

**CONSENT TO PARTIAL ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT  
AGREEMENT**

TO: SDC Fairway Canyon, LLC ("**Seller**")  
c/o Argent Management  
2392 Morse Avenue  
Irvine, CA 92614  
Attn: Rob Starkman; Dale Strickland

AND TO: Meritage Homes of California, Inc. ("**Buyer**")  
5 Peter's Canyon, Suite 310  
Irvine, California 92606  
Attn: Raphael Dibianco and Timothy Huynh

FROM: City of Beaumont ("**City**")  
550 E. Sixth Street  
Beaumont, California 92223

RE: Development Agreement between City and LB/L – Suncal Oak Valley LLC, a Delaware Limited Liability Company, and its successors and assigns ("**Developer**"), dated November 18, 2003, and recorded at Document No. 2003-977700, Official Records of Riverside County, California, and re-recorded on February 26, 2004, as Instrument No. 2004-0131329, as amended by the Administrative Amendment No. 1 to the Development Agreement recorded in the Official Records of the County on July 15, 2020, as Instrument No. 2020-0309850 (the "**Development Agreement**"), relating to the development of that certain real property commonly known as the Fairway Canyon Project (the "**Project**"), located in the City, County of Riverside, State of California.

Seller and Buyer have entered into a Purchase and Sale Agreement and Escrow Instructions, dated April 29, 2021 (the "**Purchase Agreement**"), pursuant to which Seller will sell to Buyer, and Buyer will purchase from Seller, a portion of the Project which is more particularly described on Exhibit A attached hereto and incorporated herein (the "**Property**").

In connection with the transfer of fee title the Property to Buyer, Seller will assign to Buyer all of the rights, interests, duties and obligations under the Development Agreement, as such rights, interests, duties and obligations relate to the Property, pursuant to a Partial Assignment and Assumption of Development Agreement, the form of which is attached hereto as Exhibit B (the "**Partial Assignment**").

- a. Pursuant to Section 20.1 and 20.2 of the Development Agreement, the City hereby consents to Seller making the assignment to the Buyer under the Partial Assignment provided the same is executed and recorded with the Riverside County Recorder no later than October

21, 2021; and provided further that such consent is explicitly contingent upon Buyer agreeing to participate in the formation of a community facilities district over the Property (the "CFD") to pay for the increased costs of services incurred by the City in connection with the proposed development of the Property. The types of services that are proposed to be provided by the CFD and funded with the proceeds of special taxes levied by the CFD consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, police and fire protection, ambulance and paramedic services (collectively, "Public Safety Services"), street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems (collectively, "Maintenance Services"). The maximum special tax to fund the costs of Public Safety Services shall not exceed \$485.10 per home as of the 2020/2021 fiscal year. Such special tax shall escalate annually by the greater of (i) 5% or (ii) the consumer price index used by City in connection with special tax increases for other CFDs in the City which fund Public Safety Services. All of the services to be financed are in addition to those provided within the boundaries of CFD before the CFD is created, and shall not supplant services already available within that territory when the CFD is created. Buyer agrees to cooperate with the City in the formation of the CFD and pay for the City's costs of forming the CFD. The maximum special tax for Maintenance Services and Contingent Maintenance Services (if needed) and any annual escalator for each such maximum special tax(es) shall be calculated and determined by the City at the time of the formation of the CFD consistent with the City's recent practices of forming CFDs to fund Maintenance Services.

**If** after October 21, 2021, the Partial Assignment has not been fully executed and this consent has not been recorded, this consent shall be null and void and of no force or effect and a new consent to assignment shall be obtained by Assignor and Assignee. Notwithstanding the forgoing, it is understood and agreed that the City is not a party to such Partial Assignment or the Purchase Agreement and the terms of the Purchase Agreement and the Partial Assignment shall not be binding on the City.

Assignor, Assignee and City shall execute that certain Fairway Canyon Park Agreement dated September \_\_\_\_, 2021 prior to the execution of this Assignment.

This Consent to Partial Assignment of Development Agreement shall be governed by the laws of the State of California, without regard to conflict of law principles.

IN WITNESS WHEREOF, the undersigned has executed this Consent to Partial Assignment of Development Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**CITY OF BEAUMONT**, a municipal corporation  
of the State of California

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**Approved as to form:**

\_\_\_\_\_  
City Attorney

Acknowledged and Agreed to

**BUYER:**

MERITAGE HOMES OF CALIFORNIA, INC.,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit A

Legal Description of Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BEAUMONT, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: 413-790-042 (PORTION)

LOT 176 OF TRACT MAP NO. 31462-21, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 476, PAGES 24 THROUGH 30, INCLUSIVE OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE FOLLOWING AS RESERVED IN THE DEED FROM OAK VALLEY PARTNERS, L.P., RECORDED OCTOBER 19, 2005, AS INSTRUMENT NO. 2005-0862966 OF OFFICIAL RECORDS, TO WIT:

A. ANY AND ALL NATURAL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN AND ALL RIGHTS THEREIN, GEOTHERMAL STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM THE LAND OR ANY OTHER PROPERTY, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM PROPERTY OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS, TUNNELS OR SHAFTS, WITHOUT THE RIGHT TO DRILL, MINE, STORE OR EXCAVATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND AS RESERVED IN THE GRANT DEED RECORDED OCTOBER 19, 2005, AS INSTRUMENT NO. 2005-0862966 OF OFFICIAL RECORDS.

B. ANY AND ALL WATER, WATER RIGHTS OR INTEREST THEREIN APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY GRANTOR IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY GRANTOR), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REMOVE AND STORE THE SAME FROM OR IN THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANOTHER PROPERTY OWNED OR LEASED BY GRANTOR, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS; PROVIDED, HOWEVER, ONLY IF AND TO THE EXTENT THAT SUCH RIGHTS ARE NOT USED BY GRANTEE IN ITS USE AND ENJOYMENT OF THE LAND AS RESERVED IN THE GRANT DEED RECORDED OCTOBER 19, 2005, AS INSTRUMENT NO. 20050862966 OF OFFICIAL RECORDS.

PARCEL 2: APN 413-790-010

PARCEL 4 OF PARCEL MAP NO. 32775, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, FILED IN BOOK 237, PAGES 79 THROUGH 84 OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE ABOVE PARCEL ANY AND ALL NATURAL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN AND ALL RIGHTS THEREIN, GEOTHERMAL

STEAM, AND ALL PRODUCTS DERIVED FROM ANY OF THE FOREGOING, THAT MAY BE WITHIN OR UNDER THE LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND STORING IN AND REMOVING THE SAME FROM THE LAND OR ANY OTHER PROPERTY, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM PROPERTY OTHER THAN THE LAND, OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER

AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS, TUNNELS OR SHAFTS, WITHOUT THE RIGHT TO DRILL, MINE, STORE OR EXCAVATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OR THE LAND AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN A GRANT DEED RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS.

ANY AND ALL WATER, WATER RIGHTS OR INTERESTS THEREIN APPURTENANT OR RELATING TO THE LAND OR OWNED OR USED BY GRANTOR IN CONNECTION WITH OR WITH RESPECT TO THE LAND (NO MATTER HOW ACQUIRED BY GRANTOR), WHETHER SUCH WATER RIGHTS SHALL BE RIPARIAN, OVERLYING, APPROPRIATIVE, LITTORAL, PERCOLATING, PRESCRIPTIVE, ADJUDICATED, STATUTORY OR CONTRACTUAL, TOGETHER WITH THE RIGHT AND POWER TO EXPLORE, DRILL, REMOVE AND RESTORE THE SAME FROM OR IN THE LAND OR TO DIVERT OR OTHERWISE UTILIZE SUCH WATER, RIGHTS OR INTERESTS ON ANY OTHER PROPERTY OWNED BY OR LEASED BY GRANTOR, WITHOUT THE RIGHT TO ENTER UPON THE SURFACE OF THE LAND IN THE EXERCISE OF SUCH RIGHTS; PROVIDED, HOWEVER, ONLY IF AND TO THE EXTENT THAT SUCH RIGHTS ARE NOT USED BY GRANTEE IN ITS USE AND ENJOYMENT OF THE LAND AS RESERVED BY OAK VALLEY PARTNERS, L.P., A TEXAS LIMITED PARTNERSHIP, WHICH IS REGISTERED IN CALIFORNIA AS OVP, L.P., IN A GRANT DEED RECORDED NOVEMBER 14, 2003, AS INSTRUMENT NO. 2003-899365 OF OFFICIAL RECORDS.

Exhibit B

Form of Partial Assignment and Assumption of Development Agreement

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

\_\_\_\_\_  
Meritage Homes of California, Inc.  
5 Peter's Canyon, Suite 310  
Irvine, California 92606  
Attention: Aaron Talarico and Patric Lynam

\_\_\_\_\_  
(Space above this line for Recorder's use only)

**PARTIAL ASSIGNMENT AND ASSUMPTION  
OF DEVELOPMENT AGREEMENT**

This PARTIAL ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT (this "Partial Assignment"), dated as of [\_\_\_\_], 2021 (the "Effective Date"), for reference purposes only, is made by and between SDC FAIRWAY CANYON, LLC, a Delaware limited liability company ("Assignor"), and MERITAGE HOMES OF CALIFORNIA, INC., a California corporation ("Assignee").

**Recitals**

A. Pursuant to that certain "Assignment and Assumption of Development Agreement," recorded June 1, 2012, as Instrument No. 2012-0253906 in the Official Records of Riverside County (the "Official Records"), Assignor is the current "Developer" under that certain "Development Agreement," recorded on December 15, 2003, as Instrument No. 2003-977700 and re-recorded on February 26, 2004, as Instrument No. 2004-0131329, as amended by the Administrative Amendment No. 1 to the Development Agreement recorded in the Official Records of the County on July 15, 2020, as Instrument No. 2020-0309850 (the "Development Agreement"), which Development Agreement contains certain rights, duties and obligations relating to the development of that certain real property commonly known as the Fairway Canyon Project (the "Project"), located in the City of Beaumont (the "City"), County of Riverside (the "County"), State of California.

B. Concurrently with the recording of this Partial Assignment in the Official Records, and pursuant to the terms, provisions and conditions of that certain unrecorded Purchase and Sale Agreement and Escrow Instructions, dated as of [\_\_\_\_], 2021, by and between Assignor, as the seller, and Assignee, as the buyer, as may be amended from time to time (collectively, the "Purchase Agreement"), Assignee is acquiring a portion of the Project from Assignor, said portion of the Project being more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Property").

C. Pursuant to the Purchase Agreement, Assignor agrees to assign to Assignee certain of its rights, interests duties and obligations under the Development Agreement, as such

Exhibit G

rights, interests duties and obligations relate to the Property. Assignor and Assignee agree that Assignor will assign and delegate to Assignee all of the duties and obligations of Assignor under the Development Agreement as related to the Property and which obligations shall be assumed by Assignee. Accordingly, Assignor desires to assign and delegate such rights, interests, duties and obligations under the Development Agreement to Assignee, and Assignee desires to accept such assignment and assume such rights, interests, duties and obligations under the Development Agreement, as more particularly provided below in this Partial Assignment.

D. Section 20 of the Development Agreement allows for the assignment of all of the rights and obligations under the Development Agreement as relates to the part of the Project transferred in fee to merchant builders purchasing a portion of the Project, and this Partial Assignment is meant to be an assignment under and to be subject to such Section 20 of the Development Agreement.

E. The purpose of this Partial Assignment is to set forth the terms and provisions agreed upon between Assignor and Assignee with respect to the assignment of such rights and interests and the delegation of such duties and obligations of Assignor under the Development Agreement, as such rights, interests, duties and obligations relate to the Property.

### **Agreement**

NOW, THEREFORE, with reference to the foregoing Recitals, and in consideration of the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**1. Partial Assignment.** Except as provided in this Section 1, Assignor hereby assigns, conveys and transfers to Assignee all of the rights and interests of Assignor, as the “Developer,” under the Development Agreement arising from and after the date that Assignee becomes the fee owner of the Property under a Grant Deed recorded with the County of Riverside Recorder’s office to the extent such rights and interests relate to the Property, and Assignee accepts such assignment. The parties intend this Partial Assignment to be a partial assignment in accordance with and subject to Section 20 of the Development Agreement.

**2. Delegation of Obligations.** Assignor hereby delegates to Assignee all of Assignor’s duties and obligations, as the “Developer,” under the Development Agreement first arising from and after the date that Assignee becomes the fee owner of the Property under a Grant Deed recorded with the County of Riverside Recorder’s office to the extent such obligations relate to the Property, all of which obligations are hereby assumed by Assignee (collectively, the “Obligations”), including, without limitation, to the extent applicable under the Development Agreement as it relates to the Property: (a) any indemnity obligations, concerning claims that arise after the effective date hereof, (b) any obligation to follow and be bound by all applicable rules, regulations and policies, (c) any obligation to pay any fees, assessments or exactions as may be imposed by law consistent with the Development Agreement, and (d) any obligations arising under the Development Agreement by reason of a default of Assignee under the Development Agreement (with respect to any obligations assumed by Assignee hereunder). Assignee acknowledges that Section 10.5 of the Development Agreement governs the formation and obtaining of any public financing and may



result in assessments against the Property, and if so imposed the owner or owners of the Property or portions thereof may be responsible for the payment of any resulting special taxes or special assessments.

**3. Covenants of Assignee.** Assignee hereby agrees and covenants to timely, properly and fully perform each and every one of the Obligations.

**4. Indemnification.**

(a) Assignee's Indemnity. Assignee shall defend, indemnify and hold harmless Assignor, its members, owners, shareholders, officers, directors, employees, successors and assigns, and all other merchant builders that acquire and develop property within the Project ("Merchant Builders") from and against any liability, obligation, claim, cause of action, cost or expense (including, without limitation, reasonable attorneys' fees and costs) arising from, or related to, the breach or default by Assignee of the Obligations assumed by Assignee hereunder, including without limitation any untimely or deficient performance thereof, which may arise from and after the date of this Partial Assignment, other than any damage or liability based on Assignor's or any other Merchant Builder's breach or default under the Development Agreement.

(b) Assignor's Indemnity. Assignor shall defend, indemnify and hold harmless Assignee, its members, owners, shareholders, officers, directors, employees and successors and assigns from any liability, obligation, claim, cause of action, cost or expense (including, without limitation, reasonable attorneys' fees and costs) arising from Assignor's breach or default under the Development Agreement, other than any damage or liability based on Assignee's breach or default under the Obligations assumed by Assignee hereunder.

**5. Merchant Builders.**

(a) Assignor represents and warrants that all Merchant Builders to whom Assignor has sold a portion of the Project have executed a partial assignment and assumption of development agreement containing an indemnity substantially similar to that contained in Section 5(a) hereof.

(b) Assignor covenants that it shall not sell any portion of the Project to any Merchant Builder unless a partial assignment and assumption of development agreement is executed in connection therewith containing an indemnity substantially similar to that contained in Section 5(a) hereof.

**6. Miscellaneous.**

(a) Interpretation; Governing Law. This Partial Assignment shall be construed according to its fair meaning and as prepared by both parties hereto. This Partial Assignment shall be construed in accordance with and governed by the laws of the State of California.

(b) Attorneys' and Other Fees. In the event of any dispute between the parties hereto or institution of any action or proceeding to interpret or enforce the provisions of this Partial Assignment or arising out of the subject matter of this Partial Assignment or the transaction

contemplated hereby, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses incurred, including court costs and reasonable attorney's fees and expert witness fees.

(c) Authority. Each of the parties hereto represents and warrants to the other that the person or persons executing this Partial Assignment on behalf of such party is or are authorized to execute and deliver this Partial Assignment and that this Partial Assignment shall be binding upon such party.

(d) Further Assurances. Assignor and Assignee each agree to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably request to consummate, evidence, confirm or more fully implement the agreements of the parties as contained herein.

(e) Execution in Counterparts. This Partial Assignment may be executed in several counterparts, and all originals so executed shall constitute one agreement between the parties hereto.

(f) Effective Date. The "Effective Date" shall mean the date upon which Assignee acquires fee title to the Property pursuant to the Purchase Agreement.

(g) Recordation. The parties hereby authorize this Partial Assignment to be recorded in the records of the County upon the Effective Date.

(h) Successors and Assigns. This Partial Assignment shall be binding upon and inure to the benefit of the respective successors, assigns, personal representatives, heirs and legatees of Assignor and Assignee.

(i) Assignment. Notwithstanding subsection (i), any future assignment of rights and obligations under the development Agreement with respect to the Property or the Project shall require compliance with Section 20 of the Development Agreement.

(Signatures Follow on Next Page)

IN WITNESS WHEREOF, the parties have executed this Partial Assignment as of the date first set forth above, to be made effective as of the Effective Date.

ASSIGNOR:

SDC FAIRWAY CANYON, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ASSIGNEE:

MERITAGE HOMES OF CALIFORNIA, INC.,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_