

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2025-2 (SAGECREST)
OF THE CITY OF RIVERSIDE**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Tax A and Special Tax B of Community Facilities District No. 2025-2 (Sagecrest) of the City of Riverside ("CFD No. 2025-2"). A Special Tax A and Special Tax B shall be levied on and collected in CFD No. 2025-2 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All real property within CFD No. 2025-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on the Assessor's Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area shall be calculated by the Administrator or City Engineer.

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

"Administrative Expenses" means all actual or reasonably estimated costs and expenses of the District that are chargeable or allocable to carry out its duties as the administrator as allowed by the Act, which shall include without limitation the following actual or reasonably estimated costs related to the administration of CFD No. 2025-2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs to the City, CFD No. 2025-2, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with responding to public inquiries regarding the Special Taxes; the costs associated with the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2025-2 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Administrator" means an official of the City, or designee thereof, responsible for, among other things, determining the annual amount of the levy and collection of the Special Taxes.

"Affordable Housing Agreement" means the Affordable Housing Agreement by and between the City of Riverside and Century Communities of California, LLC that was recorded on June 20, 2025

which limits the use of residential units 78, 87, 92, 101, 107, 115, 120, and 129 for affordable housing purposes. As described in the agreement, such units are considered affordable housing units until the initial owner (or Qualified Home Buyer as defined in the agreement) sells such unit to a new buyer.

"Affordable Housing Property" means all Developed Property for which a building permit has been issued for purposes of constructing residential dwelling units 78, 87, 92, 101, 107, 115, 120, and 129 as shown in the Affordable Housing Agreement. For each Fiscal Year, if any of the eight units listed above are no longer classified as Affordable Housing Property as of January 1 of each year pursuant to the Affordable Housing Agreement and as evidenced by a change in ownership or otherwise as determined by the CFD Administrator, then such units shall be classified as Taxable Property and assigned to the appropriate Land Use Class.

"Annual Special Tax A" means for each Assessor's Parcel, the Special Tax A actually levied in a given Fiscal Year on any Assessor's Parcel.

"Annual Special Tax B" means for each Assessor's Parcel, the Special Tax B actually levied in a given Fiscal Year on any Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Taxes are to be levied, and (ii) that have not been issued a building permit on or before March 1st preceding the Fiscal Year in which the Special Taxes are to be levied.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2025-2.

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

"Assessor's Parcel Number" means that number assigned to a lot or parcel of land by the County Assessor for purposes of identification.

"Boundary Map" means a recorded map of the CFD No. 2025-2 which indicates the boundaries of CFD No. 2025-2.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD No. 2025-2" or "CFD" means Community Facilities District No. 2025-2 of the City of Riverside established by the City under the Act.

"City" means the City of Riverside, or its designee.

"City Council" means the City Council of the City of Riverside, acting as the legislative body of CFD No. 2025-2, or its designee.

"Consumer Price Index" or "CPI" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Riverside-San Bernardino-Ontario area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels of Taxable Property that: (i) are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Taxes are to be levied, and (ii) a building permit was issued on or before March 1st preceding the Fiscal Year in which the Special Taxes are to be levied.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Exempt Property" means all Assessor's Parcels designated as being exempt from the Special Taxes as provided for in Section J.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

"Fiscal Year" means the period commencing July 1 of any year and ending the following June 30.

"Land Use Type" means Residential Property or Non-Residential Property as assigned in Section B.

"Lot" means an individual legal lot created by a Final Map for which a building permit could be issued.

"Maximum Special Tax A" means for each Assessor's Parcel of Taxable Property, the maximum Special Tax A, determined in accordance with Section C that can be levied in any given Fiscal Year on such Assessor's Parcel.

"Maximum Special Tax B" means for each Assessor's Parcel of Taxable Property, the maximum amount of Special Tax B, determined in accordance with Section F that can be levied in any given Fiscal Year on such Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2025-2, it shall not be less than 2.33 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

"Property Owner Association" means a corporation formed by a real estate developer, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within CFD No. 2025-2.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Taxes are to be levied, have been conveyed, dedicated to, or irrevocably offered for dedication to the Property Owner Association, including any master or sub-association.

"Proportionately" means for Special Tax A that the ratio of the Special Tax A levy to the applicable Assigned Special Tax A is equal for all applicable Assessor's Parcels. In the case of Special Tax B, means that the ratio of the Special Tax B levy to the applicable Maximum Special Tax B is equal for all applicable Assessor's Parcels.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Safety Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of or for the benefit of CFD No. 2025-2 and the City.

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

"Services" means the services permitted under the Act and the formation proceedings with respect to CFD No. 2025-2 including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2025-2 and the City.

"Special Tax(es)" means, collectively, Special Tax A and Special Tax B authorized to be levied within CFD No. 2025-2 pursuant to the Act to fund the Special Tax A Requirement and the Special Tax B Requirement.

"Special Tax A" means the special tax authorized to be levied on Taxable Property within CFD No. 2025-2 pursuant to the Act to fund the Special Tax A Requirement.

"Special Tax B" means the special tax authorized to be levied on Taxable Property within CFD No. 2025-2 pursuant to the Act to fund the Special Tax B Requirement.

“Special Tax A Requirement” means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2025-2 for Public Safety Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Safety Services, (ii) amount necessary to fund an operating reserve for the costs of Public Safety Services as determined by the Administrator, and (iii) Administrative Expenses.

“Special Tax B Requirement” means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2025-2 for Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Services, (ii) amount necessary to fund an operating reserve for the costs of Services as determined by the Administrator, and (iii) Administrative Expenses

“Taxable Property” means all Assessor’s Parcels within CFD No. 2025-2, which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Approved Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2026-2027, each Assessor’s Parcel within CFD No. 2025-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property or Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C MAXIMUM SPECIAL TAX A

1. Developed Property

Maximum Special Tax A

The Maximum Special Tax A for each Assessor’s Parcel of Developed Property for each Land Use Type is shown in the Table below.

**TABLE 1
MAXIMUM SPECIAL TAX A
FOR DEVELOPED PROPERTY**

Land Use Type	Rate
Residential Property	\$596.47 per Unit
Non-Residential Property	\$39,095.39 per Acre

On each July 1, commencing July 1, 2026, the Maximum Special Tax A for Developed Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) five percent (5%).

2. Approved Property

The Maximum Special Tax A for each Assessor's Parcel of Residential and Non-Residential Property that is classified as Approved Property in Fiscal Year 2025-2026 shall be \$39,095.39 per Acre.

On each July 1, commencing July 1, 2026, the Maximum Special Tax A for Approved Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) five percent (5%).

3. Undeveloped Property

No Special Tax A shall be levied on Undeveloped Property.

**SECTION D
METHOD OF APPORTIONMENT OF THE SPECIAL TAX A**

Commencing Fiscal Year 2026-2027 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

- Step One: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

**SECTION E
PREPAYMENT OF SPECIAL TAX A**

Special Tax A cannot be prepaid.

SECTION F
MAXIMUM SPECIAL TAX B

1. Developed Property

Maximum Special Tax B

The Maximum Special Tax B for each Assessor's Parcel of Developed Property for each Land Use Type is shown in the Table below.

TABLE 2
MAXIMUM SPECIAL TAX B
FOR DEVELOPED PROPERTY

Land Use Type	Rate
Residential Property	\$46.19 per Unit
Non-Residential Property	\$3,105.89 per Acre

On each July 1, commencing July 1, 2026, the Maximum Special Tax B for Developed Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) three percent (3%).

2. Approved Property

The Maximum Special Tax B for each Assessor's Parcel of Residential and Non-Residential Property that is classified as Approved Property in Fiscal Year 2025-2026 shall be \$3,105.89 per Acre.

On each July 1, commencing July 1, 2026, the Maximum Special Tax B for Approved Property for the prior Fiscal Year shall be increased by the greater of: (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or (ii) three percent (3%).

3. Undeveloped Property

No Special Tax B shall be levied on Undeveloped Property.

SECTION G
METHOD OF APPORTIONMENT OF THE SPECIAL TAX B

Commencing Fiscal Year 2026-2027 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement.

Step Two: If additional moneys are needed to satisfy the Special Tax B after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

SECTION H PREPAYMENT OF SPECIAL TAX B

Special Tax B cannot be prepaid.

SECTION I TERMINATION OF SPECIAL TAX A AND SPECIAL TAX B

The Special Tax A shall be levied as long as needed to meet the Special Tax A Requirement as determined at the sole discretion of the City Council. The Special Tax B shall be levied as long as needed to meet the Special Tax B Requirement as determined at the sole discretion of the City Council.

SECTION J EXEMPT PROPERTY

The City shall classify as Exempt Property: (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, (iv) Assessors Parcel's classified as Affordable Housing Property or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage as defined in Section A above. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage will continue to be classified as Taxable Property and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Special Tax A or Special Tax B is not correct may file a written notice of appeal with the Administrator not later than twelve (12) months after having paid the first installment of the Special Tax A or Special Tax B that is disputed. A representative(s) of CFD No. 2025-2 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 A or Special Tax B, and rule on the appeal. If the representative's decision requires that the Special Tax A or Special Tax B for an Assessor's Parcel be modified or changed in favor of the property owner, the representative shall take any of the following actions, in order of priority, to correct the error:

- (i) if possible, amend the Special Tax levy on the property owner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date;
- (ii) require CFD No. 2025-2 to reimburse the property owner for the amount of the overpayment to the extent of available CFD No. 2025-2 funds; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes on the property owner's Assessor's Parcel(s) in the amount of the overpayment.

SECTION L MANNER OF COLLECTION

The Special Tax A or Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 2025-2 may collect Special Tax A and Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

SECTION M INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.