

**RATE AND METHOD OF APPORTIONMENT
FOR
COLTON JOINT UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2024-1
(TTM 20481)**

A Special Tax shall be levied on all Assessor's Parcels of Taxable Property in Colton Joint Unified School District Community Facilities District No. 2024-1 (TTM 20481) ("CFD No. 2024-1") and collected each Fiscal Year in an amount determined through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2024-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, an Acre means 43,560 square feet of land.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2024-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the District, CFD No. 2024-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the District, CFD No. 2024-1 or any designee thereof of complying with District, CFD No. 2024-1 or obligated persons disclosure requirements of applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the District, CFD No. 2024-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account, if any; and the District's annual administration fees, including the payment of the allocable portion of the salaries and benefits of any District employee whose duties are directly relates to the administration of CFD No. 2024-1. Administrative Expenses shall also include amounts estimated or advanced by the District or CFD No. 2024-1 for any other administrative purposes of CFD No. 2024-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

“Affordable Units” means dwelling units that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the County providing for affordable housing. The total number of dwelling units that may be classified as Affordable Units may not exceed eight (8) and this classification shall be assigned by the CFD Administrator upon receiving written evidence from the permitting agency of which dwelling units will be subject to income qualifications. Affordable Units are not subject to either the Maximum Special Taxes or the Assigned Special Taxes set forth in Table 1. To the extent that more than eight dwelling units are subject to income qualifications, the CFD Administer will select the eight (8) units to be classified as Affordable Units in order to maximize the taxing capacity of the CFD and any additional dwelling units subject to income qualifications shall be classified as D/Us and assigned to a Land Use Class based on the type of use and Residential Floor Area for each such unit and subject to the corresponding Maximum Special Tax.

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

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

"Assigned Special Tax" means for Developed Property the Assigned Special Tax Rates as shown in Table 1, that can be levied in any Fiscal Year.

“Backup Special Tax” means the Special Tax applicable to Developed Property as described in Section ‘C.’

“Board” means the Board of Education of Colton Joint Unified School District acting as the legislative body of CFD No. 2024-1.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2024-1 under the Act.

"Buildout" means, for CFD No. 2024-1, that all expected building permits have been issued.

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

"CFD No. 2024-1" or “CFD” means Community Facilities District No. 2024-1 of the Colton Joint Unified School District.

"County" means the County of San Bernardino.

“D/U” means a residential dwelling unit other than an Affordable Unit.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued after January 1, 2024, and prior to July 1 of the current Fiscal Year.

“District” means the Colton Joint Unified School District.

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

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

"Homebuyer" means the initial purchaser of one or more D/Us of Residential Property and for which the agency responsible for issuing the building permit for the D/U has signed off on the building permit for occupancy.

"Initial Fiscal Year" means Fiscal Year 2024-25.

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

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

"Maximum Special Tax" means the maximum amount of Special Tax, which can be levied in any Fiscal Year on any Assessor's Parcel.

"Net Taxable Acreage" means the total Acreage of Taxable Property expected to exist within the CFD after all Final Maps are recorded and all D/Us are constructed.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which one or more building permits have been issued for non-residential use.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2024-1 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2024-1 that was owned by or irrevocably offered for dedication to the federal government, the State, the City, County or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 2024-1 that was encumbered, as of January 1 of the previous Fiscal Year, by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor's Parcel shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for the purposes of constructing one or more residential D/Us which are not considered to constitute Affordable Units.

"RMA" means this Rate and Method of Apportionment.

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

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2024-1 to: (i) pay debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement on the Bonds due in the calendar year commencing in such Fiscal Year; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year; and (vi) to pay directly for the school facilities authorized to be financed by the CFD provided that the inclusion of amounts under this part (vi) when added to subparagraphs (i) through (v) does not exceed the aggregate amount of Assigned Special Taxes that can be levied on Undeveloped Property beyond what would have been levied if such amount had not been included, and such additional amount may be used by the District for any use consistent with applicable law.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2024-1 which are not exempt from the Special Tax pursuant to law or Section 'E' below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section 'E' below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to Section 'E' below.

"Trustee" means the Trustee or Fiscal Agent for any Outstanding Bonds.

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

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2024-1 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with this RMA as determined pursuant to Sections C, D, and E below. Residential Property shall be assigned to Land Use Classes 1 through 3 as listed in Table 1 below based on the type of use and the Residential Floor Area for each D/U. Non-Residential Property shall be assigned to Land Use Class 4.

C. MAXIMUM, BACKUP AND ASSIGNED SPECIAL TAX RATES

The Maximum Special Tax, Assigned Special Tax and Backup Special Tax applicable to each Land Use Class of Developed Property and the Maximum Special Tax applicable to all other classifications of Taxable Property are as follows:

1. Developed Property

The Maximum Special Tax for each Land Use Class of Developed Property for the Initial Fiscal Year shall be the greater of the Backup Special Tax as set forth in Section ‘C-2’ or the Assigned Special Tax as shown below in Table 1:

TABLE 1

Assigned Special Tax for Initial Fiscal Year

Land Use Class	Land Use Description	Residential Floor Area	Assigned Special Tax Per D/U or Maximum Tax Per Acre
1	Residential Property	< 1,401	\$1,566 Per D/U
2	Residential Property	1,401 – 1,700	\$1,717 Per D/U
3	Residential Property	> 1,700	\$1,856 Per D/U
4	Non-Residential Property	N/A	\$26,888 per Acre

In some instances, an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax for all Land Use Classes located on that Assessor’s Parcel.

On each July 1, commencing on July 1, 2025, the Assigned Special Tax applicable to Land Use Class 1-4 shall be increased by two-percent (2%) of the amount in effect for the previous Fiscal Year.

2. **Backup Special Tax Applicable to Residential Property**

The Backup Special Tax for Residential Property within the CFD shall be calculated in accordance with the following formula:

$$B = (U \times A) / D/Us, \text{ where}$$

B = Backup Special Tax per D/U

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

A = Acreage of Taxable Property expected to exist within the CFD, as determined by the Administrator

D/Us = Number of dwelling units within the CFD

For the purpose of computing the Backup Special Tax applicable to each D/U prior to recordation of all Final Maps in the CFD, (1) “A” for the formula above will be equal to (i) the sum of the

Acreage associated with any recorded condominium plan(s) or final map(s) as determined by the Administrator and (ii) the Acreage of remaining Undeveloped Property expected to be classified as Taxable Property once all additional condominium plans or final maps are recorded as determined by the Administrator, and (2) “D/Us” for the formula above will be equal to the sum of (i) the number of D/Us identified on all recorded condominium plans or final maps and (ii) the estimated number of additional D/Us expected to be developed on that portion of the CFD for which such condominium plans or final maps have not been recorded as determined by the Administrator.

For the purpose of computing the Backup Special Tax applicable to each D/U after recordation of all Final Maps in the CFD, (1) “A” for the formula above will be equal to the sum of the Acreage associated with all recorded condominium plan(s) or final map(s) as determined by the Administrator, but not less than the minimum Net Taxable Acreage pursuant to Section ‘E’, and (2) “D/Us” for the formula above will be equal to the total number of D/Us identified on all recorded condominium plans or final maps.

If after recordation of the last Final Map in the CFD, there is a change in the number of total D/Us within the CFD, the Backup Special Tax per D/U will be recalculated by dividing the total Backup Special Taxes for all D/Us in the CFD prior to such change by the total number of D/Us following such change.

On each July 1, commencing on July 1, 2025, the Backup Special Tax per D/U shall be increased by two percent (2%) of the amount in effect for the previous Fiscal Year.

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

The Maximum Special Tax for the Initial Fiscal Year applicable to Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property is \$26,888 per Acre.

On each July 1, commencing on July 1, 2025, the Backup Special Tax Rate shall be increased by two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with the Initial Fiscal Year and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax on all Taxable Property until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property as follows:

First: The Special Tax shall be levied on each Assessor’s Parcel of Developed Property at the applicable Assigned Special Tax;

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps

have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Developed Property for which the applicable Maximum Special Tax is equal to the Backup Special Tax shall be increased in equal percentages up to the Maximum Special Tax;

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

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Taxable Public Property.

E. EXEMPTIONS

Assessor's Parcels of Property Owner Association Property and Public Property shall be classified as Exempt Property provided that no such classification would reduce the Net Taxable Acreage to less than 11.36 Acres. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property or Public Property, its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this section shall be classified as either Taxable Public Property or Taxable Property Association Property and be subject to the levy of the Special Tax and shall be taxed as part of the fourth or fifth steps in Section 'D'.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty days in which to appeal to the District by filing a written notice of appeal with the Clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the District by ordinance or resolution for the purpose of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 2024-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF THE SPECIAL TAX

The Special Tax prepayment amount shall be calculated in accordance with the capitalized terms as defined below, if not already defined in Section 'A' of this RMA. The Special Tax prepayment amount is equal to the Prepayment Obligation plus Bond Redemption Premium, if any, plus applicable Administrative Fees.

The special tax obligation may only be prepaid and permanently satisfied for an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Non-Residential Property, Taxable Public Property, or Taxable Property Owner's Association Property that is not Exempt Property pursuant to Section 'E,' and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. The calculation of the Special Tax Prepayment Amount will exclude any amount levied and placed on the current year's tax roll but not yet due. Thus, any levied but unpaid special taxes remaining after receipt of the Special Tax Prepayment Amount will remain the responsibility of the property owner.

An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay, and within thirty (30) days of receipt of such notice, the CFD Administrator shall notify such owner of the Special Tax Prepayment Amount for such Assessor's Parcel.

1. The "Prepayment Obligation" for an Assessor's Parcel for which a building permit has been issued will be equal to (a) the present value of the Assigned Special Tax for such Assessor's Parcel based on the building permit which has been issued, using a discount rate equal to five percent (5.00%), and a term equal to the lesser of (i) the remaining term for which the Special Tax may be levied pursuant to Section I or the remaining term of any Outstanding Bonds. For Assessor's Parcels of Residential Property, if as of the date of the prepayment calculation, the Backup Tax has not been levied and is not expected to be levied in the ensuing Fiscal Year, the Prepayment Obligation will be determined using the Assigned Special Tax. If the applicable Backup Special Tax has been levied or is expected to be levied in the ensuing Fiscal Year, the Prepayment Obligation applicable to Residential Property will be determined using the applicable Maximum Special Tax. For all Taxable Property other than Residential Property the Prepayment Obligation will be determined using the applicable Maximum Special Tax.
2. If there are any Outstanding Bonds and a redemption premium is required to redeem any portion of the Outstanding Bonds pursuant to Indenture, then the "Bond Redemption Premium" shall be calculated by multiplying the Prepayment Obligation by the applicable redemption premium percentage as of the prepayment calculation date as indicated in the Indenture.
3. "Administrative Fees" include, but are not limited to, the cost of computing the Special Tax prepayment amount, fees charged by the Trustee to redeem any bonds, and the costs to prepare and record a notice with the County Recorder subsequent to receiving the prepayment.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless, at the time of such proposed prepayment, the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2024-1 (after excluding all Acreage of Property Owner Association Property and Public Property expected to be classified as Exempt Property as set forth in Section 'E') both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds, plus the cost of Administrative Expenses.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied annually on each Assessor's Parcels of Taxable Property for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Special Taxes shall not be levied later than Fiscal Year 2063/64.