

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2026-1

An annual Special Tax (as hereinafter defined) shall be levied on all applicable Assessor's Parcels (as hereinafter defined) within the Temecula Valley Unified School District Community Facilities District No. 2026-1 ("**CFD No. 2026-1**") commencing in Fiscal Year 2026-2027 and collected each Fiscal Year thereafter, in an amount determined by the Temecula Valley Unified School District ("**School District**"), through the application of this Rate and Method of Apportionment of Special Taxes ("**Rate and Method of Apportionment**") as described below. All of the real property within the boundaries of CFD No. 2026-1, unless exempted by law or by the provisions hereof, shall be subject to the Special Tax for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" means an accessory dwelling unit which may be located within, attached to, or detached from the primary structure of a Dwelling Unit.

"Acre" or **"Acreage"** means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the acreage is not shown on an Assessor's Parcel Map, the acreage shown on the applicable Final Map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the Assistant Superintendent of Business Services or a designee.

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

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2026-1 including but not limited to (i) the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); (ii) the costs of collecting the Special Taxes (whether by the County or otherwise); (iii) the costs of remitting the Special Taxes to the Trustee; (iv) the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; (v) the costs to the School District, CFD No. 2026-1 or any designee thereof of complying with arbitrage rebate requirements; (vi) the costs to the School District, CFD No. 2026-1 or any designee thereof of complying with School District's or CFD No. 2026-1's disclosure requirements in connection with the financing associated with applicable federal and State securities laws and of the Act; (vii) the costs associated with preparing Special Tax disclosure statements and responding to property owner and public inquiries regarding CFD No. 2026-1, including its Special Taxes; (viii) the costs associated with the computation of the Backup Special Tax; (ix) the costs of the School District, CFD

No. 2026-1 or any designee thereof related to an appeal of the Special Tax; (x) the costs associated with the release of funds from an escrow account; and (xi) the School District's annual administration fees and third party expenses, including the payment of the allocable portion of the salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2026-1. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2026-1 for any formation or other administrative purposes of CFD No. 2026-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel(s)" 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 of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax which may be annually levied on an Assessor's Parcel of Developed Property, or portion thereof, as determined in accordance with Section C.1.b.

"Assistant Superintendent of Business Services" means the Assistant Superintendent of Business Services of the School District, Deputy Superintendent of Business Services of the School District or the Chief Business Official of the School District, as appropriate, or his or her designee in consultation with the CFD No. 2026-1 administrator.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, or portion thereof, as determined in accordance with Section C.1.c.

"Board" means the Governing Board of the School District acting as the legislative body of CFD No. 2026-1.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes within CFD No. 2026-1 have been pledged, including any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, pursuant to the Act which are secured by a pledge of the Special Taxes.

"Building Permit" means the first legal document issued by the County giving official permission for new construction of a building on an Assessor's Parcel. For purposes of this definition, "Building Permit" shall include any subsequent Building Permits issued or changed prior to the first occupancy of the structure, as determined by the CFD Administrator.

“Certificate of Compliance” means, for the purpose of this Rate and Method of Apportionment, the form issued by the School District directly prior to the issuance of a Building Permit after payment of the Statutory School Fees.

“County” means the County of Riverside, California.

“Developed Floor Area” means for any Dwelling Unit, the square footage of assessable space of such Dwelling Unit as defined in Government Code section 65995(b)(1). For purposes of this determination, such square footage of assessable space shall be, and the School District, acting for CFD No. 2026-1, may rely on, the square footage, including the square footage of an Accessory Dwelling Unit, as may be identified on the Building Permit(s) issued by the applicable issuing agency if such square footage calculation is found consistent with such code section. Modifications to the Developed Floor Area shown on the originally issued Building Permit made prior to first occupancy of such Dwelling Unit may occur and shall be used to adjust the determination of Developed Floor Area. Modifications made after first occupancy of such Dwelling Unit (such as additions to the Dwelling Unit) shall be subject to then current Statutory School Fee and such modifications shall not be used to determine or adjust the Developed Floor Area used in the application of this Rate and Method of Apportionment. Additional Dwelling Units, such as an attached or detached Accessory Dwelling Unit, permitted after first occupancy of the original Dwelling Unit shall be subject to then current Statutory School Fee and such additional Dwelling Unit(s) shall not be used to determine or adjust the Developed Floor Area used in the application of this Rate and Method of Apportionment and such additional Dwelling Unit(s) shall not be subject to the Special Tax as a Dwelling Unit.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued prior to March 1st of the prior Fiscal Year.

“Dwelling Unit” or **“DU”** means each residential dwelling unit which comprises an Independent Facility.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section E, or Assessor’s Parcels designated as being exempt from Special Taxes pursuant to the definition of Welfare Exemption Property determined as applicable in such Fiscal Year as described.

“Final Map” means a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*), an applicable local ordinance, a condominium plan pursuant to California Civil Code Section 6624 or functionally equivalent map or instrument recorded with the County recorder 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.

“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.

“Initial Fiscal Year” means Fiscal Year 2026-2027.

“Independent Facility” means a structure identified on a Building Permit for residential use that provides the ability to live independently from another attached or detached structure. Independent Facility includes but is not limited to an individual single-family detached or attached home, townhome, condominium, apartment or other such residential dwelling unit, including each separate living area within a duplex, triplex, fourplex, or other residential structure, that comprises an Independent Facility capable of conveyance or as a rental separate from the primary dwelling unit(s). This definition excludes Accessory Dwelling Unit(s) if they are permitted prior to first occupancy of the primary dwelling unit, such that the Developed Floor Area of an Accessory Dwelling Unit is included as part of the Developed Floor Area of the primary dwelling unit. If the Accessory Dwelling Unit is permitted after first occupancy of the original dwelling unit then the Accessory Dwelling Unit shall be subject to the payment of the then-current Statutory School Fees and shall not be used to determine or adjust the Developed Floor Area of the primary dwelling unit used in the application of this Rate and Method of Apportionment or be subject to the Special Tax as a Dwelling Unit. If an Accessory Dwelling Unit that was permitted prior to the initial occupancy of the primary dwelling unit is conveyed independently of the primary dwelling unit, the Developed Floor Area of the Accessory Dwelling Unit shall continue to be included as part of the Developed Floor Area of the primary dwelling unit for purposes of the application of this Rate and Method of Apportionment.

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

“Land Use Class” means the identified class of Taxable Property within CFD No. 2026-1 to include Developed Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property or Public Property that is not Exempt Property.

“Maximum Special Tax” means for each Assessor’s Parcel, the maximum amount of Special Tax, determined in accordance with Section C, below, that may be levied on such Assessor’s Parcel of Taxable Property in the applicable Fiscal Year.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit was issued for the construction of a non-residential structure. All Non-Residential Property is subject to the Non-Residential Property Payment Obligation prior to receipt of a Certificate of Compliance by the School District.

“Non-Residential Property Payment Obligation” means, prior to the first Bond issuance, at the time of the issuance of a Certificate of Compliance for any Non-Residential Property, the owner of such property shall pay Statutory School Fees after which the School District shall extinguish the Special Tax obligation of CFD No. 2026-1 for such Assessor’s Parcel(s) if such Assessor’s Parcel(s) includes only Non-Residential Property and, following the construction

of such proposed Non-Residential Property as identified on the requested Certificate of Compliance, is designated as fully developed by the Assistant Superintendent of Business Services. After the issuance of the first series of Bonds, the Non-Residential Property Payment Obligation due at time of the issuance of a Certificate of Compliance for any Non-Residential Property is the greater of (1) the applicable Statutory School Fees for the requested Non-Residential Property plus any required redemption premium as described in Section I.1.(a) and plus the determined administrative fee pursuant to Section I.1.(b), as determined by the Assistant Superintendent of Business Services or (2) the amount determined pursuant to Section I.1. If the Non-Residential Property Payment Obligation is determined by Statutory School Fees pursuant to clause (1) above, the School District shall collect such amounts and apply the required portion of the amount to CFD No. 2026-1 to fully extinguish the Special Tax obligation of CFD No. 2026-1 for such Assessor Parcel(s). If the Non-Residential Property Payment Obligation is determined pursuant to clause (2) above, the property owner will be provided with the option to prepay the Special Tax in full pursuant to Section I.1 in order to receive the Certificate of Compliance, or, in lieu of making such a payment as a condition to receiving the Certificate of Compliance, be subject to the annual levy of the Special Tax as Developed Property as set forth in this Rate and Method of Apportionment.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under an Indenture(s).

“Projected Dwelling Unit(s)” or “PDU” means the Dwelling Units projected to be developed on the property within CFD No. 2026-1 Zone B as shown in Table 3.

“Property Owner Association Property” means, for each Fiscal Year, all Assessor Parcels within the boundaries of CFD No. 2026-1 that are owned by a property owner association, including any master or sub-association as shown on the closed roll of the County which is available on or about July 1st of the Fiscal Year provided however, that no such classification shall reduce the Acreage of all Taxable Property within Zone A or the number of PDUs of all Taxable Property within Zone B of CFD No. 2026-1 to less than the minimum Acreage within Zone A or minimum number of PDUs within Zone B, respectively, pursuant to Section E.

“Proportionately” means, for Developed Property classified as Residential Property, that the quotient of (i) the actual Special Tax levy less the Assigned Special Tax divided by (ii) the Backup Special Tax less the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property for which the Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. For Non-Residential Property that is not Exempt Property, Property Owner Association Property that is not Exempt Property, and Public Property that is not Exempt Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Non-Residential Property, Property Owner Association Property and Public Property, respectively.

“Public Property” means, for each Fiscal Year, all Assessor’s Parcels within the boundaries of CFD No. 2026-1 that are (i) used for rights-of-way or any other purpose and is owned by the federal government, the State, the County or any other public agency, including school districts, as shown on the closed roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by a public or by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the closed roll of the County which is available on or about July 1st of the Fiscal Year or (3) Assessor’s Parcels which are used for other types of public uses as determined by the Assistant Superintendent of Business Services, provided however, that no such classification shall reduce the Acreage of all Taxable Property within Zone A to less than the minimum Acreage pursuant to Section E or reduce the number of PDUs of all Taxable Property within Zone B to less than the minimum number of PDUs pursuant to Section E, respectively, and provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be levied a Special Tax at the rate as described in Section C.2. and as applicable per Section D.

“Rate and Method of Apportionment” means this “Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2026-1 of the Temecula Valley Unified School District.”

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

“School District” means the Temecula Valley Unified School District.

“Special Tax” or “Special Taxes” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within the boundaries of CFD No. 2026-1 in accordance with this Rate and Method of Apportionment.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2026-1 to: (i) pay Administration Expenses of CFD No. 2026-1 as provided in this Rate and Method of Apportionment; (ii) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (iii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iv) pay any amounts required to replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of facilities that are eligible to be financed through CFD No. 2026-1 under the Act, as reasonably determined by the School District, so long as the inclusion of such amount does not cause an increase in the Special Tax levied on Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes within CFD No. 2026-1 levied in the previous Fiscal Year if available or if not available, the lowest delinquency rate of all community facilities districts of the School District, so long as the inclusion of such amount does not cause an increase in the Special Tax levied on Undeveloped Property prior to the issuance of Bonds, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Assistant Superintendent of Business Services pursuant to the Indenture.

“State” means the State of California.

“Statutory School Fee” means those fees established by Section 17620 of the Education Code and Chapter 4.9 (commencing with Section 65995) of Division 1 of Title 7 of the Government Code or successor or similar statutory provisions of law being collected by the School District at the time of request for a Certificate of Compliance.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2026-1 which (i) the Special Tax has not been fully prepaid pursuant to Section I.1 or, (ii) the Assessor Parcel has not been classified as Exempt Property.

“Trustee” means the trustee or fiscal agent under an Indenture(s).

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Property Owner Association Property that is not Exempt Property or Public Property that is not Exempt Property.

“Weighted Average Interest Rate” calculated as of the date the most recent series of Bonds were issued (including refunding Bonds) means the net interest cost of the Bonds derived by adding together all the interest payments for the term of the Bonds and dividing that sum by the sum of the amount of each Bond multiplied by the number of years such Bond is outstanding.

“Welfare Exemption Property” means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2026-1 that has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place, as a result of which, except as provided in the following clause, the Assessor’s Parcel shall be exempt from Special Tax; provided however, after the issuance of Bonds, an Assessor’s Parcel of Welfare Exemption Property shall not be exempt from Special Taxes and shall be taxed at the rate as described in Section C.2. and as applicable per Section D if the Assessor’s Parcel had not been Welfare Exemption Property on the date of issuance of the Bonds.

“Zone(s)” means Zone A or Zone B as geographically identified on Exhibit “A” attached to this Rate and Method of Apportionment.

“Zone A” means the specific area identified on Exhibit “A” attached to this Rate and Method of Apportionment as Zone A of the CFD.

“Zone B” means the specific area identified on Exhibit “A” attached to this Rate and Method of Apportionment as Zone B of the CFD.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year for the term of the Special Tax, all Assessor's Parcels within CFD No. 2026-1 shall be assigned to either Zone A or Zone B and then shall be classified as either Taxable Property, Exempt Property, or property which has been fully prepaid pursuant to Section I.1. Taxable Property shall be further classified as Developed Property, Undeveloped Property, Property Owner Association Property that is not Exempt Property, or Public Property that is not Exempt Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. An Assessor's Parcel may contain both Developed Property subject to Special Taxes in accordance with Section C.1, below, and Taxable Property subject to Special Taxes as Undeveloped Property, Property Owner Association Property that is not Exempt Property, or Public Property that is not Exempt Property subject to Special Tax in accordance with Section C.2, below. Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property, and finally into Land Use Categories.

After the issuance of Bonds, once an Assessor's Parcel or a portion thereof has been levied a Special Tax in any Fiscal Year as Developed Property, the Assessor's Parcel, or area of land such Assessor Parcel contains if further subdivision occurs, shall continue to be levied a Special Tax as Developed Property regardless of changes to or expiration of the Building Permit records at the time of Bond issuance, and regardless of revisions to or destruction of the structure that was or was expected to be constructed pursuant to the Building Permit records at the time of Bond issuance. The Assigned Special Tax applicable to that Assessor's Parcel, or area of land such Assessor Parcel contains if further subdivision occurs, shall not be reduced in future Fiscal Years regardless of changes described above or changes in land use on the Assessor's Parcel.

C. MAXIMUM SPECIAL TAX RATE

An Assessor's Parcel may contain more than one Land Use Class and/or Land Use Category. The Maximum Special Tax which may be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax that can be imposed based on each Land Use Class and Land Use Category applicable to such Assessor's Parcel.

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Developed Property that is classified as Residential Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor's Parcel of Developed Property that is classified as Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor's Parcel, or portion thereof, classified as Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
for the Initial Fiscal Year

Land Use Category	Taxable Unit	Developed Floor Area	Assigned Special Tax Per Taxable Unit
Zone A			
1 - Residential Property	DU	Less than 2,101 sq. ft.	\$1,675.00
2 - Residential Property	DU	2,101 sq. ft. to 2,300 sq. ft.	\$1,748.00
3 - Residential Property	DU	2,301 sq. ft. to 2,500 sq. ft.	\$1,843.00
4 - Residential Property	DU	Greater than 2,500 sq. ft.	\$1,860.00
5 – Non-Residential Property	Acre	NA	\$28,159.41
Zone B			
1 – Residential Property	DU	Less than 1,801 sq. ft.	\$1,509.00
2 – Residential Property	DU	Greater than 1,800 sq. ft.	\$1,736.00
3 - Non-Residential Property ⁽¹⁾	PDU	N/A	\$1,760.74

(1) The Assigned Special Tax for Non-Residential Property within Zone B is determined based on the total number of PDUs displaced based on the area of the Non-Residential Property as determined by the CFD Administrator.

c. Backup Special Tax

Within Zone A, the Backup Special Tax per Dwelling Unit of Residential Property shall be \$2,018.58 per Dwelling Unit for the Initial Fiscal Year. The calculation of the Backup Special Tax per Dwelling Unit of Residential Property within Zone A is as shown in Table 2 below determined by multiplying the Maximum Special Tax per Acre for Undeveloped Property within Zone A for the Initial Fiscal Year by the total Acreage of Taxable Property, excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in the portion of Final Map No. 38300 included within Zone A of CFD No. 2026-1 and dividing such amount by the number of Assessor's Parcels that are or are expected to be Residential Property (i.e., the number of residential lots or Dwelling Units) within Zone A of the Final Map No. 38300 included within CFD No. 2026-1.

TABLE 2
Zone A
Calculation of the Backup Special Tax
for the Initial Fiscal Year

Zone / Final Map No.	Final Map Acreage of Taxable Property	Identified Number of Residential Dwelling Units	Status of Backup Tax ⁽¹⁾	Backup Special Tax per Lot or Dwelling Unit ⁽¹⁾
Zone A / Portion of Final Map No. 38300	6.8100	95	Final	(\$28,159.41 times 6.8100 divided by 95 lots) \$2,018.58

(1) Note: The Backup Special Tax per Dwelling Unit within Zone A may be modified if property within such Zone is subject to an amendment by future Final Map(s). Such modification is described below.

Within Zone B, the Backup Special Tax per Dwelling Unit of Residential Property shall be \$1,760.74 per Dwelling Unit for the Initial Fiscal Year.

Notwithstanding the foregoing, modifications to the Backup Special Tax may occur if all or any portion of the applicable Final Map(s) contained within the boundaries of Zone A or Zone B of CFD No. 2026-1 are subsequently changed or modified. The Backup Special Tax for each Dwelling Unit of Residential Property in such Final Map area contained within the boundaries of CFD No. 2026-1 that is changed or modified shall be recalculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total number of Dwelling Units constructed or projected to be constructed within such a changed or modified Final Map area contained within the boundaries of CFD No. 2026-1, as reasonably determined by the Assistant Superintendent of Business Services.
3. The greater of the then current Backup Special Tax per Dwelling Unit or the result of paragraph 2 is the Backup Special Tax per Dwelling Unit which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map contained within the boundaries of CFD No. 2026-1.

d. Annual Special Tax Increases

Each July 1st, commencing July 1, 2027, the Assigned Special Taxes and the Backup Special Tax assigned to each Dwelling Unit or PDU, as applicable, shall increase by two percent (2%) of the amount established in the prior Fiscal Year.

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

a. Maximum Special Tax

Within Zone A, the Maximum Special Tax for Undeveloped Property, Property Owner Association Property that is not Exempt Property, and Public Property that is not Exempt Property within CFD No. 2026-1 shall be \$28,159.41 per Acre for the Initial Fiscal Year.

Within Zone B, the Maximum Special Tax for Undeveloped Property, Property Owner Association Property that is not Exempt Property, and Public Property that is not Exempt Property within CFD No. 2026-1 shall be \$1,760.64 per Projected Dwelling Unit for the Initial Fiscal Year.

The fourth column of Table 3 below identifies the number of PDUs within Zone B for Fiscal Year 2025/26. Table 3 below also identifies for Fiscal Year 2025/26 all of the Assessor's Parcels within the boundaries of CFD No. 2026-1, the Land Use Class(es) of each Assessor's Parcel and the number of Projected Dwelling Units assigned to each Assessor's Parcel.

At the beginning of each Fiscal Year, the CFD Administrator shall update the information in Table 3 based on changes in the Assessor Parcels, the Dwelling Units classified as Developed Property as the result of the issuance of building permits and the recordation or modification, if any, to any Final Map(s) containing property within Zone B of CFD No. 2026-1 resulting in a change to the number of total PDUs at buildout and/or assignment of the number of such PDUs to each Assessor Parcel Number.

Given the delay in assigning Assessor Parcel numbers in any given Fiscal Year, it is possible that an Assessor Parcel may consist of a portion that would otherwise be classified as Developed Property, and a portion that is classified into a different Land Use Class. In such cases, the CFD Administrator shall identify for each Assessor's Parcel a number of Projected Dwelling Units within each such Land Use Class. The Special Tax that may be levied on each Assessor's Parcel or portion thereof containing property assigned to the Land Use Class of Undeveloped Property, Property Owner Association Property that is not Exempt Property and Public Property that is not Exempt Property within Zone B of CFD No. 2026-1, in that Fiscal Year pursuant to Section D shall then be based on the number of Projected Dwelling Units determined for the Assessor's Parcel and the Land Use Class to which they are assigned.

Table 3
Projected Dwelling Units per Assessor's Parcel
Within Zone B for Fiscal Year 2025-2026

Assessor's Parcels Fiscal Year 2025-2026	Land Use Class	Number of Dwelling Units Classified as Developed Property	Number of Projected Dwelling Units Not Classified as Developed Property	Total Projected Dwelling Units at Buildout ⁽¹⁾
Portion of 964-030-001 ⁽¹⁾	Undeveloped Property	0	93	93
Total		0	93	93

(1) The above table shows the number of Projected Dwelling Units within Zone B as identified within Final Tract Map No. 38300. At the beginning of each Fiscal Year, the information provided in Table 3 will be revised as described above.

b. Annual Special Tax Increases

Each July 1st, commencing July 1, 2027, the Special Tax for Undeveloped Property, Property Owner Association Property that is not Exempt Property, and Public Property that is not Exempt Property applicable to each Acre or PDU, as applicable, shall increase by two percent (2%) of the amount established in the prior Fiscal Year.

3. Reduction of Special Tax.

Up to one hundred-twenty (120) days prior to the expected issuance of the first series of Bonds, the Assigned Special Tax applicable to Developed Property, under Section C.1.(b), and Maximum Special Tax applicable to Undeveloped Property, Property Owner Association Property, and Public Property, under Section C.2., may be reduced in accordance with the documents approved by the School District related to CFD No. 2026-1. In connection with a reduction so that the Assigned Special Tax applicable to Developed Property together with overlapping general property taxes and assessments do not exceed the aggregate tax rate defined in such documents, such documents may provide for reductions on a Land Use Category-by-Land Use Category basis and disproportionate reductions among Land Use Categories.

Concurrent with the reduction of the Assigned Special Tax, the Board shall also reduce the Backup Special Tax applicable to an Assessor's Parcel of Developed Property. The reduced Backup Special Tax is based on the reduced Maximum Special Tax rate for Undeveloped Property, Property Owner Association Property that is not Exempt Property, and Public Property that is not Exempt Property.

In the event of a Special Tax reduction pursuant to this Section C.3, the Board shall direct in a resolution that a notice of the reduction in the Special Tax shall be recorded pursuant to the Act.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with the Initial Fiscal Year and for each following Fiscal Year for the term of the Special Tax, the School District shall levy the Special Tax as detailed in the following steps:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in each Zone in an amount equal to the applicable Assigned Special Tax;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in each Zone in an amount up to one hundred percent (100%) of the Maximum Special Tax for Undeveloped Property to satisfy the Special Tax Requirement; and

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Public Property which is not Exempt Property and Property Owner Association Property which is not Exempt Property in each Zone in an amount up to one hundred percent (100%) of the Maximum Special Tax for Property Owner Association Property which is not Exempt Property and Public Property which is not Exempt Property to satisfy the Special Tax Requirement; and

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the levy of the Special Tax on each Assessor's Parcel of Residential Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax in each Zone.

Under no circumstances may the Special Tax on an Assessor's Parcel of Developed Property be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of the Special Tax levied on another Assessor's Parcel or Assessor's Parcels.

E. EXEMPTIONS

As of the date of formation, applicable Assessor's Parcels within the boundaries of CFD No. 2026-1 meeting the definition of Public Property or Property Owner Association Property have been classified as Exempt Property and shall be exempt from the Special Tax in accordance with Section 53340 of the Act. Except as limited in the following paragraph, after the date of formation Assessor's Parcels within the boundaries of CFD No. 2026-1 which are classified by definition as Public Property or Property Owner Association Property shall be identified and annually classified as Exempt Property and shall be exempt from the Special Tax.

Tax exempt status will be irrevocably assigned on an annual basis to Assessor's Parcels as described in the previous paragraph in the chronological order in which property becomes

Exempt Property provided, however, that no such classification shall reduce the Acreage of all Taxable Property within Zone A to less than 6.1290 Acres or reduce the number of Projected Dwelling Units to less than 84 within Zone B as determined by the Assistant Superintendent of Business Services. Public Property or Property Owner Association Property that would, if designated as Exempt Property, cause the Acreage of all Taxable Property to be less than 6.1290 Acres in Zone A or reduce the number of Projected Dwelling Units to less than 84 in Zone B shall be required to either (i) prepay the Special Tax for such Assessor's Parcel in full at the applicable Maximum Special Tax rate per Acre within Zone A or at the applicable Maximum Special Tax rate per PDU within Zone B for Property Owner Association Property or Public Property (Section C.2) applied to the Acres or PDUs of such Assessor's Parcel within such Zone, or (ii) be subject to taxation pursuant to the third step of Section D. The amount calculated pursuant to the preceding sentence shall be used as the Assigned Special Tax in the calculation of the prepayment pursuant to Section I.1.

F. APPEAL

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Assistant Superintendent of Business Services. The written notice of appeal must be filed within twelve (12) months after having paid the first installment of the Special Tax that is disputed was levied and the property owner must be current and remain current in the payment of all Special Taxes levied on or before the payment date.

The Assistant Superintendent of Business Services shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Assistant Superintendent of Business Services' decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) and a cash refund shall be made representing the amount of the adjustment for the most recent Fiscal Year if the Assistant Superintendent of Business Services determines such funds are available. If funds are not available to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent Fiscal Years shall be made up to the same amount of the required adjustment.

The Assistant Superintendent of Business Services may interpret this Rate and Method of Apportionment for purposes of clarifying ambiguity and making determinations relative to the amount of Special Taxes levied. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2026-1 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. ASSIGNED SPECIAL TAX REMAINDER FROM DEVELOPED PROPERTY

In any Fiscal Year, when proceeds of Assigned Special Taxes from Developed Property are greater than the Special Tax Requirement, such amount(s) shall be available for the School District, subject to any required reserve fund replenishment. Subject to the Act and other applicable law, the School District shall use proceeds for acquisition, construction or financing of authorized facilities in accordance with documents approved by the School District related to CFD No. 2026-1.

I. PREPAYMENT OF SPECIAL TAX

1. Prepayment in Full

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 or is pending issuance by the local agency, and Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Prepayment Amount (defined below) for an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued or is pending issuance shall be based on the Assigned Special Tax for the applicable Zone and Land Use Category shown in Table 1 based on the Building Permit issued or pending issuance for such Assessor's Parcel and the then current Assigned Special Tax rates. The Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the Assistant Superintendent of Business Services with written notice of intent to prepay, and within five (5) business days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2026-1 in calculating the proper amount of a prepayment. Within fifteen (15) business days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the Prepayment Amount for such Assessor's Parcel.

- a) The Prepayment Amount for an Assessor's Parcel will be equal to the sum of (1) the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section I.1.c., if applicable, using a discount rate equal to five and one-half percent (5.50%) prior to the issuance of Bonds or the Weighted Average Interest Rate after the issuance of Bonds and a term equal to the lesser of (i) the remaining term for which the Special Tax may be levied pursuant to Section J or (ii)

thirty-five (35) years, plus (2) the redemption premium, if any, as provided in the Indenture ("Prepayment Amount"). The redemption premium shall be calculated by multiplying the present value calculated pursuant to part (1) of the prior sentence by the applicable redemption premium percentage as of the prepayment calculation date as indicated in the Indenture. Special Taxes that have already been levied as of the date of the prepayment shall not be considered in the calculations made pursuant to this Section I.1.

- b) A reasonable administrative fee (net of the non-refundable deposit) for determining and administering such prepayment shall be added to the amount determined in Section I.1.a.
- c) If at the date of the prepayment calculation all or a portion of the Backup Special Tax is being levied as a result of the total Residential Property within CFD No. 2026-1 being less than the total estimated Residential Property that was assumed when the Bonds were issued as determined by the Assistant Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for the Assessor's Parcel for which the prepayment is being sought shall be added to the Assigned Special Tax in Section I.1.a. (before calculating the present value) for purposes of calculating the Prepayment Amount.
- d) Prior to the issuance of Bonds, the Prepayment Amount, after reduction for administrative expenses, shall be deposited into a separate account held with the School District and disbursed to fund facilities authorized by CFD No. 2026-1 and in accordance with the documents approved by the School District related to CFD No. 2026-1. After the issuance of Bonds, the Prepayment Amount, after the reduction for administrative expenses, shall be deposited into the applicable accounts or funds established pursuant to the Indenture. If additional Bonds are anticipated to be issued at the time of the prepayment, not to include the refunding of any outstanding Bonds, the Prepayment Amount, after reduction for administrative expenses, shall be allocated as determined by the Assistant Superintendent of Business Services and deposited as directed above for both prepayments prior to the issuance of Bonds and after the issuance of Bonds.

Upon cash payment of the Prepayment Amount due pursuant to the above and upon owner providing confirmation from the County to the Assistant Superintendent of Business Services that all prior and current Fiscal Year's Special Taxes, including any delinquency penalties and interest, for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property assuming buildout of CFD No. 2026-1, less Administrative Expenses, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds in each future Fiscal Year.

Notwithstanding any of the foregoing, as an alternative prepayment method prior to the issuance of Bonds, the Special Tax for an Assessor's Parcel shall be deemed to be prepaid in whole on the date on which a notice of special tax lien is recorded against the Assessor's Parcel showing that such Assessor's Parcel has been included in a separate Community Facilities District of the School District. Upon such occurrence the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

2. Prepayment in Part

The Special Tax obligation for an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial Prepayment Amount.

P_E = the Prepayment Amount calculated according to Section I.1.a.

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

G = the administrative fee determined in Section I.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Special Tax obligation shall notify the Assistant Superintendent of Business Services of (i) such owner's intent to partially prepay the Special Tax obligation, and (ii) the percentage by which the Special Tax obligation shall be prepaid, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit to cover the cost to be incurred by CFD No. 2026-1 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the partial Prepayment Amount of such Assessor's Parcel.

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the Assistant Superintendent of Business Services shall (i) distribute the funds remitted pursuant to Section I.1.d, and (ii) indicate in the records of CFD No. 2026-1 that there has been a partial prepayment of the Special Tax obligation and that a portion of the Assigned Special Tax and Backup Special Tax equal to the outstanding percentage (1.00 - F) of the Assigned Special Tax and Backup Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property assuming buildout of CFD No. 2026-1, less Administrative Expenses, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds in each future Fiscal Year.

J. TERM OF THE SPECIAL TAX

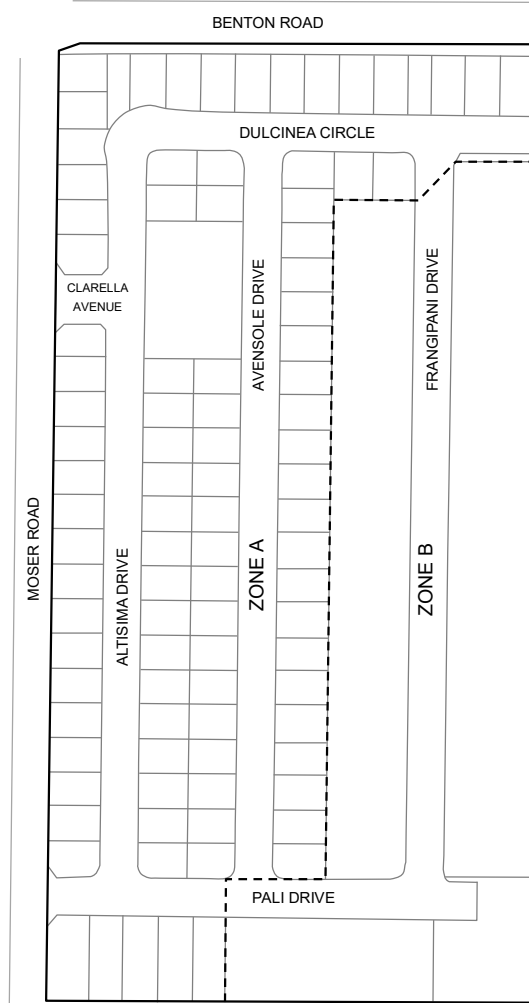
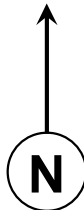
The Special Tax shall be levied annually on each Assessor's Parcels of Taxable Property for a term of five (5) Fiscal Years after the final maturity of the last series of Bonds, provided that the Special Taxes shall not be levied later than Fiscal Year 2070-2071.

K. PURPOSE OF THE SPECIAL TAXES

The authorized facilities that may be funded and financed by CFD No. 2026-1 are detailed in the Resolution of Intention to Establish CFD No. 2026-1 approved by the School District related to CFD No. 2026-1. A summary of the proposed facilities to be funded and financed include, but is not limited to, (1) facilities of Valley-Wide Recreation and Park District ("VWRPD"), and (2) elementary, middle, and high school buildings; special education facilities and transportation facilities, as well as central administration and support facilities as needed and applicable, together with land and all necessary equipment including technology improvements, equipment and personal property of the School District, with an estimated useful life of five (5) years or longer to serve the properties and students within CFD No. 2026-1, the School District, and VWRPD. The herein-provided Special Taxes are contractually encumbered and committed to the School District as contemplated by Section 9 of Article 1 of the California Constitution and the applicable provisions of the Federal Constitution.

SHEET 1 OF 1

PROPOSED BOUNDARY MAP OF COMMUNITY
FACILITIES DISTRICT NO. 2026-1
OF THE TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA



LEGEND

COMMUNITY FACILITIES DISTRICT
— NO. 2026-1 BOUNDARY AND ASSESSOR
PARCEL NO. 964-030-001
- - - - - ZONE BOUNDARY

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF EDUCATION OF THE
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT THIS _____ DAY OF _____
20____.

BOARD CLERK OF THE GOVERNING BOARD
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES
OF COMMUNITY FACILITIES DISTRICT 2026-1 OF THE TEMECULA VALLEY UNIFIED
SCHOOL DISTRICT, RIVERSIDE COUNTY, STATE OF CALIFORNIA, WAS APPROVED
BY THE GOVERNING BOARD OF THE TEMECULA VALLEY UNIFIED SCHOOL
DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF
_____, 20____ BY ITS RESOLUTION NO. _____.

BOARD CLERK OF THE GOVERNING BOARD
TEMECULA VALLEY UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

FILED THIS _____ DAY OF _____, 20____ AT THE HOUR OF
____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY
FACILITIES DISTRICTS, AT _____ PAGES _____ AND AS INSTRUMENT NO. _____
_____ IN THE OFFICES OF THE COUNTY RECORDER OF RIVERSIDE
COUNTY, STATE OF CALIFORNIA.

FEE: \$ _____

ASSESSOR — RECORDER
COUNTY OF RIVERSIDE
PETER ALDANA

BY: _____
DEPUTY RECORDER OF THE COUNTY OF RIVERSIDE

THE BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2026-1 ARE
CONTIGUOUS WITH TRACT NO. 38300. FOR PARTICULARS OF LINES AND
DIMENSIONS, REFERENCE IS MADE TO TRACT MAP NO. 38300, RECORDED ON
NOVEMBER 5, 2025, IN BOOK 503 AT PAGES 49 THROUGH 56 AND AS INSTRUMENT
NUMBER 2025-0343761. IN THE OFFICE OF THE COUNTY RECORDER OF THE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

THE BOUNDARIES OF ZONE B INCLUDE LOTS 96, 97, 98, AND 101 ALONG WITH
PORTIONS OF PRIVATE STREETS IDENTIFIED AS LOTS F AND G OF TRACT MAP NO.
38300. THE BOUNDARIES OF ZONE A INCLUDE ALL LOTS OF TRACT MAP NO. 38300
EXCLUDING LOTS IDENTIFIED AS WITHIN ZONE B.

AS OF THE DATE OF APPROVAL, THE ASSESSOR FOR THE COUNTY OF RIVERSIDE
HAD NOT ASSIGNED ASSESSOR PARCEL NUMBERS TO THE LOTS CREATED BY
TRACT MAP NO. 38300.

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

