

**COMMUNITY FACILITIES DISTRICT NO. 2024-3 (RIVER WALK VILLAGE)
OF THE CITY OF MENIFEE**

FUNDING AGREEMENT

THIS FUNDING AGREEMENT (the “Agreement”) is made and entered into by and between CITY OF MENIFEE (the “City”), acting for and on behalf of itself and COMMUNITY FACILITIES DISTRICT NO. 2024-3 (RIVER WALK VILLAGE) OF THE CITY OF MENIFEE (the “Community Facilities District” or “CFD”) and RICHMOND AMERICAN HOMES OF MARYLAND, INC., a Maryland corporation (the “Developer”), each individually a “Party” and collectively the “Parties.”

WHEREAS, Developer has requested that the City consider the formation of a community facilities district pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), and undertake proceedings for the authorization of special taxes and issuance of bonded indebtedness for the payment of the construction and/or acquisition of certain improvements to be owned, operated or maintained by the City and the Menifee Union School District, and incidental expenses in accordance with the Act; and

WHEREAS, in order to proceed in a timely way with development of its property within the CFD which is described in the attached **Exhibit “A”** (the “Developer Property”), Developer desires to fund through the Community Facilities District (i) improvements included in the City’s fee programs (the “City Fee Facility Improvements”), as more particularly set forth and described in **Exhibit “B,”** and (ii) the improvements of the Menifee Union School District described in **Exhibit “C”** hereto (the “Miscellaneous Improvements” and together with the City Fee Facilities Improvements, collectively the “Improvements”); and

WHEREAS, the City is authorized by the Act to form the CFD and to issue bonds secured by Special Taxes (as defined in Section 2.2) of the CFD (the “Bonds”) to fund the Improvements; and

WHEREAS, the City Council has adopted the City’s policies and procedures concerning the use of special district financing programs to finance the Improvements (the “Policy”); and

WHEREAS, the purpose of this Agreement is to constitute a formal understanding between Developer and the City (pursuant to the requirements of the Act and the Policy) concerning financial and other obligations and responsibilities related to the formation of the Community Facilities District and the Improvements to be financed by the Community Facilities District, when and if formed, to the extent funds are available, and to set forth the conditions upon which (1) the Community Facilities District will fund the City Fee Facility Improvements thereby satisfying corresponding City fees; and (2) the Community Facilities District will also fund the Miscellaneous Improvements described in **Exhibit “C.”**

NOW, THEREFORE, it is mutually agreed between the respective Parties as follows:

1. Feasibility Study. The City has retained, at the Developer’s expense, the necessary consultants to analyze the proposed formation of the CFD to finance the Improvements, including a special tax consultant, bond counsel, and other consultants deemed necessary by the City. The Developer has advanced to the City a sum of money for such costs. From time to time, Developer will make additional advances, within 10 business days following receipt from the City of a request for an additional advance, to cover the costs of the formation proceedings and any change proceedings under

the Act requested by the Developer. The City will provide to Developer on request a summary of how the advances have been spent and the unexpended balance remaining. The amounts advanced by the Developer and, to the extent determined reasonable and appropriate by the City, expenses incurred by the Developer for engineering consultant costs in connection with the formation proceedings, any change proceedings and the issuance of Bonds, will be reimbursable to the Developer, without interest, from the Bonds. In the event that Bonds are not issued to provide a source of reimbursement to Developer, the City shall not have any liability to Developer to reimburse it for any of the amounts previously advanced by Developer and expended by the City.

Prior to the issuance of the Bonds, the City will request a final advance for any unpaid expenses incurred during preparatory technical, financial and legal work; and following payment of such expenses, the City shall promptly release the balance, if any, of the advance to the Developer. Should the City's expenses exceed the remaining balance, the City will bill the Developer for the difference, which the Developer agrees to pay within 10 days following receipt of such billing, subject to the conditions of paragraph one of this section.

2. Sale of Bonds.

2.1 City Policies. The City Council has adopted the Policy, setting forth the City's policies and procedures concerning the use of special district financing programs to finance the Improvements. Pursuant to the Policy, the total annual amount of the special taxes to be collected with respect to a parcel within the CFD and all other taxes and assessments which will be collected with respect to such parcel from the secured tax roll must not exceed two percent (2%) of the Fair Market Value (as defined in the Policy) of such parcel at the time of CFD formation.

The Parties hereby agree that, unless waived by the City, at the time of issuance of the Bonds the ratio of the value of all parcels of property within the CFD to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the "Value-to-Lien Ratio") may not be less than four-to-one (4:1). Unless waived by the City, the Fair Market Value of the property within the CFD for purposes of determining the foregoing ratio will be determined based on the appraised value of the property based on the appraisal made by an appraiser selected by the City with a valuation date within three (3) months of the issuance of the Bonds, or, with respect to developed projects (as determined in the sole discretion of the City) or issuance of refunding bonds, the assessed value of the property, or some combination thereof. Subject to satisfaction of the Policy and the requirements of this Agreement, the City shall use reasonable efforts to issue and sell the Bonds in one or more series in an amount sufficient to fund the Improvements in accordance with the schedule for development of the Developer Property. The ultimate decision as to issuance and sizing lies in the sole legislative discretion of the City.

2.2 Security for Payment of Special Taxes.

(a) Concurrently with the issuance and sale of each series of the Bonds, the owner of any land within the CFD which the City has determined, in its sole discretion, to use in the sizing of such series of Bonds (the "Sizing Property"), together with any Sizing Property owned by any affiliate (collectively, an "Account Party"), for which the Maximum Special Taxes for the then-current fiscal year (as defined in the Rate and Method of Apportionment of Special Tax for the CFD ("Rate and Method")) and such Special Tax referred to herein as the "Special Tax" or "Special Taxes"), are equal to or exceed 20% of the aggregate Maximum Special Taxes authorized to be levied on the Sizing Property in such fiscal year, shall deliver to the City either (i) a renewable irrevocable instrument of

credit from a financial institution (rated “A” or better, or otherwise approved by the City) and approved by the City, or (ii) cash in-lieu thereof (a “Security”). The Security shall be in an amount equal to 200% of the product of the maximum annual debt service on the Bonds proposed to be issued times a fraction the numerator of which is the aggregate Maximum Special Taxes on the Sizing Property in the then current fiscal year or the following fiscal year (whichever is greater) applicable to the land owned by the Account Party and the denominator of which is the total Maximum Special Taxes applicable to all of the Sizing Property in such fiscal year (the “Stated Amount”). The Security shall be maintained by the Account Party in each fiscal year until terminated in accordance with Section 2.2(c) below. While the Security is still required the Stated Amount of such Security shall be reduced as set forth in a Certificate of Reduction or Termination (as defined in Section 2.2(c) below).

The Security shall name the Fiscal Agent as a beneficiary and shall provide that the Fiscal Agent may draw an amount equal to any delinquencies in payment of semiannual installments of the Special Taxes levied on property owned by the Account Party. The total amount to be drawn under the Security shall not exceed an amount equal to the Special Taxes owed by the Account Party that is delinquent at the time the draw is made. The amount drawn on the Security shall be applied in the same manner and for the same purposes as the delinquent Special Taxes would have been applied; provided, however the payment of a draw under the Security will not be deemed to cure the delinquency in payment of the Special Taxes.

If, subsequent to a draw on the Security and prior to the satisfaction of any reimbursements due to the institution providing the Security (the “Security Provider”) pursuant to this Agreement, the City receives payment of all or a portion of the delinquent Special Taxes or the proceeds of a sale of delinquent real property pursuant to foreclosure proceedings (“Delinquency Proceeds”) for a parcel for which the Security has been drawn, the Security Provider (or its designee, which may be the Developer) shall be reimbursed for such draws to the extent of Delinquency Proceeds net of the City’s costs of collection. The Security Provider is intended by the Parties to be a third party beneficiary of this Section 2.2.

(b) The Security shall be renewed, or a substitute Security reasonably satisfactory to the City (a “Substitute Security”) provided, not less than thirty (30) calendar days prior to the expiration of the Security or Substitute Security then in effect. If the Account Party provides a Substitute Security to the City, then the Fiscal Agent shall return any existing Security on the effective date of the Substitute Security to the Security Provider.

If the Security is not renewed within thirty (30) days prior to its expiration date and the requirements for release or termination of the Security as set forth in Section 2.2(c) below have not then been met, the full amount of the Security may be drawn by the Fiscal Agent and deposited in an account established under the Indenture (as hereinafter defined) or in such account established with a financial institution selected by the City. Thereafter, amounts in such account shall be held as security, and if Special Taxes owed by the Account Party are not paid prior to delinquency, then such amounts in such account may be applied by the City to pay the delinquent Special Taxes owed by the Account Party with respect to such property on the same terms and conditions applicable hereunder to draws on the Security.

At such time as the Security is renewed, or a Substitute Security is accepted by the Fiscal Agent, or the requirement for the Security has been terminated pursuant to this section, the City or its designee, shall release all amounts in the Security account to the Security Provider (or its

designee, which may be the Developer) within ten (10) calendar days from the date of renewal or acceptance.

(c) Following the sale or transfer by the Account Party of any property to a person other than the Account Party, or upon the prepayment of the Special Tax obligation for a parcel owned by the Account Party, the Account Party shall notify the Community Facilities District of such event, in writing, and, if requested by the Account Party, the Stated Amount of the Security shall be reduced and be recalculated in accordance with this Section 2.2; provided, however, that any costs associated with the recalculation and reduction shall be borne by the Account Party. Subject to Section 2.2(d) below, the Stated Amount may be reduced to an amount equal to 200% of the product of the maximum annual debt service on the outstanding Bonds times a fraction the numerator of which is the aggregate Maximum Special Taxes applicable to the Sizing Property owned by the Account Party and the denominator of which is the total Maximum Special Taxes to all of the Sizing Property as of the date of calculation. The Security shall be terminated when the Account Party has paid all Special Taxes owed by the Account Party in the current fiscal year and the Sizing Property owned by the Account Party is expected to be responsible for less than 20% of the Maximum Special Taxes in the next fiscal year.

Reduction or termination of a Security shall occur automatically upon submission to the Security Provider by the Fiscal Agent of a "Certificate of Reduction or Termination" upon valuation of the Certificate of Reduction or Termination by the City. The City shall direct that the Fiscal Agent deliver to the Security Provider such Certificate of Reduction or Termination promptly upon receiving from the Account Party a certification which shall be made under penalty of perjury and which shall indicate (i) the legal description of all Sizing Property owned by the Account Party, and either (ii) a recalculation of the new Stated Amount that the Account Party proposes be applicable to the Security or (iii) if termination of the Security is requested, a statement that one of the requirements set forth in the preceding paragraph for termination of the Security has been satisfied.

The Account Party shall notify the City of any events that will result in a reduction of the Stated Amount of the Security and shall provide the City with verification of said events. The Account Party may provide the Fiscal Agent with a Substitute Security in the reduced amount, and the Fiscal Agent shall release and return to the Security Provider the Security then in effect. The Parties expressly acknowledge that the Account Party's failure to so notify the City or to reduce the Security at the times prescribed herein shall in no way effect or invalidate sale or transfer of property, or recordation of maps on property.

(d) If any Sizing Property is sold or transferred by an Account Party with the result that the Sizing Property owned by the transferee together with any of its affiliates ("Transferee") is responsible for 20% or more of the aggregate Maximum Special Taxes of all Sizing Property, a Security on the same terms specified in Section 2.2(a) above will be furnished by Transferee with respect to all Sizing Property owned by such Transferee. Any applicable purchase and sale agreement and/or escrow instructions shall notify the Transferee of this Security requirement and obligate the Transferee to provide such Security, if applicable. The Security of the Account Party will not be reduced to reflect the sale or transfer of such Sizing Property until a Security is furnished by the Transferee and accepted by the Fiscal Agent. The issuing financial institution and the form and terms of said Security will be subject to reasonable prior approval by the City. All terms provided in this Section 2.2 are applicable to the Transferee by replacing the term "Account Party" at each place where it occurs in each section with the term "Transferee." Each provider of a Security for a Transferee shall be an express third party beneficiary of the provisions of this Section 2.2.

Any costs related to holding or maintaining the Security, including any fees of a fiscal agent, trustee or other depository shall be borne by the Account Party.

2.3 Major Landowner Initial and Continuing Disclosure. An owner of land which is responsible for twenty percent (20%) or more of the Maximum Special Taxes applicable to the Sizing Property in the fiscal year in which the Bonds are issued or in the fiscal year following the fiscal year in which the Bonds are issued (a “Major Landowner”) will be required to provide all information regarding the development of its property, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of Rule 15c2-12 and Rule 10b-5 of the Securities and Exchange Commission (the “Rule”) and all other applicable federal and state securities laws. Additionally, Developer acknowledges that, if it is a Major Landowner at the time of issuance of the Bonds, it will be necessary that Developer enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by Developer within the CFD to assist in the marketing of the Bonds.

2.4 Bond Issuance Parameters. The terms and conditions upon which each series of the Bonds shall be issued and sold, the method of sale of the Bonds and the pricing of the Bonds shall be determined solely by the City in its legislative discretion in conformance with the Act, the Policy, and this Agreement. Each series of Bonds shall be issued with a term not to exceed 35 years from the date of issuance of the Bonds. The proceeds of the Bonds shall be used in the following priority to (1) fund a reserve fund for the payment of principal and interest with respect to the Bonds in an amount equal to the least of (i) ten percent (10%) of the total bond issue, (ii) maximum annual debt service on Bonds, or (iii) 125% of average annual debt service; (2) fund capitalized interest through the interest payment date on the Bonds for which Special Taxes are not available for payment of debt service on the Bonds or such longer period as requested by the Developer and approved by the City, subject to the Act; (3) reimburse the Developer or its designee pursuant to Section 1 hereof for CFD formation costs advanced by the Developer pursuant to the Reimbursement Agreement which have not already been reimbursed to the Developer from collected Special Tax; (4) pay for costs of issuance of the Bonds including, without limitation, underwriter’s discount, bond counsel and disclosure counsel fees, appraisal and special tax consultant fees, printing, fiscal agent fees, and reasonable Developer legal and financial consultant costs; (5) pay for the costs of forming the Community Facilities District; and (6) pay for the actual costs of the Improvements. The Community Facilities District shall maintain records relating to the disbursements of proceeds of the sale of the Bonds. The Indenture or Resolution or Fiscal Agent Agreement (hereinafter “Indenture”) for the Bonds shall establish an acquisition and construction fund or improvement fund (herein, the “Improvement Fund”) to be held by the fiscal agent (“Fiscal Agent”) into which shall be deposited initially the proceeds of the Bonds net of the amount of proceeds required to fund items (1) through (5) in the second preceding sentence. The Indenture shall also establish separate accounts of the Improvement Fund designated the “City Fee Facility Improvements Account,” and any Miscellaneous Improvement Account(s) for the Miscellaneous Improvements described in **Exhibit “C,”** into which shall be deposited such portions of the Improvement Fund as agreed by the Parties and directed by the City in writing at or subsequent to the closing of the sale of the Bonds consistent with the following priorities:

(a) An amount sufficient to fund the reasonable, current estimated cost of the City Fee Facility Improvements anticipated to be funded out of the Bonds being issued shall be deposited in the City Fee Facility Improvements Account (any Special Taxes levied in the CFD and collected by the CFD remaining after the payment of administrative expenses of the CFD and the reimbursement of the Developer for CFD formation costs pursuant to Section 1 hereof shall be deposited into the City

Fee Facility Improvements Account at the time of Bond issuance, unless otherwise directed in writing by the Developer); and

(b) If applicable, an amount to be agreed upon between Developer and the CFD prior to the issuance of Bonds sufficient to fund the reasonable, current estimated cost of the Miscellaneous Improvements described in **Exhibit “C”** hereto, anticipated to be funded out of the Bonds being issued shall be deposited, or later transferred, to the applicable Miscellaneous Improvement Account(s).

Interest earned on moneys deposited in each of the City Fee Facility Improvements Account and the Miscellaneous Improvement Account(s) shall remain in such accounts until such time as all of the Improvements have been funded. Additionally, the Developer may direct the CFD to transfer excess moneys in any of the City Fee Facility Improvements Account or the Miscellaneous Improvement Account(s) to another Account. The Indenture shall provide that amounts remaining in the Improvement Fund after funding all proposed Improvements (such completion of funding to be agreed by the City and the Developer) shall be deposited in the special tax fund or bond service fund and be applied to pay debt service on the Bonds and/or to call Bonds in advance of maturity.

3. Allocation of Special Taxes. Prior to the issuance of Bonds, the City Council of the City, acting as the legislative body of the Community Facilities District, may levy Special Taxes on all parcels classified as Developed Property pursuant to the Rate and Method. Such Special Taxes collected by the City shall first be applied to fund annual administrative expenses of the Community Facilities District and then to fund Improvements in the same manner as the proceeds of Bonds as set forth herein. Upon sale and delivery of the Bonds, the City shall annually levy the Special Tax as provided for in documents pursuant to which the Bonds were issued. Following the issuance of the last series of Bonds, the City shall have no obligation to levy Special Taxes to reimburse the Developer for the costs of any Improvements not paid for from Bond proceeds.

4. Notice of Special Tax. Developer shall provide written notice to all potential initial purchasers of lots advising of the special tax obligation applicable to the Developer Property in the form required by Section 53341.5 of the Government Code.

5. City Fee Facility Improvements. The Developer may be required pursuant to the conditions of development or the fee ordinance to pay certain City fees (the “City Fees”) relating to the City Fee Facility Improvements prior to the availability of proceeds of the Bonds to pay for such City Fee Facility Improvements. In the event such City Fees are paid prior to the availability of Bond proceeds, the amounts paid to the City shall be deemed to be deposits (each a “Deposit”) that are subject to refund by the City to the Developer in accordance with this Agreement. The City shall place each Deposit in a capital facilities account(s). If the Developer has made any Deposits to the City, then following deposit of Bond proceeds in the City Fee Facility Improvements Account, the City shall return to the Developer, from the capital account in which the Deposits were deposited the Deposits not previously returned, without interest or other earnings thereon. The City shall be so obligated to return such Deposits only to the extent that an equivalent amount of the Deposits to be returned is deposited in the City Fee Facility Improvements Account from Bond proceeds or Special Tax collections prior to the issuance of Bonds.

Bond proceeds used to finance City Fee Facility Improvements which relate to the City Fees shall be allocated first for return of all Deposits prior to being allocated to the payment of City Fees not previously deposited by the Developer. Any Deposits that have not been returned to the Developer

at the time it is determined that there will be no further Bond proceeds available (i.e. the final series of Bonds to finance the Improvements have been issued) shall be retained by the City and may be used for the purposes for which the City Fee was required, and the unrefunded Deposits shall constitute full and final payment for such City Fees, without any increase of any kind.

6. Miscellaneous Improvements. Improvements unrelated to the City Fee Facility Improvements are described in **Exhibit "C"** attached hereto. The amounts deposited in the applicable Miscellaneous Improvement Account(s), if any, will be disbursed for the acquisition or construction of Miscellaneous Improvements in accordance with the provisions in the applicable Joint Community Facilities Agreement. Any amounts in the applicable Miscellaneous Improvement Account(s) shall be disbursed at the written direction of the City upon Developer's submittal of a payment request which will be based upon applicable entity's payment request form as provided for in the applicable Joint Community Facilities Agreement. Upon receipt of such payment request, the City shall submit a written requisition for payment of the requested amount to the Fiscal Agent for the Bonds, who shall directly pay the amount requested to the applicable entity.

7. Independent Contractor. In performing this Agreement, Developer is an independent contractor and not the agent of the City. The City shall not have any responsibility for payment to any contractor or supplier of Developer. It is not intended by the Parties that this Agreement create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

8. Indemnification. Developer shall assume the defense of, indemnify and save harmless, the City, its officers, employees and agents, and the Community Facilities District, its officers, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subject or put, by reason of, or resulting from such person's or entity's performance of its obligations under this Agreement and the construction of the Miscellaneous Improvements, the failure of the Developer to provide notice of the Special Tax to be levied by the Community Facilities District pursuant to Section 53341.5 of the Act (but only if the Developer is required by law to provide such notice), or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Developer, its officers, directors, employees or agents to the City, the Community Facilities District, the underwriter of the Bonds and its counsel, the appraiser, the special tax consultant, the market absorption consultant or bond counsel regarding the Developer, its proposed developments, its property ownership, and any contractual arrangement it may enter into in a disclosure document describing the Community Facilities District and the risks relating to the Bonds. No provision of this Agreement shall in any way limit the extent of Developer's responsibility for payment of damages resulting from the operations of Developer and its contractors; provided, however that Developer shall not be required to assume the defense or indemnify and save harmless any person or entity as to actions, damages, claims, losses or expenses resulting from their breach of this Agreement, the willful misconduct of such person or entity or their officers, agents, consultants or employees.

9. Conflict With Other Agreements. Except as specifically provided herein, nothing contained herein shall be construed as releasing Developer from any condition of development or requirement imposed by any other agreement with City. In the event of a conflicting provision, such other agreement shall prevail unless such conflicting provision is specifically waived or modified in writing by City.

10. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either Party shall be deemed to have been received when personally

delivered or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid. Any notice to the Community Facilities District or the City shall be addressed to City of Menifee, 29844 Haun Road, Menifee, CA 92586, Attention: Chief Financial Officer. Any notice to Developer shall be addressed to Richmond American Homes of Maryland, Inc., 391 Main Street, Suite 205, Corona, CA 92880, Attention: Edgar Gomez.

Each Party may change its address for delivery of notice by delivering written notice of such change of address to the other Party hereto.

11. No Gift or Waiver. The Developer and the City acknowledge that:

(a) Prior to the availability of funds from the proceeds of Bonds, the Developer or its predecessor may have been or may be required to deposit funds to assure payment of applicable City Fees of the City.

(b) The Developer or its predecessor has deposited or will be depositing such funds with the expectation that the Developer will be reimbursed for these Deposits to the extent and in the manner set forth in this Agreement.

(c) The reimbursement of such Deposits pursuant to Section 8 of this Agreement may occur from time to time, in any number of installments and irrespective of the length of time payment is deferred, as funds become available.

(d) The Developer's deposit of such funds to the City before the availability of funds to reimburse the Developer is not, and shall not be deemed, a gift or a waiver of the Developer's right to reimbursement of such Deposits pursuant to this Agreement.

12. General Provisions.

(a) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the City and the Developer and their respective heirs, executors, legal representatives, successors, and authorized assigns.

(b) Amendment. This Agreement may be amended at any time but only in writing signed by each Party hereto.

(c) Entire Agreement. This Agreement, and the agreements referenced herein, contains the entire understanding and agreement between the Parties with respect to the matters provided for herein and supersedes all prior agreements and negotiations between the Parties with respect to the subject matter of this Agreement. There are no oral or written representations, understanding, undertakings or agreements which are not contained or expressly referred to herein, and any such representations, understandings or agreements are superseded by this Agreement. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Parties hereto, or the failure by a Party to exercise its rights upon the default of another Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Parties with the terms of this Agreement thereafter. This Agreement shall be binding upon, and enforceable by and against the Community Facilities District upon the establishment of the Community Facilities District.

(d) Exhibits. All exhibits attached hereto are incorporated into this Agreement by reference.

(e) Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

(f) Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Parties hereto, or the failure by a Party to exercise its rights upon the default of another Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Parties with the terms of this Agreement thereafter.

(g) No Third Party Beneficiaries. Except as provided explicitly in this Agreement, no person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than the City, the Community Facilities District, the Developer, and the Security Provider (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

(i) Assignment. Developer may assign all or any of its rights pursuant to this Agreement to a purchaser of all or any portion of the Developer Property. Such a purchaser and assignee shall, as a condition to taking an assignment of such rights, enter into an assignment and assumption agreement with the City and Developer, in a form reasonably acceptable to Developer and the City, whereby such rights assigned are specified and such purchaser agrees, except as may be otherwise specifically provided therein, to assume the obligations of Developer pursuant to this Agreement and to be bound thereby. A company that acquires all of the assets of the Developer, including ownership of the Developer itself, shall be deemed a successor and shall not require an assignment or assumption agreement to be bound by, and enjoy the benefits of, this Agreement.

(j) Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

(k) Construction of Agreement. This Agreement has been reviewed by legal counsel for both the City and Developer and shall be deemed for all purposes to have been jointly drafted by the City and Developer. No presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

(l) Termination. The provisions of this Agreement related to the financing of the Improvements shall terminate and be of no further force or effect if the first series of Bonds for the CFD are not sold within ten years from the date of this Agreement unless extended by agreement of all the Parties. If the City is unable to sell the first series of Bonds for the CFD after diligent, commercially reasonable efforts to do so, this Agreement shall terminate and be of no further force and effect; provided, however, in such event, any collected Special Taxes remaining after the payment of administrative expenses of the CFD and reimbursement to the Developer of CFD formation costs shall be used to pay for Improvements in accordance with this Agreement and Developer shall receive

a credit against City Fees otherwise payable to City in the amount so used to pay for City Fee Facility Improvements.

(m) Attorneys' Fees. In the event of any action or proceeding, including an arbitration or a reference pursuant to Section 638 et seq., of the Code of Civil Procedure brought by any Party against any other under this Agreement, the prevailing Party shall be entitled to recover its actual attorneys' fees and all fees, costs and expenses incurred for prosecution, defense, consultation, or advice in such action or proceeding. In addition to the foregoing, the prevailing Party shall be entitled to its actual attorneys' fees and all fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

(n) Venue and Forum. Any action at law or in equity arising under this Agreement brought by any Party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of Riverside, State of California, and the Parties waive all provisions of law providing for the filing removal or change of venue to any other Court.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written below.

DATED: August 7, 2024

CITY OF MENIFEE, a political subdivision of
the State of California

By: _____
Armando G. Villa, City Manager

ATTEST:

By: _____
Stephanie Roseen, Acting City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY FOR THE CITY OF
MENIFEE

By: _____
Jeffrey T. Melching, City Attorney

RICHMOND AMERICAN HOMES OF
MARYLAND, INC.,
A Maryland corporation

By: _____

Name: _____

Title: _____

LIST OF EXHIBITS

- EXHIBIT A - DESCRIPTION OF DEVELOPER PROPERTY
- EXHIBIT B - DESCRIPTION OF COST ESTIMATES
- EXHIBIT C - MISCELLANEOUS IMPROVEMENTS
- EXHIBIT D - DISBURSEMENT REQUEST FORM

EXHIBIT A

DESCRIPTION OF DEVELOPER PROPERTY

Real property in the City of Menifee, County of Riverside, State of California, described as follows:

County of Riverside Assessor Parcel Nos. 338-150-046 and 338-150-031.

EXHIBIT B

DESCRIPTION OF COST ESTIMATES OF THE IMPROVEMENTS ⁽¹⁾

CITY FEE FACILITY IMPROVEMENTS

<i>Estimated Cost of the City Fee Facility Improvements</i>	
<i>Description</i>	<i>Estimated Cost</i>
Law Enforcement	\$ 183,150
Fire Facilities	128,106
Circulation	1,405,206
Circulation Credit	(123,900)
General Government	232,848
Parks – Land	341,154
City Projects (20% Premium)	<u>433,313</u>
Total City Fees Facility Improvements	<u>\$ 2,599,877</u>

⁽¹⁾ Amounts are estimates and subject to change.

EXHIBIT C

DESCRIPTION OF THE MISCELLANEOUS IMPROVEMENTS

Menifee Union School District Improvements included in the Menifee Union School District's development fee programs used to finance Menifee Union School District Improvements, in approximately the following amount:

Estimated Cost of the Menifee Union School District Improvements

<i>Description</i>	<i>Estimated Cost</i>
Menifee Union School District Fees	\$1,139,235
Premium (125% of Statutory Fee)	284,809
Total Menifee Union School District Fees	\$1,424,044

EXHIBIT D

CFD NO. 2024-3 (RIVER WALK VILLAGE) OF THE CITY OF MENIFEE

DISBURSEMENT REQUEST FORM

1. Community Facilities District No. 2024-3 (River Walk Village) of City of Menifee (the “CFD”) is hereby requested to pay from the _____ Account, or any applicable account or sub-account thereof, established by the CFD in connection with its 20__ Special Tax Bonds (the “Bonds”) to City of Menifee (the “City”) as payee, the sum set forth below:

\$_____ (the Requested Amount”)

2. The Requested Amount represents the payment of City Fees for ____ lot(s) within the boundaries of the CFD (the “Property”).

(Tract No. _____, Lot Nos. _____).

3. The Requested Amount is due and payable, has not formed the basis of any prior request or disbursement.

4. The City, as payee, is hereby directing payment of the Requested Amount be payable to Richmond American Homes of Maryland, Inc., a Maryland corporation (the “Developer”), pursuant to the wiring instructions attached hereto.

5. The Requested Amount is authorized and payable pursuant to the terms of the certain Funding Agreement (the “Agreement”) between the City of Menifee, acting for and on behalf of itself and the CFD and Developer.

6. Capitalized undefined terms used herein shall have the meaning ascribed to them in the Agreement.

Dated:

DEVELOPER:

RICHMOND AMERICAN HOMES OF
MARYLAND, INC.,
a Maryland corporation

By: _____

Name: _____

Title: _____

Dated:

CITY OF MENIFEE

By: _____

Its: _____

[ATTACH WIRING INSTRUCTIONS]