



INTEREST RATE LOCK AGREEMENT

This INTEREST RATE LOCK AGREEMENT (this “Agreement”), dated December __, 2019, is entered into by and between the CITY OF CORONA, a municipal corporation (the “City”), for and on behalf of Community Facilities District No. 2001-2 (Cresta-Grande) of the City of Corona, and BBVA MORTGAGE CORPORATION, an Alabama corporation, its successors and assigns (collectively, the “Purchaser”). Capitalized terms used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Term Sheet (as hereinafter defined).

RECITALS

WHEREAS, pursuant to the Term Sheet, the Purchaser has outlined the proposed terms and conditions pursuant to which the Purchaser will purchase from the City the Community Facilities District No. 2001-2 (Cresta-Grande) of the City of Corona Special Tax Refunding Bond (Improvement Areas Nos. 1 and 2) (the “Bonds”) in the principal amount not to exceed \$3,000,000 for the purpose of refunding the City’s outstanding Community Facilities District No. 2001-2 (Cresta-Grande) of the City of Corona Special Tax Bonds, 2002 Series A (Improvement Area Nos. 1 and 2);

WHEREAS, pursuant to this Agreement, City desires that the per annum fixed interest rate for the Bonds (the “Interest Rate”) be determined and fixed by Purchaser (the “Rate Lock”) as of the Rate Lock Date (as hereinafter defined) in accordance with the terms of this Agreement;

WHEREAS, the Purchaser and the City will enter into definitive documents evidencing the purchase of the Bonds and providing for the terms and conditions thereof (the “Bond Documents”); and

WHEREAS, the City acknowledges and agrees that, notwithstanding the Purchaser entering into and performing under this Agreement, Purchaser shall have no obligation to purchase the Bonds until final Bond Documents have been executed and all conditions precedent to purchasing the Bonds, as set forth in such Bond Documents, are, in the sole judgment of Purchaser, satisfied.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual agreements hereinafter set forth and other good and valuable consideration, Purchaser and City hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following additional terms shall be defined as follows:

(a) **Business Day.** Any day other than a Saturday, a Sunday or a day on which banking institutions are authorized by law or other governmental actions to close.

(b) **Break Fee.** The amount, if any, determined by multiplying (a) the difference (but not less than zero) between (i) the U.S. Treasury constant maturity yield (from the Federal Reserve daily H.15 Report) having a maturity closest to the Maturity Date of the Bonds, as of the Rate Lock Date, or, if no such maturity is reported, an interpolated yield based on the maturity that is next shorter than the Maturity Date, and the maturity that is next longer than the Maturity Date, and (ii) the U.S. Treasury constant maturity yield (from the Federal Reserve daily H.15 Report) having a maturity closest to the Maturity Date of the Bonds, as of the Rate Lock Expiration Date, or, if no such maturity is reported, an interpolated yield based on the maturity that is next shorter than the Maturity Date, and the maturity that is next longer than the Maturity Date, times (b) 50% of the Par Amount, times (c) the number of days to the Maturity Date (sample Break Fee calculation is included as Schedule I hereto).

(c) **Closing Date.** Means the date upon which there is an exchange of the Bonds for the proceeds representing payment of the purchase price of the Bonds by the Purchaser.

(d) **Maturity Date.** September 1, 2032, the date established as the maturity date of the Bonds as set forth in the Term Sheet and the Bond Documents.

(e) **Rate Lock Date.** The date established in the Rate Lock Request and Confirmation for the occurrence of the Rate Lock, which Rate Lock Date shall not occur not earlier than 60 days prior to the Closing Date.

(f) **Rate Lock Expiration Date.** The date specified by Purchaser in the Rate Lock Request and Confirmation as the date upon which the Rate Lock expires, which date shall not exceed 30 days from the Rate Lock Date.

(g) **Rate Lock Request and Confirmation.** The Rate Lock Request and Confirmation, in the form attached hereto as Exhibit A, to be completed by the Purchaser, pursuant to which the City shall instruct the Purchaser to lock the Interest Rate set forth therein, and the Purchaser shall confirm such Interest Rate to the City. The Rate Lock Request and Confirmation shall constitute a part of this Agreement. The Rate Lock Request and Confirmation shall set forth: (i) the Interest Rate established, which, subject to the provisions of this Agreement, shall be the Interest Rate for the Bonds; (ii) the Rate Lock Date; and (iii) the Rate Lock Expiration Date.

(h) **Term Sheet.** Means the Summary Terms and Conditions issued by the Purchaser to the City, dated as of November 26, 2019, pursuant to which the purchase the Bonds by the Purchaser will be substantially based.

Section 2. Establishment of Interest Rate. City may request a Rate Lock by completing, executing and delivering (by e-mail or facsimile transmission) the Rate Lock Request and Confirmation to Purchaser on a Business Day on or prior to 2:00 p.m. Mountain Time. Upon Purchaser's receipt of a Rate Lock Request and Confirmation, Purchaser shall, on the Business Day so received, promptly confirm and undertake such actions as are necessary to fix and set the Interest Rate for the Bonds.

Section 3. Break Fee Payment. If the purchase of the Bonds does not close on or before the Rate Lock Expiration Date, the City shall and hereby agrees to promptly pay to Purchaser the Break Fee, but in no event shall such fee be paid later than five (5) Business Days after the Rate Lock Expiration Date. If the City requests the Purchaser extend the Rate Lock Expiration Date, and if the Rate Lock Expiration Date is so extended by the Purchaser, in its sole discretion, City agrees to pay Purchaser upon demand any Break Fees applicable to any extension of the Rate Lock Expiration Date. To the extent the City is unable to satisfy this obligation at the time or times set forth above from immediately available funds of the City, the City shall, subject to any limits of its taxing capacity under the Rate and Method, include such Break Fee in the amount of Special Taxes to be levied by the City on the levy date next succeeding the date on which such Break Fee was due. The Purchaser hereby acknowledges that such Break Fee is not an obligation of the City.

Section 4. Compliance With Bond Documents. City acknowledges that nothing in this Agreement shall: (a) modify the provisions of the Summary Terms or (b) affect City's obligations under the Bond Documents.

Section 5. Applicable Law. This Agreement will be governed by the laws of the State of California applied without regard to any conflict of law provisions.

Section 6. Assignment. City shall not assign this Agreement or any right hereunder.

Section 7. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Section 8. Waiver. The waiver of any terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such on any future occasions.

Section 9. Severability. In the event any provision of this Agreement is deemed illegal or unenforceable, the same shall be struck here from and all other provisions shall remain valid and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Interest Rate Lock Agreement with an effective date of December ____, 2019.

CITY:

CITY OF CORONA, A MUNICIPAL CORPORATION,
FOR AND ON BEHALF OF COMMUNITY FACILITIES
DISTRICT NO. 2001-2 (CRESTA-GRANDE)

By: _____

Name: _____

Title: _____

PURCHASER:

BBVA MORTGAGE CORPORATION,
an Alabama corporation



Matthew J. Chorske
Senior Vice President

[Signature Page to Interest Rate Lock Agreement]

EXHIBIT A
RATE LOCK REQUEST AND CONFIRMATION

December __, 2019

BBVA Mortgage Corporation
999 18th Street, Suite 2800
Denver, CO 80202
E-Mail: matt.chorske@bbva.com

Pursuant to the Interest Rate Lock Agreement (the "Agreement"), dated as of December __, 2019, entered into by and between the CITY OF CORONA, a municipal corporation (the "City"), for and on behalf of Community Facilities District No. 2001-2 (Cresta-Grande) of the City of Corona and BBVA MORTGAGE CORPORATION, an Alabama corporation ("Purchaser"), the City hereby requests that the Purchaser lock the Interest Rate provided below, as of the date hereof.

Interest Rate:	_____ per annum
Rate Lock Date:	December __, 2019
Par Amount:	Not to exceed \$3,000,000
Rate Lock Expiration Date:	February 15, 2020
Closing Date:	On or prior to January 15, 2020

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Agreement.

By execution of the Agreement, the City hereby (i) acknowledges its obligation to pay any Break Fee incurred in connection with the Rate Lock and (ii) represents that, subject to any limitation contained in Section 3 of the Agreement, it is duly authorized as of the date of execution hereof to pay such Break Fee.

SCHEDULE I

SAMPLE BREAK FEE CALCULATION

If treasury rates are equal or higher, the City will incur no charge. The Federal Reserve H.15 report for treasury rates can be accessed from the Fed's website currently @ <http://www.federalreserve.gov/releases/h15/current/default.htm>.

Example of Break Funding Calculation:

Anticipated Bond amount at origination: \$7,300,000

Final maturity: 5 years

Amount Remaining at Maturity: \$0.0

5-year US Treasury Rate at time of rate lock: 2.50%

Scenario (by way of example): 15 days prior to closing and funding, the City elects to not enter into the financing after previously locking the rate. The 5-year Treasury rate at the time of notification is 2.45%.

Prepayment Fee Calculation:

Annual Yield Differential = 5 bps (2.50% - 2.45%)

Percent Being Prepaid = 100%

Average Remaining Outstanding Principal Amount = \$3.650 million (average of existing \$7.3 million and \$0 at maturity)

Days to Maturity / 360 = 5.069 ((5 x 365)/360)

Break Funding Fee = .0005 * 100% * \$3.650 million * 5.069 = \$9,251

“Force Majeure Event” means acts of God; acts of public enemies; orders of any kind of the government of the United States of America or the State of California or any political subdivision thereof, or any of their departments, agencies or officials; any outbreak of civil or military insurrections, riots or epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; floods; or any other cause or event not insurable or reasonably within the control of the City which makes the City unable to consummate the financing or perform its obligations thereunder.