

*Department of Real Estate
of the
State of California*

**FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT**

In the matter of the application of:

TAYLOR MORRISON OF CALIFORNIA, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY

FILE NO.: 160760SA-F00

ISSUED: JANUARY 16, 2020

EXPIRES: JANUARY 15, 2025

for a Final Subdivision Public Report on:

TRACT NO. 3963
SHADOWBROOK NEIGHBORHOOD 1, PHASE 1
"VENTURE AT THE COLLECTIVE" (PHASE 2)

SAN JOAQUIN COUNTY, CALIFORNIA

DEPARTMENT OF REAL ESTATE

by

David D. Burrow, Real Estate Specialist

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 & 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, marital status, domestic partnership, national origin, physical handicap, ancestry, gender identity, gender expression, sexual orientation, familial status, source of income, disability, 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&Rs), 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 homeowners 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 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 obtain a free copy of this brochure, please send your request to:

Book Orders
Department of Real Estate
P.O. Box 137006
Sacramento, CA 95813-7006

RE 646 (Rev. 12/99)

THIS REPORT COVERS ONLY LOTS 4 THROUGH 10, INCLUSIVE, AND 32 THROUGH 38, INCLUSIVE, OF TRACT NO. 3963 (EACH OF WHICH IS REFERRED TO HEREIN AS A "LOT").

"VENTURE AT THE COLLECTIVE" (THE "**PROJECT**" OR "**SUBDIVISION**") IS BEING DEVELOPED BY TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**MERCHANT BUILDER**" OR "**SUBDIVIDER**"), AND IS A PART OF THE RESIDENTIAL MASTER PLANNED DEVELOPMENT KNOWN AS "THE COLLECTIVE - TRULIVING MANTECA" (THE "**MASTER COMMUNITY**"). THE MASTER COMMUNITY IS BEING DEVELOPED BY TH SHADOWBROOK INVESTORS LLC, A DELAWARE LIMITED LIABILITY COMPANY ("**MASTER DEVELOPER**") AND OTHER MERCHANT BUILDERS. AS DISCUSSED IN THE CC&Rs (DEFINED BELOW), THE MASTER COMMUNITY IS INTENDED TO BE AN AGE QUALIFIED DEVELOPMENT, AND ANYONE INTENDING TO RESIDE IN THE PROJECT AND THE MASTER COMMUNITY MUST COMPLY WITH THE AGE RESTRICTIONS SET FORTH IN THE CC&Rs.

AGE RESTRICTIONS: UNDER THE FAIR HOUSING AMENDMENT ACT OF 1988, AS AMENDED BY THE HOUSING FOR OLDER PERSON ACT OF 1995, THE VALIDITY OF AGE RESTRICTIONS IN RESIDENTIAL DEVELOPMENTS DEPENDS ON WHETHER THE DEVELOPMENT QUALIFIES AS "HOUSING FOR OLDER PERSONS." IF THE AGE RESTRICTION IS SET AT 62, THE HOUSING WILL QUALIFY IF THE HOUSING IS INTENDED FOR, AND SOLELY OCCUPIED BY, PERSONS 62 YEARS OF AGE OR OLDER. IF THE AGE RESTRICTION IS SET AT AGE 55, AS IS THE CASE IN THIS MASTER COMMUNITY, THE FOLLOWING REQUIREMENTS MUST BE SATISFIED:

1. THE MASTER COMMUNITY MUST BE INTENDED AND OPERATED FOR OCCUPANCY BY PERSONS 55 YEARS OF AGE OR OLDER;
2. THE MASTER COMMUNITY MUST HAVE POLICIES AND PROCEDURES THAT DEMONSTRATE THAT THE HOUSING IS INTENDED TO BE OCCUPIED BY AT LEAST ONE PERSON WHO IS 55 YEARS OF AGE OR OLDER;
3. OF THE OCCUPIED UNITS, 80 PERCENT MUST BE ACTUALLY OCCUPIED BY AT LEAST ONE PERSON 55 YEARS OF AGE OR OLDER; AND
4. THE MASTER COMMUNITY MUST COMPLY WITH DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT RULES RELATING TO THE VERIFICATION OF OCCUPANCY AND THE MASTER COMMUNITY'S POLICIES AND PROCEDURES.

CURRENTLY, THERE IS NO PROCEDURE IN PLACE FOR A PRE-DETERMINATION THAT A DEVELOPMENT, WHETHER EXISTING OR PROPOSED, QUALIFIES AS "HOUSING FOR OLDER PERSONS" UNDER THE FEDERAL REQUIREMENTS. IF IT IS ULTIMATELY DETERMINED THAT THE MASTER COMMUNITY DOES NOT QUALIFY, THE AGE RESTRICTIONS WOULD NOT BE ENFORCEABLE. THE OWNERS WOULD HAVE THE OPTION OF EITHER ELIMINATING THE AGE RESTRICTIONS (IN WHICH CASE THE MASTER COMMUNITY WOULD BE OPEN TO RESIDENTS OF ALL AGE LEVELS), OR TAKING WHATEVER CORRECTIVE MEASURES MAY BE NECESSARY TO MEET THE FEDERAL REQUIREMENTS.

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: MANAGEMENT AND OPERATION, MAINTENANCE AND OPERATIONAL EXPENSES, USES/ZONING/HAZARD DISCLOSURES, TITLE, TAXES, PURCHASE MONEY HANDLING, 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 FINAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE. AS USED HEREIN, "**CONTRACT**" SHALL REFER TO THE PURCHASE AGREEMENT, ALL ESCROW INSTRUCTIONS, AND ALL APPLICABLE ADDENDA AND AMENDMENTS THERETO.

CONDITIONAL SUBDIVISION PUBLIC REPORT: IF YOU ENTERED INTO A CONTRACT TO PURCHASE OR LEASE AN INTEREST IN THE SUBDIVISION UNDER AUTHORITY OF A CONDITIONAL SUBDIVISION PUBLIC REPORT ("**CONDITIONAL PUBLIC REPORT**"), THE CONTRACT 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 CALIFORNIA 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.

BEFORE SIGNING, YOU SHOULD READ AND THOROUGHLY UNDERSTAND THE CONTRACT AND ANY 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 FOR A LOT IN THE PROJECT.

PRELIMINARY SUBDIVISION PUBLIC REPORT: IF YOU RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT FOR THIS SUBDIVISION, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT FROM THAT INCLUDED IN THE PRELIMINARY PUBLIC REPORT.

AS USED HEREAFTER, THE TERM "**PUBLIC REPORT**" SHALL MEAN AND REFER TO THIS FINAL PUBLIC REPORT.

OVERVIEW OF SUBDIVISION

Location: This subdivision is located between Louise Avenue and Southland Road off Highway 99 within the city limits of Manteca, California. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision: This subdivision is a common-interest development of the type referred to as a planned development. It includes property which will be owned and/or maintained by an incorporated homeowners association (collectively, "**Common Area**"), as more particularly described in the CC&Rs.

Interests to Be Conveyed: You will receive fee title to a specified Lot, together with a membership in the Collective Owners Association ("**Association**") and rights to use the Common Area subject to the terms and conditions of the CC&Rs and other governing documents.

About This Phase: This public report is for the second (2nd) phase of the Subdivision, which consists of approximately 2.47 acres divided into 14 Lots improved with residences, related improvements and Common Area. The Common Area in this Phase various easements described in the CC&Rs.

There are additional nonexclusive easements over Lots A through E, inclusive, of Tract No. 3449, Lots I and J of Tract No. 3963 and Lots G and H of Tract No. 3984. See Easements and Street Maintenance Agreement sections below for details.

Common amenities including paving, a mailbox structure and landscaping will be constructed on the Common Area in this phase.

Additional common amenities and/or facilities consisting of the recreation facilities - paving, lighting, fencing, walls, drinking fountains, fire extinguishers, pool and spa, pool area furnishings, community room furnishings, fitness room equipment, game room equipment, bathroom fixtures, kitchen appliances, water features, fireplace, trellis structure, tables, chairs, refuse disposal, benches, outdoor kitchen, barbeques, tot lot, flooring, building access system, security cameras, water heater, tree and landscape will also be constructed on Lot LI of Tract No. 3449 in Super Phase 1. The estimated completion date is January 2020.

This phase is part of the "Venture at The Collective" neighborhood, which, if developed as proposed, will consist of nine phases containing 115 Lots and Common Area. The estimated completion date is October 2021.

This phase is also part of The Collective -Truliving Manteca Master Planned Development. If completed as proposed, the master planned development may include as many as 478 homes and Common Area in a number of different neighborhoods. The master planned development may involve multiple builders, responsible for the construction of various product types of homes, and concurrent sales programs through the buildout of each neighborhood. The estimated completion date is July 2023.

There is no assurance that this phase, the subdivision or the Master Community will be completed as proposed.

THE FUTURE DEVELOPMENT OF THE SUBDIVISION OR THE MASTER COMMUNITY CANNOT BE PREDICTED WITH ACCURACY. THE SUBDIVIDER AND MASTER DEVELOPER HAVE THE RIGHT TO BUILD MORE OR FEWER THAN THE NUMBER OF HOMES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADD LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS, OR CHANGE

(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 OR MASTER COMMUNITY 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 OR MASTER COMMUNITY PROJECTIONS DO NOT NECESSARILY COMMIT THE SUBDIVIDER OR MASTER DEVELOPER TO COMPLETE THE SUBDIVISION OR MASTER COMMUNITY OR, IF COMPLETED, TO COMPLETE THE SUBDIVISION OR MASTER COMMUNITY AS SHOWN. THE SUBDIVIDER OR MASTER DEVELOPER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS WITHIN THE SUBDIVISION TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR MERCHANT BUILDERS.

Sale of All Lots: The Subdivider has indicated that it intends to sell all of the Lots in this subdivision; however, any owner, including the subdivider, has a legal right to rent or lease the Lots.

SUBDIVIDER AND PURCHASER OBLIGATIONS: IF YOU PURCHASE FIVE OR MORE LOTS 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 PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

NOTE: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE CC&Rs, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS FEES OR OTHER CHARGES, PROVIDED BY THE CC&Rs OR OTHER MANAGEMENT DOCUMENTS AFFECTING THE LOT 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 (CALIFORNIA CIVIL CODE SECTION 4540).

Completion Arrangements for Common Area: The Master Developer has posted a bond acceptable to the DRE in the amount of \$1,285,724.00 to assure completion of common area improvements on Lot LI of Tract No. 3449 (recreation facilities), as described in the Planned Construction Statement attached to the bond.

NOTWITHSTANDING ANY PROVISION IN THE CONTRACT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH SELLER TO ALLOW AN INSPECTION OF A LOT BY PURCHASER OR PURCHASER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO 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 Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for The Collective - Truliving Manteca (the "**CC&Rs**") and the Articles of Incorporation ("**Articles**") and Bylaws of the Association. In addition, the Association has the right to adopt rules and regulations concerning the maintenance, improvement, use, management and/or occupancy of any portion of the Project, procedures for the election of members of the Board of Directors of the Association ("**Rules and Regulations**"), and architectural guidelines setting forth the guidelines and procedures for design/architectural review within the subdivision ("**Architectural Guidelines**").

There may also be supplementary declarations or notices of annexation ("**Notices of Annexation or Supplementary Declarations**") recorded against portions of the subdivision which may set forth additional restrictions and easements covering the areas covered by the Notices of Annexation or Supplementary Declarations (the CC&Rs, Bylaws, Articles, Notices of Annexation, Supplementary Declarations, Rules and Regulations, and Architectural Guidelines may hereinafter be referred to as the "**Governing Documents**"). You should review each of the Governing Documents carefully.

INITIAL MEETING: THE ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF THE 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 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 CALIFORNIA CIVIL CODE.

The CC&Rs: This subdivision is subject to the CC&Rs recorded on October 14, 2019 as Document No. 2019-116831 and First Amendment to Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for The Collective – Truliving recorded on October 31, 2019 as Document No. 2019-125557, both in the Office of the San Joaquin County Recorder.

The CC&Rs impose covenants, conditions, and restrictions upon the master planned community, including (among others) the following:

- Article VIII, Section 13(d): Among other things, this section provides that, unless otherwise provided in the Rules and Regulations adopted by the Association, neighborhood electric vehicles (also known as NEVs or golf carts) must be parked in garages and other Authorized Vehicles (as defined in the CC&Rs) must be parked in an Owner's garage or on the Owner's driveway.
- Article IX. This Article requires that at least one person who resides on a Lot must be at least 55 years old and imposes restrictions on who else may reside on the Lot in accordance with applicable laws concerning age-restricted housing. (See Uses/Zoning/Hazard Disclosures regarding Age Restrictions below)
- Article XI, Section 4(b): This section requires each Owner, within six (6) months after the close of escrow for the original sale of a Lot to an Owner from a Builder, to install the landscaping in the yard areas of Owner's Lot where landscaping has not been installed by the Builder or which is not the maintenance responsibility of the Association.

This Phase is also subject to a Notice of Annexation recorded on December 20, 2019 as Document No. 2019-149993, in the Office of the San Joaquin County Recorder.

Amendments and/or Supplements to the CC&Rs may also be recorded. You may ask the subdivider about such changes. If you purchase a Lot, this information will be included in your title policy.

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

TO SECURE FINANCING FOR THIS SUBDIVISION ACCEPTABLE FOR ACQUISITION BY FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) AND FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC), IT HAS BEEN NECESSARY FOR THE SUBDIVIDER TO INCORPORATE INTO THE CC&Rs 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 IT WILL FURNISH THE CURRENT BOARD OF DIRECTORS/OFFICERS OF THE ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED ASSOCIATION BUDGET.

THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN THE 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 (CALIFORNIA BUSINESS & PROFESSIONS CODE SECTION 11018.5 AND CALIFORNIA CIVIL CODE SECTION 4800).

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. 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 (CALIFORNIA BUSINESS & 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 Area and other purposes described in the Governing Documents. The Board of Directors of the Association will manage the Association and determine the amount of the assessments to be levied, subject to the provisions of the Governing Documents and applicable law. Subject to certain exceptions, your control of the Association's operations and expenses will be limited to your right to vote in the elections of the members of the Board of Directors, as specified in the Governing Documents.

Proposed Budgets: While the Master Community is being built out, Lots in the subdivision will be sold in Phases. Lots in each Phase will become subject to assessment on the first day of the first month following (a) the first close of escrow for the sale of a Lot in the Phase or (b) the first occupancy of a Lot in a Phase pursuant to a rental or lease agreement with the Master Developer or a Merchant Builder.

As more Lots become subject to assessment, the amount of the monthly regular assessment in existing phases may increase or decrease depending on a number of factors (e.g., increase in the number of Lots subject to assessment, increase in the Association's costs due to the Association's assumption of responsibility for the Common Area in a newly annexed Phase, etc.). Due to uncertainty regarding the sequence in which escrows will close in each Phase, it is difficult to predict at this time the amount of the monthly assessment which will be assessed against each Lot in the subdivision.

In order to avoid the confusion and administrative burden which would result from multiple changes in the amount of the monthly regular assessment as regular assessments commence against the Phases, the Master Developer (under the DRE's review) has established a "Range of Assessments" procedure for Phases 2 through 42 of the Master Community. Upon the commencement of regular assessments in Phase 2 of the Subdivision, the Board of Directors of the Association may levy regular assessments that fall within the Range of Assessments accepted by the DRE. Neither the Master Developer nor the DRE will undertake a review of the Association's budgets for Phases 2 through 42 of the Master Community unless the regular assessment falls outside the approved Range of Assessments.

The Subdivider has submitted to the DRE a budget package that includes, among other things, (a) budgets for the management, maintenance and operation of the Association obligations and for long-term reserves when the Master Community is substantially completed (*i.e.*, a built-out budget); (b) interim budgets for the management, maintenance and operation of the Association obligations and for long-term reserves for Phases 1, 2, and 42 of the Master Community; (c) a budget for the recreation facility at the Master Community; and (d) a Range of Assessments spreadsheet. The budget package was reviewed by the DRE in October 2019.

According to the Subdivider, assessments under the interim budgets and Range of Assessments spreadsheet should be sufficient for management, maintenance and operation of the Association's obligations until this phase of the subdivision is substantially completed at which time it may be anticipated that assessments will be adjusted.

Under the interim budgets and Range of Assessments spreadsheet reviewed by the Department of Real Estate in October 2019, the range of monthly regular assessments during Phases 2 through 42 of the Master Community will range between approximately \$160.00 and \$610.00. 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 approximately \$36.94 and \$158.10.

IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS OUTSIDE OF THE RANGE OF ASSESSMENTS REFLECTED IN THIS PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO A CONTRACT.

Prior to the close of escrow for the sale of your Lot, the Subdivider will provide you with copies of the best case budget, the worst case budget, and the Association's operating budget for the current Fiscal Year, if available.

The Subdivider has entered into a Subsidy Agreement with the Association to subsidize a portion of the monthly regular assessments for this phase. See Subsidy Section below for more information.

Budget Review Special Notes:

- The commencement of assessment provisions in the CC&Rs and in the annexation and/or supplemental declaration documents must indicate that assessments commence upon first close of escrow on ANY of the Lots in the DRE Budget Phase.
- This Master Community will use the Range of Assessment Procedure for the Assessments. This procedure is subject to review if the monthly assessment(s) falls outside of the range of assessment figures reflected in the Budget Review

(RE 660C) or 24 months have elapsed from issuance of the RE 660C, whichever comes first.

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 (CALIFORNIA BUSINESS & 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 California Civil Code Section 5300(b) must be made available for examination by a prospective Buyer before the execution of an offer to purchase a Lot. 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 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 CC&Rs provide that the Master Developer, Subdivider, other merchant builders, 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 CC&Rs. (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 in this phase on the first day of the month immediately following the conveyance of the first subdivision Lot in the phase. The Subdivider must pay assessments to the Association for all unsold lots (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: The Subdivider has posted a bond 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.

Subsidy: The Subdivider has entered into an agreement with the Association to temporarily subsidize a portion of your monthly assessment. The subsidy "shall commence on the date Assessments commence on Lots in the Phase of the Range of Assessment Budget that includes the 47th Lot in the Community, and shall terminate (without further action by Merchant Builder and without further notice to the Association) on the first occurrence of the following:

- a. The last day of the sixth (6th) month following the commencement of Assessments on Lots in the Phase of the Range of Assessment Budget that includes the 47th Lot in the Master Community; or
- b. The date on which Assessments have begun for the Phase of the Range of Assessment Budget that includes the sale of the One Hundred Seventy-Eighth (178th) Lot in the Master Community."

The Subsidy Agreement may be extended in six (6) month increments, 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. Depending on the timing of the close of escrow and phase, the Subsidy Agreement may have terminated prior to the close of escrow for a Lot subject to this Public Report.

"The amount of the Subsidy for each Sold Unit each month during the term of this Agreement will be the difference (if any) between the then-currently monthly Assessment as listed in the Range of Assessment Budget (as may be adjusted by the Association's Board of Directors), and Two Hundred Fifty and 00/100 Dollars (\$250.00) (the "Subsidized Assessment")."

The Subdivider has posted a bond 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, 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 in such Phase.

BEFORE SIGNING YOUR CONTRACT, YOU SHOULD READ AND THOROUGHLY UNDERSTAND THE SUBSIDY AGREEMENT.

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 - Fruit Orchards, Mobile Home Park
South - Louise Avenue, Single-Family Residential
East - Single-Family Residential
West - State Highway 99

Disclosures:

- **Age Restrictions.** The Master Community (of which the Project is a part) is intended to be a "Senior Citizen Housing Development" meeting the requirements of California Civil Code Section 51.3 and is intended to comply with both California and federal age-restricted housing laws. As set forth in the Article of the CC&Rs entitled "Age Restrictions", each Lot within the Project is subject to age restrictions which restrict who may reside in the Master Community [e.g., at least one person

who resides on a Lot must be at least 55 years old, and every other person who resides on the Lot must be either a "Permitted Health Care Resident", a "Qualified Permanent Resident" (as defined in California Civil Code Section 51.3), or a guest of either the resident who is at least 55 years old or a Qualified Permanent Resident who resides in the Master Community for no more than 60 days in each calendar year]. The Association and each Owner of a Lot in the Master Community will be required to take certain actions to verify that the residents in the Master Community meet the requirements for an age restricted development under California and federal law. The age restrictions may preclude an Owner and/or members of the Owner's family from residing in the Master Community and limit the pool of prospective purchasers to whom an Owner may sell the Owner's Lot. It is possible that the age restrictions applicable to the Master Community could change over time as a result of changes in federal or state law or court decisions interpreting federal or state law. Please read the CC&Rs for further information.

- **Streets and Highways.** Major streets and highways are located within the vicinity of the Master Community (e.g., State Highway Route 99, East Louise Avenue, East Southland Road, etc.). Some, if not all, of these streets and highways are heavily traveled at most hours of the day and night. Traffic noise will impact Residences in the Master Community. Owners and other residents of the Master Community may also experience and/or be exposed to significant noise, vibrations, dust, wind, debris, air pollution, diesel exhaust, fumes and odors, bright lights (e.g., from cars and trucks travelling on the roads and highways), traffic congestion, traffic accidents and collisions, petroleum hydrocarbons and other hazardous substances (e.g., from leaking trucks or trucks involved in accidents, etc.), invasion of privacy, visual blight, and other adverse impacts and hazards resulting from the operation and maintenance of such streets and highways (including, without limitation, periodic repaving and striping of such highways and roads) and any traffic signs, traffic lights, and billboards associated with such streets and highways. The health effects of, and individual sensitivities to, such impacts may vary from person to person (e.g., diesel exhaust and air pollution may have a more significant impact on the health of children and persons with asthma or other breathing disabilities than on other individuals, etc.).
- **Limited Parking.** Parking in the Master Community is limited. Each Owner is required to park his or her vehicles in the Owner's garage or on the driveway (but only if the parked vehicle does not restrict the passage of pedestrians or vehicles over the street or sidewalks and does not extend beyond the limits of the driveway). In addition, Declarant and Merchant Builder are informed that the City intends to prohibit parking on portions of East Louise Avenue and Southland Road near the Master Community.
- **Irrigation Channels.** Irrigation channels are located in the vicinity of the Master Community. Buyer may experience, and/or be exposed to, potential flooding, unpleasant odors, noise, bright lights, wildlife (e.g., skunks, possums, coyotes, etc.), insects (including, without limitation, mosquitoes and other insects that carry

communicable diseases such as West Nile Virus), and other adverse impacts relating to the maintenance and operation of the channels. Subdivider has no control over these matters.

Hazards: The Subdivider advises that the following hazards exist within or near this subdivision:

- State Highway 99 adjacent to the west

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 California 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.

At the time this Public Report was issued, information regarding whether all or portions of the Subdivision are located within a Seismic Hazard Landslide Zone and Seismic Hazard Liquefaction Zone was not yet available to the subdivider. You should ask the subdivider for updated information before obligating yourself to purchase. The Subdivision is in an area not included on the current inventory of Official Seismic Hazard Maps. Maps may become available for this area in the future. For more information on this or when maps may become available, contact the California Division of Mines and Geology, or their website (<http://www.consrv.ca.gov/dmg/shezp>), or the city/county planning agency.

If your Lot 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 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 California Civil Code or any pertinent local ordinance.

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

TITLE

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 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.

Easements: Easements for utilities, drainage, and other purposes are shown on the title report and Subdivision Map entitled Tract No. 3963 recorded on May 28, 2019 in Book 43 of Maps & Plats, at Page 87 and Tract No. 3449 recorded on May 4, 2018 in Book 43 of Maps and Plats, at Page 30, both in the Office of the San Joaquin County Recorder.

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.

An easement for ingress, egress, access drainage and incidental purposes over Lots A and C of Tract No. 3449, recorded October 15, 2019 as Instrument No. 2019-117106 of Official Records of San Joaquin County.

An easement for ingress, egress, access drainage and incidental purposes over Lots B, D and E of Tract No. 3449, recorded October 15, 2019 as Instrument No. 2019-117107 of Official Records of San Joaquin County.

An easement for ingress, egress, access drainage and incidental purposes over Lots I and J of Tract No. 3963 and Lots G and H of Tract No. 3984, recorded October 22, 2019 as Instrument No. 2019-120578 of Official Records of San Joaquin County.

Mineral Rights: You will not own the water, mineral, oil, and gas rights under your land below a depth of 500 feet. These have been or will be reserved as per your grant deed as follows:

RESERVING THEREFROM UNTO THE GRANTOR, all remaining oil, oil rights, minerals, mineral rights, natural gas rights and other hydrocarbons by whatsoever name known, geothermal steam and all products derived from any of the foregoing, that may be within or under the property hereinabove described, together with the perpetual right of drilling, mining, exploring and operating therefor and storing in and removing the same from said property or any other property, including the right to whipstock or directionally drill and mine from properties other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the property hereinabove described, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines without, however, excepting therefrom, the right to drill, mine, store, explore, or operate through the surface or the upper 500 feet of the subsurface of the property hereinabove described.

The right to surface entry has been waived.

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.

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.

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 following districts and is subject to any taxes, assessments and obligations thereof.

- San Joaquin County Mosquito & Vector Control District
- San Joaquin County Mosquito Abatement
- San Joaquin County Ground Water Investigation District No. 2

This subdivision lies within the boundaries of the San Joaquin County Service Area # District No. 53 and is subject to any taxes, assessments and obligations thereof. This District was formed to provide hazard waste abatement and disposal. 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. The administration of this District will be provided by San Joaquin County Dept. of Public Works.

This subdivision lies within the City of Manteca Community Facilities District No. 2018-4 (Shadowbrook) and is subject to any taxes, assessments and obligations thereof. This District was formed to fund all or a portion of the costs of maintenance of streetscapes and streetlights, and related appurtenances within or adjacent to the District. The annual assessment rate for fiscal year 2019-2020 is \$113.30 per residential lot and will increase by 3% annually. The Maximum Special Tax shall be levied in perpetuity, unless and until the City determines that revenues are no longer needed to pay the Special Tax Requirement. The Subdivider must provide purchasers with a disclosure entitled, "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. This Notice contains important information about district functions, purchaser's obligations, right of the district, and information on how to contact the district for additional materials. Purchasers should thoroughly understand the information contained in the Notice prior to entering into a contract to purchase. This special tax appears on the yearly property tax bill and is in addition to the tax rate affecting the property described above in the section entitled "Regular Taxes."

This subdivision lies within the California Statewide Community Development Authority Statewide Community Infrastructure Program Assessment District No. 17-03 (Series 2018C/2019A) ("AD"). The District was formed to provide funding for development impact fees and capitol improvements including street and street light improvements, sanitary sewer improvements, water and storm drain improvements, sound walls, fencing and facing improvements and landscaping and erosion control. The estimated annual assessment which may be levied against the property by the AD during fiscal year 2019-2020 is approximately \$1500.00. The actual amount levied by the AD may be higher or lower and will be determined once reapportionment is complete.

The buyer has five days after delivery of this Notice by deposit in the mail, or three days after delivery of the 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 California 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: If you arrange financing from a federal or state regulated the interest rates of the loan may 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 should I 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 should be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

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

The Subdivider must impound all funds (Purchase Money) received from you in an escrow depository 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 California Business & Professions Code Sections 11013.4(a) and (b)]

If the escrow has not closed on your Lot within twelve (12) months of the date of subdivider's acceptance of your Contract, you may request the return of your Purchase Money deposit.

EXTENSION PAYMENT: THE CONTRACT 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 California 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 NO FINANCIAL INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF LOTS IN THIS SUBDIVISION.

SOILS AND GEOLOGIC CONDITIONS

Some Lots will contain filled ground. Information concerning filled ground and soil conditions and geologic conditions is available at City of Manteca, 1001 West Center Street, Manteca, California 95337.

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: Water service to each Lot in this subdivision will be provided by City of Manteca, 1011 West Center Street, Manteca, CA 95337.

Sewage Disposal: Sewer service to each Lot in this subdivision will be provided by the City of Manteca, 1011 West Center Street, Manteca, CA 95337.

Gas and Electricity: Gas and electricity to each Lot in this subdivision will be provided by PG&E.

Fire Protection: Manteca Fire Department's nearest station is approximately 5,000 feet to the southwest.

Flood and Drainage Conditions: National Flood Hazard Layer FIRMette FEMA map shows project to be in an area of minimal flood hazard, Zone X.

Streets and Roads: 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.

Street Maintenance Agreements:

Master Planned Community: The Master Developer has entered into Street Maintenance Agreements with the Association for maintenance of portions of the streets located in the City of Manteca, County of San Joaquin, State of California, generally described as Lots A through E, inclusive, of Tract No. 3449, prior to conveyance to the Association. Please see the agreements for details.

The Master Developer has posted bonds as security for their obligation to contribute to the Association's reserve account for the above-referenced streets. The governing body of the Association should assure itself that the Master Developer has satisfied these

obligations to the Association with respect to the payment of reserves before agreeing to a release or exoneration of these bonds.

Subdivision: The initial maintenance and conveyance of the private streets in the Subdivision (Lots I and J of Tract No. 3963 and Lots G and H of Tract No. 3984) will be in accordance with the Street Maintenance Agreement (The Collective – TruLiving Manteca – Tract Nos. 3963 and 3984) between the Association and subdivider (a copy of which will be on file with the Association) and Easement Deed recorded in the Office of the San Joaquin County Recorder (see above Easement section for details). Due to terms of this agreement, DRE did not require a bond to be posted to secure the subdivider's obligations under this agreement.

Schools: This project lies within the Manteca Unified School District. This district advises, in part, the following:

"It is Manteca Unified School District's understanding that The Collective (Shadowbrook) located on East Avenue & Cottage Avenue, Manteca California is an age-restricted through deed restriction with the exception of the 14 lots on the north side of the subdivision adjacent to Southland Road. Because it has been identified as age-restricted, students will not be generated, and Manteca Unified School District has not pursued this subdivision entering into a mitigated agreement (Mello Roos) to support our school facilities."

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 district.

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 the Department of Real Estate used in preparing this Public Report, you may contact:

Department of Real Estate
Northern California Office
Subdivisions North
1651 Exposition Blvd.
Sacramento, CA 95815
(916) 576-3374

RECEIPT FOR PUBLIC REPORT

The Laws and Regulations of the California Real Estate Commissioner require that you as a prospective purchaser or lessee be afforded an opportunity to read the public report for this subdivision before you make any written offer to purchase or lease a subdivision interest or before any money or other consideration toward purchase or lease of a subdivision interest is accepted from you.

In the case of a preliminary or interim public report, you must be afforded an opportunity to read the public report before a written reservation or any deposit in connection therewith is accepted from you.

In the case of a conditional public report, delivery of legal title or other interest contracted for will not take place until issuance of a final public report. Provision is made in the sales agreement 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. (See California Business and Professions Code Section 11012.)

**DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED
A COPY OF THE PUBLIC REPORT AND HAVE READ IT.**

I read the Commissioner's Public Report on 160760SA-F00
[FILE NUMBER]

TRACT NO. 3963, SHADOWBROOK NEIGHBORHOOD 1, PHASE 1

"VENTURE AT THE COLLECTIVE" (PHASE 2)

[PHASE NUMBER] [LOT/UNIT NUMBER]

I understand the public report is not a recommendation or endorsement of the subdivision, but is for information only.

The issue date of the public report which I received and read is:

JANUARY 16, 2020

[DATE ISSUED]

{DATE AMENDED}

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]