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ASSIGNMENT, ASSUMPTION, AND AMENDING AGREEMENT

Relating to:

IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 2022-1N OF THE CITY OF EL PASO DE ROBLES

THIS ASSIGNMENT, ASSUMPTION, AND AMENDING AGREEMENT (this "**Assignment**"), dated as of _____, 2024, is by and among the City of El Paso De Robles, a charter city and municipal organization organized and operating under the laws of the State of California (the "**City**"), Olsen Ranch 212, LLC, a California limited liability company (the "**Master Developer**"), K. Hovnanian Communities, Inc. a California corporation ("**KHOV**"), and Brookfield Holdings (Mirabella) LLC, a Delaware limited liability company (the "**Land Bank**"), with respect only to (i) the property in Improvement Area No. 2 (as defined below (the "**Property**") and (ii) the Authorized Fees identified in Appendix A attached hereto ("**Authorized Fees**"). Each of the City, the Master Developer, KHOV, and the Land Bank may be referred to herein as a "**Party**" or, collectively, as the "**Parties**."

RECITALS

A. The City Council of the City has established the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities) (the "**CFD**") under the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Act**") for the financing of certain facilities (the "**Facilities**"), and the Authorized Fees. The CFD consists of several improvement areas, including Improvement Area No. 2 ("**Improvement Area No. 2**").

B. The CFD, and each Improvement Area therein, was created to assist in financing the Facilities and the Authorized Fees required to be constructed or paid as a condition of developing the Olsen Ranch project (the "**Project**").

C. The Master Developer was under contract (the "**PSA**") with KHOV for the sale of the Property. Prior to the closing, the PSA was assigned by KHOV to the Land Bank. On August 2, 2024, the Master Developer conveyed the Property to the Land Bank.

D. KHOV and the Land Bank entered into the Option Agreement (Mirabella), dated August 2, 2024 (the "**Option Agreement**"), whereby KHOV has the option, but not the obligation, to acquire subdivided lots of the Property from the Land Bank pursuant to a takedown schedule.

E. As used in this Assignment, (i) during the term of the Option Agreement, the term "**Builder**" shall mean exclusively KHOV, regardless of whether any portion of the Property is owned by the Land Bank; and (ii) if the Option Agreement is terminated prior to the conveyance of all of the Property to KHOV, the term "**Builder**" shall mean (A) KHOV with respect to the portion of the Property owned by KHOV, (B) the Land Bank with respect to the portion of the Property owned by the Land Bank, and (C) if the Land Bank enters into an agreement for the sale of any part of the Property to a replacement builder ("**Replacement Builder**") and the Land Bank assigns

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the Assigned Rights and Assigned Obligations to such Replacement Builder and the Replacement Builder has assumed such Assigned Rights and Assigned Obligations, the Replacement Builder with respect to the portion of the Property subject to the agreement with the Land Bank and/or owned by such Replacement Builder.

F. KHOV and the Land Bank also entered into the Construction Agreement, dated August 2, 2024 (the “**Construction Agreement**” and together with the Option Agreement, the “**Land Bank Documents**”), whereby KHOV will, for a fee, develop the Property into finished lots so that they may be conveyed to KHOV pursuant to the Option Agreement.

G. Pursuant to the Construction Agreement, KHOV intends to develop the Property, including the payment of that portion of the Authorized Fees identified in Appendix A (the “**Builder Authorized Fees**”). Neither KHOV nor the Land Bank intends to construct any of the Facilities that may be financed by the CFD.

H. The CFD will be authorized to levy special taxes upon the Property pursuant to the Amended and Restated Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 (the “**IA No. 2 RMA**”).

I. The Master Developer previously entered into the Funding and Acquisition Agreement dated as of October 1, 2022, by and between the City and the Master Developer (the “**Funding and Acquisition Agreement**”). The Funding and Acquisition Agreement sets forth the conditions for the financing of authorized Facilities and Authorized Fees from the proceeds of bonds (“**Bonds**”) issued for the CFD or any Improvement Area, including Improvement Area No. 2 (the “**IA No. 2 Bonds**”). The Funding and Acquisition Agreement may be assigned to a builder of a planning area within the Project.

J. The Master Developer desires to assign the Assigned Rights (as defined in Section 1 below) and the Assigned Obligations (as defined in Section 6 below).

K. KHOV and the Land Bank desire to assume the Assigned Rights and the Assigned Obligations, as set forth herein.

L. The Parties have agreed to clarify and amend certain provisions of the Funding and Acquisition Agreement as it relates to Improvement Area No. 2 only, and this Assignment contains such amendments herein.

M. Capitalized terms used in this Assignment that are not otherwise defined shall have the meanings ascribed to such terms in the Funding and Acquisition Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto hereby agree as follows:

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AGREEMENTS

Section 1: Assignment. The Master Developer hereby assigns to Builder all of the Master Developer's rights and benefits in and under the Funding and Acquisition Agreement arising or accruing solely from the payment and reimbursement of the Builder Authorized Fees from the proceeds of the IA No. 2 Bonds, and the return of applicable Deposits (as defined in the Funding and Acquisition Agreement) by the City (collectively, the "**Assigned Rights**") and the Assigned Obligations. The Parties understand and agree that except for the Assigned Rights and the Assigned Obligations, this Assignment shall not apply to any other Facilities or Authorized Fees that may be constructed or paid in connection with the development of any other property in the Project.

Section 2: Assumption. The Builder hereby assumes the Assigned Rights and the Assigned Obligations only.

Section 3: IA No. 2 Bonds.

(a) The Builder acknowledges and agrees that (i) pursuant to this Assignment, Builder may submit for credit toward or reimbursement from, as applicable, the proceeds of the IA No. 2 Bonds to finance the Builder Authorized Fees, (ii) the proceeds of Bonds from any improvement area other than Improvement Area No. 2 in the CFD (whether in existence today or as created in the future) or derived from any property identified as Future Annexation Area of the CFD (herein the "**Non-IA No. 2 Sources**") are not available to finance the Builder Authorized Fees unless the Master Developer and the Builder have entered into a separate assignment of the Funding and Acquisition Agreement regarding such Non-IA No. 2 Sources, and (iii) the Builder must comply with the provisions of the Funding and Acquisition Agreement in order for the Builder Authorized Fees to be eligible for financing from the proceeds of the IA No. 2 Bonds.

(b) Master Developer and Builder acknowledge and agree that the net proceeds (i.e., after excluding administrative costs, costs of issuance, capitalized interest, and reserve fund amounts) from all series of IA No. 2 Bonds (herein, the "**Net IA No. 2 Proceeds**") shall be allocated to, or for the benefit of, the Builder (the total allocations to Builder to be referred to herein as "**Builder's Proceeds**") and to Master Developer (the total allocations to, or for the benefit of, Master Developer to be referred to herein as "**Master Developer's Proceeds**") as follows: first, to Master Developer, the amount of the Net IA No. 2 Proceeds from any series of IA No. 2 Bonds up to the cumulative maximum amount across all issues of IA No. 2 Bonds of \$6,592,905 for the purchase of City Acquisition Facilities; second, to Builder, out of the Net IA No. 2 Proceeds from any series of IA No. 2 Bonds the cumulative amount (across all issues of IA No. 2 Bonds) necessary to return the Deposits for, and prepay all of, the Builder Authorized Fees at the then-applicable per unit rates; and, third, any additional Net IA No. 2 Proceeds of the second or later series of Bonds shall be allocated to Master Developer for the purchase of City Acquisition Facilities.

Section 4: Amendments to the Funding and Acquisition Agreement. The following amendments are hereby made to the Funding and Acquisition Agreement, but only with respect to Improvement Area No. 2:

(a) Section 2 of the Funding and Acquisition Agreement is amended in full to read as follows:

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“Section 2. Payment of City Fees as Deposit. Any payment or deposit of City Fees before Special Taxes are received or proceeds of the IA No. 2 Bonds become available, including all City Fees paid prior to the execution of this Agreement, shall be held on deposit by the City in a separate account used exclusively for City Fees (the “**Deposit Account**”), and shall not be expended by the City, provided, however, earnings on the investment of funds in the Deposit Account shall be returned to the City. If any IA No. 2 Bonds have not been issued for a period of twenty-four (24) months from the date such City Fees are paid, then the City may use any funds remaining in the Deposit Account for its lawful purposes and such funds shall be deemed by the City as the payment of the Fees for the applicable parcels of the Property for which payment was made, provided, however, if the proceeds of IA No. 2 Bonds or special taxes become available subsequent to withdrawal by the City of amounts on deposit in the Deposit Account, the City shall use such proceeds of IA No. 2 Bonds or special taxes to replenish amounts expended from the Deposit Account so that the full amount of the City Fees paid by the Builder and requested to be reimbursed to the Builder may be financed by the proceeds of IA No. 2 Bonds or special taxes regardless of whether the City has previously expended such amounts.

Immediately upon the City receiving sufficient proceeds of the IA No. 2 Bonds in accordance with this Agreement, the City shall return to the Builder the applicable funds held in the Deposit Account, including any amounts replenished thereto by the City pursuant to the preceding paragraph.

Within Improvement Area No. 2, City Fees financed by the proceeds of IA No. 2 Bonds shall be funded in the following order of priority:

First, to the return of Deposits in the amount requested by the Builder in a written request; and

Second, to the prepayment of City Fees for the lots requested by the Builder in a written request, with a credit being provided by the City to the City Fees so prepaid on such designated lots.

Upon receipt of a written request for the application of IA No. 2 Bond proceeds, the City shall, within the then current City financial accounting payment cycle but in any event within thirty (30) business days of receipt of the payment request, cause the same to be paid by the Fiscal Agent under the applicable provisions of the applicable Fiscal Agent Agreement, to the extent of funds then on deposit in the Improvement Fund. Within fifteen (15) business days after receiving IA No. 2 Bond proceeds, the City shall return the applicable Deposits to the Builder.”

(b) Section 6(b) of the Funding and Acquisition Agreement is amended in full to read as follows:

“(b) Improvement Area Bond Proceeds. The proceeds of all Bonds of each Improvement Area and CFD shall be allocated and disbursed according to the requirements of the applicable Fiscal Agent Agreement but otherwise according to the following priorities:

(1) first, to fund all costs of issuance of the Bonds including (i) a reserve fund for the Bonds which does not exceed the amount permitted under the Code or the Act, (ii) capitalized interest for at least the period required to collect sufficient Special Taxes

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through the annual levy, or such amount as the City shall determine pursuant to the Financing District Policy, and in consultation with the Master Developer, (iii) the underwriter's discount, (iv) the Reimbursable Expenses, and (v) bond counsel fees, disclosure counsel fees, financial advisor, appraisal and market absorption consultant fees, special tax consultant fees, fiscal agent or trustee fees and other typical and reasonable out-of-pocket expenses incurred by the City in connection with the issuance and sale of the Bonds;

(2) second, to reimburse, without interest, prior deposits paid by Master Developer to City pursuant to the Deposit Agreement and this Agreement related to formation of the CFDs and issuance of the Bonds; and

(3) third, as determined by the Master Developer and the Builder, to do one or both of the following in the priority determined by the Master Developer and the Builder: (A) to pay or reimburse the Master Developer, or merchant builder as designated prior to such issuance, the costs of the City Acquisition Facilities in the order requested by Master Developer but subject to the terms of this Agreement; and (B) as set forth in Section 2 herein, to pay or reimburse the Builder the costs of the City Construction Facilities paid previously that have not previously been reimbursed or to pay for City Construction Facilities that results in a prepayment of City Fees for designated parcels and provide a credit to the Builder for such City Fees on such designated parcels.”

(c) Section 11 of the Funding and Acquisition Agreement is hereby amended in full to read as follows:

“Section 11. Indemnification.

(a) Master Developer shall promptly defend, indemnify and hold harmless the City, its officers, employees and agents, and each and every one of them, and the CFDs from any and all claims, actions, liability, damages, losses, expenses and costs arising out of Master Developer's performance of, or failure to perform, its duties hereunder or by reason of, or arising out of, this Agreement; provided, however, nothing herein shall impose any liability on Master Developer with respect to any Public Facility constructed by Master Developer following the expiration of the one (1) year period after acceptancy of any such Public Facility.

(b) Builder shall promptly defend, indemnify and hold harmless the City, its officers, employees and agents, and each and every one of them, and the CFD from any and all claims, actions, liability, damages, losses, expenses and costs arising out of Builder's performance of, or failure to perform, its duties hereunder or by reason of, or arising out of, the portion of this Agreement assigned to Builder.

(c) Under no circumstances shall there be any joint and several liability between KHOV and the Land Bank, KHOV shall not be obligated to indemnify any party for the failure of the Land Bank under this Agreement, and the Land Bank shall not be obligated to indemnify any party for the failure of KHOV under this Agreement.

(d) Under no circumstances shall there be any joint and several liability between the Builder and the Master Developer, the Builder shall not be obligated to indemnify any party for the failure of the Master Developer under this Agreement, and the Master

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Developer shall not be obligated to indemnify any party for the failure of the Builder under this Agreement.”

(d) Section 13(G) of the Funding and Acquisition Agreement is hereby amended in full to read as follows:

“G. Continuing Disclosure. Builder agrees to comply with all of its obligations under any continuing disclosure agreement executed by it in connection with the offering and sale of any of the IA No. 2 Bonds. Builder shall cooperate with underwriter for the Bonds in complying with the requirements of Rule 15c2-12 of the Securities and Exchange Commission in connection with the issuance and sale of the IA No. 2 Bonds. Builder shall provide information to the City regarding its operations and financial condition as such information has been disclosed in the Official Statement. The City, in consultation with the underwriter of the IA No. 2 Bonds, may determine that some or all of such financial information will be included in the preliminary official statement and the final official statement for the IA No. 2 Bonds. For Improvement Area No. 2, if IA No. 2 Bonds are issued and the Builder owns property within Improvement Area No. 2 responsible for more than 20% of the Special Taxes levied in such fiscal year or a specific number of lots that equates to 20% of the Special Taxes (herein, a “**Major Developer**”), then Builder shall enter into a continuing disclosure undertaking, at the time of and in connection with the issuance and sale of the IA No. 2 Bonds, and that so long as it remains a Major Developer it will semi-annually, at the time specified in such undertaking, provide information regarding the status of development and residential and land sale activity within Improvement Area No. 2, within the semi-annual reports which Builder, or a dissemination agent that may be designated in such undertaking, will file with the repository which is identified by the Securities and Exchange Commission and any state information repository that may be designated for the State of California, as required by that rule. Copies of all such reports shall also be provided to the City and the underwriter of the IA No. 2 Bonds. Builder further acknowledges that it will be a Major Developer as long as it owns property within Improvement Area No. 2 that is responsible for the payment of annual Special Taxes which represent 20% or more of the annual debt service on the Bonds for Improvement Area No. 2 or a specific number of lots that equates to 20% of the Special Taxes. If Builder sells any portion of property within Improvement Area No. 2 to an entity and such entity will be a Major Developer, Builder shall require such entity to assume the continuing disclosure obligations of the Builder with respect to the property acquired by the entity (if IA No. 2 Bonds have already been issued or to enter into a continuing disclosure undertaking as provided in this section (if IA No. 2 Bonds have not yet been issued). Notwithstanding the foregoing, if at the time the IA No. 2 Bonds are issued the Option Agreement with the Land Bank remains outstanding, then only KHOV shall be a party to the continuing disclosure obligation, but the continuing disclosure obligation shall provide that if the Option Agreement is terminated, then the Land Bank shall assume the continuing disclosure obligation with respect to the property owned by the Land Bank so long as the property owned by the Land Bank is responsible for greater than 20% of the annual debt service on the Bonds for Improvement Area No. 2 (or the specific lot equivalent).”

(e) Section 18 of the Funding and Acquisition Agreement is hereby terminated in full and replaced with “[Reserved].”

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Section 5. Specific Provisions Not Assigned or Assumed. Except for the Assigned Rights and the Assigned Obligations, neither KHOV nor the Land Bank shall be bound in any way by any of the duties and obligations of the Master Developer in the Funding and Acquisition Agreement, including but not limited to, the following:

(i) Section 4 of the Funding and Acquisition Agreement. All advances associated with the issuance of the IA No. 2 Bonds will be paid by the Master Developer, unless otherwise agreed to by KHOV and the Master Developer.

(ii) Section 8 of the Funding and Acquisition Agreement.

(iii) Section 9 of the Funding and Acquisition Agreement.

(iv) Section 10 of the Funding and Acquisition Agreement.

Section 6. Specific Provisions. The Builder shall be bound in every way by all of the duties and obligations of the Master Developer in the Funding and Acquisition Agreement with respect to the Builder Authorized Fees, including, but not limited to, the following (collectively, the **Assigned Obligations**):

(i) The Builder shall provide the Letter of Credit (as defined in Section 17 of the Funding and Acquisition Agreement) if requested by the City in connection with the issuance of the IA No. 2 Bonds. Notwithstanding the foregoing, if at the time the IA No. 2 Bonds are issued the Option Agreement with the Land Bank remains outstanding, then only KHOV shall be required to post the Letter of Credit, but if the Option Agreement is terminated after KHOV posts a Letter of Credit, then the Land Bank shall promptly cause a Replacement Builder (who has been assigned and assumed the Assigned Rights and Assigned Obligations) to provide, a substitute Letter of Credit with respect to the property owned by the Land Bank (so that the Letter of Credit of KHOV is with respect only to the property it owns at that time).

(ii) The Builder shall be responsible to pay attorney's fees, expert witness fees, court costs and other costs incurred by the prevailing party in prosecuting or defending such action or proceeding to the extent the Builder is named in any action or suit, as set forth in Section 22 of the Funding and Acquisition Agreement, but shall have no liability whatsoever for any attorney's fees, expert witness fees, court costs and other costs in connection with any action for which the Builder is not named.

(iii) The Builder shall be responsible to provide notices and maintain the records pursuant to Section 16 of the Funding and Acquisition Agreement with respect to the sale of any of the Property.

Section 7: Release of the Master Developer; Release of the Land Bank. The Master Developer is released from any of the duties and obligations under the Funding and Acquisition Agreement with respect to the Assigned Rights and Assigned Obligations. At the time that the Land Bank no longer owns any portion of the Property, the Land Bank shall be automatically released from any of the duties, liabilities, and obligations under the Funding and Acquisition Agreement with respect to the Assigned Rights and the Assigned Obligations.

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Section 8: Remaining Obligations. To the extent not assigned and assumed by this Assignment, the Master Developer shall remain obligated under, and entitled to the benefits of, the Funding and Acquisition Agreement with respect to the remaining Facilities and Authorized Fees. Notwithstanding any provision to the contrary in the Funding and Acquisition Agreement, only the Builder shall request the issuance of the IA No. 2 Bonds from the City.

Section 9: Notices. Any notice, payment or instrument required or permitted by this Assignment or by the Funding and Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered or one week following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

Master Developer: Olsen Ranch 212, LLC
629 Dufranc Avenue
Sebastopol, CA 95472
Attention: Kelly Olauson
Telephone: (562) 883-2465
Email: kelly@kellyolauson.com

With a copy to: Danny Brose
31103 Rancho Viejo Road, #535
San Juan Capistrano, CA 92675
Telephone: (949) 874-7474
Email: Dannybrose@live.com

With a copy to: Randall Coffee & Humphrey LLP
3200 Park Center Drive, Suite 950
Costa Mesa, CA 92626
Attention: Timothy L. Randall, Esq.
Telephone: (949) 757-1600
Email: trandall@sr-firm.com

KHOV: K. Hovnanian Homes
1260 Corona Pointe Court, Suite 301
Corona, California 92879
Attention: Adrian Peters
Telephone: (951) 751-5460
Email: apeters@khov.com

With a copy to: K. Hovnanian Homes
8800 East Raintree Drive, Suite 300
Scottsdale, Arizona 85260
Attention: Chad Fuller
Telephone: 480-824-4200
Facsimile: 480-824-4191
Email: cfuller@khov.com

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With a copy to: K. Hovnanian California Region, Inc.
90 Matawan Road, 5th Floor
Matawan, New Jersey 07747
Attn: Peter Rinaldi
Telephone No.: (732) 383-2795
Email: prinaldi@khov.com

With a copy to: K. Hovnanian Homes
1260 Corona Pointe Court, Suite 301
Corona, California 92879
Attention: Michelle Nguyen
Telephone: (714) 368-4506
Email: mnguyen@khov.com

City: City of El Paso de Robles

Land Bank: Brookfield Holdings (Mirabella) LLC
250 Vesey Street, 15th Floor
New York, New York 10281
Attention: Andrew Brausa
Telephone No.: (212) 301-2393
Email: _____

And Biskind, Hunt & Semro, PLC
8901 East Pima Center Parkway, Suite 225
Scottsdale, Arizona 85258
Attn: Geoffrey D. Semro, Esq.
Telephone No.: (602) 955-4433
Email: _____

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

Section 10: Severability. If any part of this Assignment is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Assignment shall be given effect to the fullest extent reasonably possible.

Section 11: Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors and approved assigns of the Parties hereto. Any assignment of this Assignment shall be delivered to the City. None of the Master Developer, KHOV, or the Land Bank may assign this Assignment or the Funding and Acquisition Agreement with respect to Improvement Area No. 2 without the written consent of the other Parties.

Section 12: Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Assignment by the other Parties, or the failure by a Party to exercise

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its rights upon the default of the other Parties, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Parties with the terms of this Assignment thereafter.

Section 13: Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original.

Section 14: Amendments. Amendments to this Assignment shall be made only by written instrument executed by each of the Parties hereto.

Section 15: Governing Law. The provisions of this Assignment shall be governed by the laws of the State of California applicable to contracts made and performed in the State of California.

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IN WITNESS WHEREOF, the Parties have executed this Assignment as of the day and year first-above written.

"MASTER DEVELOPER":

OLSEN RANCH 212, LLC,
a California limited liability company

By: _____
Name: Danny Brose
Title: Manager

By: _____
Name: Kelly Olauson
Title: Manager

By: _____
Name: Gary Hamro
Title: Manager

"BUILDER":

K. HOVNANIAN COMMUNITIES, INC.,
a California corporation

By: _____
Name: Rhonda Brown
Title: Division Controller

CITY OF EL PASO DE ROBLES

ATTEST:

BROOKFIELD HOLDINGS (MIRABELLA) LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

APPENDIX A

BUILDER AUTHORIZED FEES

<u>City Construction Facilities</u> ⁽¹⁾	<u>Per Unit</u>	<u>Estimated Total</u> ⁽¹⁾
Transportation	\$1,466	\$1,438,146
Park and Recreation Fees	\$227	\$222,687
Police	\$91	\$89,271
Fire	\$1,245	\$1,221,345
General Governmental	\$3,606	\$3,537,486
Library	\$1,163	\$1,140,903
Water Connection Fees (3/4" Meter)	\$19,066	\$18,703,746
Water Meter Installation Fee (3/4" Meter)	\$219	\$214,839
Wastewater Facility Fee	\$8,093	\$7,939,233
Total Estimated DIF ⁽¹⁾	\$35,176	\$34,507,656

(1) The City development impact fees required to be paid are subject to the provisions of the Development Agreement and, as such, the amounts above are preliminary and subject to change. The actual amount of the development impact fees or any other fee paid for capital improvements are eligible to be financed with the proceeds of the IA No. 2 Bonds.