

\$ _____
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024

BOND PURCHASE AGREEMENT

_____, 2024

City of Lake Elsinore
Community Facilities District No. 2006-4
(Rosetta Hills)
130 South Main Street
Lake Elsinore, California 92530

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “**Underwriter**”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with City of Lake Elsinore Community Facilities District No. 2006-4 (Rosetta Hills) (the “**Community Facilities District**”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Bond Indenture, dated as of January 1, 2024 (the “**Indenture**”), by and between the Community Facilities District and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: (i) the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$_____ aggregate principal amount of the City of Lake Elsinore Community Facilities District No. 2006-4 (Rosetta Hills) Special Tax Bonds, Series 2024 (the “**Bonds**”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof, less a net original issue discount of \$_____ and less an Underwriter’s discount of \$_____).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the

public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 2 hereof, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Taxes as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “**Community Facilities District Act**”). The issuance of the Bonds has been duly authorized by the City Council of the City of Lake Elsinore (the “**City**”), as the legislative body for the Community Facilities District, pursuant to a resolution (the “**Community Facilities District Resolution of Issuance**”) adopted on December __, 2023.

The net proceeds of the Bonds will be used to: (i) finance certain public improvements needed with respect to the development of property located within the Community Facilities District, including public improvements to be owned by the City and water and sewer facilities to be owned and operated by the Elsinore Valley Municipal Water District; (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance for the Bonds.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from special taxes as provided in the Indenture (the “**Special Taxes**”).

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and not as the agent or fiduciary of the Community Facilities District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Community Facilities District with respect to (a) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Community Facilities District on other matters) or (b) any other obligations to the Community Facilities District with respect to the offering contemplated hereby, except the obligations expressly set forth in this Purchase Agreement or otherwise imposed by law, (iv) the Underwriter has financial interests that differ from those of the Community Facilities District and (v) the Community Facilities District has consulted with their own legal, financial and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District acknowledges and represents that it has engaged Urban Futures, Inc. as its municipal advisor (the “**Municipal Advisor**”).

(as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of Urban Futures, Inc. with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2024, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the **“Preliminary Official Statement.”** By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (including any supplements and/or amendments thereto, the **“Official Statement”**) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel (**“Bond Counsel”**), Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel (**“Disclosure Counsel”**), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Certificate executed by the Community Facilities District in connection with the Bonds (the **“Continuing Disclosure Certificate”**), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **“Rule”**), the Community Facilities District will undertake pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as Appendix F, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (**“DTC”**), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on _____, 2024 (the **“Closing Date”**), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the **“Closing”**). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent

communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or
2. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Community Facilities District when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that

maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representation set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

1. “public” means any person other than an underwriter or a related party;
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling

group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. “sale date” means the date of execution of this Purchase Agreement by all parties.

3. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the City that:

A. The City is duly organized and validly existing as a general law city under the Constitution and laws of the State of California and has duly authorized the formation of the Community Facilities District pursuant to resolutions duly adopted by the City Council (the “**Community Facilities District Formation Resolution**” and, together with the Community Facilities District Resolution of Issuance, the “**Community Facilities District Resolutions**”) and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolution, and has caused to be recorded in the real property records of the County of Riverside, notice of special tax lien, and any required amendments thereof (collectively, the “**Notice of Special Tax Lien**”) (the Community Facilities District Formation Resolution and Notice of Special Tax Lien being collectively referred to herein as the “**Formation Documents**”), and has duly adopted a Community Facilities District Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the Continuing Disclosure Certificate, this Purchase Agreement and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the “**Community Facilities District Documents.**”

B. The Community Facilities District and the City, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the City, if any, will not impair the ability of the Community Facilities District

and the City, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than information under the captions “PROPERTY OWNERSHIP AND THE DEVELOPMENT,” CONTINUING DISCLOSURE — Developer Continuing Disclosure and “UNDERWRITING,” Appendix D and Appendix H, information provided by KB Home Coastal Inc. (the “**Developer**”), the Appraiser and the Special Tax Consultant (as such terms are defined herein) and statements pertaining to the book entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. Except as described in the Preliminary Official Statement and Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the

performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Special Tax of the Community Facilities District, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Community Facilities District will covenant in the Indenture to levy the Special Taxes within the Community Facilities District in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Bonds when due and payable, all as provided in the Indenture.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Taxes, and in the moneys in the Special Tax Fund (other than the Administrative Expense Account) established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District’s knowledge, no entities with outstanding assessment liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the Special Taxes of the Community Facilities District referred to in paragraph (I) hereof.

K. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

L. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “**Action**”) pending (notice of which has been served on the Community Facilities District) or to the best knowledge of the Community Facilities District or the City threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery

of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

M. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

N. At or prior to the Closing the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix F to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the Community Facilities District has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

O. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement.

P. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

Q. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 3 with respect to the Community Facilities District are true as of the date hereof.

4. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date, and in reliance upon the representations and covenants of the Developer contained in the certificates delivered as of the Closing Date, and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions and the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Official Statement, the City shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the City hereunder.

C. At the Closing Date, except as described in the Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the inside cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof; or

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect; or

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

4. The introduction, proposal or enactment of any amendment to the Federal or California Constitution or any action by any Federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of

the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement; or

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City or Community Facilities District shall have occurred; or

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would

be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act; or

14. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Community Facilities District; or

15. The commencement of any Action.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolution, the Community Facilities District Documents and the Formation Documents, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions are true, correct and complete copies of the ones duly adopted by the City Council;

4. The Continuing Disclosure Certificate executed and delivered by an authorized officer the Community Facilities District;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, in substantially the form included as Appendix C to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute the legal, valid and binding obligations of the Community Facilities District and are enforceable in accordance with their terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iii) the information contained in the Official Statement on the cover and under the captions “THE BONDS” (other than the caption “Debt Service Schedule”), “SOURCES OF PAYMENT FOR THE BONDS,” “TAX EXEMPTION” AND “LEGAL OPINION” and in Appendices C and E to the Official Statement, are accurate insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, Bond Counsel’s final approving opinion, and the Community Facilities District Act.

7. The letter of Disclosure Counsel, dated the Closing Date and addressed to the Community Facilities District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Community Facilities District, the Special Tax Consultant and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to the City, or any information with respect to prior compliance by the Developer with continuing disclosure undertakings under the Rule or about DTC or the book-entry-only system);

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, and the Community Facilities District Documents at or prior to the Closing Date;

9. An opinion of the City Attorney dated the date of Closing and addressed to the Underwriter and the City, to the effect that:

(i) The City is a municipal corporation and general law city, duly organized and existing under the Constitution and laws of the State of California;

(ii) The Community Facilities District Resolutions have been duly adopted at meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iii) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the City and the Community Facilities

District Documents constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the Community Facilities District Documents, questions the right of the Community Facilities District to use Special Taxes levied within the Community Facilities District for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect the Special Taxes or pledge the Net Taxes levied within the Community Facilities District for the repayment of the Bonds;

10. A certificate dated the Closing Date from Kitty Siino & Associates, Inc. (the "**Appraiser**") to the effect that: (i) the statements in the Official Statement provided by the Appraiser and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) no events or occurrences have been ascertained by the Appraiser or have come to the Appraiser's attention that would materially change the opinion set forth in the Appraisal;

11. A certificate dated the Closing Date from Spicer Consulting Group, LLC to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Community Facilities District as of the Closing Date would generate at least 110% of the annual debt service payable with respect to the Bonds plus the Administrative Expenses Cap in each year, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by Spicer Consulting Group, LLC concerning Special Taxes in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

12. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

13. A certificate of the Trustee, dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture; (ii) the Trustee is duly authorized to execute and deliver the Indenture, to accept the obligations created by the Indenture and to authenticate the Bonds pursuant to the terms of the

Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

14. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that the Trustee is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, and that the Indenture has been duly authorized, executed and delivered by the Trustee, and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

15. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

16. An opinion of counsel to the Developer, dated the date of the Closing, addressed to the Underwriter and the Community Facilities District, in form and substance acceptable to the Underwriter and Bond Counsel;

17. A Letter of Representations from the Developer, dated the date of printing the Preliminary Official Statement, substantially in the form attached hereto as Exhibit B;

18. A Closing Certificate of the Developer, dated the date of the Closing, substantially in the form attached hereto as Exhibit C or as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel;

19. The Continuing Disclosure Certificate executed and delivered by the Developer in substantially the form attached as Appendix G to the Official Statement;

20. An opinion of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter; and

21. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities

District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

5. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay only from the proceeds of the Bonds, or any other legally available funds of the City, or the Community Facilities District, but only as the Community Facilities District and such other party providing such services may agree, all expenses and costs of the Community Facilities District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, rating agency fees and charges, initial fees of the Trustee, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the City, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the City's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees and disbursements of Underwriter's Counsel. Any meals in connection with or adjacent to meetings, rating agency presentations, pricing activities or other transaction-related activities shall be considered an expense of the transaction and included in the expense component of the Underwriter's discount.

6. Notices. Any notice of other communication to be given to the Community Facilities District or the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Lake Elsinore, 130 South Main Street, Lake Elsinore, California 92530, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2121 Avenue of the Stars, Ste. 2150, Los Angeles, California 90067, Attention: Public Finance Department.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such

investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Its: Authorized Officer

The foregoing is hereby agreed to and accepted as of the date first above written:

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT
NO. 2006-4 (ROSETTA HILLS)**

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

EXHIBIT A

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024**

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering-Price Rule
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
20__ ^(T)							
20__ ^(T)							
20__ ^(T)							
20__ ^(T)							

^(T) Term Bond.

^(C) Priced to optional call at [par] on September 1, 20__.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024**

LETTER OF REPRESENTATIONS OF KB HOME COASTAL INC.

[POS Date]

City of Lake Elsinore
Community Facilities District No. 2006-4 (Rosetta Hills)
130 South Main Street
Lake Elsinore, California 92530

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to City of Lake Elsinore Community Facilities District No. 2006-4 (Rosetta Hills) Special Tax Bonds, Series 2024 (the “Bonds”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “Bond Purchase Agreement”). This Letter of Representations of KB Home Coastal Inc. (the “Letter of Representations”) is delivered pursuant to and in satisfaction of Section 4(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of KB Home Coastal Inc., a California corporation (the “Developer”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing and in good standing under the laws of the State of California, and has all requisite corporate right, power and authority: (i) to execute and deliver this Letter of Representations; (ii) to execute and deliver the Developer Continuing Disclosure Certificate to be executed by the Developer prior to the Closing (the “Continuing Disclosure Certificate”), and (iii) to undertake all of the transactions on its part described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the City of Lake Elsinore Community Facilities District No. 2006-4 (Rosetta Hills) (the “Community Facilities District”) is held in the name of the Developer (herein, the “Property”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all such Property. Except as otherwise described in the Preliminary Official Statement, the Developer is and the Developer’s current expectations are that the Developer shall remain the party

responsible for the development of the Property. The Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer's development plan as are entered into in the ordinary course of business.

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, or public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned, is pending against any current Relevant Entity (with proper service of process to such Relevant Entity having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Relevant Entity (a) to restrain or enjoin the collection of Special Taxes or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the Reserve Account of the Special Tax Fund established under the Indenture), (b) to restrain or enjoin the development of the Property as described in the Preliminary Official Statement, (c) in any way contesting or affecting the validity of the Special Taxes or the Continuing Disclosure Certificate, (d) to restrain or enjoin the execution of and performance by the Developer of its obligations under the Continuing Disclosure Certificate, or (e) which, if successful, is reasonably likely to materially and adversely affect the Developer's ability to complete the development and sale of the Property as described in the Preliminary Official Statement or to pay the Special Taxes levied against the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Relevant Entities, ownership of the Property, the Developer's development plan and financing plan for the Property, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or financing plan for the Property, loans of such Relevant Entities) as set forth under the sections of the Preliminary Official Statement captioned "PROPERTY OWNERSHIP AND THE DEVELOPMENT" and "CONTINUING DISCLOSURE – Developer Continuing Disclosure" (excluding therefrom in all cases information regarding the Appraisal Report, market value ratios and annual special tax ratios, and information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Relevant Entities, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Relevant Entities is currently in material default on any loans, lines of credit or other obligation to repay borrowed money related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes levied against the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified

as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Relevant Entities which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer and its Relevant Entities in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Indenture, the Continuing Disclosure Certificate or any other agreements among the Developer, any Relevant Entity, the City and/or the Community Facilities District or to which the Developer or a Relevant Entity is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities District Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. To the Actual Knowledge of the Undersigned, Relevant Entities of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Relevant Entity of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Relevant Entities of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

12. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer has been delinquent at one time or another in the payment of *ad valorem* property taxes, special taxes or special assessments. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Relevant Entity has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property in California owned by the Developer or any such Relevant Entity (during the period of their ownership) included within the boundaries of a community facilities district or an assessment district in California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or Relevant Entity by a court filing.

13. The Developer has not filed for the reassessment of the assessed value of portions of the Property, other than in connection with the sale of homes to individual homebuyers.

14. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Relevant Entities or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes levied against the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

15. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have sufficient funds to complete the development of the Property as described in the Preliminary Official Statement and to pay the Special Taxes levied against the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Account of the Special Tax Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Taxes. However, neither the Developer nor any of its Relevant Entities are obligated to pay the Special Taxes or to make any additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its respective development plan and financing plan for the Property at any time without notice, and there is no recourse against the Developer for the failure to pay the Special Taxes other than the filing of a foreclosure action.

16. An appraisal of the taxable properties within the Community Facilities District, dated _____, 2023 (the "**Appraisal Report**"), with a date of value of October 23, 2023 (the "**Date of Value**"), was prepared by Kitty Siino & Associates, Inc. (the "**Appraiser**"). The Appraisal Report estimates the market value of the appraised taxable properties within the Community Facilities District as of the Date of Value. To Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit B attached hereto, was true and correct in all material respects as of the Date of Value and Updated Date of Value, as applicable.

17. Solely as to the limited information described in paragraph 4 above (and subject to the limitations and exclusions contained in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City and the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an “**Indemnified Party**” and, collectively, the “**Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense reasonably incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact by the Developer or the omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of the dates indicated in the Preliminary Official Statement, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are in conflict with those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or

judgment. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding as to which the Developer has an obligation to indemnify such Indemnified Party and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

18. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Relevant Entities, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Relevant Entities) shall occur of which the Developer has actual knowledge which would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 4 hereof (and subject to the limitations and exclusions contained in Paragraph 4), to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Developer shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

19. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit A.

20. On behalf of the Developer, the undersigned has reviewed the contents of this Letter of Representations and has consulted with counsel to the Developer regarding the meaning of its contents. The undersigned acknowledges and understands that a variety of state and federal securities laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

The undersigned has executed this Letter of Representations solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer subject to the limitations and procedures set forth above.

**KB HOME COASTAL INC., a California
corporation**

By:_____

Name:_____

Its:_____

[EXECUTION PAGE OF LETTER OF REPRESENTATIONS OF
KB HOME COASTAL INC.]

EXHIBIT C

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024**

CLOSING CERTIFICATE – KB HOME COASTAL INC.

[Closing Date]

City of Lake Elsinore
Community Facilities District No. 2006-4 (Rosetta Hills)
130 South Main Street
Lake Elsinore, California 92530

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “**Bonds**”) and to the Bond Purchase Agreement, dated [BPA Date] (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of KB Home Coastal Inc. (the “**Closing Certificate**”) is delivered by KB Home Coastal Inc., a California corporation (the “**Developer**”) pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of KB Home Coastal Inc. (the “**Letter of Representations**”), dated [POS Date], delivered by the Developer.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement relating to the Bonds, dated [BPA Date] (the “**Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the final Official Statement.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in the sections of the Preliminary Official Statement indicated in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Relevant Entities, ownership of the Property, the Developer’s

development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Relevant Entities), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the "**End of the Underwriting Period**" as defined in the Bond Purchase Agreement to mean the Closing Date unless the Underwriter gives written notice to the Developer to the contrary, if any event relating to or affecting the Developer, its Relevant Entities, ownership of the Property, the Developer's development plan and financing plan for the Property, the Developer's lenders, if any, and contractual arrangements of the Developer or any Relevant Entities (including, if material to the Developer's development plan or the Developer's financing plan, loans of such Relevant Entities) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the Official Statement, in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

4. The Developer has duly executed and delivered the Continuing Disclosure Certificate.

The undersigned has executed this Closing Certificate solely in his or her capacity as an authorized officer or representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

KB HOME COASTAL INC., a California corporation

By: _____

Name: _____

Its: _____

[EXECUTION PAGE OF CLOSING CERTIFICATE OF KB HOME COASTAL INC.]

EXHIBIT B

**CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024**

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT D

**§ _____
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-4 (ROSETTA HILLS)
SPECIAL TAX BONDS, SERIES 2024**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Issuer* means the City of Lake Elsinore Community Facilities District No. 2006-4 (Rosetta Hills).

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form

8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By:_____

Name:_____

By:_____

Name:_____

Dated: [Closing Date]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(To be attached)