Department of Real Estate

*of the*

# State of California

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **FINal Subdivision Public Report** | | | | | |
| *In the matter of the application of* | | **PLANNED DEVELOPMENT** | | |
|  | |  | | | |
|  | | File No.: |  | | | | |
|  | | |  | | | | |
|  | | Issued: |  | | | | |
|  | |  |  | | | | |
|  | | EXPIRES: |  | | | | |
|  | |  |  | | | | |
|  | |  |  | | | | |
| *for a Final Subdivision Public Report on* | |  |  | | | | |
|  | |  |  | | | | |
|  | |  |  | | | | |
|  | |  |  | | | | |
|  | | Department Of Real Estate | | | | | |
|  | |  | | | | |
|  | | *by* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | |
|  | |  | | | | |
| xx County, California | | *Print Real Estate Specialist name here* | | | | |
|  | |  | | | | |

**CONSUMER INFORMATION**

♦ **This report is not a recommendation or endorsement of the subdivision; it is informative only.**

♦ **Buyer or lessee must sign that (s)he has received and read this report**.

♦ A copy of this subdivision public report along with a statement advising that a copy of the public report may be obtained from the owner, subdivider, or agent at any time, upon oral or written request, *must* be posted in a conspicuous place at any office where sales or leases or offers to sell or lease interests in this subdivision are regularly made. *[Reference Business and Professions (B&P) Code Section 11018.1(b)]*

This report expires on the date shown above. All material changes must be reported to the Department of Real Estate. *(Refer to Section 11012 of the B&P Code; and Chapter 6, Title 10 of the California Administrative Code, Regulation 2800.)* Some material changes may require amendment of the Public Report; which Amendment must be obtained and used in lieu of this report.

Section 12920 of the California Government Code provides that the practice of discrimination in housing accommodations on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information is against public policy.

Under Section 125.6 of the B&P Code, California real estate licensees are subject to disciplinary action by the Real Estate Commissioner if they discriminate or make any distinction or restriction in negotiating the sale or lease of real property because of the race, color, sex, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, or physical handicap of the client. If any prospective buyer or lessee believes that a licensee is guilty of such conduct, (s)he should contact the Department of Real Estate.

***Read the entire report on the following pages before contracting to buy or lease an interest in this subdivision.***

**COMMON INTEREST DEVELOPMENT**

**GENERAL INFORMATION**

|  |  |
| --- | --- |
| Common Interest Development  The project described in the attached Subdivision Public Report is known as a common-interest development. Read the Public Report carefully for more information about the type of development. The development includes common areas and facilities which will be owned and/or operated by an owners’ association. Purchase of a lot or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and facilities. Since membership in the association is mandatory, you should be aware of the following information before you purchase:  Governing Instruments  Your ownership in this development and your rights and remedies as a member of its association will be controlled by governing instruments which generally include a Declaration of Restrictions (also known as CC&R's), Articles of Incorporation (or association) and bylaws. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law. Study these documents carefully before entering into a contract to purchase a subdivision interest.  Assessments  In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your lot or unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot or unit may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay through assessments, are outlined in the proposed budget. Ask to see a copy of the budget if the subdivider has not already made it available for your examination.  Common Facilities  A homeowner association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this development. The association also provides a means to accomplish architectural control and to provide a base for homeowner interaction on a variety of issues. The purchaser of an interest in a common-interest development should contemplate active participation in the affairs of the association. He or she should be willing to serve on the board of directors or on committees | created by the board. In short, "they" in a common interest development is "you". Unless you serve as a member of the governing board or on a committee appointed by the board, your control of the operation of the common areas and facilities is limited to your vote as a member of the association. There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact upon the quality of life for association members.  Subdivider Control  Until there is a sufficient number of purchasers of lots or units in a common interest development to elect a majority of the governing body, it is likely that the subdivider will effectively control the affairs of the association. It is frequently necessary and equitable that the subdivider do so during the early stages of development. It is vitally important to the owners of individual subdivision interests that the transition from subdivider to resident-owner control be accomplished in an orderly manner and in a spirit of cooperation.  Cooperative Living  When contemplating the purchase of a dwelling in a common interest development, you should consider factors beyond the attractiveness of the dwelling units themselves. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living where the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common interest development is very much like governing a small community … the management can serve you well, but you will have to work for its success. [B & P Code Section 11018.1(c)]  Informational Brochure  The Department of Real Estate publishes the ***Living in a California Common Interest Development*** brochure. The information in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To review or obtain a ***free*** copy of this brochure, please visit the Department of Real Estate (DRE) website: www.dre.ca.gov.  RE 646 (Rev. 1/20) |

• THIS REPORT COVERS ONLY • LOTS • UNITS.

• **SPECIAL INTEREST AREAS IN THIS•** **CONDITIONAL • FINAL subdivision Public Report:** Your attention is especially directed to the paragraphs below entitled: • CONDITIONAL SUBDIVISION PUBLIC REPORTS • EASEMENTS • MANAGEMENT AND OPERATION • MAINTENANCE AND OPERATIONAL EXPENSES • USES/ZONING/Hazard DISCLOSURES • TITLE • TAXES •FINANCING • PURCHASE MONEY HANDLING • SOILS AND GEOLOGIC CONDITIONS • UTILITIES AND OTHER SERVICES.

• NOTE: IN ADDITION TO THESE AREAS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING SECTIONS SET FORTH IN THIS •CONDITIONAL • FINAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE.

• **CONDITIONAL SUBDIVISION PUBLIC REPORT**: This is not a Final subdivision Public Report (“**FINAL PUBLIC REPORT**”), This is what is known as a Conditional Subdivision Public Report (“**CONDITIONAL PUBLIC REPORT**”). IT IS CONDITIONAL PUBLIC REPORT SINCE the Subdivider has not yet satisfied all of the CONDITIONS necessary for the issuance of a Final Public Report. UNTIL ISSUANCE OF THE FINAL PUBLIC REPORT NO escrow shall close, NO funds shall be released from escrow to the Subdivider, and NO title shall be conveyed for ANY portion of the SUBDIVISION COVERED BY this Conditional Public Report. however, the Subdivider may enter into a binding agreement with you for the purchase or lease of a • LOT •CONDOMINIUM uniT in this SUBDIVISION if:

(A) THE SUBDIVIDER FIRST PROVIDES YOU WITH A COPY OF THIS CONDITIONAL PUBLIC REPORT AND A WRITTEN STATEMENT CONTAINING CERTAIN DISCLOSURES REQUIRED BY BUSINESS & PROFESSIONS CODE SECTION 11018.12(F).

(b) Provision is made in the purchase agreement/contract and escrow instructions FOR THE RETURN of the entire sum of money paid or advanced (“**purchase money**”) by YOU if a Final Public Report has not been issued DURING the term of this Conditional Public Report, • AS MAY BE EXTENDED FOR AN ADDITIONAL SIX MONTH TERM.

(c) Provision is made in the PURCHASE AGREEMENT/CONTRACT AND ESCROW INSTRUCTIONS for the return to you of the entire sum of money paid or advanced by you if you are dissatisfied with the Final Public Report because of a material change in the setup of the offering (Refer to Business & Professions Code Section 11012).

(d) As a condition of the purchase, delivery of legal title or other interest contracted for will not take place until issuance of a Final Public Report.

Before entering into a contract under the authority of this conditional Public Report, you should review the PURCHASE AGREEMENT/CONTRACT carefully to make sure that you will be able to honor your obligations when it is time to close escrow. For example, if you do not have funds to complete the purchase money loan, you may be obligated under the PURCHASE AGREEMENT/ CONTRACT to keep an adequate loan commitment in effect until the final Public Report is issued and it is time to complete the purchase. You should carefully consider whether there will be changes in your income, assets or liabilities that could make your lender unable to fund the loan. You should also consider your personal situation before entering into a contract as your desire and ability to complete the purchase may change. The Department of Real Estate has reviewed the PURCHASE AGREEMENT/CONTRACT form but has not reviewed any arrangements you may enter into with your purchase money lender. You should carefully review your arrangements with the lender.

**BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL SALES CONTRACT AND LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF YOUR CONTRACT OR LOAN DOCUMENTS, YOU MAY WISH TO CONSIDER CONSULTING WITH YOUR OWN ATTORNEY BEFORE ENTERING INTO A CONTRACT TO PURCHASE the property.**

• The INITIAL term of this Conditional Public Report is • six • THIRTY months. When the Conditional Public Report expires, you may wish to consider contacting the Subdivider to discuss the status of your contract, since a Conditional Public Report may be renewed for one additional six month term.

• THE INITIAL TERM OF THIS CONDITIONAL PUBLIC REPORT WAS • SIX •THIRTY MONTHS AND HAS BEEN RENEWED FOR ONE ADDITIONAL SIX MONTH TERM. WHEN THIS CONDITIONAL PUBLIC REPORT EXPIRES, YOU MAY WISH TO CONSIDER CONTACTING SUBDIVIDER TO DISCUSS THE STATUS OF YOUR CONTRACT.

This Conditional Public Report allows the Subdivider to enter into a binding contract with you, subject to your receipt, examination, and acceptance of a Final Public Report within the time period indicated in your PURCHASE AGREEMENT/CONTRACT.

The following conditions must be satisfied by the Subdivider before a Final Public Report can be issued:

A.

B.

C.

D.

• **CONDITIONAL SUBDIVISION PUBLIC REPORT**: If you entered into A PURCHASE AGREEMENT/CONTRACT to purchase or lease an interest in the subdivision under authority of a conditional subdivision public report (**“Conditional Public Report**”), the purchase AGREEMENT/CONTRACT and the escrow instructions contained arrangements for the return to you of monies paid or advanced if you are dissatisfied with this final subdivision public report (“**Final Public Report**”) because of a material change in the setup of the offering covered by Business & Professions Code Section 11012. You are advised to carefully read this final Public Report since it contains information that is more current and possibly different from that included in the conditional Public Report.

• **PRELIMINARY SUBDIVISION PUBLIC REPORT**: If you received a Preliminary SUBDIVISION Public REPORT FOR THIS SUBDIVISION, you are advised to carefully read this CONDITiOnal Public Report since it contains information that is more current and probably different from that included in the preliminary Public Report.

THE USE OF THE TERM “**PUBLIC REPORT**” SHALL MEAN AND REFER TO this • CONDITIONAL • FINALPUBLIC REPORT.

**OVERVIEW OF SUBDIVISION**

**Location:** • This subdivision is located at • and • within the city limits of •, CA. Prospective purchasers should acquaint themselves with the kinds of city services available.

• This subdivision is located in • County at • and • approximately • miles from the city of • , CA.

**Type of Subdivision:** • This subdivision is a common-interest development of the type referred to as a • condominium. • community apartment. It will be operated by an •incorporated owners association. • an unincorporated association.

• This subdivision is a common-interest development of the type referred to as a planned development. It includes common areas • and common facilities • and common amenities which will be maintained by • an incorporated association. • an unincorporated association.

**Interests to Be Conveyed:** You will receive fee title to a specified • a lease to a specified • lot • unit • an exclusive right to occupy a specified unit, • an undivided fractional • fee interest • leasehold interest • as tenant in common in the common area, together with a membership in the • Association (“Association”) and rights to use the common area.

**About This Phase:** • This is a single phase subdivision which consists of approximately • acres divided into • lots • including • in addition to • the common area, which consists of • .

• This public report is for the • phase which consists of approximately • acres divided into • lots • including • in addition to • the common area, which consists of • .

• Common amenities and/or facilities consisting of • will be constructed • have been constructed • on the common area in this phase. The estimated completion date is • .

This phase is part of a total subdivision which, if developed as proposed, will consist of a total of • phases containing • lots within the overall projected subdivision. • The estimated completion date is • .

• Additional common amenities and/or facilities consisting of • in the • phase • will be constructed. • have been constructed. The estimated completion date is • .

• This is a single phase subdivision which consists of approximately • acres on which • building(s) containing • units and • garages • carports • open parking spaces • will be constructed • has been constructed • have been constructed.

• This is the • phase which consists of approximately • acres on which • building(s) containing • units and • garages • carports • open parking spaces • will be constructed • has been constructed • have been constructed.

• Common amenities and/or facilities consisting of • will be • have been constructed on the common area, • . The estimated completion date is • .

• This phase is part of a total subdivision which, if developed as proposed, will consist of a total of • phases containing • units within the overall projected subdivision. • The estimated completion date is • .

• Additional common amenities and/or facilities consisting of • in the • phase • will be constructed • have been constructed. The estimated completion date is •.

• There is no assurance that the total subdivision will be completed as proposed.

• THIS • CONDOMINIUM DEVELOPMENT • PLANNED DEVELOPMENT IS A COMBINATION RESIDENTIAL AND COMMERCIAL SUBDIVISION. THE NON-RESIDENTIAL PORTION OF THE COMMUNITY COMPRISES 15 PERCENT OR MORE OF THE TOTAL SQUARE FOOTAGE OF ALL THE UNITS. UNDER INTERNAL REVENUE REGULATION SECTION 1.528-4(B), THE HOMEOWNERS’ ASSOCIATION DOES NOT QUALIFY AS A TAX-EXEMPT ORGANIZATION, AND THE CALIFORNIA FRANCHISE TAX BOARD HAS TAKEN THE SAME POSITION. THEREFORE, THE TAXABLE INCOME OF THE ASSOCIATION WILL BE SUBJECT TO FEDERAL INCOME TAXATION AND • STATE BANK AND CORPORATION TAX • STATE INCOME TAX.

• FUTURE DEVELOPMENT OF THE SUBDIVISION CANNOT BE PREDICTED WITH ACCURACY. THE SUBDIVIDER HAS THE RIGHT TO BUILD MORE OR FEWER THAN THE NUMBER OF HOMES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADDING LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS OR CHANGING (PARTIALLY OR IN TOTAL) DESIGNS AND/OR MATERIALS, AT ANY POINT DURING DEVELOPMENT.

• DUE TO THE INABILITY TO PREDICT FUTURE MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT THE SUBDIVISION WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR BUILD-OUT SCHEDULE. TOPOGRAPHICAL MAPS IN THE SALES OFFICE, LOT PLOTTING MAPS, MAPS OFFERED BY SUBDIVIDER AND OTHER FORMS SHOWING “COMPLETE” SUBDIVISION PROJECTIONS DO NOT NECESSARILY COMMIT THE SUBDIVIDER TO COMPLETE THE SUBDIVISION OR, IF COMPLETED, TO COMPLETE THE SUBDIVISION AS SHOWN. THE SUBDIVIDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS OR CONDOMINIUM UNITS WITHIN THE SUBDIVISION TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR BUILDERS.

• **Conversion:** This subdivision is a conversion of an existing • apartment • hotel into condominium use. The structure originally was completed in • .

The Subdivider will provide you with a written statement listing all substantial defects or malfunctions in the major systems in your unit and common areas or a written statement disclaiming knowledge of any substantial defects or malfunctions. Such statement or disclaimer is required by Civil Code Section 1134.

• The Subdivider has not furnished inspection reports from licensed contractors or engineers concerning the current condition of major building components. Consequently, cost estimates for possible future repairs are not available. This means the estimates of remaining useful life in such building components may not be accurate and the Association’s budget may not be sufficient to pay for unexpected repairs. It may be necessary to levy special assessments against the unit owners to pay for such repairs.

• Pursuant to Health and Safety Code Section 17973, the subdivider has completed an inspection and completed recommended repairs, if any, of the exterior elevated elements (balconies, decks, stairways, etc.). The inspection report and written confirmation by the inspector that any repairs or replacements recommended by the inspector have been completed shall be included with the written statement required by Section 1134 of the Civil Code.

**Sale of All Residences:** • The Subdivider has indicated that Subdivider intends to sell all of the • units • lots in this subdivision; however, any owner, including the Subdivider, has a legal right to rent or lease the • units • lots. • subject to the following resale restrictions: • .

The subdivider indicates • in addition to the sales program, the subdivider will lease approximately • units • lots in the subdivision. Leases will be for a term of • or more.

**SUBDIVIDER AND PURCHASER OBLIGATIONS:** IF YOU PURCHASE FIVE OR MORE • INTERESTS • LOTS • CONDOMINIUM UNITS FROM THE SUBDIVIDER, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

**NOTE:** WHEN YOU SELL YOUR • LOT • CONDOMINIUM UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION OF RESTRICTIONS, ARTICLES OF • INCORPORATION • ASSOCIATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS ON THE • LOT • CONDOMINIUM UNIT THE DATE THE STATEMENT WAS ISSUED.

**WARNING:** IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF $500.00 – PLUS ATTORNEY’S FEES AND DAMAGES (CIVIL CODE SECTION 4540).

• **Completion of Common Area:** • The Subdivider • has posted a bond • will post a bond • has made financial arrangements • will make financial arrangements acceptable to the Department of Real Estate • in the amount of $ • to assure completion of common area improvements • located outside the residential buildings • described in the Planned Construction Statement attached to the • bond • security instrument. The estimated completion date for these improvements is • .

• The Subdivider estimates all common area improvements, amenities, and facilities • including residential structures • in the total subdivision • in this phase • will be completed by approximately • .

• No escrows will close until all common area improvements, amenities, and facilities, • renovations • and • residential units in a designated cluster • all residential structures • all residential lots • of • in this phase have been completed and a Notice of Completion has been filed and all claim of liens have expired. If the period for all claim of liens has not expired a title policy (paid by the subdivider) shall be issued to each purchaser • and • or • to the Association containing an endorsement against all claims of liens (Section 11018.5 of the Business and Professions Code).

• The Subdivider estimates all common facilities • including residential structures • excluding residential structures • in the total subdivision • in this phase • will be completed by approximately • .

• No escrows will close • in this phase until completion of all common area improvements, amenities, and facilities or, as an alternative, the Subdivider has submitted a bond or other security acceptable to the Department of Real Estate under the provisions of Section 11018.5 of the Business and Professions Code to assure lien free completion of • all common areas • common amenities • common facilities • and residential units in • this phase • of • this condominium subdivision • a designated cluster • this subdivision.

• This is a phased subdivision on one lot.

• The Subdivider of this subdivision has not furnished any financial guarantees that any residential units other than those in • this building • building number • will be completed.

If the Subdivider does not complete the remaining residential units in exact accordance with the recorded condominium plan, the interest you purchase in this subdivision may not be qualified for refinancing which would make the unit you purchase unmarketable.

Prior to entering into a purchase agreement/contract, you should consult an attorney for advice.

• The Subdivider advises that each purchaser and the Association will receive a special title endorsement insuring him/her against future mechanic liens which may be incurred in the construction of units in the additional phases of this one lot subdivision. The title endorsement provides that the total liability of the title company is limited to the face amount of the title policy only. The insurance will contain the following endorsement:

“The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of any statutory lien for labor or materials attaching to the Land, arising out of any work of improvement under construction or completed at the date of policy as to the condominium building in which the insured’s separate unit is located, and/or by reason of any statutory lien for labor or materials attaching to the Land arising out of any work or improvement within Lot No. • of Tract • whether such improvements have been completed, are under construction or are to be constructed after the Policy Date.”

Should the owner of a unit in this subdivision sell his/her unit to another purchaser prior to the completion of the final phases, he/she should inform the new purchaser that a special future mechanic lien endorsement should be obtained from their title insurance company.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE CONTRACT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SELLER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE PURCHASER OR THE PURCHASER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SELLER.

**MANAGEMENT AND OPERATION**

**Association Obligations and Governing Documents:** The Association, of which you become a member at time of purchase, is governed by and manages, maintains, and operates the subdivision in accordance with the Covenants, Conditions and Restrictions (the “**CC&Rs**”), the Articles of • Incorporation, • Association (“**Articles**”) , and the Bylaws. In addition, the Association has the right to adopt rules and regulations and guidelines for the subdivision and which will include subdivision design/architectural guidelines which will set forth the guidelines and procedures for design/architectural review within the subdivision. There may also be supplementary declarations or notices of annexation (“**Supplementary Declarations**”) which will be recorded against portions of the subdivision which may set forth additional restrictions and easements covering the areas covered by the Supplementary Declaration(s) (the CC&Rs, Bylaws, Articles, Supplementary Declaration (s) and rules and regulations and design/architectural guidelines may hereinafter be referred to as the “**Governing Documents**”). You should review each of these documents carefully.

• **Note:** Class C Voting Provisions:

•

• **INITIAL MEETING:** THE ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF GOVERNING DOCUMENTS. Since the common area improvements, amenities, and facilities will be maintained by THE association, it is essential that this association be formed early and properly. The association must hold the first membership meeting and election of the association’s governing body • within six months after the closing of the sale of the first subdivision interest under the first Final Public Report for the subdivision • within 45 days after 51% sell out of the interests authorized for sale under the first Final Public Report for the SUBDIVISION. However, in no event shall the meeting be held later than six months after the closing of the sale of the first subdivision interest. (Regulations 2792.17 and 2792.19) The association must also prepare and distribute to all homeowners a balance sheet and income statement. thereafter the association must hold elections of the association’s governing body in accordance with the governing documents. the association must then also prepare and distribute to all homeowners a balance sheet and income statement and a summary of the association’s reserves based upon the most recent review or study conducted pursuant to sectionS 5500 ET. SEQ. OF THE CIVIL CODE.

• **EXISTING ASSOCIATION:** SINCE The common area improvements, amenities, and facilities are maintained by the association, The association must hold elections of the association’s governing body in accordance with its governing documents. the association must also prepare and distribute to all homeowners a balance sheet and income statement and a summary of the association's reserves based upon the most recent review or study conducted PURSUANT to sectionS 5500 ET. SEQ. OF THE CIVIL CODE.

.

**The CC&Rs:** This subdivision • is subject to the CC&Rs recorded • will be subject to the CC&Rs to be recorded in the Office of the • County Recorder, on • , • as Instrument Number • Book • Page(s) • through • , • amended on •, • as Instrument No. • Book • Page(s) • through • , which include among other provisions, the following:

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE RESTRICTIONS. THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

• To secure financing for this SUBDIVISION acceptable for acquisition by • Federal National Mortgage Association (FNMA) • Federal Home Loan Mortgage Corporation (FHLMC), it has been necessary for the Subdivider to incorporate into the declaration of Covenants, conditions and restrictions and other management instruments, provisions which give the mortgage lender a voice in the affairs of the homeowner’s association and in the management and operation of the SUBDIVISION which a lender does not ordinarily have.

**DOCUMENTS TO BE FURNISHED:** The Subdivider stated THAT SUBDIVIDER • will furnish • will not furnish the current board of officers of the association and each individual purchaser with the Department of Real Estate reviewed association budget.

• The Subdivider stated THAT SUBDIVIDER • will furnish • will not furnish each individual purchaser with the condominium plan.

The Subdivider must maintain and deliver to the association the specific records and materials listed in Real Estate Commissioner’s Regulation 2792.23 within the stated time period. These records and materials directly affect the ability of the association to perform its duties and responsibilities (Section 11018.5 of the Business and Professions Code and Section 4800 of the Civil Code).

THE SUBDIVIDER SHALL MAKE A COPY OF THE • ARTICLES, THE BYLAWS, AND THE CC&RS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A • LOT • CONDOMINIUM UNIT. A COPY OF EACH MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICABLE BEFORE CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A • LOT • CONDOMINIUM UNIT (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

**MAINTENANCE AND OPERATIONAL EXPENSES**

**Association to Levy Assessments:** The association has the right to levy assessments against you for maintenance of the common areas, amenities and facilities, and other purposes. Your control of operations and expenses is limited to the right of your elected representatives to vote on certain provisions at Association meetings.

• **Proposed Budget:** The Subdivider has submitted a budget for the management, maintenance and operation of the Association obligations and for long-term reserves. This budget was reviewed by the Department of Real Estate in • . You should obtain a copy of this budget from the Subdivider. Under this budget, the • prorated • average • monthly assessment against each • lot • condominium unit • will be $• • ranges from $ • to $ • of which $ • to $ • is a monthly contribution to long-term reserves and is not to pay for current management, maintenance and operating expenses.

• **Proposed Budgets:** The Subdivider has submitted budgets for the maintenance and operation of the Association obligations and for long-term reserves when the community is substantially completed (built-out budget) • and an interim budget applicable to this phase. These budgets were reviewed by the Department of Real Estate in • . You should obtain copies of these budgets from the Subdivider.

Under the built-out budget, the • prorated • average • monthly assessment against each • lot • condominium unit • will be $ • • ranges from $ • to $ • . The Association may or may not elect to use this budget when additional phases are annexed. Under the • phase budget • interim budget, the • prorated • average • monthly assessment per interest • will be $ • • ranges from $ • to $ • . Of these amounts, the monthly contributions toward long-term reserves are not to be used to pay for current management, maintenance and operating expenses are $ • and $ • , respectively.

YOU SHOULD BE AWARE THAT IF, AND WHEN ADDITIONAL PHASE(S) ARE ANNEXED INTO THE SUBDIVISION, THE MONTHLY ASSESSMENTS AGAINST YOUR • LOT • CONDOMINIUM UNIT MAY INCREASE OR DECREASE DEPENDING UPON, AMONG OTHER THINGS, THE NUMBER OF • LOTS • CONDOMINIUM UNITS BEING ANNEXED IN SUCH SUBSEQUENT PHASE(S) AND WHETHER ANY ADDITIONAL COMMON AREA AND/OR COMMON FACILITIES ARE ALSO BEING ANNEXED AS PART OF ANY SUCH PHASE(S).

According to the Subdivider, assessments under the interim budget should be sufficient for proper management, maintenance and operation of Association obligations until the subdivision is completed at which time it may be anticipated that assessments will be adjusted.

If the budget furnished to you by the Subdivider shows a monthly assessment figure which is at least 20% more or at least 10% less than the assessment amount shown • in the final • in this PUBLIC REPORT, you should contact the Department of Real Estate before entering into an CONTRACT to purchase.

• **Proposed Budgets:** The Subdivider has submitted budgets for the management, maintenance and operation of the Association obligations and for long-term reserves when the subdivision is substantially completed (built-out budget) and interim budgets applicable to these phases. These budgets were reviewed by the Department of Real Estate in • . You should obtain copies of these budgets from the Subdivider.

Due to uncertainty in the sequence in which the phases in this subdivision will close escrows in individual housing types located in the overall subdivision, it is difficult to predict at this time the amount of the monthly assessment which will be assessed against each • lot • condominium unit in the subdivision.

As the overall subdivision is developed and additional phases of the subdivision become subject to assessment, the level of monthly assessments in existing phases of the subdivision may increase or decrease, subject to the limitations in the CC&Rs or Bylaws. Under the interim budget on file with the Department of Real Estate, the range of monthly assessments during the development period will be between $ • and $ • . Of these amounts, the monthly contributions toward long-term reserves which are not to be used to pay for current management, maintenance and operating expenses will be between $ • and $ • .

According to the Subdivider, assessments under the interim budget should be sufficient for management, maintenance and operation of the Association’s obligations until the subdivision is substantially completed at which time it may be anticipated that assessments will be adjusted. Prior to the close of escrow for the sale of your • lot • condominium unit, the Subdivider will provide you with a copy of the budget for your phase, reflecting the amount of the initial assessment you will actually pay to the Association.

If the budget furnished to you by the Subdivider shows a monthly assessment figure which is outside of the range of assessments reflected in the Public Report, you should contact the Department of Real Estate before entering into a CONTRACT to purchase.

**NOTE:** In addition to the Monthly Regular Assessment, each owner will receive a Utility Assessment for • water and sewers fees • electricity • other \_\_\_\_\_\_\_\_\_\_ based upon their usage as measured through the property’s sub-metering system. It is estimated the utility assessment will average $\_\_\_\_\_\_\_\_\_\_ per unit per month.

**NOTE:** The budget information included in this Public Report is applicable as of the date of budget review as shown above. Expenses of operation are difficult to predict and even if accurately estimated initially, most expenses increase with the age of facilities and with increases in the cost of living.

**BUDGET INFORMATION PROVIDED BY SUBDIVIDER:** DELINQUENCIES IN THE PAYMENT OF ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED ASSOCIATION SERVICES. THE SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET (REGULATION 2800K).

THE SUBDIVIDER MUST MAKE AVAILABLE TO YOU A STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS AND RELATED CHARGES AS PROVIDED BY THE GOVERNING DOCUMENTS AND, IF AVAILABLE, CURRENT FINANCIAL INFORMATION AND RELATED STATEMENTS (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase a • Lot • Condominium Unit. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE SUBDIVISION ASSOCIATION. If you do not understand the contents of these financial documents, you may wish to consult with your own professional advisors. Should the amounts collected by the Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Association may decide to defer maintenance or eliminate services.

• **Exemptions from Association Regular Assessments:** The Covenants, Conditions and Restrictions provide that the subdivider or other owner of a subdivision interest will be allowed to defer from payment, that portion of any assessment which is directly attributable to any structural improvement and/or common facility that is not complete at the time assessments commence. The amount of the deferment may be a fixed amount, or may vary based upon dates of completion or use. Once the established criterion is met and the authority allowing the deferment is eliminated, all owners must pay the full amount of the monthly assessment as outlined herein. The limitations of this allowance are specifically set forth in the Restrictions. (Regulation 2792.16c).

**Utility Rates:** The utility rates used for the calculations within the above referenced budgets are based on information available at the time of the budget review dates (as shown above). Increases in assessments may be required as a measure to provide adequate funds to compensate for potential utility rate increases. Purchasers should be aware of the possible affect these increases may have on their assessments.

**Assessments Increases/Decreases:** The Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the CC&Rs or Bylaws. In considering the advisability of a decrease (or a smaller increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

**Commencement of Assessments:** Regular assessments for the Association will commence on all • lots • condominium units • in this phase • in the phases covered by this public report • on the first day of the month • immediately following the conveyance of the first subdivision • lots • condominium units • in the phase. The Subdivider must pay assessments to the Association for all unsold • lots • condominium units (Regulations 2792.9 and 2792.16).

**Failure to Pay:** The remedies available to the Association against owners who are delinquent in the payment of assessments are set forth in the CC&Rs. These remedies are available against the Subdivider as well as against other owners.

**Subdivider’s Assessment Security:** • No sale of a subdivision interest will close until 80% of all subdivision interests covered by the final public repot have been conveyed (or leased if that is the marketing plan) and are simultaneously closed.

• The Subdivider • has posted a bond • will post a bond • has deposited funds in escrow • will deposit funds in escrow • has made financial arrangements • will make financial arrangements as partial security for the obligation to pay these assessments. The governing body of the Association should assure itself that the Subdivider has satisfied these obligations to the Association with respect to the payment of assessments before agreeing to a release or exoneration of the Security.

• The Subdivider has presented an alternative arrangement satisfactory to the Commissioner to secure the fulfillment of the Subdivider’s obligations to the Association. The arrangement entails • .

• **Subsidy:** The Subdivider •will enter • has entered into an agreement with the Association to temporarily subsidize a portion of your monthly assessment. The Subsidy commences with the first close of escrow and terminates on \_\_\_\_\_\_\_\_\_\_\_\_\_.• The Subsidy Agreement may be extended for **\_\_\_\_\_\_\_\_\_\_\_\_\_** month(s)/year(s), in accordance with the terms and provisions of the Agreement. During the term of the Agreement, the Subdivider will subsidize the monthly installment of Regular Assessments. The amount of the monthly subsidy for each • Lot • Condominium shall be $**\_\_\_\_\_\_\_\_\_**. The Subdivider • has posted a bond • will post a bond • has deposited funds in escrow • will deposit funds in escrow • has made financial arrangements • will make financial arrangements to cover its obligations under the Agreement. You may request a copy of the Subsidy Agreement from the Subdivider. You should be aware that the Subsidy Agreement could expire prior to your purchase of a • Lot • Condominium, in which case the amount of the monthly installment of the Regular Assessments to be paid by you will increase to the full amount assessable against each • Lot • Condominium in such Phase.

• **Maintenance Agreement:** The Subdivider has entered into a • Maintenance Agreement • Street Maintenance Agreement • \_\_\_\_\_\_\_\_\_\_ Agreement with the Association in order to provide for the maintenance of ­­­­**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.** The Agreement commences with the first close of escrow and terminates **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.** • The Subdivider • has posted a bond • will post a bond • has deposited funds in escrow • will deposit funds in escrow • has made financial arrangements • will make financial arrangements to cover its obligations under the Agreement. You may request a copy of the Maintenance Agreement from the Subdivider.

• **Capital Contribution:** On acquisition of record title to a • lot • unit, each buyer of a • lot • unit shall contribute to the capital of the Association such amounts to cover the initial months of operation of the Subdivision. This contribution shall be deposited by the buyer into a purchase and sale escrow and disbursed therefrom to the Association, or to Subdivider (if Subdivider has previously advanced such fund on the Owners’ behalf).

**USES/ZONING/HAZARD DISCLOSURES**

The Subdivider has set forth below references to various uses, zoning, hazards and other matters based on information from a variety of sources. You should independently verify the information regarding these matters, as well as all other matters, that may be of concern to you regarding the subdivision and all existing, proposed or possible future uses adjacent to or in the vicinity of the subdivision. At the time this public report was issued, some of the land uses that surround the subdivision include, but are not limited to, the following:

**Zoning:**

North - •

South - •

East - •

West - •

• **Uses:**

• **Hazards:** The subdivider advises that the following • hazards exist • hazard exists within or near this subdivision:

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *Special Flood Hazard Area*as designated by the Federal Emergency Management Agency. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Government Code Section 8589.3.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within an *Area of Potential Flooding*as shown on an inundation map. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Government Code Section 8589.4.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *Very High Fire Hazard Severity Zone***.** Additionally, the subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Government Code Section 51183.5.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area*(wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within an *Earthquake Fault Zone***.** Additionally, the subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Public Resources Code Section 2621.9.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *Seismic Hazard Zone*. Additionally, the subdivider has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Public Resources Code Section 2694.

If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

• If your • lot • condominium unit is located within one or more Statutory Natural Hazard Areas, your ability to further develop the real property, to obtain insurance, or to receive assistance after a disaster may be affected. You should therefore contact your lender and insurance carrier for more information regarding types of insurance and costs to cover your property. Additionally, since purchasers are not required to receive a separate disclosure for property owned by the Association, you should also contact the Association regarding any assessment increases due to additional insurance costs associated with the Statutory Natural Hazard Areas which may affect the Association maintained areas, if any.

• **Notice of Airport in Vicinity:** This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Business and Professions Code Section 11010(b)(13)(B) provides an "airport influence area", also known as an ‘"airport referral area", is the area in which current or future airport-related noise, overflight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

• **Notice Of San Francisco Bay Conservation And Development Commission Jurisdiction:** This property is located within the jurisdiction of the San Francisco Bay Conservation and Development Commission. Use and development of property within the commission's jurisdiction may be subject to special regulations, restrictions, and permit requirements. You may wish to investigate and determine whether they are acceptable to you and your intended use of the property before you complete your transaction.

If any disclosure, or any material amendment to any disclosure, required pursuant to 1103 et seq is delivered after the execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the Subdivider or the Subdivider's agent.

• **Naturally Occurring Asbestos:** Subdivider has advised that natural occurrences of asbestos-containing rock may be found in or near this community. Naturally occurring asbestos may pose a health hazard to those exposed to ambient asbestos fibers. Such fibers may be found in serpentine rock used as a surface material for unpaved roads. The California Air Resources Board has advised that asbestos emissions can occur when asbestos-containing rocks are crushed or broken, such as occurs when vehicles pass over unpaved roads or parking lots, or during construction activities.

General information on emissions and health impacts from naturally occurring asbestos can be obtained from the Air Resources Board Web site at [**www.arb.ca.gov/toxics/asbestos/asbestos.htm**](http://www.arb.ca.gov/toxics/asbestos/asbestos.htm). To obtain specific information on your lot, you may wish to contact the Subdivider or consult with an appropriate expert who can identify and test any exposed asbestos-containing rock that may either exist on the property or within its vicinity to determine whether it will present a health risk.

• **Naturally Occurring Asbestos:** This community is in an area included on a map titled "Areas More Likely to Contain Natural Occurrences of Asbestos in Western El Dorado County, California," released by the California Department of Conservation, Division of Mines and Geology, dated March 2000. You may obtain more information regarding the map and accompanying report by contacting the Department of Conservation, State Mining & Geology Board, 801 K Street, MS 20-15, Sacramento, California, 95814, (916) 322-1082, or their web site at [**www.conservation.ca.gov**](http://www.conservation.ca.gov).

Naturally occurring asbestos may pose a health hazard to those exposed to ambient asbestos fibers. Such fibers may be found in serpentine rock used as a surface material for unpaved roads. The California Air Resources Board has advised that asbestos emissions can occur when asbestos-containing rocks are crushed or broken, such as occurs when vehicles pass over unpaved roads or parking lots, or during construction activities.

General information on emissions and health impacts from naturally occurring asbestos can be obtained from the Air Resources Board Web site at [**www.arb.ca.gov/toxics/asbestos/asbestos.htm**](http://www.arb.ca.gov/toxics/asbestos/asbestos.htm). For specific information, you should consult with an appropriate expert who can identify and test any exposed asbestos-containing rock that may either exist on the property or within its vicinity to determine whether it will present a health risk.

• **NUCLEAR POWER PLANT:** THE COMMUNITY IS LOCATED WITHIN • MILES OF THE • NUCLEAR POWER PLANT.

It is within the basic emergency planning zone, the area surrounding each of California’s nuclear power plants, in which both State and Federal governments require planning to protect the public in the unlikely event of a serious accident at the plant. Plans for public information and for a full range of protective actions, including evacuation, have been developed by local emergency services offices.

• **Lead-Based Paint:** Pursuant to federal Real Estate Disclosure and Notification Rule (24 CFR Part 35 and 40 CFR Part 745), the seller is required to disclose to prospective purchasers that this property may contain lead-based paint and/or lead-based paint hazards as well as provide certain written materials as mandated by current law. The seller is required to offer all prospective purchasers an opportunity to conduct a risk assessment for lead-based paint and lead-based hazards prior to being obligated under a purchase contracts. This risk assessment may be waived by written agreement between purchaser and seller. For more information, you should contact the local office of the Environmental Protection Agency.

• **Notice of Right to Farm:** This property is located within one mile of a farm or ranch land designated on the current county-level GIS “Important Farmland Map,” issued by the California Department of Conservation, Division of Land Resource Protection.  Accordingly, the property may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector.  Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides, and herbicides.  These agricultural practices may occur at any time during the 24-hour day.  Individual sensitivities to those practices can vary from person to person.  You may wish to consider the impacts of such agricultural practices before you complete your purchase.  Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE SUBDIVISION BEFORE SIGNING A PURCHASE AGREEMENT/CONTRACT.

**TITLE**

• **Ownership:** A preliminary report shows title to said estate or interest, as of the date of this Public Report, to be vested in • .

**Preliminary Report:** A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the • lot • condominium unit you are purchasing. Those items typically shown on a report include, but are not limited to, general and special taxes, easements, mechanic liens, monetary encumbrances, trust deeds, utilities, rights of way and CC&Rs. In most instances, copies of documents can be provided to you upon request.

• Additionally the preliminary report shows title, among other things, to be subject to the following:

•

**Easements:** Easements for • utilities, • planting, • mail delivery, • drainage, • flood control, • rights-of-way, • building setbacks, • anchor rights, • sewers, • , • and other purposes are shown on the title report and Subdivision Map • to be recorded • recorded on • in the Office of the • County Recorder, Book • of Maps, • Parcel Maps, Pages • through • , • and Condominium Plan • to be recorded • recorded • as Instrument Number • on • , Book • Pages • through • , • as Instrument Number • .

• Amendments to the original condominium plan may also be recorded. You may ask the Subdivider about such changes. If you purchase a condominium unit, this information will be included in your title policy.

• Adjustments to the original subdivision map(s) may also be recorded. You may ask the Subdivider about such changes. If you purchase a lot subject to said adjustment, this information will be included in your title policy.

**Mineral Rights:** • You will not own the • water, • mineral, • oil, • and gas rights under your land • below a depth of • feet. • These have been or will be reserved • as per your grant deed • as follows:

•

• The right to surface entry has been waived.

• The right to surface entry has not been waived, and the owners of the mineral rights may enter upon the land at some future date to extract minerals, etc. This right could affect your ability to obtain financing for building on the property.

• You will not own the mineral, oil and gas rights under your land. The right to surface entry to extract minerals has not been waived by the owner of these rights. Unless otherwise restricted, the owner of mineral, oil and gas rights is entitled to enter your land to penetrate the surface to extract subsurface minerals. Because of the location of the SUBDIVISION, local zoning or other laws or regulations may prohibit the owner from doing this. For further particulars, you should contact the building department of the city or county in which your property is located. When you purchase, you can request a “homeowners endorsement” to your policy of title insurance which will insure against loss up to the amount of the policy, for damage to any owner-occupied residential structure then on the land, which damage results from the exercise of surface entry rights.

**TAXES**

**Regular Taxes:** The maximum amount of any tax on real property that can be collected annually by counties is 1% of the full cash value of the property. With the addition of interest and redemption charges on any indebtedness, approved by voters prior to July 1, 1978, the total property tax rate in most counties is approximately 1.25% of the full cash value. In some counties, the total tax rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

The total property tax rate for the subdivision is • % for tax year 20 • /20 •.

• For the purchaser of a lot in this subdivision, the full cash value of the lot will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of the lot or as of the date of completion of an improvement on the lot if that occurs after the date of purchase.

• For the purchaser of a condominium unit in this subdivision, the full cash value of the unit will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of the unit or as of the date of completion of an improvement on the unit if that occurs after the date of purchase.

Notice of Your ‘Supplemental’ Property Tax Bill

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your local Tax Collector’s Office.

**Special Taxes & Assessments:** This subdivision lies within the boundaries of the • District and is subject to any • taxes, • assessments and • obligations thereof.

This subdivision lies within the boundaries of the • District • No. • and is subject to any taxes, assessments and obligations thereof. This District was formed to provide • . The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of this Public Report, • it is anticipated the projected 20 • - 20 • assessment for each residential unit within this subdivision will be $ •, the 20 • - 20 • assessment is $ • . The administration of this District will be provided by • .

• This subdivision lies within the • Community Facilities District • No. • and is subject to any taxes, assessments and obligations thereof. The Subdivider must provide purchasers with • a disclosure • disclosures entitled, “Notice of Special Tax” prior to a purchaser entering into a contract to purchase. • This Notice contains • These Notices contain important information about district functions, purchaser's obligations, right of the • district, • districts, and information on how to contact the • district • districts for additional materials. Purchasers should thoroughly understand the information contained in the • Notice • Notices prior to entering into a contract to purchase. • This special tax appears • These special taxes appear on the yearly property tax bill, and • is • are in addition to the tax rate affecting the property described above in the section entitled “Regular Taxes.”

The buyer has five days after delivery of • this Notice • these Notices by deposit in the mail, or three days after delivery of any notice in person, to terminate the purchase agreement/contract by giving written notice of that termination to the owner, Subdivider, or agent selling the property.

**FINANCING**

• Pursuant to Civil Code Sections 2956 through 2967, inclusive, Subdivider and purchasers must make certain written disclosures regarding financing terms and related information. The Subdivider will advise purchasers of disclosures needed from them, if any.

If your purchase involves financing, a form of deed of trust and note will be used. The provisions of these documents may vary depending upon the lender selected. These documents may contain the following provisions:

**Acceleration Clause:** This is a clause in a mortgage or deed of trust which provided that if the borrower (trustor) defaults in repaying the loan, the lender may declare the unpaid balance of the loan immediately due and payable.

**Due-on-Sale Clause:** If the loan instrument for financing your purchase of an interest in this subdivision includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell the property. This means that the loan will not be assumable by a purchaser without the approval of the lender. If the lender does not declare the loan to be all due and payable on transfer of the property by you, the lender is nevertheless likely to insist upon modification of the terms of the instrument as a condition to permitting assumption by the purchaser. The lender will almost certainly insist upon an increase in the interest rate if the prevailing interest rate at the time of the proposed sale of the property is higher than the interest rate of your promissory note.

**Balloon Payment:** This means that your monthly payments are not large enough to pay off the loan, with interest, during the period for which the loan is written and that at the end period, you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

**Prepayment Penalty:** This means that if you wish to pay off your loan in whole or in part before it is due, you must, in addition, pay a penalty.

**Late Charge:** This means that if you fail to make your installment payment on or before the due date or within a specified number of days after the due date, you, in addition, must pay a penalty.

**Adjustable Rate Loan:** The Subdivider may assist you in arranging financing from a federal or state regulated lender which will make loans that allow the interest rates to change over the life of the loan. An interest rate increase ordinarily causes an increase in the monthly payment that you make to the lender. The lender will provide you with a disclosure form about the financing to assist you in the evaluation of your ability to make increased payments during the term of the loan. This disclosure form will be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

• **Special or Unusual Financing Arrangements:**

BEFORE AGREEING TO ANY FINANCING PROGRAM OR SIGNING ANY LOAN DOCUMENTS, YOU SHOULD READ AND THOROUGHLY UNDERSTAND ALL THE PROVISIONS CONTAINED IN THE LOAN DOCUMENTS.

**PURCHASE MONEY HANDLING**

• (Note: The Surety Bond (RE 600), Blanket Surety Bond (RE 600A) or other purchase money guarantee may not be used for a Conditional Public Report.)

The subdivider must impound all funds (purchase money) received from you in an escrow depository until • a trust account until legal title is delivered to you. •except for such amount as the subdivider has covered by furnishing a bond to the State of California. [•Refer to Business and Professions Code Sections• 11013, • 11013.1, • and• 11013.2(a), • 11013.2(c) •, 11013.2(d) • 11013.4(a), • 11013.4(b), • and 11013.4(f) •.]

• The subdivider advises that individual escrows for sales of interests in this subdivision will not close until • 80 percent of the • lots • units have been sold and are ready to close escrow simultaneously.

• If the escrow has not closed on your • lot within • unit within • six (6) months • one (1) year • twelve (12) months of the date of • subdivider's acceptance of your offer • your deposit receipt • purchase contract • escrow opening you may request the return of your purchase money deposit.

• IF THE FINAL PUBLIC REPORT HAS NOT BEEN ISSUED WITHIN • SIX (6) MONTHS • THIRTY (30) MONTHS FROM THE DATE OF THE ISSUANCE OF THIS CONDITIONAL PUBLIC REPORT YOU MAY REQUEST THE RETURN OF YOUR DEPOSIT. • THE TERM OF THE CONDITIONAL PUBLIC REPORT MAY BE EXTENDED FOR AN ADDITIONAL SIX (6) MONTH TERM.

• THE PURCHAE AGREEMENT (AND ESCROW INSTRUCTIONS) INTENDED FOR USE BY THE SUBDIVIDER INCLUDES A PROVISION WHERE THE SELLER (SUBDIVIDER) MAY IN ITS SOLE AND ABSOLUTE DISCRETION GRANT THE BUYER AN EXTENSION OF THE CLOSING DATE. UNDER THIS PROVISION THE BUYER SHALL PAY A SPECIFIED DOLLAR AMOUNT PER DAY (EXTENSION FEE) FOR EACH DAY THE ESCROW IS EXTENDED.

• NOTE: Section 2995 of the Civil Code provides that no real estate subdivider shall require as a condition precedent to the transfer of real property containing a single-family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the subdivider has a financial interest of 5% or more.

THE SUBDIVIDER HAS • A • NO FINANCIAL INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF • LOTS • CONDOMINIUM UNITS IN THIS SUBDIVISION.

**SOILS AND GEOLOGIC CONDITIONS**

• Soils • and geologic information is available at •.

• This is a conversion; a soils report is not required by local government.

• A soils report has been waived by local government.

• All lots • Some lots • contain filled ground • will contain filled ground. Information concerning filled ground • and soil conditions • and geologic conditions is available at •.

• INFORMATION CONCERNING SLOPES, PLANTING AND DRAINAGE REQUIREMENTS IS AVAILABLE AT THE OFFICE OF THE COUNTY ENGINEER, BUILDING AND SAFETY DIVISION, 3RD FLOOR, PO BOX 1460, ALHAMBRA, CA 91802-2460.

California is SUBJECT to geologic HAZARDS such as landslides, fault movements, earthquake shaking, rapid EROSION, or subsidence. The Uniform Building Code, appendix Chapter 33, provides for local building officials to exercise preventive measures during grading to eliminate or minimize damage from such geologic hazards. This subdivision is located in an area where some of these hazards may exist. Some California counties and cities have adopted ordinances that may or may not be as effective in the control of grading and site preparation.

PURCHASERS MAY CONTACT THE SUBDIVIDER, THE SUBDIVIDER’S ENGINEER, THE ENGINEERING GEOLOGIST AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH APPENDIX CHAPTER 33 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THIS SUBDIVISION.

**UTILITIES AND OTHER SERVICES**

• **Water:** The • advises that it will supply water to each • lot • condominium unit.

• This is a mutual water company. A mutual water company is not subject to supervision or regulation as a public utility company. No public agency has any supervision or control over the management, rates, assessments, charges or conduct of business by a mutual water company.

• Usually, you must be a stockholder in the mutual water company in order to be entitled to get water. • A share of stock will cost $ •. • A transfer fee will be $ •.

• A stockholder must share in the costs of operation of the water company. A share of stock may be assessed for any amount the management deems necessary for the continuation of the operation of the water company. Through the share, the stockholder has a voice in the management. If a stockholder's vote is one of the minority on the issues of management, individual dissatisfaction may not be easily resolved. The share of stock is appurtenant to the individual • lot • condominium unit and may not be disposed of separately.

• You will be required to pay for • extension • hook-up of water services.

• Maintenance of water lines and related facilities within the subdivision is the responsibility of the • Association and such charges are included in the budget.

• There is no regular water service to this subdivision.

• Private water wells are the only source of water and you will be required to pay all costs to have a well installed on your • lot • condominium unit.

• The subdivider's well driller has submitted the following information:

•

• Samples from wells in the area show water is bacteriologically pure, and has •high •low mineral content.

• A test well located at • now produces potable water.

• Water of similar quality should be available throughout the subdivision from individual wells; however, there is no guarantee that such wells will be available on each parcel.

• The State Water Code requires a Notice of Intention to drill a well and a Report of Completion to be filed with the Department of Water Resources.

• Other water company or facility •

• **Sewage Disposal:** Sewer service to each • lot • condominium unit in this subdivision will be provided by the • .

• You will be required to pay costs for • extension • hook-up to sewer service.

•Septic systems will be used for sewage disposal. You must pay for your septic system. • The • estimates the costs to be $ •.

•The • Health Department has stated that a permit will be issued for a septic system on all lots/parcels in this subdivision. This information is applicable as of the date of issuance of this Public Report. If there is a change in the requirements for a sewage disposal system permit, the subdivider must amend this Public Report to disclose the new conditions. Please note that if you do not intend to install a sewage system at this time, there is no guarantee that the lot/parcel will later qualify for use of a septic system. Prior to purchasing a lot/parcel and commencing construction, you should contact the local health department concerning specifications, requirements and any local problems.

• The purchase agreement/contract and escrow instructions used in the offering of these lots/parcels will provide that prior to close of any sale of a lot/parcel in this subdivision, the purchaser must receive a written opinion, satisfactory to the purchaser, from the local health authority, a registered civil engineer or geologist that the lot/parcel is suitable for the installation of a septic system and a permit would be issued, at the date of the opinion, if an application for a permit were made in compliance with local permit requirements on that date.

This information will be applicable at the time of purchase. If you do not intend to install a sewage disposal system at that time, there is no guarantee that the lot/parcel will later qualify for use of a septic system. Prior to purchasing a lot/parcel and commencing construction, you should contact the local health Department for specifications, requirements and any local problems.

• **Gas and Electricity:** The • advises as follows.

•Lot purchasers will be responsible for the above-mentioned costs.

• advises that it will supply service to each lot in this subdivision. Lot purchasers will be responsible for the extension of said lines to the residence.

• **Gas:** The • advises as follows.

Lot purchasers will be responsible for the above-mentioned costs.

• advises that it will supply service to each lot in this subdivision. Lot purchasers will be responsible for the extension of said lines to the residence.

• **Electricity:** The • advises as follows.

Lot purchasers will be responsible for the above-mentioned costs.

• advises that it will supply service to each lot in this subdivision. Lot purchasers will be responsible for the extension of said lines to the residence.

• **Telephone:** The • advises as follows.

Lot purchasers will be responsible for the above-mentioned costs.

• advises that it will supply service to each lot in this subdivision. Lot purchasers will be responsible for the extension of said lines to the residence.

• **Building Permit:** If you purchase a vacant lot within this subdivision, you will be required to obtain a building permit and pay all applicable fees prior to construction. These fees may include, but may not be limited to the following: schools, sewer, water, drainage, traffic mitigation, park, infrastructure, etc. Vacant lot purchasers should contact the local building and planning departments for the current list of fees and other requirements prior to purchasing a lot. Purchasers of vacant lots should realize, however, that these fees and requirements could change.

• **Fire Protection:** The • Fire Department advises as follows:

• **Flood and Drainage Conditions:**

• **Streets and Roads:** • As of the date of this public report, streets have not been completed. The subdivider • has posted • will post • a bond • has made • will make • financial arrangements with the • City • County to ensure completion to • City • County standards.

• The streets and roads within this subdivision have been dedicated to and accepted by the • City • County for public use • and • but not for maintenance. • An engineer estimates it will cost lot owners $ • per linear foot to bring roads to county standards for public maintenance and that the annual cost for maintaining roads as existing at time of sale will be $ • per linear foot.

• The roads within this subdivision are private.

• No provision for the repair and maintenance of the roadways has been made by the subdivider. All repair and maintenance of these roads will be your responsibility and expense, individually, collectively or proportionate to the use of the road easement by you. If you and your neighbor cannot agree on pro rata shares or upon the need or extent of repair and maintenance, it may be necessary for you to appeal to the proper Superior Court for the appointment of an impartial arbitrator or for the determination of the court as to the pro rata shares (Reference: Civil Code Section 845).

• The private streets within this subdivision do not meet • city • county standards as to width and may not provide adequate access for emergency vehicles such as fire engines.

• Purchasers should be aware and should fully investigate the possibility that the development of the ground and roads in this subdivision may alter the terrain so as to affect access to the building site and the view for particular lots in the subdivision.

• The repair and maintenance of these private roads will be in accordance with a Road Maintenance Agreement. This Agreement was recorded on •, • in Book •, Page •, • as a part of the Covenants, Conditions and Restrictions, • as Instrument No. •.

• THE SUBDIVIDER SHOULD PROVIDE YOU WITH A COPY OF THIS AGREEMENT.

• The private streets within this subdivision will be maintained by the Association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular assessment. • With the exception of width, these streets are not constructed to the same standards as public roads which are maintained by the • city • county. As a result, you may be faced with more rapid deterioration and repair costs may be a major budget factor due to the higher frequency of repairs.

**Schools:** This subdivision lies within the • School District. This district advises that the schools initially available to this subdivision are the following:

•

The above school information was provided prior to the date of issuance of this Public Report and is subject to change. For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the school districts.

**CONTACTING THE DEPARTMENT OF REAL ESTATE**

If you need clarification as to the statements in this Public Report or if you desire to make arrangements to review the documents submitted by the Subdivider which th Department of Real Estate used in preparing this Public Report you may contact:

Department of Real Estate

Subdivisions North

651 Bannon Street, STE 506

Sacramento, CA 95811

(916) 576-3374

Department of Real Estate

Subdivisions South

320 West 4th Street, Suite 350

Los Angeles, CA 90013-1105

(213) 576-6983