet**			**Lennar Homes**	1,787	3	2	1	2	$374,990	$210	$0	$0	$3,749	$371,241	$208	$0	$0	$371,241	$208	$124	1.06%	0.51%	$1,862	$72,071
	Madera			**Riverstone**	1,898	3/F	2	1	2	$383,990	$202	$0	$0	$3,839	$380,151	$200	$0	$0	$380,151	$200	$124	1.06%	0.51%	$1,904	$73,686
	Product Type:	Detached	Total Units:	103	2,348	5	3	2	2	$418,990	$178	$0	$0	$4,189	$414,801	$177	$0	$0	$414,801	$177	$124	1.06%	0.51%	$2,066	$79,965
	Configuration:	Traditional	Units Offered:	18	3,128	4/NG,L	3.5	2	2	$477,990	$153	$0	$0	$4,779	$473,211	$151	$0	$0	$473,211	$151	$124	1.06%	0.51%	$2,339	$90,549
	Lot Dimensions:	55 x 100	Units Sold:	10	3,240	5/L	3	2	2	$486,990	$150	$0	$0	$4,869	$482,121	$149	$0	$0	$482,121	$149	$124	1.06%	0.51%	$2,381	$92,163
	Lot Size/Density:	5,500	Recent Sold:	10																					
	Open Date:	Jun-20	Total RU:	93																					
	Overall Sales Rate:	1.19	Total % R:	90%																					
	Recent Sales Rate:	1.27	Unsold RU:	8																					
				Averages:	**2,480**					**$428,590**	**$179**	**$0**	**$0**	**$4,285**	**$424,305**	**$177**	**$0**	**$0**	**$424,305**	**$177**	**$124**	**1.06%**	**0.51%**	**$2,110**	**$81,687**
Primary Market Area	**Riverstone--Pinnacle**			**Lennar Homes**	2,893	4	3	1	3	$545,450	$189	$0	$0	$10,909	$534,541	$185	$0	$0	$534,541	$185	$124	1.06%	0.25%	$2,510	$97,179
	Madera			**Riverstone**	3,050	4	2.5	1	3	$558,950	$183	$0	$0	$11,179	$547,771	$180	$0	$0	$547,771	$180	$124	1.06%	0.25%	$2,570	$99,465
	Product Type:	Detached	Total Units:	57	3,319	5/D	4.5	2	4	$589,950	$178	$0	$0	$11,799	$578,151	$174	$0	$0	$578,151	$174	$124	1.06%	0.25%	$2,705	$104,716
	Configuration:	Traditional	Units Offered:	35	3,404	4/L/NG	3.5	2	3	$605,950	$178	$0	$0	$12,119	$593,831	$174	$0	$0	$593,831	$174	$124	1.06%	0.25%	$2,775	$107,425
	Lot Dimensions:	80 x 110	Units Sold:	32	4,379	5/NG	4.5	2	4	$657,950	$150	$0	$0	$13,159	$644,791	$147	$0	$0	$644,791	$147	$124	1.06%	0.25%	$3,003	$116,232
	Lot Size/Density:	8,800	Recent Sold:	3																					
	Open Date:	Apr-19	Total RU:	25																					
	Overall Sales Rate:	0.44	Total % R:	44%																					
	Recent Sales Rate:	0.38	Unsold RU:	3																					
				Averages:	**3,409**					**$591,650**	**$176**	**$0**	**$0**	**$11,833**	**$579,817**	**$172**	**$0**	**$0**	**$579,817**	**$172**	**$124**	**1.06%**	**0.25%**	**$2,713**	**$105,004**
Primary Market Area	**Riverstone--Skye**			**Lennar Homes**	2,029	3	2	1	2	$410,950	$203	$0	$0	$4,109	$406,841	$201	$0	$0	$406,841	$201	$124	1.06%	0.34%	$1,971	$76,291
	Madera			**Riverstone**	2,269	4	2	1	2	$432,950	$191	$0	$0	$4,329	$428,621	$189	$0	$0	$428,621	$189	$124	1.06%	0.34%	$2,070	$80,118
	Product Type:	Detached	Total Units:	134	2,376	4/D	3	1	2	$440,950	$186	$0	$0	$4,409	$436,541	$184	$0	$0	$436,541	$184	$124	1.06%	0.34%	$2,106	$81,510
	Configuration:	Traditional	Units Offered:	64	2,570	4/NG	3	1	2	$457,950	$178	$0	$0	$4,579	$453,371	$176	$0	$0	$453,371	$176	$124	1.06%	0.34%	$2,182	$84,468
	Lot Dimensions:	55 x 100	Units Sold:	55																					
	Lot Size/Density:	5,500	Recent Sold:	9																					
	Open Date:	Apr-19	Total RU:	79																					
	Overall Sales Rate:	0.75	Total % R:	59%																					
	Recent Sales Rate:	1.15	Unsold RU:	9																					
				Averages:	**2,311**					**$435,700**	**$189**	**$0**	**$0**	**$4,357**	**$431,344**	**$187**	**$0**	**$0**	**$431,344**	**$187**	**$124**	**1.06%**	**0.34%**	**$2,082**	**$80,597**

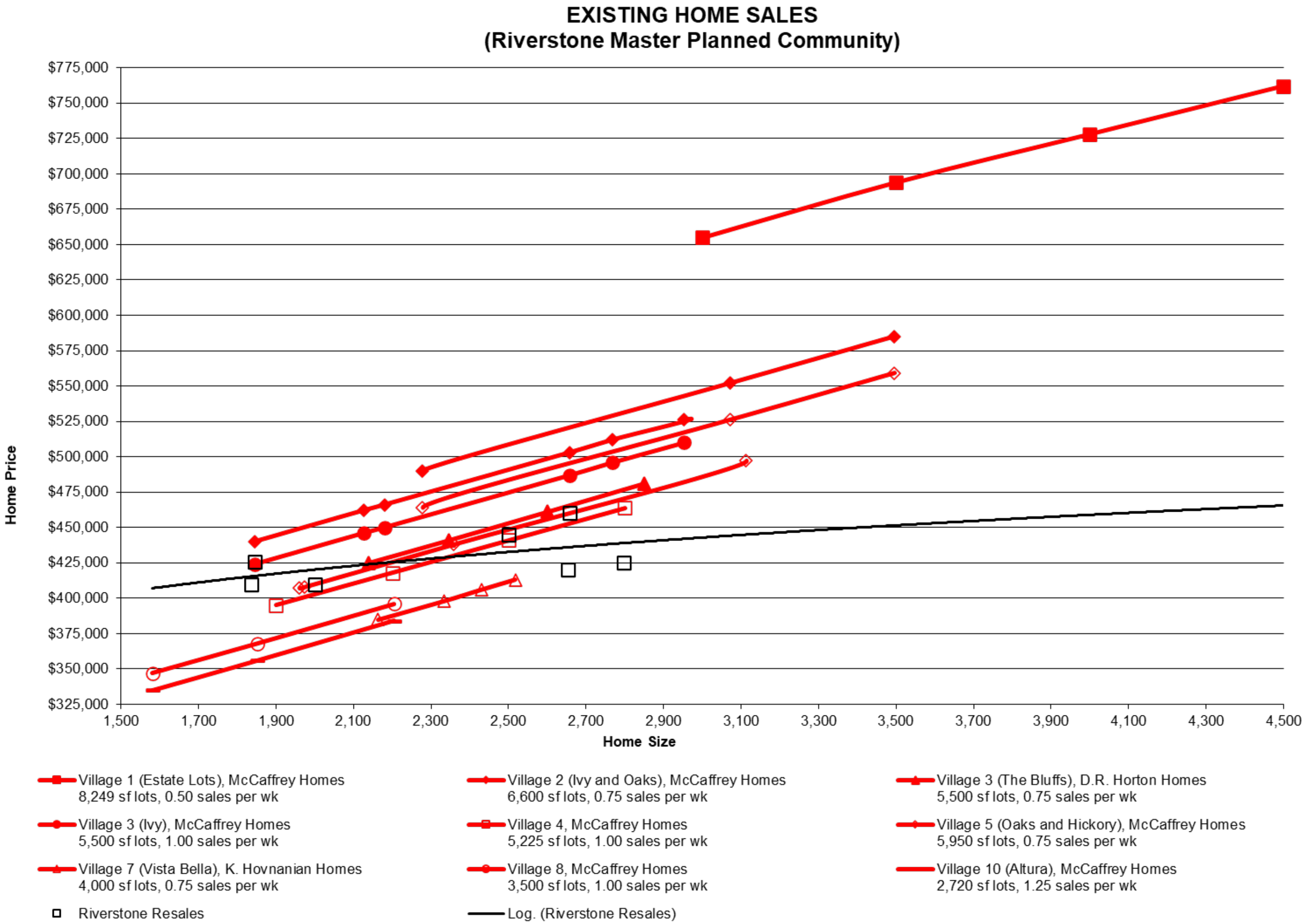
__Tesoro Viejo__
Altura
Ivy
Hickory
Oaks
The Bluffs
Vista Bella

__Riverstone__
Estrella
Harvest
Lafayette
Riverstone—Chateau
Riverstone--Coronet
Riverstone—Pinnacle
Riverstone—Skye



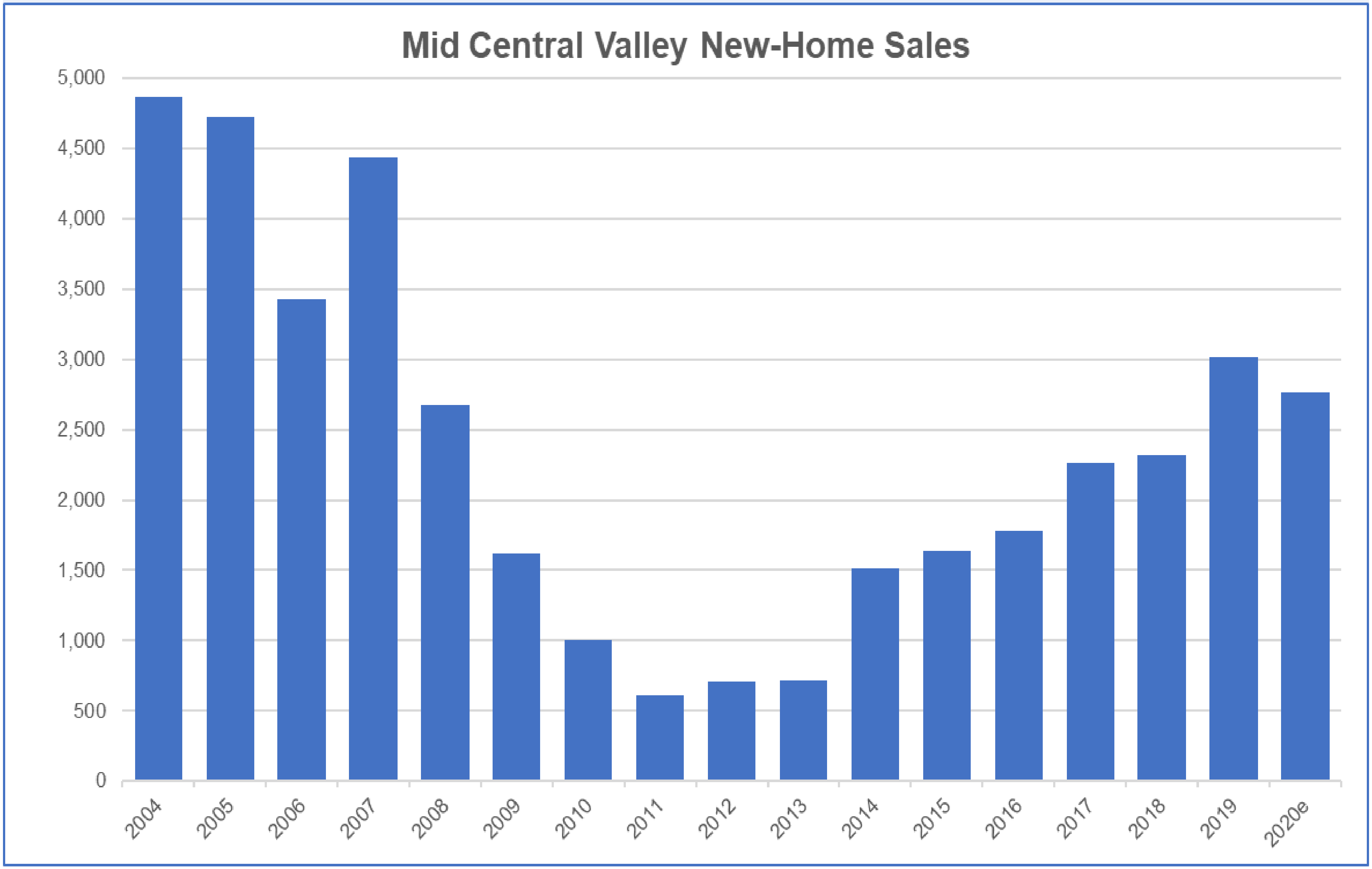
Existing Home Sales

						INVENTORY SUMMARY					SALES SUMMARY		AVERAGE			MONTHLY OBLIGATION			
	PARAMETERS	DATE RANGE	DOM	YEAR BUILT	LOT SIZE	UNITS PLANNED	UNITS OFFERED	UNITS SOLD	TOTAL RU	UNSOLD RU	OVERALL	3 MONTH	HOME SIZE	NET PRICE	NET $/SF	MONTHLY HOA	BASE TAX	ADD TAX	MONTHLY PAYMENT
R	Riverstone MPC	03/12/2020 - 08/06/2020	88	2018	5,855	--	--	7	--	--	0.33	--	2,327	$427,843	$184	$124	1.06%	0.50%	$2,123

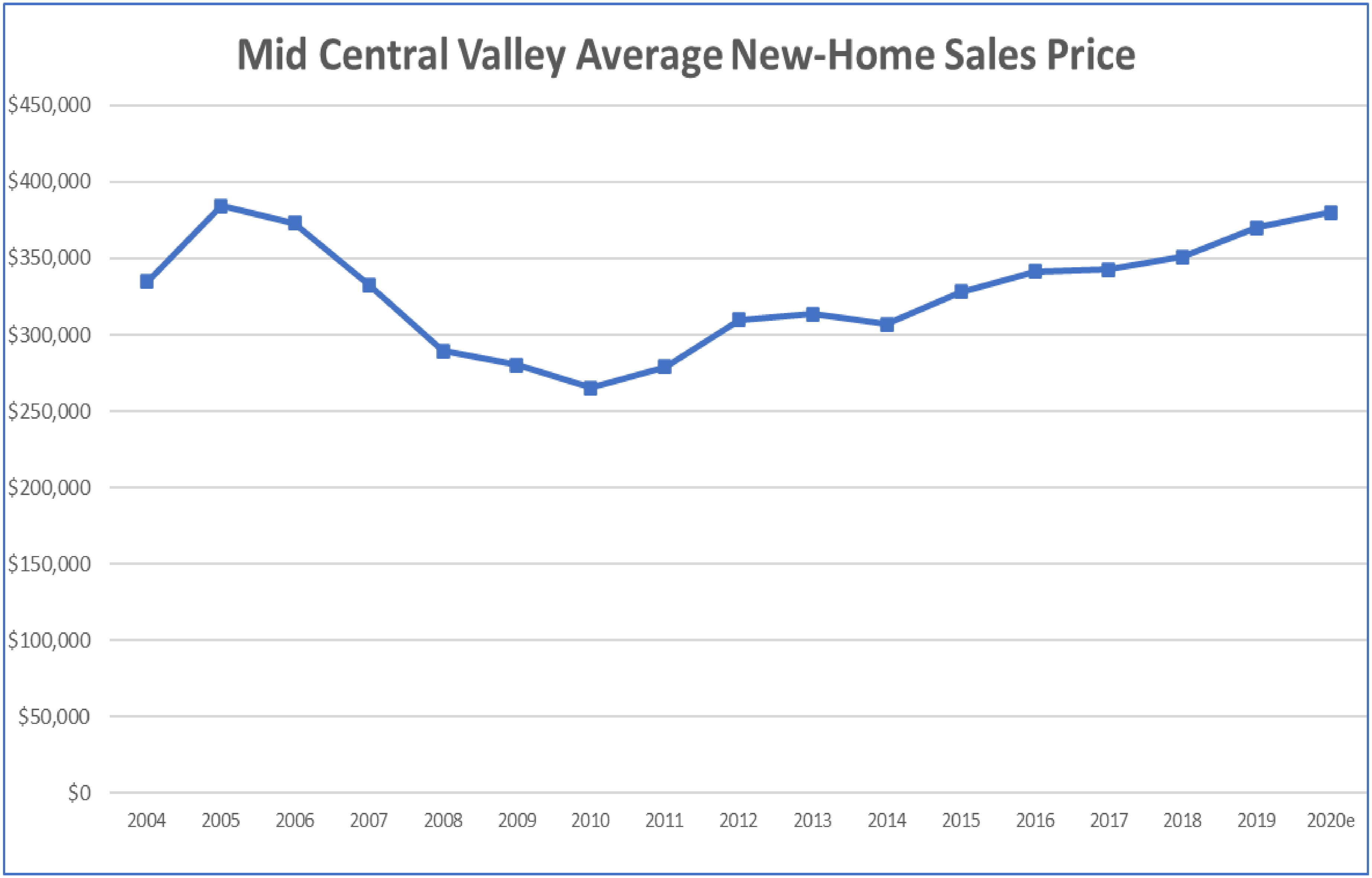


Mid Central Valley New-Housing

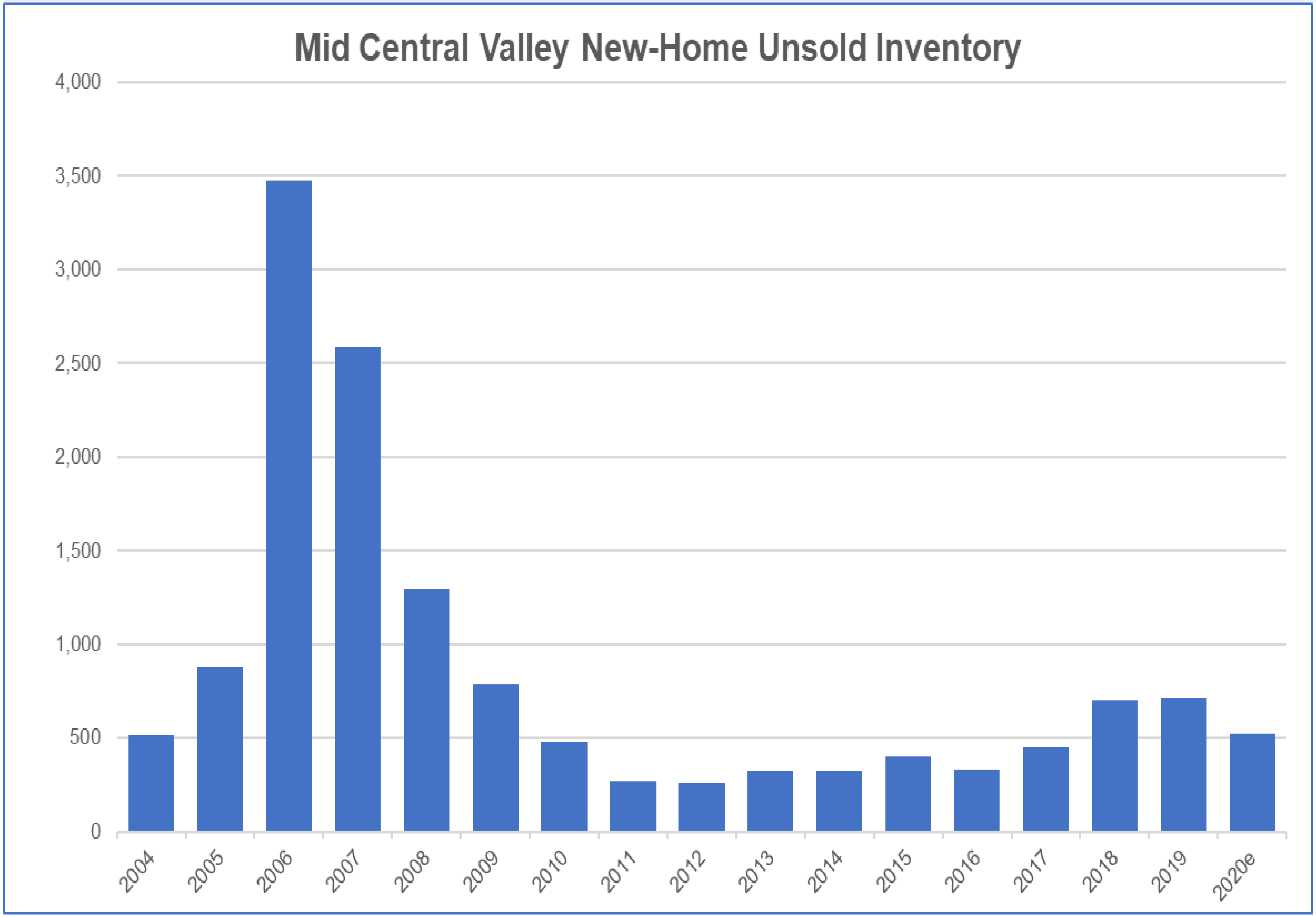
Mid-Central Valley Region	1st Qtr 2018	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr 2019	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr 2020	2nd Qtr	Quarter % Change	Year Ago % Change
Average Price	$344,467	$351,454	$355,440	$350,995	$362,257	$366,628	$368,028	$370,199	$373,302	$376,473	0.8%	2.7%
Median Price	$323,950	$329,475	$334,950	$333,675	$343,290	$347,990	$349,495	$350,245	$350,990	$352,195	0.3%	1.2%
Avg Home Size	2,154	2,154	2,166	2,152	2,179	2,190	2,192	2,186	2,183	2,178	-0.2%	-0.5%
Average Pr/Sq Ft	$162.32	$165.47	$166.82	$165.78	$168.72	$169.66	$170.13	$172.17	$174.20	$175.75	0.9%	3.6%
Ttl Wkly Sales Rate	0.89	0.85	0.78	0.72	0.76	0.92	0.94	0.80	0.76	0.72	-5.3%	-21.7%
Quarter Sold	698	640	526	451	727	831	827	629	777	603	-22.4%	-27.4%
Qrtr Wkly Sales Rate	0.76	0.73	0.55	0.47	0.73	0.74	0.67	0.51	0.65	0.54	-16.9%	-27.0%
Unsold Inventory	387	329	687	703	727	813	718	712	520	263	-49.4%	-67.7%
Weeks of Inventory	6	6	12	13	13	10	8	10	7	4	-42.9%	-60.0%

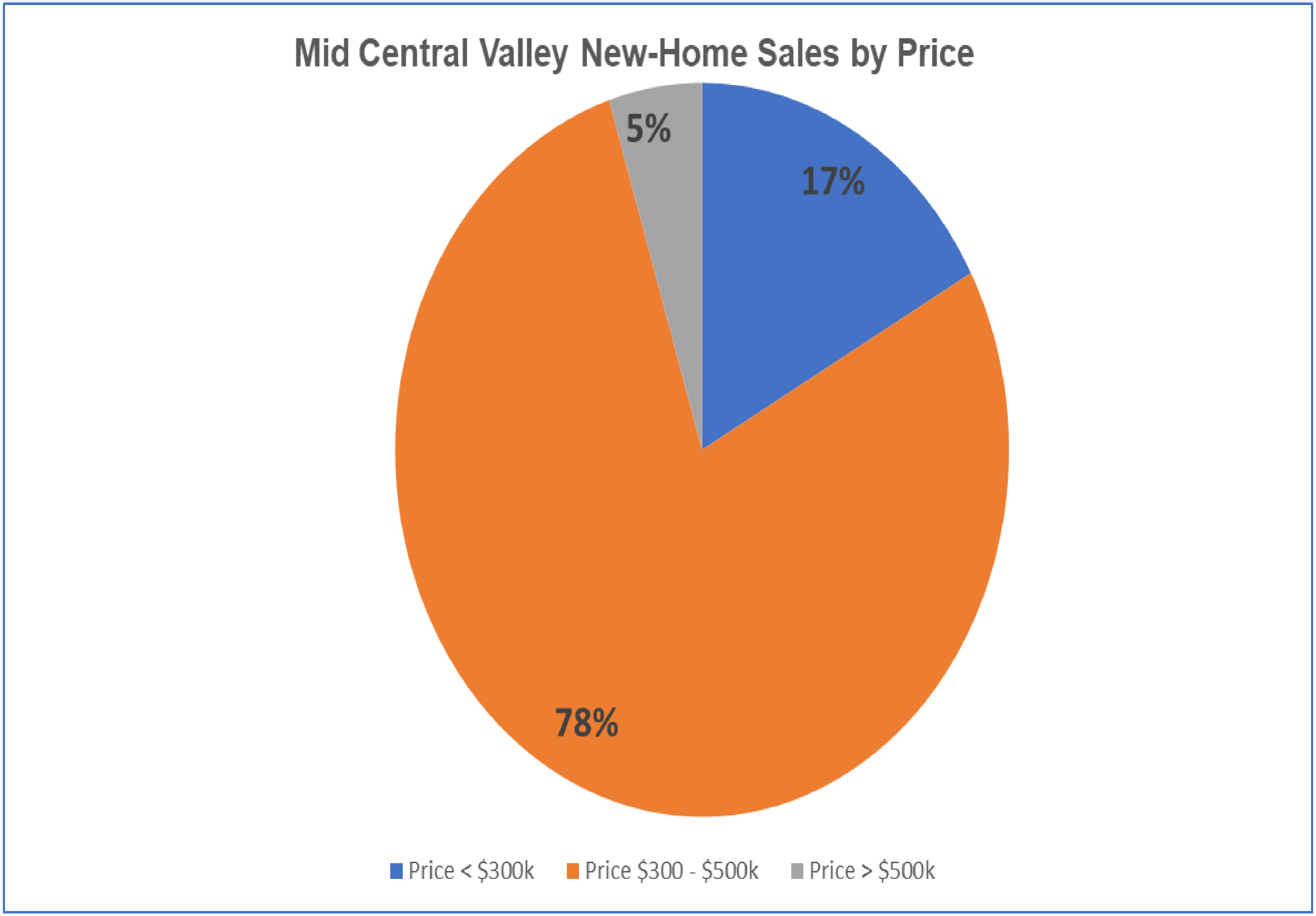


Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	20019	2020e
New-Home Sales:	1,005	614	707	716	1,510	1,637	1,779	2,267	2,315	3,014	2,760
Percent Change:	-38.1%	-38.9%	15.1%	1.3%	110.9%	8.4%	8.7%	27.4%	2.1%	30.2%	-8.4%



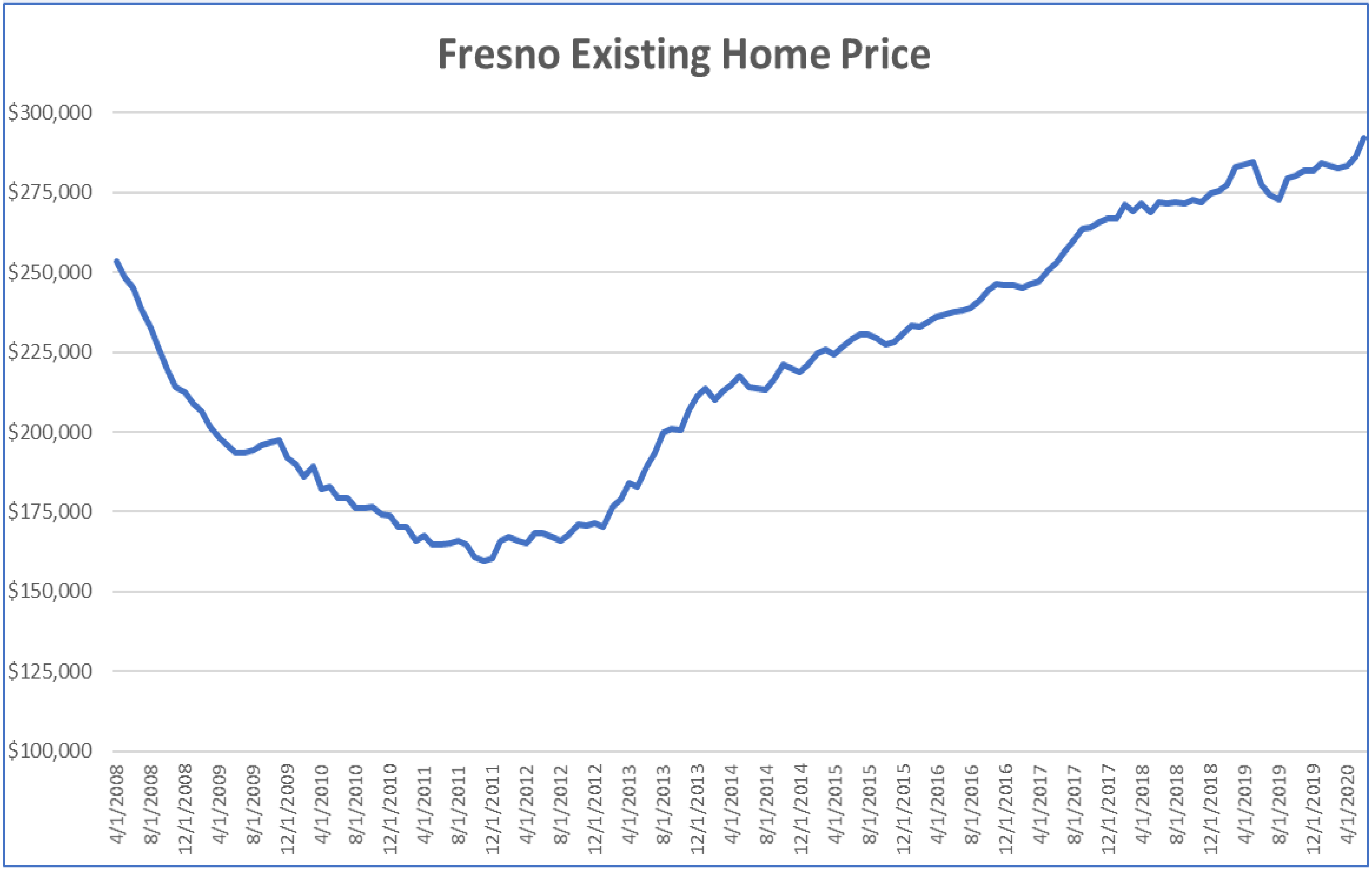
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
New-Home Pricing:	$265,370	$279,133	$309,828	$313,661	$306,892	$327,953	$341,369	$342,661	$350,995	$370,199	$380,194
Percent Change:	-5.3%	5.2%	11.0%	1.2%	-2.2%	6.9%	4.1%	0.4%	2.4%	5.5%	2.7%


Mid Central Valley New-Home Unsold Inventory
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e

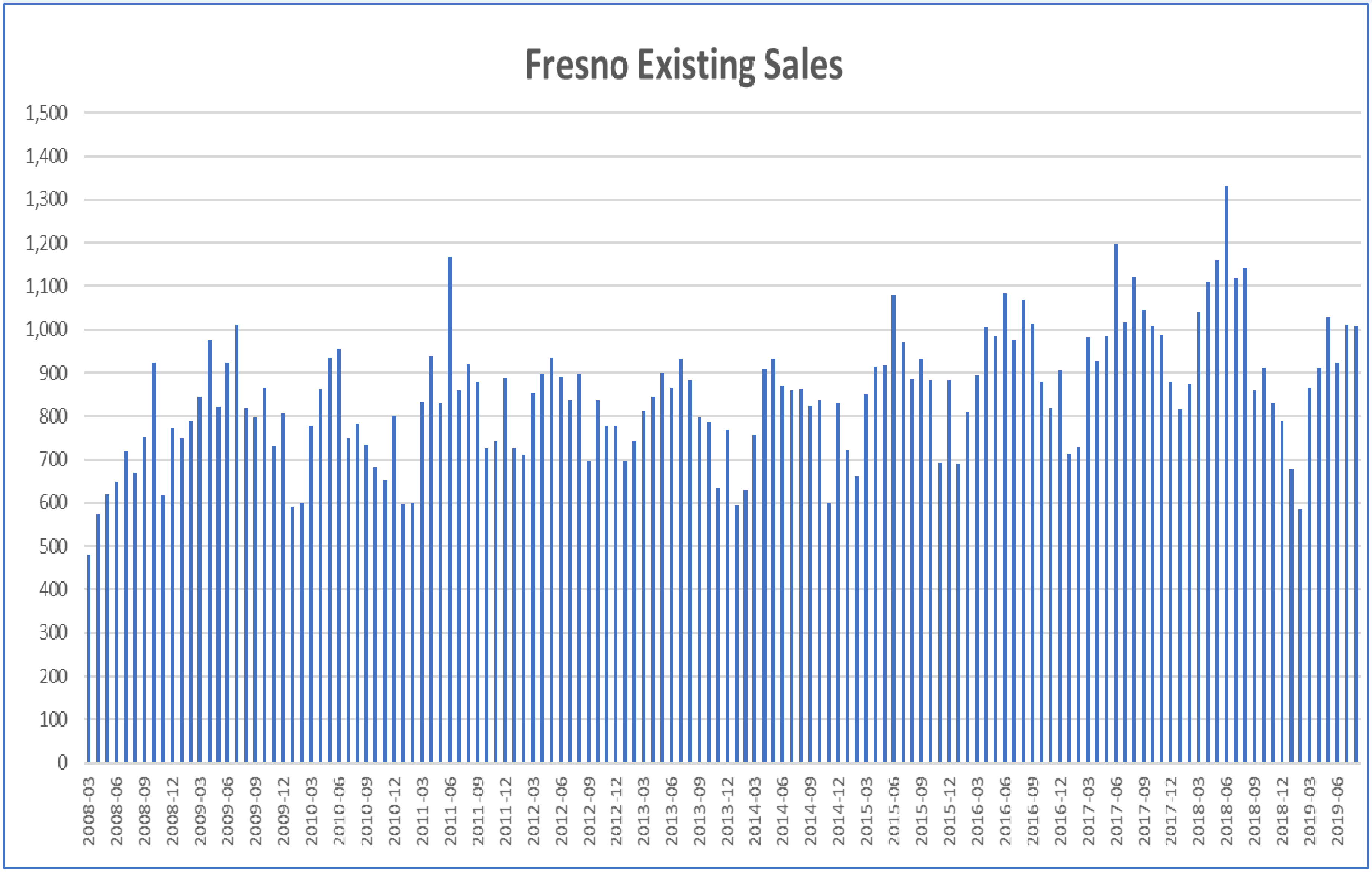

Mid Central Valley New-Home Sales by Price
5%
17%
78%
Price < $300k
Price $300 - $500k
Price > $500k

Year	Mid Central Valley Region Sales	Fresno County Sales	Kings County Sales	Madera County Sales	Merced County Sales
2004	4,862	2,198	--	**525**	2,139
2005	4,722	1,854	--	**1,110**	1,758
2006	3,421	1,663	--	**595**	1,163
2007	4,438	2,929	249	**357**	903
2008	2,676	1,929	219	**145**	383
2009	1,623	1,374	103	**52**	94
2010	1,005	789	91	**61**	64
2011	614	517	51	**8**	38
2012	707	633	30	**0**	44
2013	716	648	25	**7**	36
2014	1,470	1,290	124	**46**	10
2015	1,637	1,380	141	**18**	95
2016	1,779	1,117	244	**34**	334
2017	2,267	1,233	268	**152**	614
2018	2,315	1,382	183	**175**	575
2019	3,014	1,452	284	**421**	857
2020YTD	1,380	721	121	**180**	358
Average (2004 - 2019):	**2,329**	**1,399**	**155**	**232**	**569**

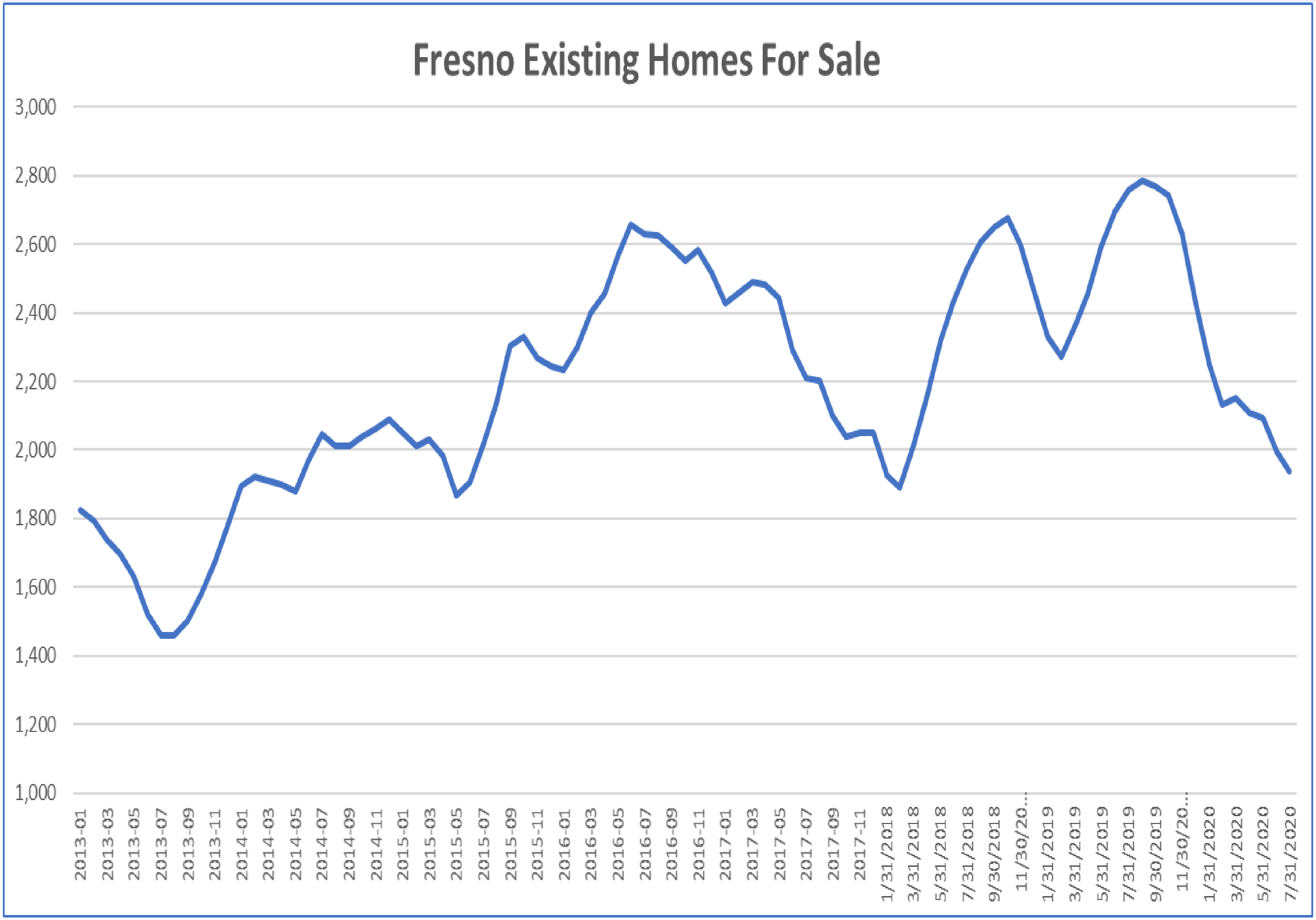
Mid Central Valley Existing-Housing



Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Existing Home Pricing:	$180,373	$164,798	$167,901	$191,191	$215,583	$227,568	$238,896	$255,834	$271,121	$279,452	$285,091
Percent Change:	-8.8%	-8.6%	1.9%	13.9%	12.8%	5.6%	5.0%	7.1%	6.0%	3.1%	2.0%



Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	20019	2020e
Existing Home Sales:	9,121	9,980	9,831	9,670	9,509	10,393	11,130	11,593	11,980	10,965	11,868
Percent Change:	-10.0%	9.4%	-1.5%	-1.6%	-1.7%	9.3%	7.1%	4.2%	3.3%	-8.5%	8.2%



Fresno Existing Homes For Sale
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,400
1,200
1,000
2013-01
2013-03
2013-05
2013-07
2013-09
2013-11
2014-01
2014-03
2014-05
2014-07
2014-09
2014-11
2015-01
2015-03
2015-05
2015-07
2015-09
2015-11
2016-01
2016-03
2016-05
2016-07
2016-09
2016-11
2017-01
2017-03
2017-05
2017-07
2017-09
2017-11
1/31/2018
3/31/2018
5/31/2018
7/31/2018
9/30/2018
11/30/20…
1/31/2019
3/31/2019
5/31/2019
7/31/2019
9/30/2019
11/30/20…
1/31/2020
3/31/2020
5/31/2020
7/31/2020

Potential Future Supply

Proposed Development

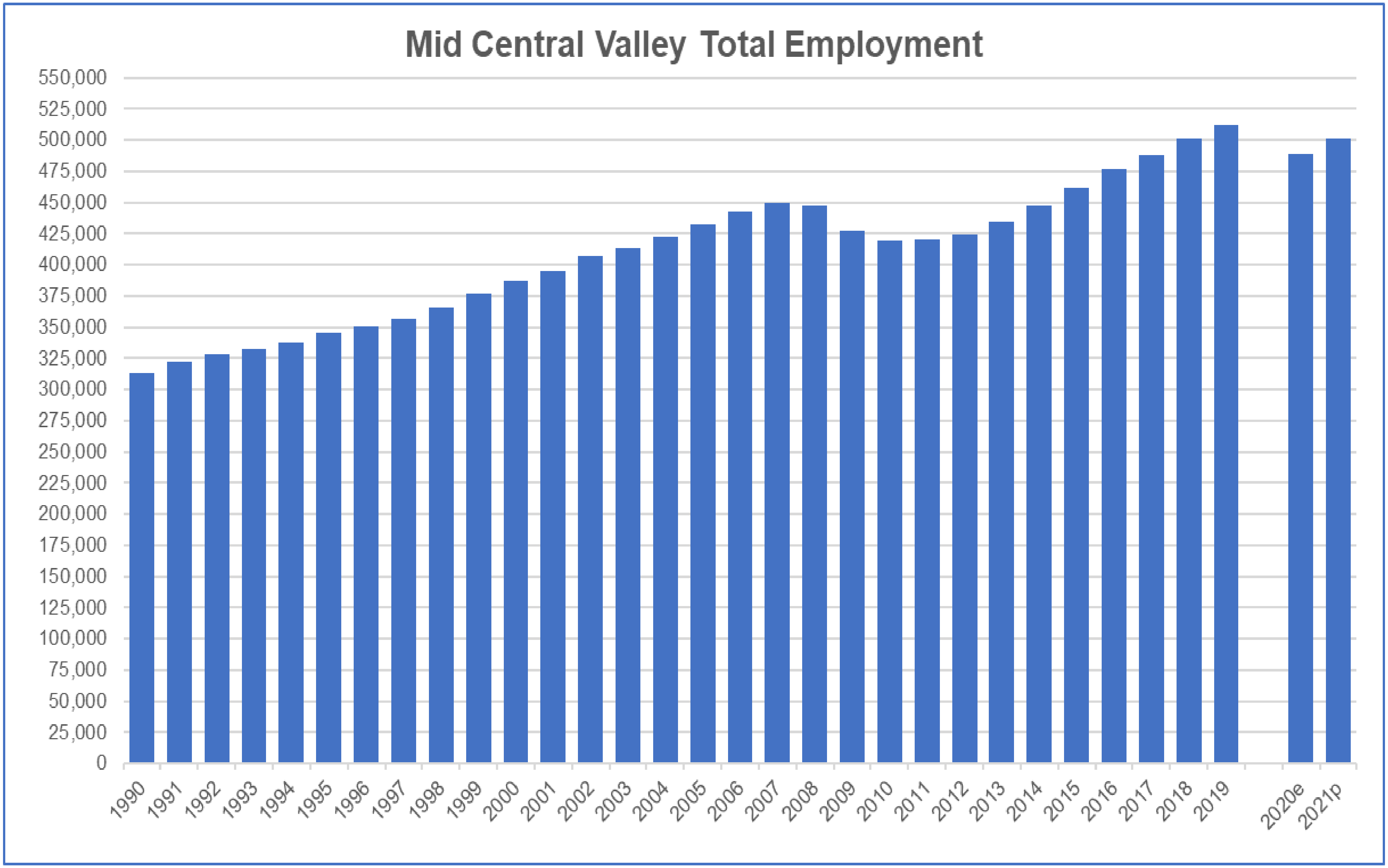
MADERA COUNTY Master Planned Communities Lot and Potential Lot Supply						
	Project Name	Community	Developer	Total Number of Units	Unit Sold to Date	Total Remaining
Projects Delivering Homes	Riverstone--Grove	Madera County	Riverstone Development LLC	1,449	0	1,449
	Riverstone--Town Center	Madera County	Riverstone Development LLC	575	0	575
	Riverstone--Park	Madera County	Riverstone Development LLC	1,698	0	1,698
	Riverstone--Club	Madera County	Riverstone Development LLC	1,223	0	1,223
	Riverstone--Lodge	Madera County	Riverstone Development LLC	862	749	113
	Riverstone--Civic	Madera County	Riverstone Development LLC	771	0	771
	Tesoro Viejo--Hillside Village	Madera County	McCaffrey Homes	802	632	170
	Tesoro Viejo--Remainder	Madera County	McCaffrey Homes	4,388	0	4,388
			Subtotal:	**11,768**	**1,381**	**10,387**

Projects With Tentative Maps	Project Name	Community	Developer	Total Number of Units	Unit Sold to Date	Total Remaining
	Gunner Ranch West	Madera County	The Keith Companies	3,014	0	3,014
			Subtotal:	**3,014**	**0**	**3,014**
			Grand Total:	**14,782**	**1,381**	**13,401**

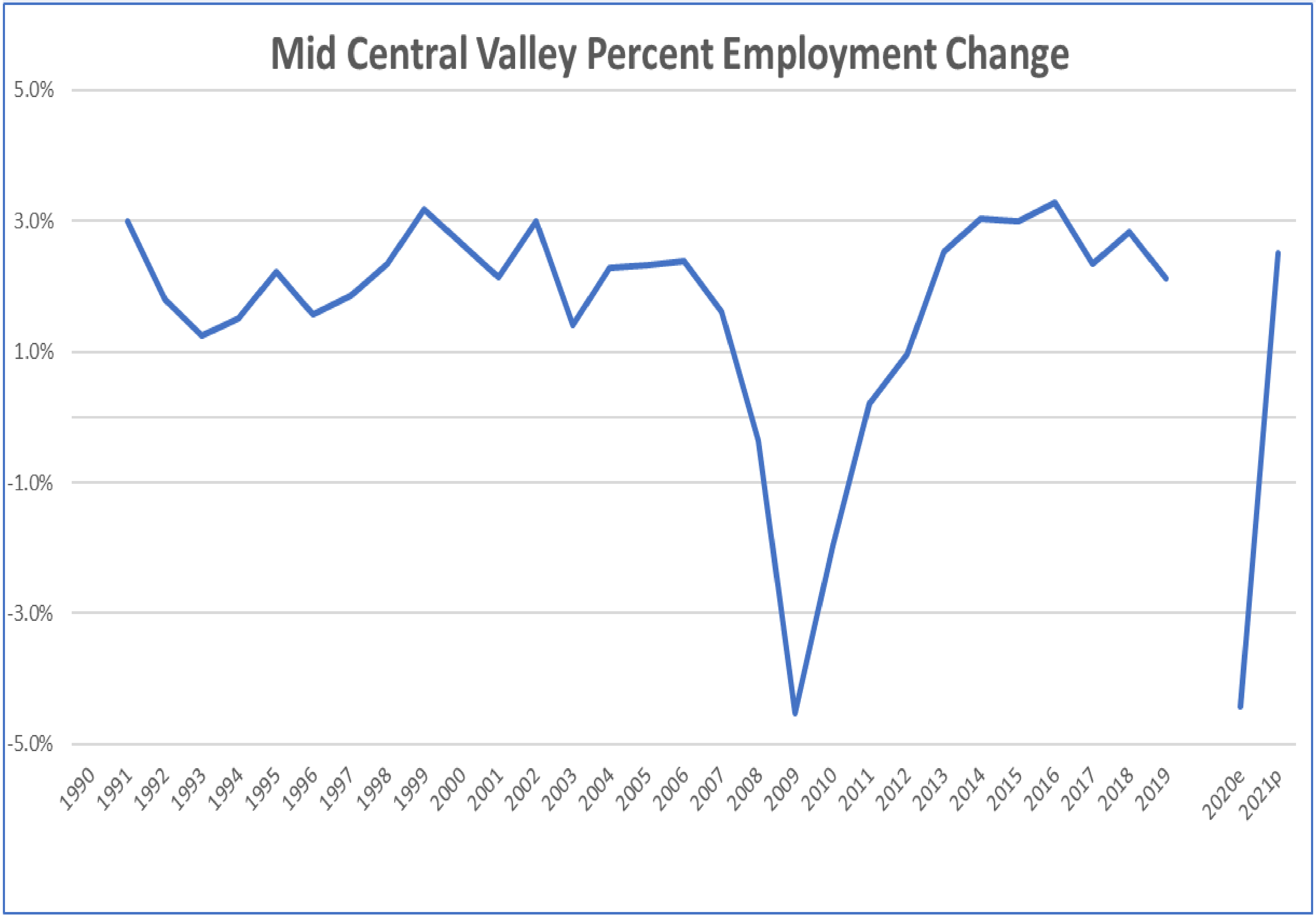
Regarding potential future supply, within the subject property market area, there are three large programmed master planned communities.

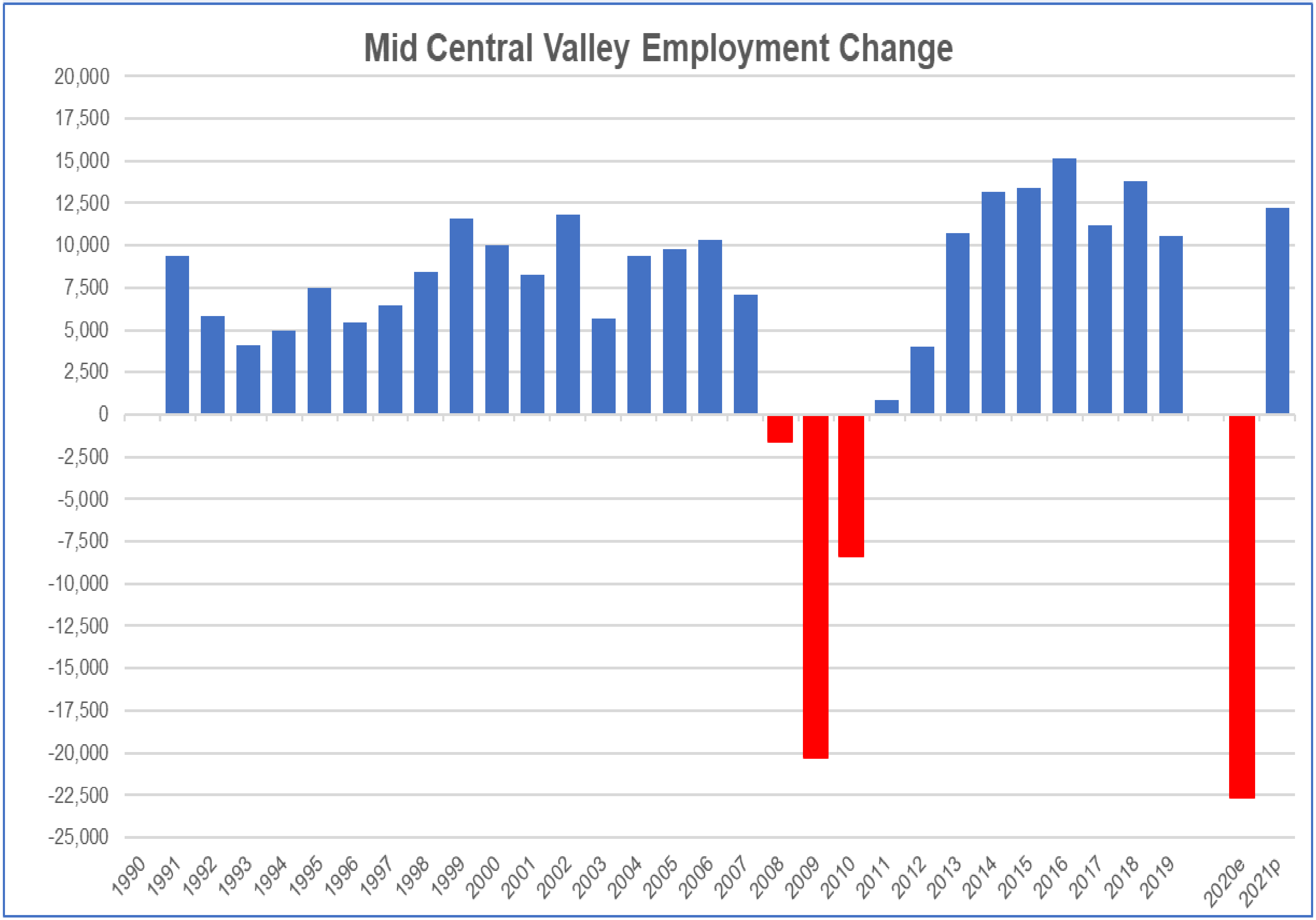
- Two of these three master planned communities are currently delivering homes; Riverstone and Tesoro Viejo.
- There are a total of 14,782 units planned, with 13,401 units remaining for development.
- While there is a large number of units planned in the market area, it is important to note two things:
    1. It is believed that these projects will be developed; however, the timing of development is largely unknown;
    2. As evidenced by the current market, many master planned communities can sell concurrently and experience success in sales; in fact, given current market dynamics, it is believed that more available product translates to greater sales and velocity;

Economics and Demographics

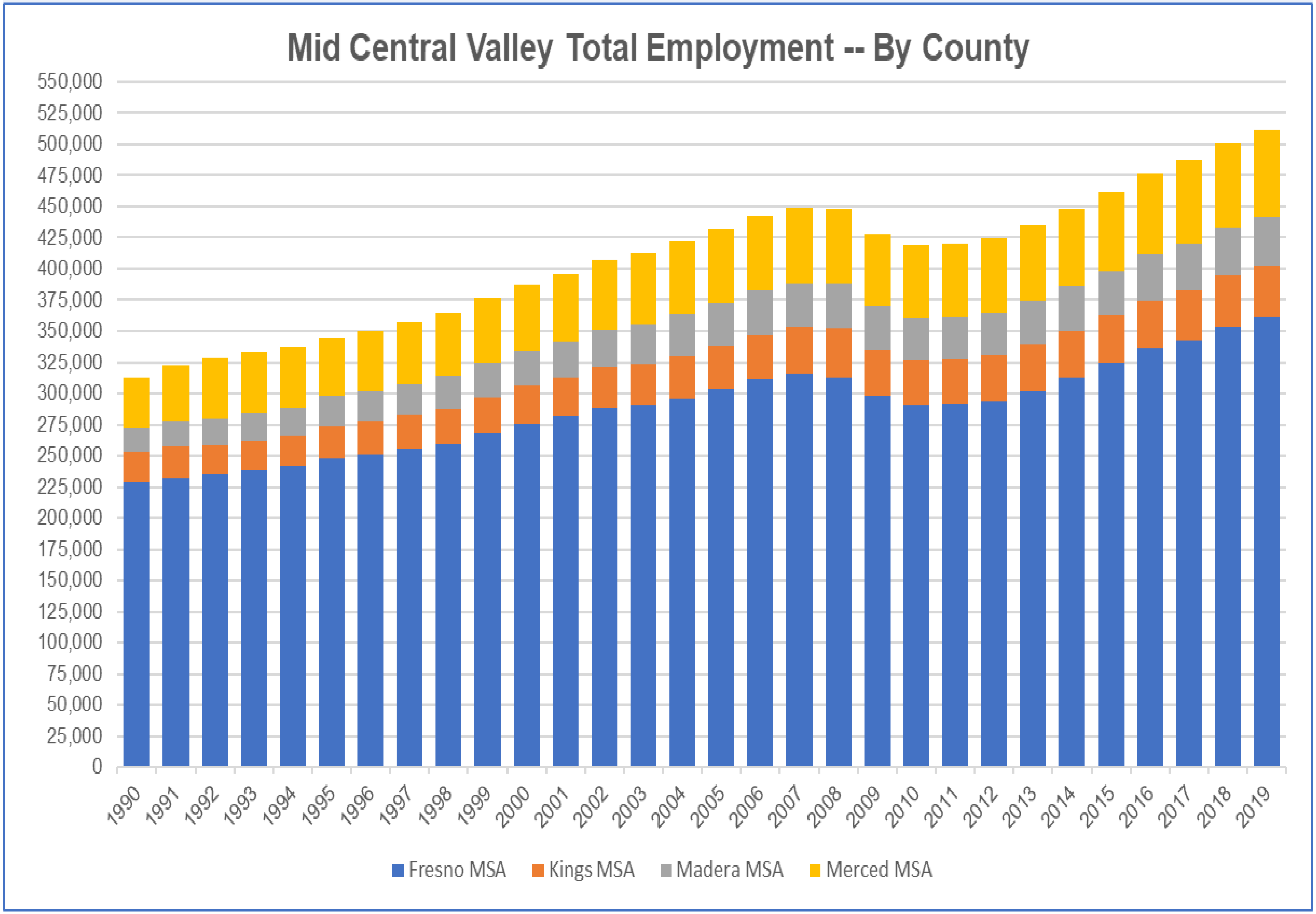


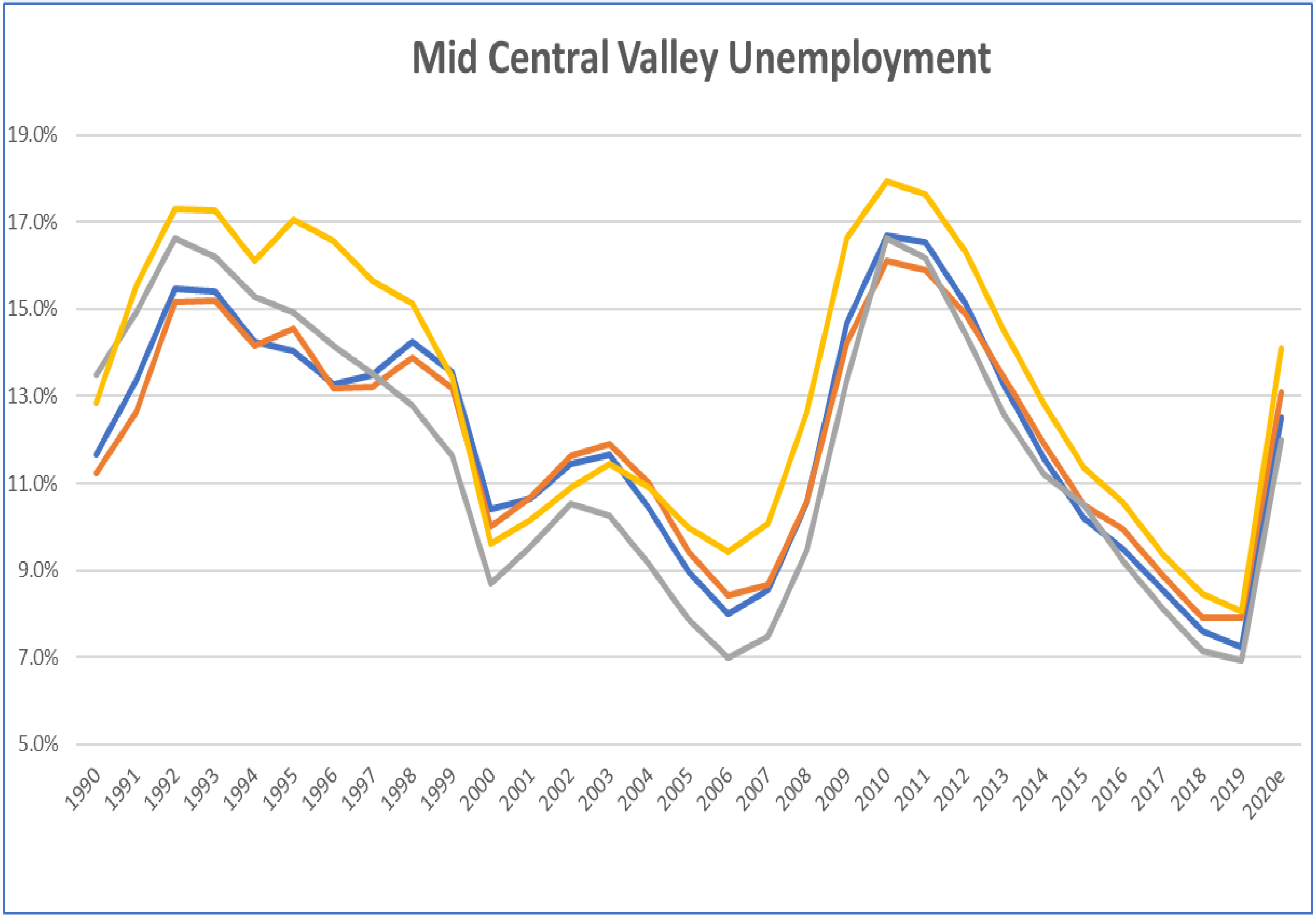
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021p
Total Nonfarm Employment:	419,100	420,000	424,000	434,700	447,900	461,300	476,400	487,600	501,400	512,000	489,369	501,603
Number Change:	-8,400	900	4,000	10,700	13,200	13,400	15,100	11,200	13,800	10,600	-22,631	12,234
Percent Change:	-2.0%	0.2%	1.0%	2.5%	3.0%	3.0%	3.3%	2.4%	2.8%	2.1%	-4.4%	2.5%

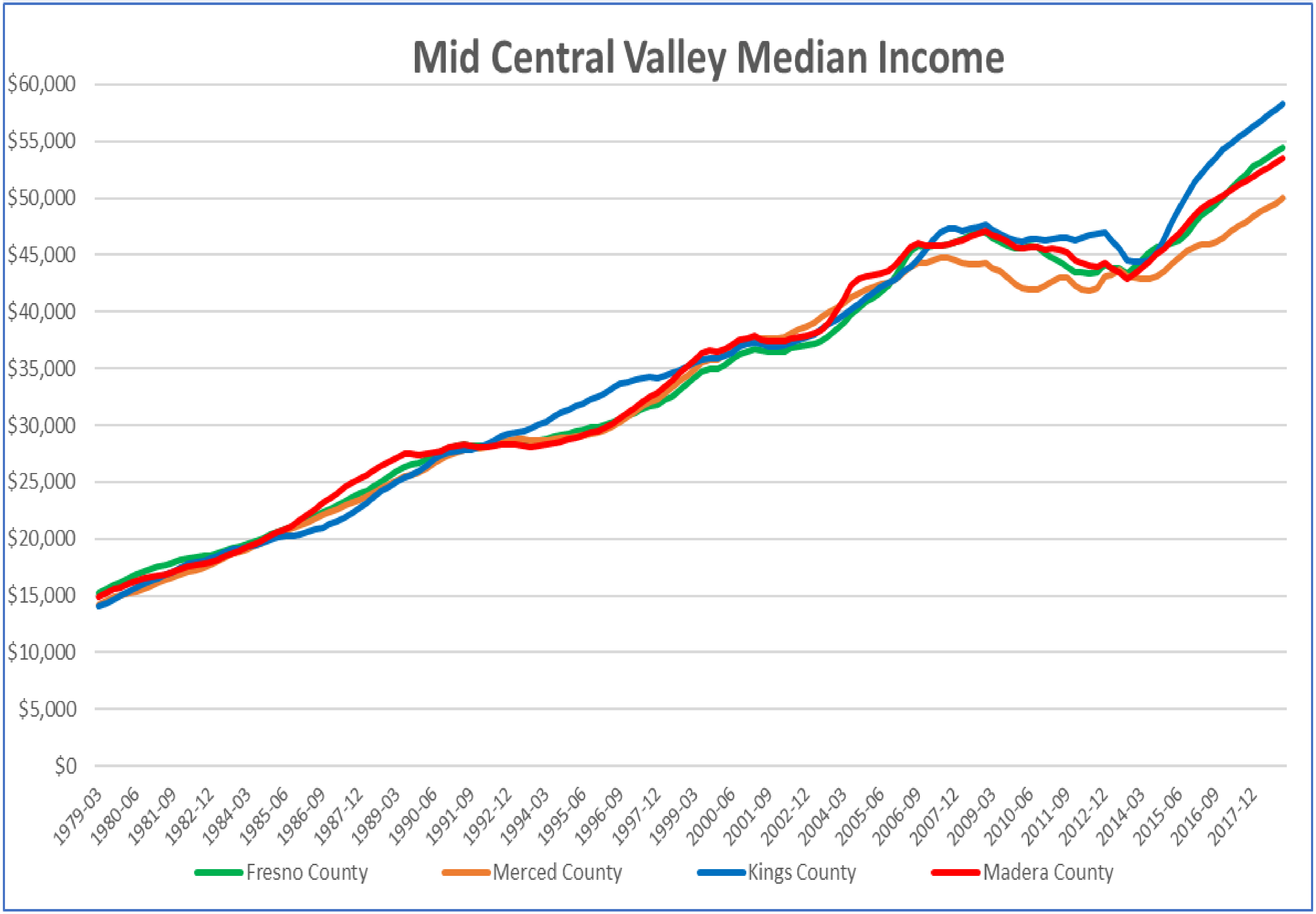

Mid Central Valley Percent Employment Change
5.0%
3.0%
1.0%
-1.0%
-3.0%
-5.0%
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e
2021p

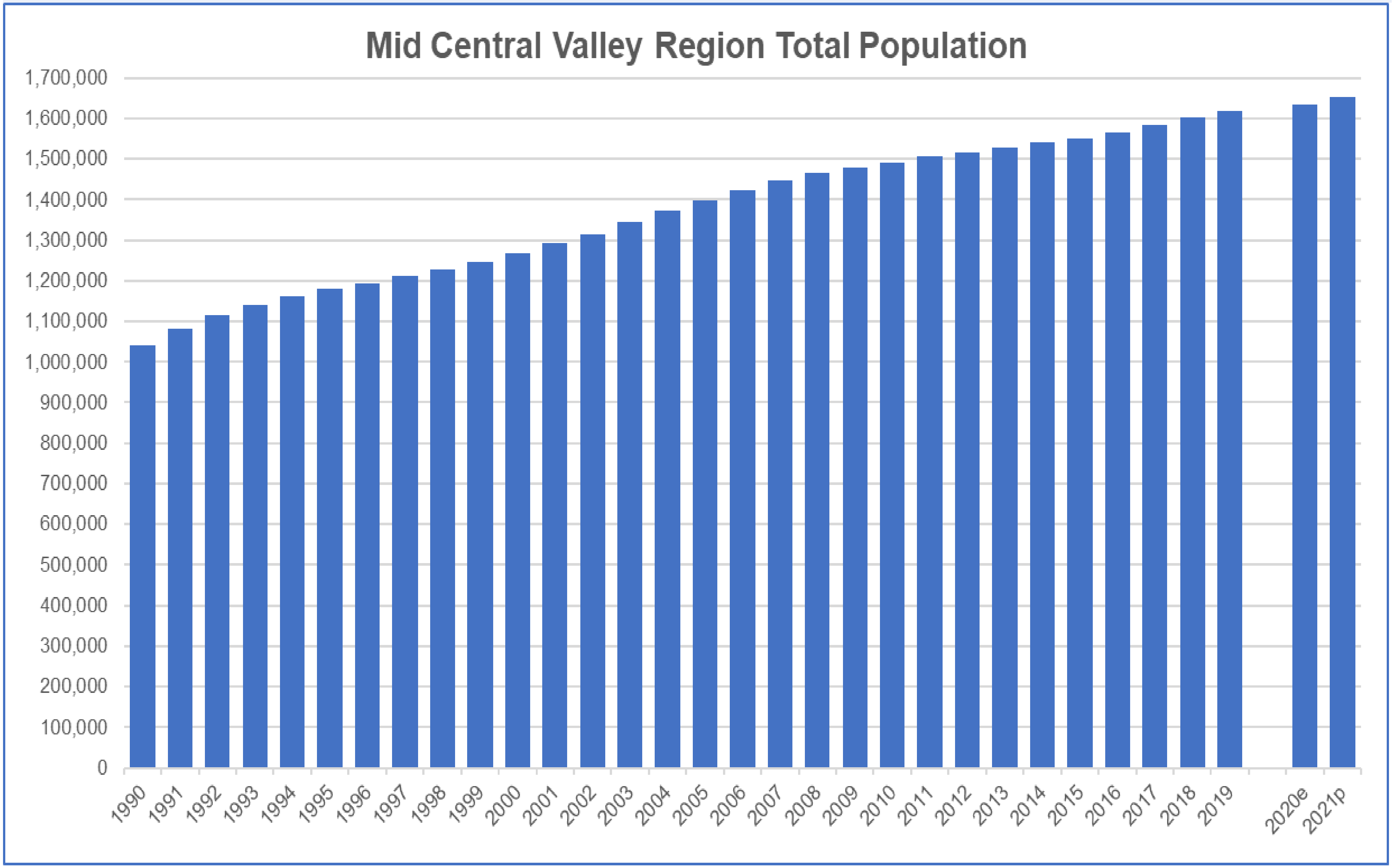


Mid Central Valley Employment Change
20,000
17,500
15,000
12,500
10,000
7,500
5,000
2,500
0
-2,500
-5,000
-7,500
-10,000
-12,500
-15,000
-17,500
-20,000
-22,500
-25,000
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e
2021p

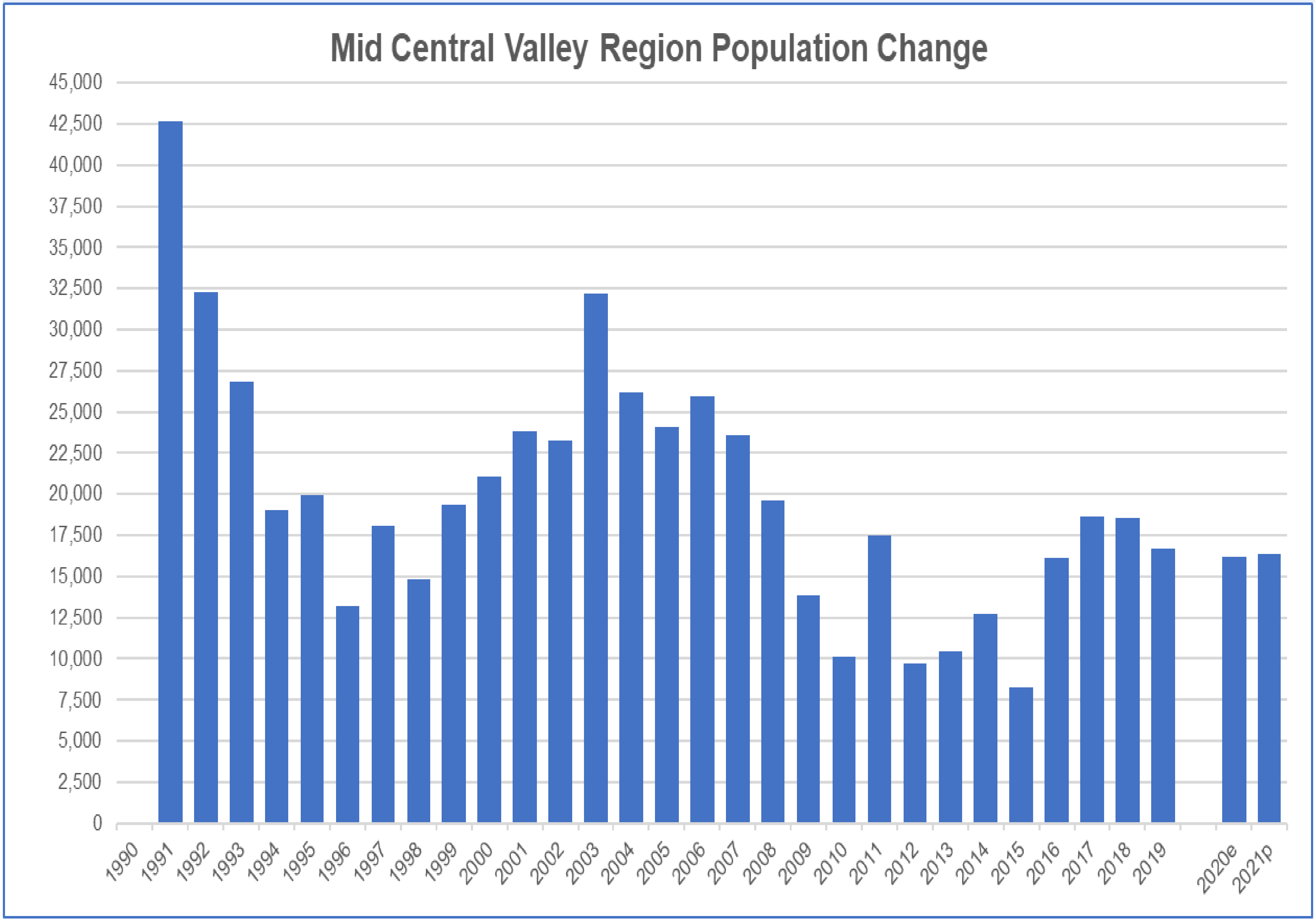

Mid Central Valley Total Employment -- By County
550,000
525,000
500,000
475,000
450,000
425,000
400,000
375,000
350,000
325,000
300,000
275,000
250,000
225,000
200,000
175,000
150,000
125,000
100,000
75,000
50,000
25,000
0
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Fresno MSA
Kings MSA
Madera MSA
Merced MSA


Mid Central Valley Unemployment
19.0%
17.0%
15.0%
13.0%
11.0%
9.0%
7.0%
5.0%
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e

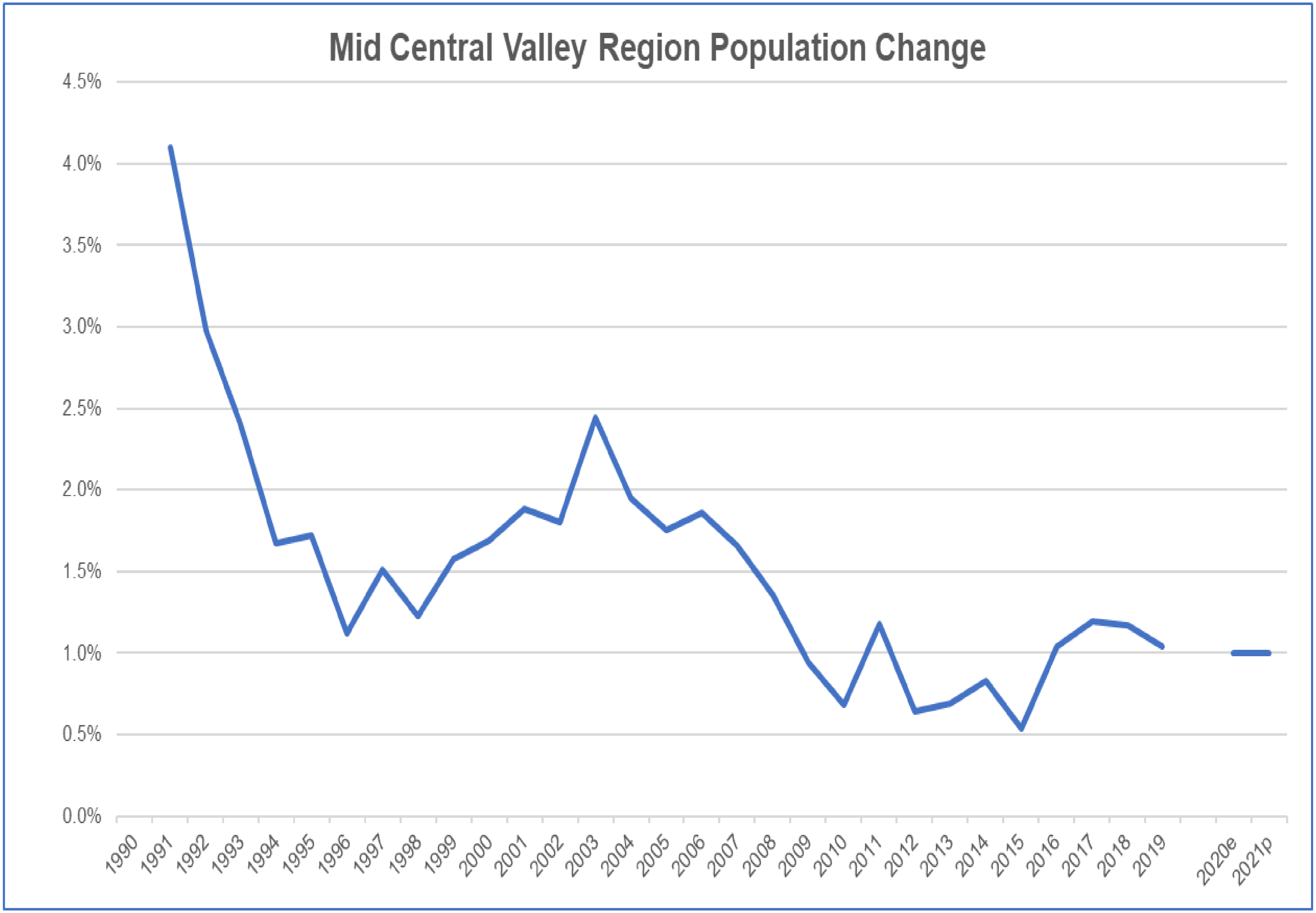

Mid Central Valley Median Income
$60,000
$55,000
$50,000
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
1979-03
1980-06
1981-09
1982-12
1984-03
1985-06
1986-09
1987-12
1989-03
1990-06
1991-09
1992-12
1994-03
1995-06
1996-09
1997-12
1999-03
2000-06
2001-09
2002-12
2004-03
2005-06
2006-09
2007-12
2009-03
2010-06
2011-09
2012-12
2014-03
2015-06
2016-09
2017-12
Fresno County
Merced County
Kings County
Madera County



Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021p
Total Population:	1,490,090	1,507,628	1,517,334	1,527,812	1,540,528	1,548,784	1,564,871	1,583,534	1,602,099	1,618,754	1,634,941	1,651,290
Number Change:	10,127	17,538	9,706	10,478	12,716	8,256	16,087	18,663	18,565	16,655	16,187	16,349
Percent Change:	0.7%	1.2%	0.6%	0.7%	0.8%	0.5%	1.0%	1.2%	1.2%	1.0%	1.0%	1.0%

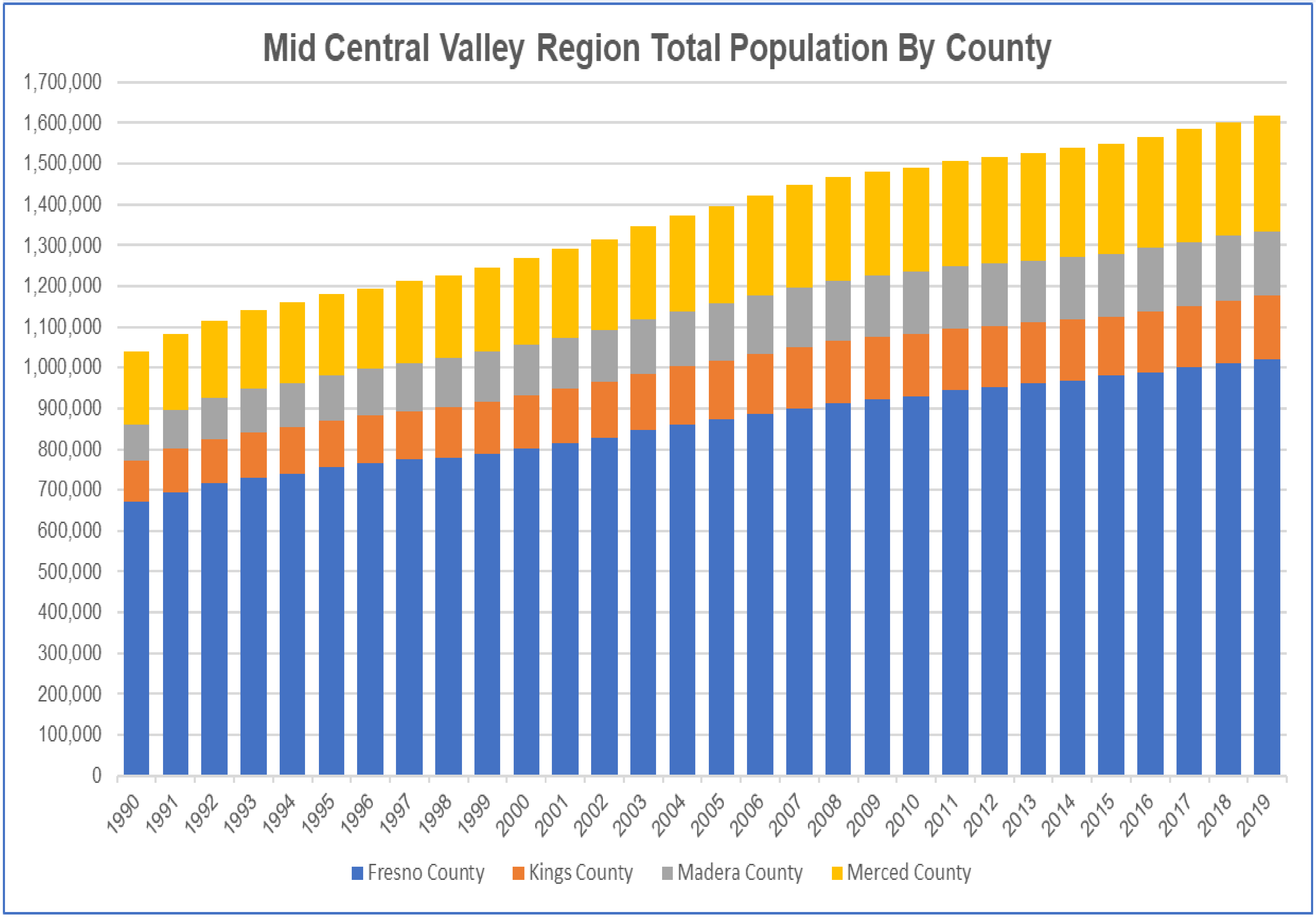


Mid Central Valley Region Population Change
45,000
42,500
40,000
37,500
35,000
32,500
30,000
27,500
25,000
22,500
20,000
17,500
15,000
12,500
10,000
7,500
5,000
2,500
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020e 2021p

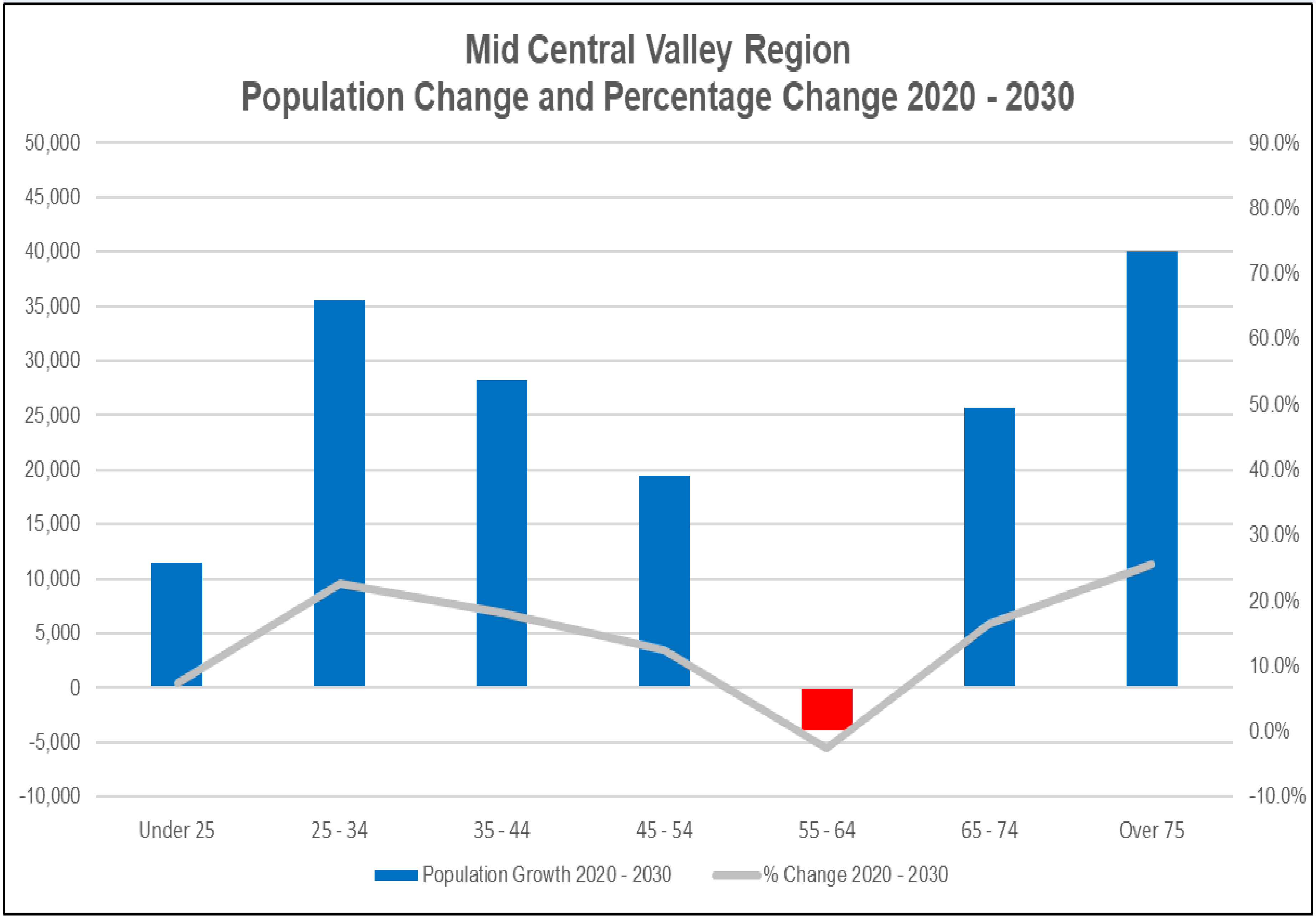


Mid Central Valley Region Population Change
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e
2021p

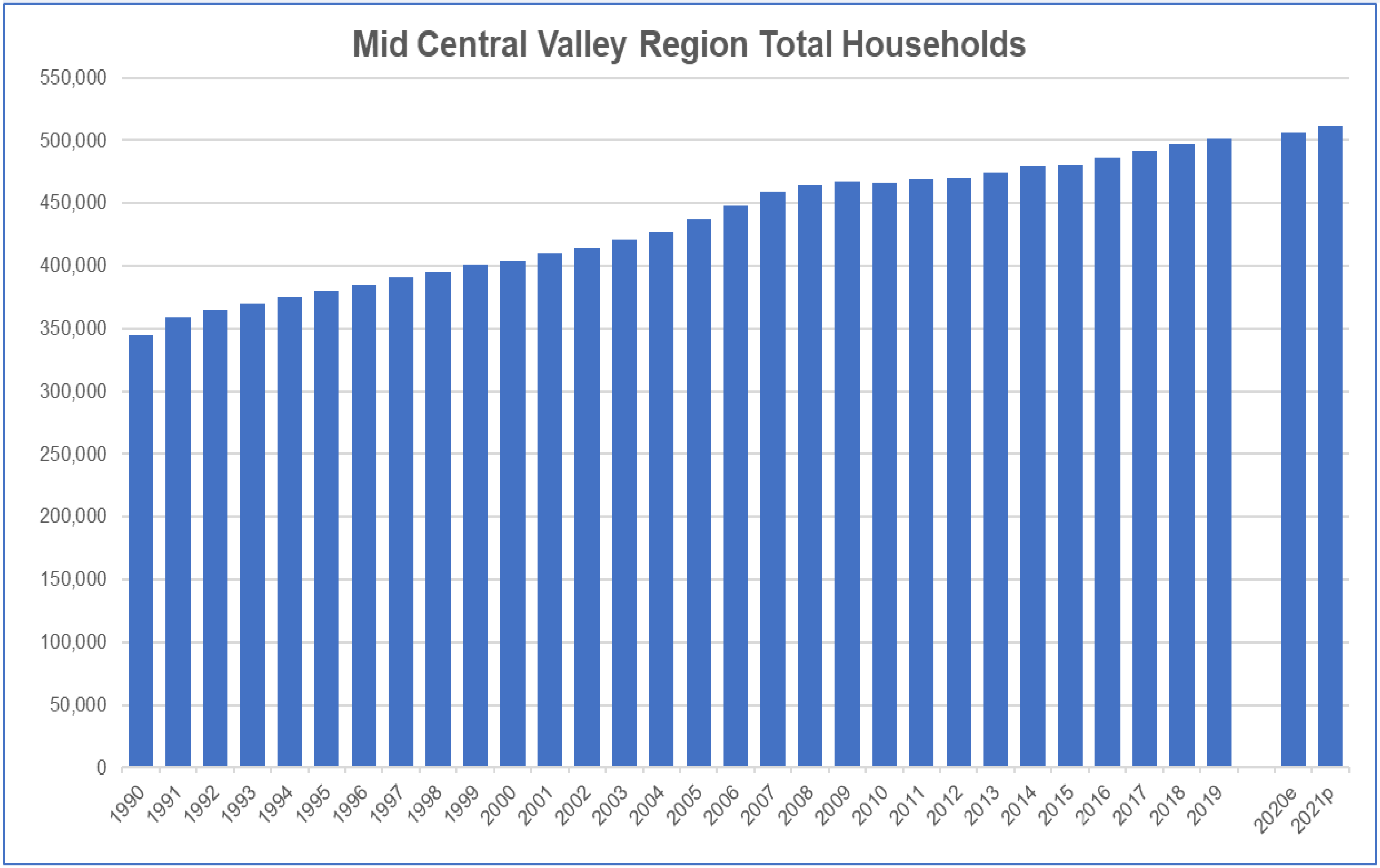
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fresno County:	930,450	943,968	952,866	960,412	969,682	979,827	988,682	999,423	1,010,837	1,021,960
Number Change:	6,555	13,518	8,898	7,546	9,270	10,145	8,855	10,741	11,414	11,123
Percent Change:	0.7%	1.5%	0.9%	0.8%	1.0%	1.0%	0.9%	1.1%	1.1%	1.1%
Kings County:	152,982	151,756	150,376	150,522	149,566	144,887	149,274	150,929	153,318	154,446
Number Change:	1,188	-1,226	-1,380	146	-956	-4,679	4,387	1,655	2,389	1,128
Percent Change:	0.8%	-0.8%	-0.9%	0.1%	-0.6%	-3.1%	3.0%	1.1%	1.6%	0.7%
Madera County:	150,865	151,688	150,910	152,175	153,907	154,548	155,148	156,733	158,511	158,940
Number Change:	714	823	-778	1,265	1,732	641	600	1,585	1,778	429
Percent Change:	0.5%	0.5%	-0.5%	0.8%	1.1%	0.4%	0.4%	1.0%	1.1%	0.3%
Merced County:	255,793	260,216	263,182	264,703	267,373	269,522	271,767	276,449	279,433	283,408
Number Change:	1,670	4,423	2,966	1,521	2,670	2,149	2,245	4,682	2,984	3,975
Percent Change:	0.7%	1.7%	1.1%	0.6%	1.0%	0.8%	0.8%	1.7%	1.1%	1.4%



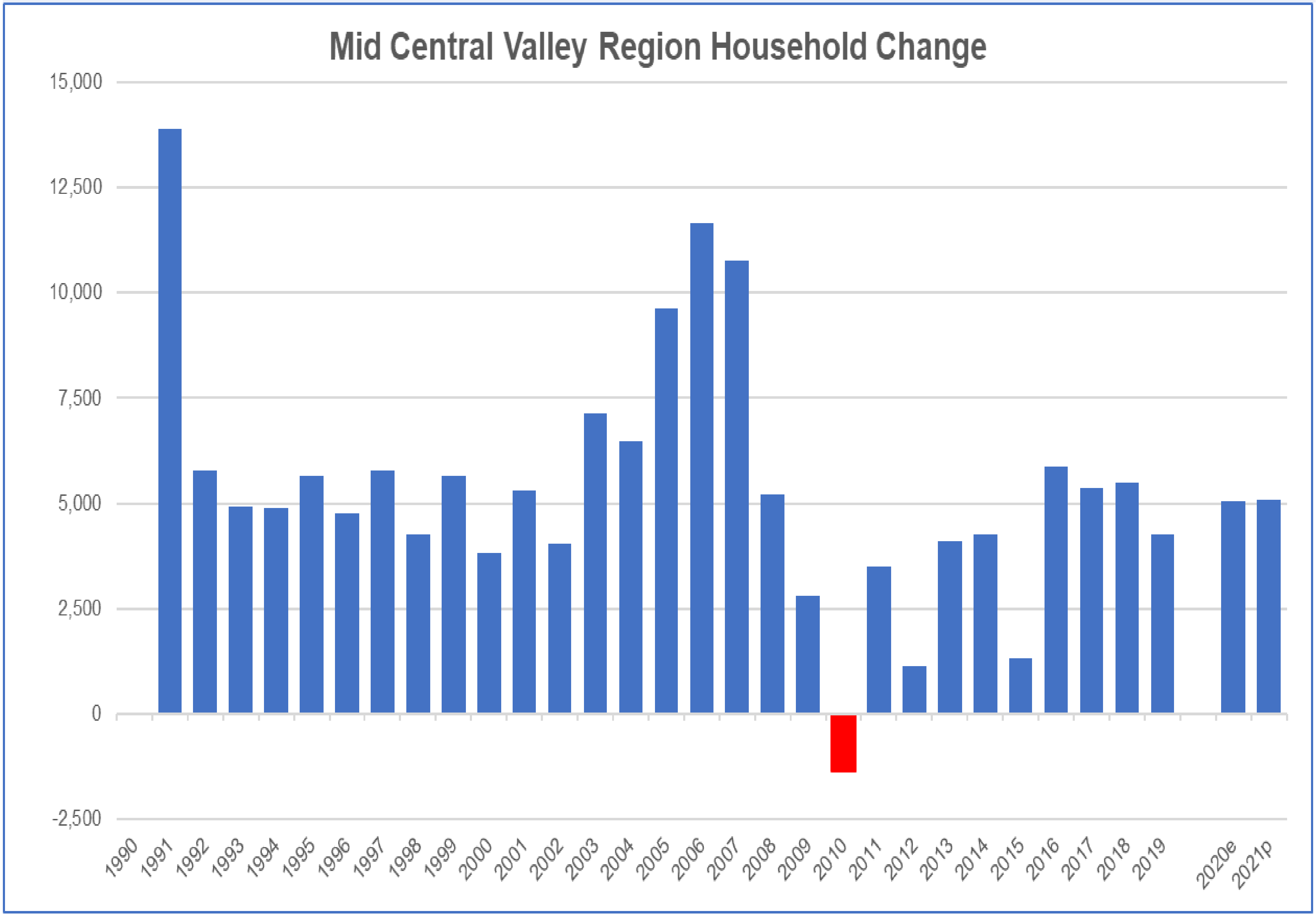
Mid Central Valley Region Total Population By County
1,700,000
1,600,000
1,500,000
1,400,000
1,300,000
1,200,000
1,100,000
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Fresno County
Kings County
Madera County
Merced County



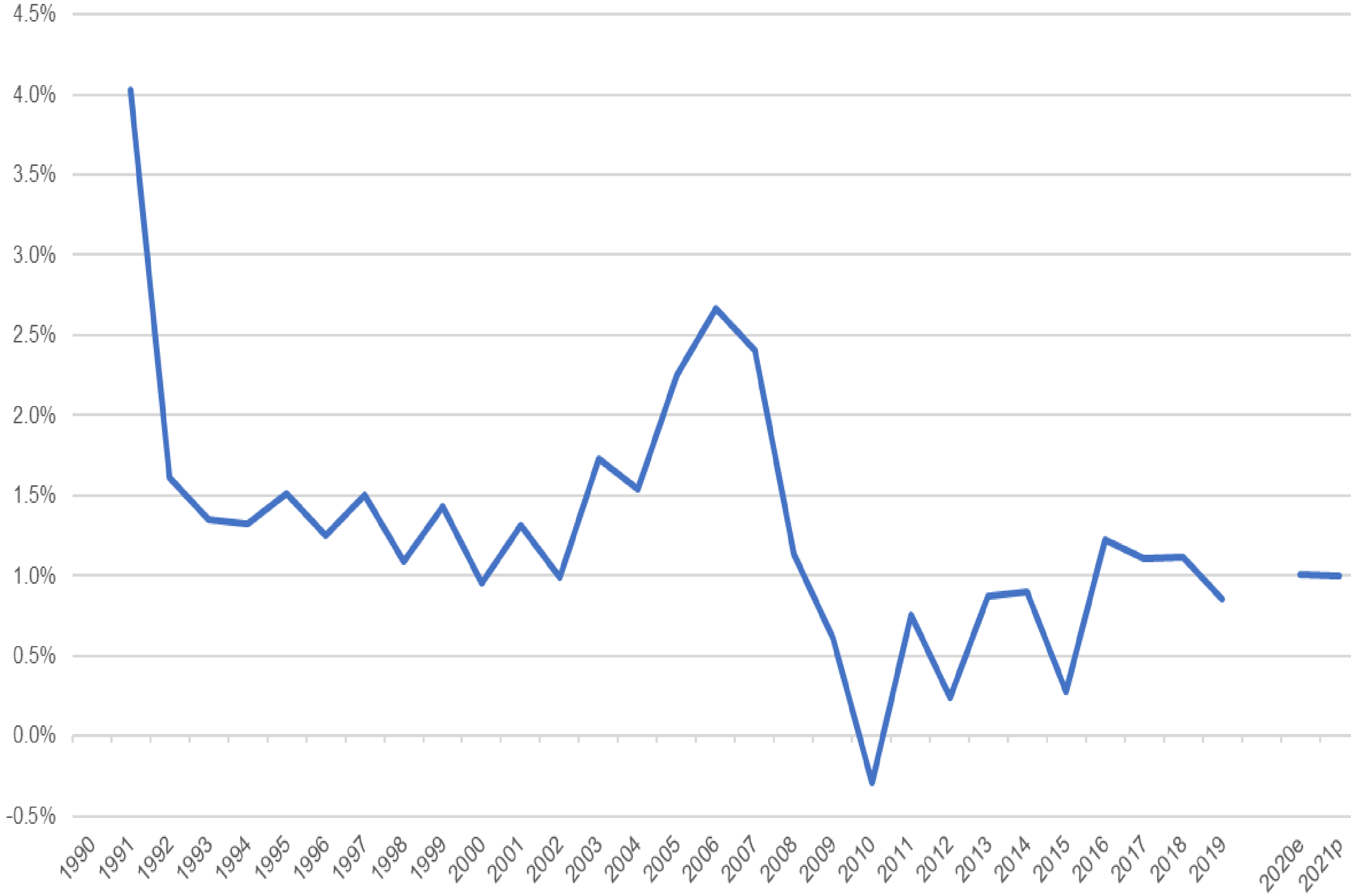
Mid Central Valley Region
Population Change and Percentage Change 2020 - 2030
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
-5,000
-10,000
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
Under 25
25 - 34
35 - 44
45 - 54
55 - 64
65 - 74
Over 75
Population Growth 2020 - 2030
% Change 2020 - 2030



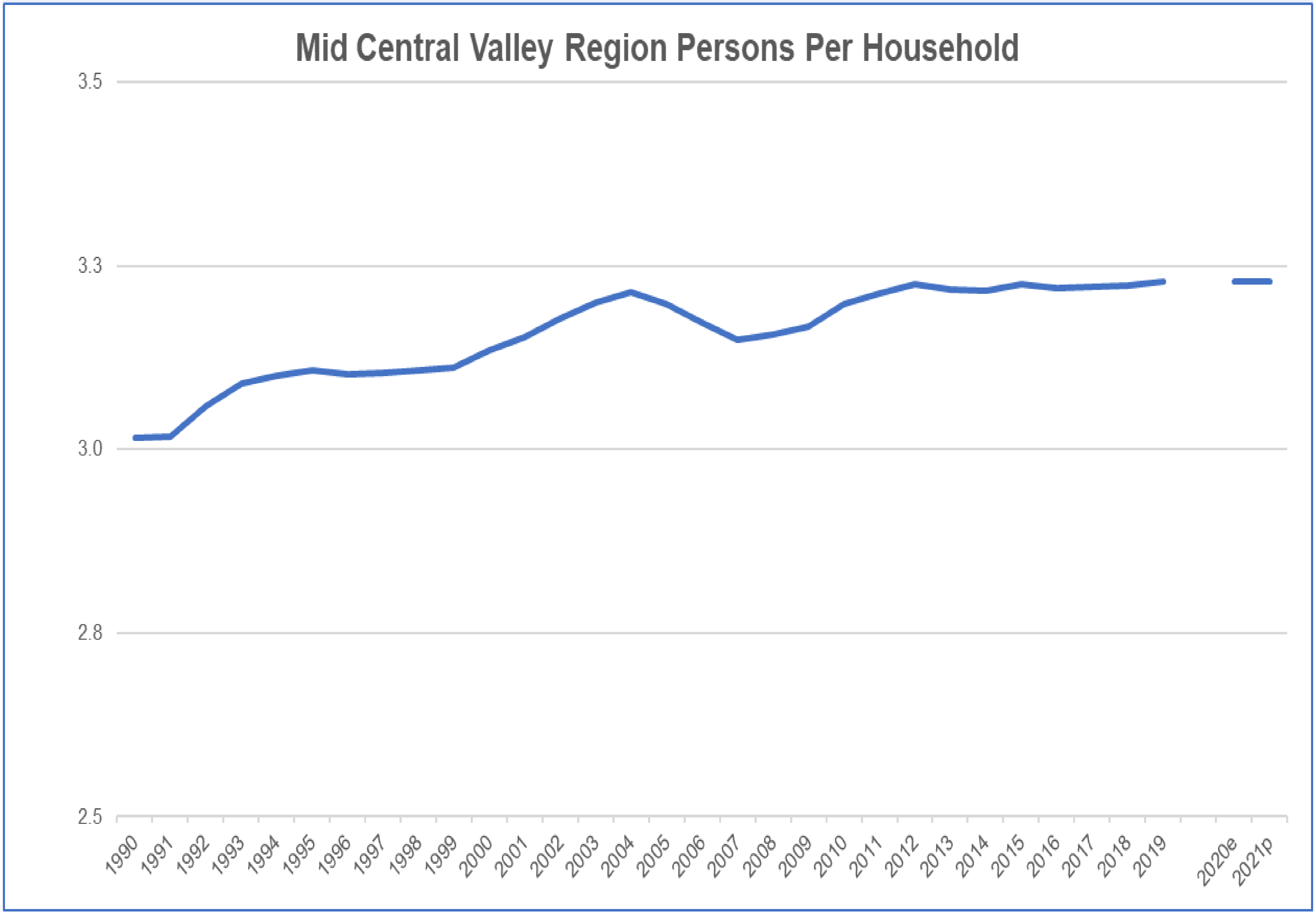
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021p
Total Households:	465,970	469,469	470,597	474,713	478,976	480,294	486,168	491,544	497,038	501,281	506,330	511,394
Number Change:	-1,366	3,499	1,128	4,116	4,263	1,318	5,874	5,376	5,494	4,243	5,049	5,063
Percent Change:	-0.3%	0.8%	0.2%	0.9%	0.9%	0.3%	1.2%	1.1%	1.1%	0.9%	1.0%	1.0%


Mid Central Valley Region Household Change
15,000
12,500
10,000
7,500
5,000
2,500
0
-2,500
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e
2021p

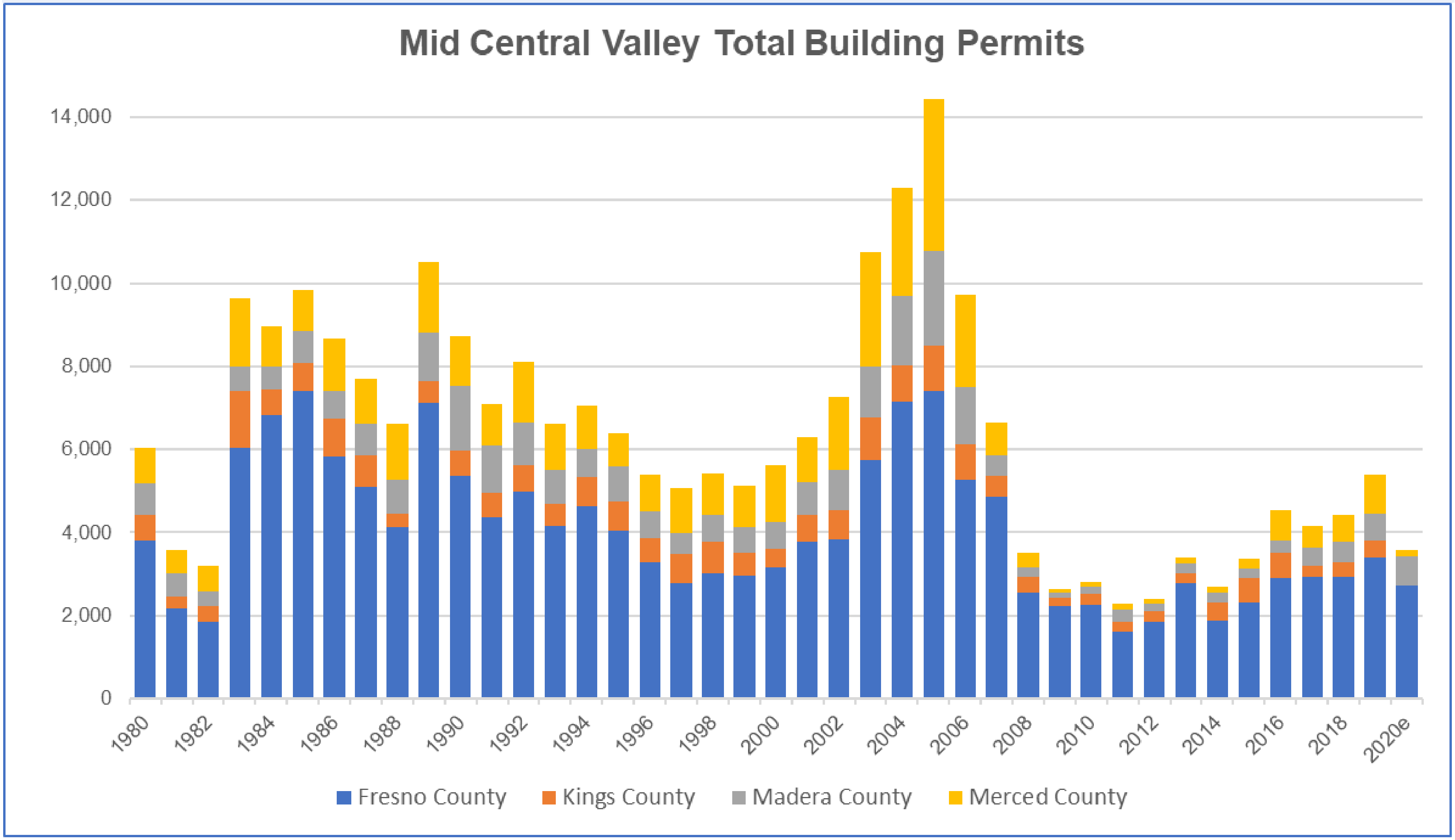
Mid Central Valley Region Household Change



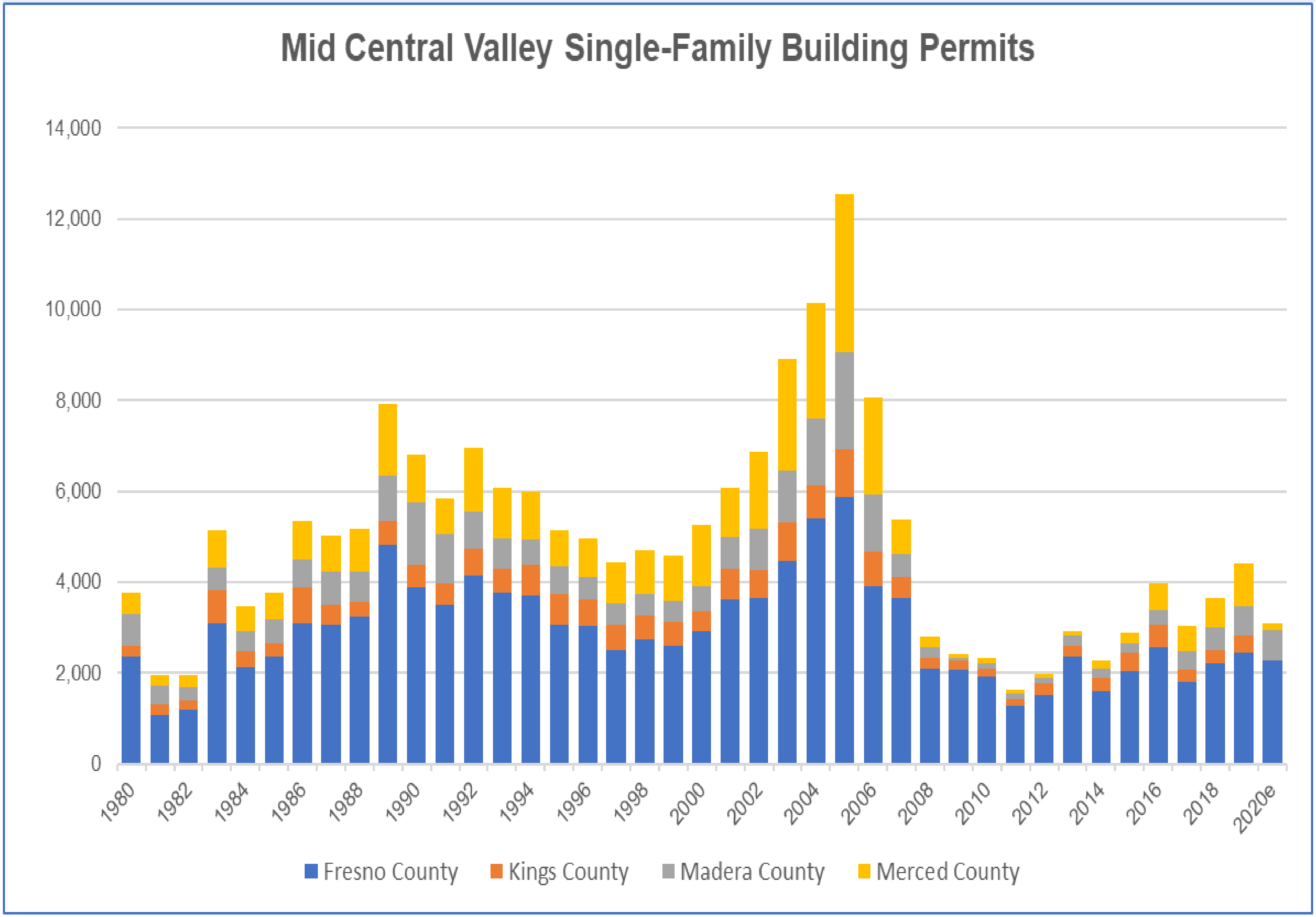
Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fresno County:	294,913	297,688	299,455	302,492	305,123	307,735	310,809	313,495	316,579	319,363
Number Change:	-167	2,775	1,767	3,037	2,631	2,611	3,074	2,687	3,084	2,783
Percent Change:	-0.1%	0.9%	0.6%	1.0%	0.9%	0.9%	1.0%	0.9%	1.0%	0.9%
Kings County:	48,002	47,888	47,288	47,770	47,632	46,319	47,998	48,971	49,698	49,870
Number Change:	117	-114	-600	482	-137	-1,313	1,679	973	727	172
Percent Change:	0.2%	-0.2%	-1.3%	1.0%	-0.3%	-2.8%	3.6%	2.0%	1.5%	0.3%
Madera County:	45,939	46,078	45,689	46,184	46,951	46,875	47,359	47,697	48,430	48,325
Number Change:	-576	138	-389	495	768	-76	484	338	733	-105
Percent Change:	-1.2%	0.3%	-0.8%	1.1%	1.7%	-0.2%	1.0%	0.7%	1.5%	-0.2%
Merced County:	77,116	77,816	78,165	78,268	79,269	79,365	80,002	81,380	82,331	83,725
Number Change:	-741	700	349	103	1,000	96	638	1,378	951	1,393
Percent Change:	-1.0%	0.9%	0.4%	0.1%	1.3%	0.1%	0.8%	1.7%	1.2%	1.7%



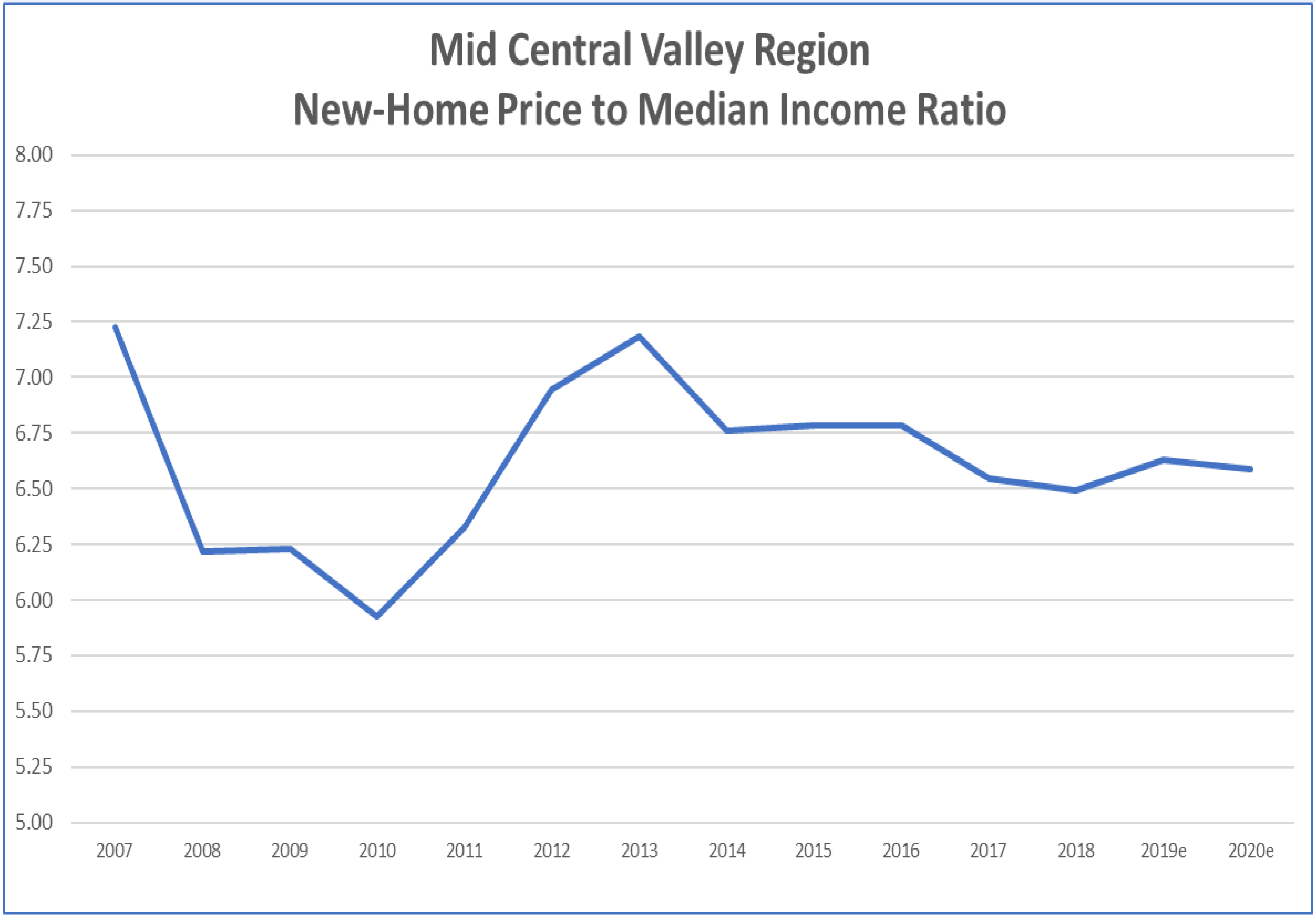
Mid Central Valley Region Persons Per Household
3.5
3.3
3.0
2.8
2.5
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020e
2021p



Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
Single-Family Permits	2,326	1,630	1,969	2,914	2,258	2,893	3,982	3,029	3,640	4,415	3,100
Multi-Family Permits	485	662	441	486	451	463	547	1,141	774	979	482
Total Permits	2,811	2,292	2,410	3,400	2,709	3,356	4,529	4,170	4,414	5,394	3,582
Number Change:	170	-519	118	990	-691	647	1,173	-359	244	980	-1,812
Percent Change:	6.3%	-18.5%	5.1%	41.1%	-20.3%	23.9%	35.0%	-7.9%	5.9%	22.2%	-33.6%


Mid Central Valley Single-Family Building Permits
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020e
Fresno County
Kings County
Madera County
Merced County

Category/Total Permits	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fresno County:	2,248	1,622	1,844	2,772	1,892	2,322	2,904	2,933	2,929	3,393
Number Change:	20	-626	222	928	-880	430	582	29	-4	464
Percent Change:	0.9%	-27.8%	13.7%	50.3%	-31.7%	22.7%	25.1%	1.0%	-0.1%	15.8%
Kings County:	265	222	272	255	434	591	605	272	352	409
Number Change:	71	-43	50	-17	179	157	14	-333	80	57
Percent Change:	36.6%	-16.2%	22.5%	-6.3%	70.2%	36.2%	2.4%	-55.0%	29.4%	16.2%
Madera County:	192	291	157	219	214	211	300	415	503	644
Number Change:	72	99	-134	62	-5	-3	89	115	88	141
Percent Change:	60.0%	51.6%	-46.0%	39.5%	-2.3%	-1.4%	42.2%	38.3%	21.2%	28.0%
Merced County:	106	157	137	154	169	232	720	550	630	948
Number Change:	7	51	-20	17	15	63	488	-170	80	318
Percent Change:	7.1%	48.1%	-12.7%	12.4%	9.7%	37.3%	210.3%	-23.6%	14.5%	50.5%



Mid Central Valley Region
New-Home Price to Median Income Ratio
8.00
7.75
7.50
7.25
7.00
6.75
6.50
6.25
6.00
5.75
5.50
5.25
5.00
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019e
2020e

Notes

The Mid Central Valley Region includes the four counties of Merced, Fresno, Madera and Kings

All projections are provided by The Gregory Group

The number of sales is derived from a survey of new-home projects active in the market area. Sales information is from interviews with sales associates and the values may be different from actual building permits and/or closed escrows. Furthermore, the survey does not generally include projects sized at less than ten units or projects that are not being professionally marketed (models, brochure, etc.). All applicable projects within a market area are intended to be surveyed; however, due to timing, scheduling, construction, sales process, etc. there may be differences in surveyed results and actual results and these differences may be material.

Sources include US Bureau of Economic Analysis, US Bureau of Labor Statistics, US Bureau of Census, Thomson Reuters/University of Michigan, Board of Governors of the Federal Reserve, NAHB/Wells Fargo Bank, National Association of Realtors, Zillow Real Estate Research, California Association of Realtors, Federal Reserve Bank of St. Louis, California Department of Finance, Google Maps, Fresno County, City of Fresno, City of Clovis, Madera County, City of Madera, The Gregory Group

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Projections are based on the information available at the time of the projections. There will be differences between projections and actual results and those differences may be material.

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APPENDIX I

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP

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SHEET 1 OF 1

PROPOSED BOUNDARIES OF COUNTY OF MADERA COMMUNITY FACILITIES DISTRICT NO. 2017-1 (TESORO VIEJO) COUNTY OF MADERA STATE OF CALIFORNIA

LEGEND

- - - - - -	Boundaries of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo)
(hatched ////)	Improvement Area No. 1
(hatched \\\\\\\\)	Improvement Area M

Reference is made to the Assessor Maps of the County of Madera for a description of the lines and dimensions of each lot and parcel.

(1) Filed in the office of the Clerk of the Board of Supervisors of the County of Madera this 29th day of DEC, 2016.

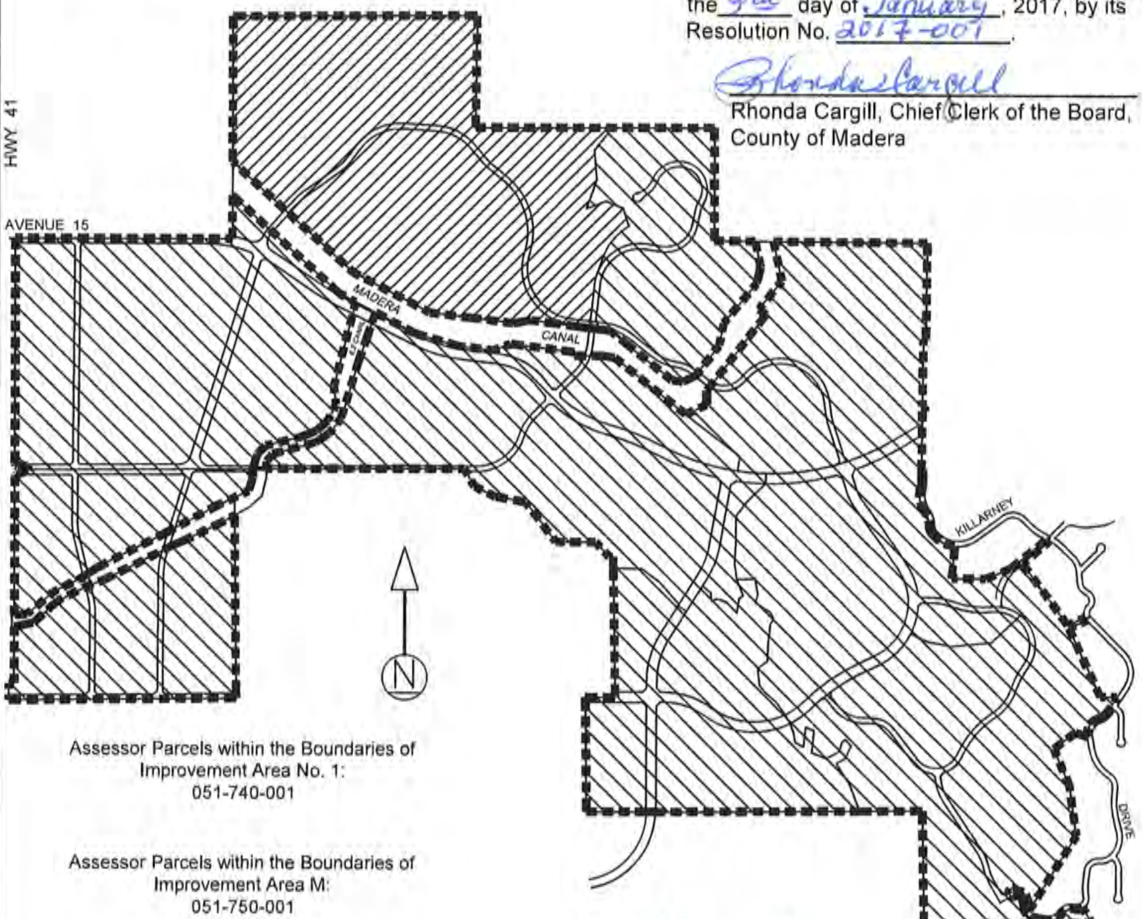
Rhonda Cargill

Rhonda Cargill, Chief Clerk of the Board, County of Madera

(2) I hereby certify that the within map showing the proposed boundaries of County of Madera Community Facilities District No. 2017-1 (Tesoro Viejo), Madera County, State of California, was approved by the Board of Supervisors of the County of Madera at a regular meeting thereof, held on the 3rd day of January, 2017, by its Resolution No. 2017-001.

Rhonda Cargill

Rhonda Cargill, Chief Clerk of the Board, County of Madera



Assessor Parcels within the Boundaries of Improvement Area No. 1:
051-740-001

Assessor Parcels within the Boundaries of Improvement Area M:
051-750-001
051-760-001
051-760-002
051-770-003
051-780-001
051-780-002
051-790-001
051-800-003
051-800-004
051-800-005
051-810-002
051-810-003

(3) Filed this 10th day of January, 2017, at the hour of 8:20 o'clock, a.m. in Book 5 of Maps of Assessment and Community Facilities Districts at Page 17, in the office of the county recorder in the County of Madera, State of California.

Doc # 2017000826

Rebecca Martinez, County Clerk-Recorder & Registrar of Voters County of Madera

By: /s/ Jose Luis Gonzalez

Deputy Recorder

Prepared by David Taussig & Associates, Inc.

Exempt recording requested, per CA Government Code §6103