
FIRST SUPPLEMENT TO BOND INDENTURE

Between

**COMMUNITY FACILITIES DISTRICT NO. 2016-2
OF THE CITY OF LAKE ELSINORE (CANYON HILLS)**

And

**WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee**

**\$19,745,000
COMMUNITY FACILITIES DISTRICT NO. 2016-2 OF THE
CITY OF LAKE ELSINORE (CANYON HILLS)
SPECIAL TAX BONDS, SERIES 2018**

Dated as of May 1, 2022

FIRST SUPPLEMENT TO BOND INDENTURE

THIS FIRST SUPPLEMENT TO BOND INDENTURE dated as of May 1, 2022 (the “First Supplement”), supplements and amends the Bond Indenture dated as of August 1, 2018 (the “Original Bond Indenture”), by and between COMMUNITY FACILITIES DISTRICT NO. 2016-2 OF THE CITY OF LAKE ELSINORE (CANYON HILLS) (the “District”) and WILMINGTON TRUST, NATIONAL ASSOCIATION (the “Trustee”), relating to the Community Facilities District No. 2016-2 of the City of Lake Elsinore (Canyon Hills) Special Tax Bonds, Series 2018, which were issued in accordance with the Original Bond Indenture. The Original Bond Indenture and this First Supplement are hereinafter collectively referred to as the “Bond Indenture.”

RECITALS:

WHEREAS, the City Council of the City of Lake Elsinore, located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”); and

WHEREAS, the District issued its Community Facilities District No. 2016-2 of the City of Lake Elsinore (Canyon Hills) Special Tax Bonds, Series 2018 (the “Bonds”) in the aggregate principal amount of \$19,745,000; and

WHEREAS, pursuant to Section 5.2 of the Original Bond Indenture, the District may issue or incur indebtedness payable from Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and any Parity Bonds;

WHEREAS, pursuant to Section 6.1 of the Original Bond Indenture, the District may, without notice to or consent of the Owners, enter into a Supplemental Indenture to amend the Original Bond Indenture in any respect which is not materially adverse to the Owners; and

WHEREAS, the District desires to amend the Original Bond Indenture as set forth in this First Supplement in connection with the issuance of the District’s Subordinate Special Tax Bonds, Series 2022 (the “Subordinate 2022 Bonds”); and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds and any Parity Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Original Bond Indenture provided that the following definitions are added to the Original Bond Indenture:

“Subordinate Bonds Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States, as trustee under the Subordinate Bonds Indenture, dated as of May 1, 2022, relating to the District’s Subordinate 2022 Bonds, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Subordinate Bonds Indenture.

“Subordinate Bonds Indenture” means the Bond Indenture, dated as of May 1, 2022, by and between the District and the Subordinate Bonds Trustee, together with any supplemental indenture approved pursuant to thereto.

ARTICLE II

AMENDMENT

Section 2.1. Amendment to Section 3.2(a) of the Original Bond Indenture. Section 3.2(a) of the Original Bond Indenture is hereby amended and restated in its entirety to read as follows:

“(a) Except for Prepayments, which shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) the Administrative Expense Account of the Special Tax Fund up to the Administrative Expenses Cap;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expense Cap;
- (7) the Rebate Fund;
- (8) the Subordinate Bonds Trustee to be applied in accordance with the Subordinate Bonds Indenture; and
- (9) the Surplus Fund.”

Section 2.2. Amendment to Section 3.8 of the Original Bond Indenture. The first sentence of Section 3.8 of the Original Bond Indenture is hereby amended and restated in its entirety to read as follows:

“After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6, 3.7 and 3.11 hereof, as soon as practicable after each September 1, the Trustee shall transfer all remaining amounts in the

Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof.”

Section 2.3. Addition of Section 3.11 to the Original Bond Indenture. The Original Bond Indenture is hereby amended to add the following provision as Section 3.11 thereof:

“**Section 3.11. Transfer to Subordinate Bonds Trustee.** After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, the Trustee shall transfer the remaining amounts in the Special Tax Fund to the Subordinate Bonds Trustee to be applied in accordance with the Subordinate Bonds Indenture.

ARTICLE III

MISCELLANEOUS

Section 3.1. Provisions of Bond Indenture in Effect. Except as expressly modified herein, all of the provisions of the Original Bond Indenture shall remain in full force and effect.

Section 3.2. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this First Supplement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this First Supplement. The District hereby declares that it would have entered into this First Supplement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplement may be held illegal, invalid or unenforceable.

Section 3.3. Execution in Counterparts. This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.4. Governing Law. This First Supplement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

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IN WITNESS WHEREOF, COMMUNITY FACILITIES DISTRICT NO. 2016-2 OF THE CITY OF LAKE ELSINORE (CANYON HILLS) has caused this First Supplement to Bond Indenture to be signed by an Authorized Representative of the District and Wilmington Trust, National Association in token of its acceptance of the trust created hereunder, has caused this First Supplement to Bond Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 2016-2
OF THE CITY OF LAKE ELSINORE (CANYON
HILLS)

By: _____
Mayor of the City of Lake Elsinore, acting as the
legislative body of Community Facilities District
No. 2016-2 of the City of Lake Elsinore (Canyon
Hills)

ATTEST:

City Clerk of the City of Lake Elsinore,
acting as the legislative body of
Community Facilities District No. 2016-2
of the City of Lake Elsinore (Canyon Hills)

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory