

**Recording Requested By and
When Recorded Return To:**

HDO4, LLC
Attn: Richard Munkvold
2151 E. Convention Center Way, Suite 222
Ontario, CA 91764

APN 1107-262-65-0000 & 1107-262-07-0000

(Space Above This Line For Recorder's Use)

**RELEASE OF DISPOSITION AGREEMENT
(VENTANA SPECIFIC PLAN - PLANNING AREA 4)**

This Release of Disposition Agreement (Ventana Specific Plan – Planning Area 4) (“**Agreement**”) is between (i) the City of Fontana, a California municipal corporation and general law city (“**City**”), and (ii) HDO4, LLC, a New Mexico limited liability company (“**Developer**”). In this Agreement, City and Developer are sometimes referred to individually as a “**party**” and collectively as the “**parties**.”

This Agreement is dated June 9, 2026, for reference purposes only. It will not become effective until the “**Effective Date**” defined below.

RECITALS

A. City and Developer are parties to that certain 2020 Disposition Agreement dated July 2, 2020 (including the Exhibits attached thereto, collectively, “**Disposition Agreement**”).

B. A “**Notice of Agreement**” pertaining to the Disposition Agreement was recorded in San Bernardino County Recorder’s Office on November 5, 2020, as Document No. 2020-0437487.

C. In accord with the Disposition Agreement, City conveyed to Developer certain real property (“**Property**”) located in the City and more specifically described on Exhibit A attached hereto. The Property was conveyed to Developer by that certain grant deed (“**Grant Deed**”) recorded in San Bernardino County Recorder’s Office on November 5, 2020, as Document No. 2020-0437488. The Grant Deed recited that the Property was conveyed subject to the Disposition Agreement.

D. Developer is developing portions of the Property for various residential and commercial uses. This Agreement pertains to that portion of the Property legally described on Exhibit B attached hereto (“**Subject Land**”).

E. The Disposition Agreement and Grant Deed created certain covenants, obligations, restrictions, and servitudes pertaining to the Property, including the Subject Land. The Disposition Agreement also imposed certain obligations and liabilities on Developer and

placed restrictions on Developer's ability to freely transfer the Property, including the Subject Land, and to finance the Property's development. Those covenants, restrictions, obligations, and liabilities have impeded and delayed Developer's ability to develop the Subject Land.

F. Developer has requested, and City has agreed to, except as set forth below: (i) fully and unconditionally release the Subject Land from the encumbrances, restrictions, and servitudes arising under the Disposition Agreement, and (ii) (A) release Developer from any and all covenants, obligations, and liabilities under the Disposition Agreement with respect to the Subject Land, and (B) release the Guarantor (defined below) from all covenants, obligations, and liabilities under the Guaranty (defined below) with respect to the Subject Land.

G. By releasing the Subject Land from the burdens and restrictions of the Disposition Agreement, the development of the Subject Land will occur sooner than if the Subject Land remained subject to the Disposition Agreement. The accelerated development will create additional economic opportunities, sales tax revenues, property tax revenues, and other revenues to support City services more quickly than if the Subject Land remained subject to the Disposition Agreement.

AGREEMENT

1. Release of Developer and the Subject Land from Disposition Agreement. As of the Effective Date, City, fully and unconditionally releases and discharges Developer and the Subject Land from any covenant, restriction, servitude, obligation, or liability arising under the Disposition Agreement and the Grant Deed, excepting only the Preserved Claims (defined below). For purposes of clarity, from and after the Effective Date, the Subject Land may be freely sold, assigned, transferred, hypothecated, and encumbered without restriction, without notice to or consent from City, and without regard to any requirement or restriction arising under the Disposition Agreement. The parties' intention entering into this Agreement is to fully, finally, unconditionally, and forever release and discharge the Subject Land and Developer from any covenant, restriction, servitude, obligation, or liability arising under the Disposition Agreement with respect to the Subject Land, excepting only the Preserved Claims.

2. Release of Guarantor as to the Subject Land. In connection with the Disposition Agreement, City and FH II, LLC, a California limited liability company ("**Guarantor**"), entered into that certain Guaranty dated July 16, 2020 ("**Guaranty**"). As of the Effective Date, City fully and unconditionally releases and discharges Guarantor from any "**Guaranteed Obligation**" (as defined in the Guaranty) to the extent that the Guaranteed Obligation is attributable to the Subject Land, excepting only the Preserved Claims.

3. Reaffirmation of Guaranty. Concurrently with execution of this Agreement Guarantor shall execute a Reaffirmation of Guaranty in the form set forth on Exhibit C attached hereto and deliver the executed original to the City ("**Reaffirmation of Guaranty**").

4. Preserved Claims.

a. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement (i) releases Developer from any liability arising under the Disposition Agreement with respect to the Subject Land to the extent that the obligation or liability accrued prior to the

recording of this Agreement, or (ii) releases the Guarantor from any obligation or liability as to a Guaranteed Obligation with respect to the Subject Land to the extent that the obligation or liability accrued prior to the recording of this Agreement ((i) and (ii), collectively, the “**Preserved Claims**”).

b. The releases and discharges set forth in this Agreement includes all debts, obligations, or liabilities of any type, nature or amount, liquidated or unliquidated, past, present, and prospective, whether or not known or unknown to City or suspected to exist in City’s favor to the extent attributable to the Subject Land, excepting only the Preserved Claims. Excepting only the Preserved Claims, City waives to the greatest legal extent the protections and provisions of Civil Code section 1542, which provides:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

The foregoing waiver includes Civil Code section 1542 and all other federal or state laws of similar import.

5. No Effect on City’s Police Powers or on Balance of the Property. This Agreement affects the Subject Land only and does not modify or release any covenant, obligation, restriction, liability, or servitude arising under the Disposition Agreement affecting any portion of the Property other than the Subject Land. Other than the Subject Land, all portions of the Property remain subject to the covenants, obligations, restrictions, liabilities, and servitudes arising under the Disposition Agreement. Nothing in this Agreement modifies or limits the City’s lawful exercise of its police powers to regulate development of the Property (including the Subject Land) as provided by applicable federal, state, and local law. Nothing in this Agreement in any respect does or shall be construed to affect or prejudice the exercise of City’s discretion to the extent allowed by applicable law concerning the issuance of development approvals for the Subject Land and City retains full discretion to the extent allowed by applicable law with respect to the Subject Land, including making any legally-required CEQA determination with respect to Subject Land, and any mitigation measures, conditions of approval pursuant to CEQA and all other applicable laws. Nothing in this Agreement modifies or terminates the Guaranty except as specifically set forth in this Agreement, nor does it modify or terminate any other agreement or obligation between City and Developer respecting the balance of the Property or its development.

6. Modification of Disposition Agreement and Related Instruments. For the sake of convenience, City and Developer agree to forego preparing specific amendments to the Disposition Agreement, Grant Deed, and Notice of Agreement that may otherwise be necessitated by the releases and other modifications set forth in this Agreement. City and Developer agree that the Disposition Agreement, Grant Deed, and Notice of Agreement will, as of the Effective Date, be deemed amended to conform to the terms of this Agreement. For purposes of clarity and as an example, all covenants, obligations, restrictions, liabilities, and servitudes relating to, affecting, or encumbering the Subject Land will be deemed to have been

deleted from the Disposition Agreement for purposes of the future interpretation and enforcement of the Disposition Agreement, Grant Deed, Guaranty, and Notice of Agreement. At all times following the Effective Date, whenever the Disposition Agreement, Grant Deed, Guaranty, and Notice of Agreement explicitly or impliedly refer to the “Property” or portions thereof, those terms will be interpreted and enforced to exclude the Subject Land from their meaning.

7. Recordation. City and Developer will execute, notarize, and deliver this Agreement in recordable form. Developer may record this Agreement in the San Bernardino County Recorder’s Office at any time after the Effective Date.

8. Effective Date. This Agreement is dated as of June 9, 2026, for reference purposes only. This Agreement will not become effective and binding until the date (“**Effective Date**”) on which it has been executed by Developer’s authorized signatories, delivered to City, and executed by City’s authorized signatures after approval of this Agreement by the City Council.

9. Administration of Agreement and Future Assurances. This Agreement will be administered on behalf of City by the City Manager or his or her designee. The City Manager may enter into administrative and/or non-substantive amendments to this Agreement on behalf of City without the need for City Council approval. City and Developer will execute such additional documents and instruments as may be necessary to the administration and implementation of this Agreement; however, neither party is obligated to incur any material expense or liability and City is not obligated to take any legislative action or exercise its discretion in any particular way in connection therewith.

10. Governing Law. This Agreement will be governed by and construed in accordance with the procedural and substantive laws of the state of California, without regard to its conflicts of laws principles.

11. Severability. If any clause or provision of this Agreement is held to be illegal, invalid, or unenforceable, it is the intent of the parties that all other clauses or provisions of this Agreement will not be affected thereby, and will remain legal, valid, and enforceable to the fullest extent permitted by law.

12. Notice. All notices and other communications required or permitted to be given hereunder must be in writing and sent by: (a) certified or registered mail, postage prepaid, return receipt requested, (b) personal delivery, or (c) a recognized overnight carrier that provides proof of delivery, and shall be addressed as follows:

If to City:

City Manager
City of Fontana
8353 Sierra Avenue
Fontana, CA 92334-0518

If to Developer:

HDO4, LLC
Attn: Richard Munkvold
2151 E. Convention Center Way, Suite 222
Ontario, CA 91764

With a copy to:

Rutan & Tucker, LLP
Attn: Pat Munoz
18575 Jamboree Road, Suite 900
Irvine, CA 92612

With a copy to:

HDO4, LLC
Attn: Steven B. Imhoof
2151 E. Convention Center Way, Suite 114
Ontario, CA 91764

Notices will be deemed effective upon receipt or rejection only.

13. Time of Essence. Time is of the essence of this Agreement and each and every term and provision hereof.

14. Entire Agreement. This Agreement and its exhibits constitute the entire agreement between the parties, and they may not rely upon any statement, promise, or representation not herein expressed. This Agreement may not be modified or altered in any respect except by a writing executed by both parties. This Agreement is fully integrated and supersedes all other prior oral or written agreements, statements, promises, or other communications between the Parties concerning the subject matter of this Agreement.

15. Survival. All warranties, representations, and covenants herein will survive the execution and delivery of this Agreement.

16. Further Acts. Each party will, whenever and as often as it shall be reasonably requested to do so by the other party, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, any and all such further conveyances, assignments, approvals, consents, and any and all other documents, and do any and all other acts as may be necessary to carry out the intent and purpose of this Agreement.

17. Consent to Jurisdiction, Venue and Service. Any action or proceeding brought respecting this Agreement shall be instituted and maintained in the appropriate court in the County of San Bernardino, California. Developer hereby forgoes and waives any provision of State or Federal law or judicial decision providing for a change of venue from such court on the grounds that the City is or may be a party to any such action or proceeding, including, without limitation, California Code of Civil Procedure section 394. Each party hereby irrevocably consents to the personal jurisdiction of the court. Service of process may be made in any manner provided by law.

18. Waiver. A waiver by either party hereto of a breach of any of the covenants or agreements hereof to be performed by the other party will not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions, or conditions hereof.

19. Attorneys' Fees. If any legal action (including arbitration) is commenced to enforce or interpret any provision in this Agreement, then the prevailing party will, in addition to any other legally available relief, be entitled to recover its reasonable attorneys' fees and costs of litigation (including expert witness fees) either as an element of the costs of suit or in an independent recovery action.

20. Independence of the Parties. City and Developer acknowledge that, in entering into and performing under this Agreement, each is acting as an independent entity and not as an agent of the other in any respect. Nothing contained herein, in the Disposition Agreement, or in any document executed in connection herewith is intended or may be construed as making City or Developer joint venturers, partners or employer/employee and each party specifically disavows any intent to create any such relationship.

21. Binding on Successors and Assigns. Subject to the limitations on transfers under this Agreement, this Agreement is binding upon and inures to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

*[remainder of page intentionally left blank;
signatures on next page]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

CITY OF FONTANA,
a California municipal corporation

HDO4, LLC,
A New Mexico limited liability company

By: _____
Matthew Ballantyne
City Manager

By: _____
Richard Munkvold
Chief Financial Officer

Attest

By: _____
Germaine Key
City Clerk

Approved as to form:

By: _____
City Attorney

By: _____
Phillip Burum, Deputy City Manager
Development Services Organization

By: _____
Gia Lam Kim
Director of Engineering/City Engineer

NOTARY ACKNOWLEDGMENT

This Notary Acknowledgement is attached to a document entitled RELEASE OF DISPOSITION AGREEMENT (VENTANA SPECIFIC PLAN – PLANNING AREA 4).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY
(including the Subject Land)

The land referred to in this report is situated in the City of Fontana, the County of San Bernardino, State of California, and is described as follows:

Parcel A:

That portion of the Southeast 1/4 of the Southeast 1/4 of Section 13, Township 1 North, Range 6 West, San Bernardino Meridian, of the Official Map approved by the surveyor general, dated November 13, 1885, in the City of Fontana, County of San Bernardino, State of California, lying South and East of the Southeasterly line of State Highway No. 31 (Interstate 15), as conveyed to the state of California, for freeway purposes by deed recorded November 26, 1973 in Book 8314, Page 57, of Official Records, said Southeasterly line being further described as follows:

Commencing at a 3/4 inch iron pipe marking the South 1/4 corner of said Section 13; thence North 89° 21' 55" East along the South line of said Southeast 1/4, 1315.99 feet to the West line of said Southeast 1/4 of the Southeast 1/4 and the point of beginning of the line to be described; thence North 00° 26' 36" East along said West line, 51.49 feet; thence South 89° 21' 56" West, 154.46 feet; thence North 83° 48' 27" West, 145.45 feet to the beginning of a tangent curve to the right, with a radius of 50.00 feet; thence Northwesterly along said curve, 92.61 feet through a central angle of 106° 07' 27" to the beginning of a tangent compound curve to the right, with a radius of 2942.00 feet; thence Northeasterly along said curve, 1205.95 feet through a central angle of 23° 29' 10"; thence North 45° 48' 10" East, 265.13 feet to the beginning of a tangent curve to the right, with a radius of 9850.00 feet; thence Northeasterly along said curve, 1081.63 feet through a central angle of 6° 17' 30" to the East line of said Section 13 and the terminus of the line being described.

Also excepting therefrom, that portion described as follows:

Beginning at the Southwest corner of said Southeast 1/4 of the Southeast 1/4 of Section 13; thence North 89° 21' 55" East along the South line of said Section 13, 420.75 feet; thence North 00° 26' 36" East parallel with the West line of said Southeast 1/4 of the Southeast 1/4, 206.25 feet; thence South 89° 21' 55" West parallel with the South line of said Section 13, 72.50 feet; thence North 00° 26' 36" East parallel with the West line of said Southeast 1/4 of the Southeast 1/4, 159.87 feet; thence South 89° 21' 55" West parallel with the South line of said Section 13, 348.25 feet to the West line of said Southeast 1/4 of the Southeast 1/4; thence South 00° 26' 36" West along said West line, 366.12 feet to the point of beginning.

Parcel B:

The Northerly 380 feet of the Easterly 330 feet of the Northwest 1/4 of the Northeast 1/4 of Section 24, Township 1 North, Range 6 West, San Bernardino Meridian, in the County of San Bernardino, State of California, according to the official plat of said land.

Except therefrom that portion described in the deed to the State of California recorded March 17, 1975 in Book 8636, Page 3 of Official Records, in the office of the County Recorder of said County.

Parcel C:

The North East one-quarter of the Northeast one-quarter of Section 24, Township 1 North Range 6 West, San Bernardino Meridian, in the County of San Bernardino, State of California, according to United States Government Township Plat approved by the surveyor general, November 13, 1885.

Excepting therefrom all that portion of said Northeast one-quarter lying Southerly of the Northerly line of the property conveyed to Southern Surplus Realty Co., recorded in Book 8285, Page(s) 65 in the office of the County Recorder of said County.

Parcel D:

The Northwest 1/4 of the Northeast 1/4 Section 24, Township 1 North, Range 6 West, San Bernardino Base and Meridian, in the City of Fontana, County of San Bernardino, State of California, according to the official plat of said land, approved by the surveyor general date April 23, 1974.

Excepting therefrom the Northerly 380 feet of the Easterly 330 feet thereof.

Also Excepting therefrom that portion lying Southerly of the most Northerly line of the following described property:

That portion of the Northwest 1/4 of the Northeast 1/4 of Section 24, Township 1 North, Range 6 West, San Bernardino Base and Meridian, lying within a strip of land 330 feet wide, the sidelines of said strip of land 230.00 being feet Northwesterly and 100.00 feet Southeasterly, measured at right angles respectively from the following described surveyed referenced line:

Beginning at a point in the East line of said Section 24, said point being South 1° 10' 03" East 751.58 feet, measured along said East line from found 2 inch iron pipe at the Northeast corner of said Section, said point also being North 1° 10' 03" West 1888.29 feet, measured along said East line from a found "PK" Nail at the East 1/4 corner of said Section 24; thence South 71° 113' 46" West 5516.12 feet to a point in the West line of said Section, said point being North 0° 50' 30" West, 173.14 feet, measured along said West line from a 1 inch iron pipe at the West 1/4 corner of said Section 24, said point also being South 0° 50' 30" East 2468.74 feet, measured along said West line from a found County and surveyor's monument at the Northwest corner of said Section.

Also Excepting therefrom that portion as described in final order of Condemnation by the State of California, recorded September 10, 1976 in Book 9009 Page(s) 656, Official Record, more particularly described as follows:

Beginning at a 3/4 inch pipe marking the North 1/4 corner of said Section; thence along the North line of said Section North 89° 21' 55" East 985.99 feet to a point on the West line of the

EXHIBIT A

Easterly 330 feet of said Northwest 1/4 of said Northeast 1/4; thence along said West line South 0° 45' 40" East 202.98 feet to a point on a non-tangent curve concave Northwesterly having a radius of 1033 feet; thence Southwesterly along said curve from a tangent bearing of South 44° 34' 17" West, through an angle of 21° 28' 12" a distance 387.09 feet; thence South 66° 02' 29" West 424.08 feet to the beginning of a tangent curve to the left having a radius of 2967 feet; thence Southwesterly along said curve, through an angle of 5° 53' 34" a distance of 305.15 feet to the West line of said Northeast 1/4; thence along said West line North 1° 11' 24" West 721.41 feet to the point of beginning.

Assessor's Parcel Numbers(s):

- 1: 0226-075-31
- 2: 1107-262-06
- 3: 0226-075-38
- 4: 0226-075-45
- 5: 1107-262-07
- 6: 1107-262-08

EXHIBIT A

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EXHIBIT B

LEGAL DESCRIPTION OF THE SUBJECT LAND

That certain real property located in the City of Fontana, County of San Bernardino, State of California, as more particularly described as:

Parcel A: APN 1107-262-65-0000

The North One-half of the Northeast one-quarter of Section 24, Township 1 North, Range 6 west, San Bernardino base and meridian, in the City of Fontana, County of San Bernardino, State of California.

Excepting therefrom the Northerly 380 feet of the Easterly 330 feet of said Northwest one-quarter of said Northeast one-quarter of said Section 24.

Also excepting therefrom that portion lying East and Southeasterly of the West and Northwesterly right-of-way of John Previti Avenue, granted to the City of Fontana by deed recorded February 24, 2022, by Doc. No. 2022-0073488, official records of said county.

Also excepting therefrom that portion lying Northerly of the Southerly right-of-way of Duncan Canyon road, Granted to the City of Fontana by deed recorded October 19, 2021, by Doc. No. 2021-0473028, official records of said county.

Also excepting therefrom that portion of land described in final order of condemnation by the State of California, recorded September 10, 1976, in book 9009, page 656, official records of said county.

Also shown as Parcel B on Certificate of Compliance for a Lot Line Adjustment recorded 11/14/24 as Doc. No. 2024-0272517, official records of said County.

Together with that portion of the vacated road conveyed by the City of Fontana to HDO4, LLC, in the Quitclaim Deed recorded on April 2, 2025 as Instrument No. 2025-0071224 of Official Records in the Office of the County recorder of said County.

Parcel B: APN: 1107-262-07-0000

The Northerly 380 feet of the Easterly 330 feet of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 24, Township 1 North, Range 6 West, San Bernardino Meridian, in the City of Fontana, County of San Bernardino, State of California, according to the official plat of said land.

Excepting therefrom that portion described in the deed to the State of California recorded March 17, 1975 in Book 8636, Page 3, Official Records, records of said County.

Assessor's Parcel Numbers(s):

1: 1107-262-65

2: 1107-262-07

EXHIBIT B

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EXHIBIT B

EXHIBIT C

FORM OF CONSENT AND REAFFIRMATION OF GUARANTY

[Attached Behind This Page]

CONSENT AND REAFFIRMATION OF GUARANTY

The undersigned, FH II, LLC, a California limited liability company (“**Guarantor**”), executed a Guaranty dated July 16, 2020 (“**Guaranty**”) in favor of the City of Fontana, a municipal corporation and general law city (“**City**”). Pursuant to the Guaranty, Guarantor unconditionally guaranteed the performance of specified obligations (identified as the “Guaranteed Obligations” in the Guaranty) of HDO4, LLC a New Mexico limited liability company (“**Developer**”), under that certain 2020 Disposition Agreement (Ventana at Duncan Canyon) dated July 8, 2020 (the “**DDA**”).

City and Developer are concurrently herewith entering into that certain Release Agreement dated June 9, 2026 (“**Release Agreement**”).

Guarantor has reviewed the Release Agreement and hereby (i) approves and consents to Developer executing the Release Agreement and (ii) unconditionally agrees that Guarantor’s obligations under the Guaranty shall not be altered, reduced, or impaired in any manner as a result of the Release Agreement, except as specifically described in the Release Agreement. Guarantor hereby unconditionally acknowledges, ratifies, and reaffirms its obligations as Guarantor under the Guaranty in relation to the Release Agreement, as those obligations have been specifically modified by the Release Agreement. Nothing contained in the Release Agreement shall be deemed a waiver of the City’s rights under the Guaranty.

Guarantor understands, acknowledges, and agrees that City has entered into the Release Agreement in material reliance upon and receipt of this Consent and Reaffirmation of Guaranty.

Dated: _____, 2026

FH II, LLC, a California limited liability company

By: _____

Name: _____

Title: _____