

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 175747SA-F00

[FILE NUMBER]

SUBDIVISION NO. 13-030.02
SOUZA DAIRY UNIT 2

[TRACT NUMBER OR NAME]

ESPLANADE AT MADEIRA RANCH (PHASE 25)

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:

OCTOBER 9, 2024

[DATE ISSUED]

[DATE AMENDED]

OCTOBER 8, 2029

[EXPIRATION DATE]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]

*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.: 175747SA-F00

ISSUED: OCTOBER 9, 2024

EXPIRES: OCTOBER 8, 2029

for a Final Subdivision Public Report on

SUBDIVISION NO. 13-030.02
SOUZA DAIRY UNIT 2
ESPLANADE AT MADEIRA RANCH (PHASE 25)

DEPARTMENT OF REAL ESTATE

by 

SACRAMENTO COUNTY, CALIFORNIA

David 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 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, 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&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 FINAL SUBDIVISION PUBLIC REPORT COVERS ONLY RESIDENTIAL LOTS 447 THROUGH 450, INCLUSIVE, AND RESIDENTIAL LOTS 479 THROUGH 482, INCLUSIVE OF THE FINAL MAP "SUBDIVISION NO. 13-030.02 SOUZA DAIRY UNIT 2" (THE "**SUBDIVISION**") WHICH ARE LOCATED IN THE ESPLANADE AT MADEIRA RANCH RESIDENTIAL DEVELOPMENT (THE "**COMMUNITY**"). THE SUBDIVISION AND THE COMMUNITY ARE BEING DEVELOPED BY TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (THE "**SUBDIVIDER**" OR "**SELLER**").

THE COMMUNITY IS A "SENIOR CITIZEN HOUSING DEVELOPMENT" UNDER CALIFORNIA CIVIL CODE SECTION 51.3 AND IS INTENDED TO COMPLY WITH CALIFORNIA AND FEDERAL HOUSING LAWS. EACH RESIDENTIAL LOT IN THE COMMUNITY IS SUBJECT TO THE AGE RESTRICTIONS SET FORTH IN THE GOVERNING DOCUMENTS (DEFINED BELOW, AND AT LEAST ONE PERSON 55 YEARS OF AGE OR OLDER MUST RESIDE IN THE PROPERTY WITH LIMITED RESTRICTIONS ON OTHERS ALLOWED TO LIVE IN THE PROPERTY. PURCHASERS OF PROPERTY IN THE COMMUNITY WILL BE REQUIRED TO CERTIFY COMPLIANCE WITH THE REQUIREMENTS OF AGE-RESTRICTED HOUSING. IF THE PERSON INTENDED TO RESIDE IN THE PROPERTY IS **NOT** 55 YEARS OF AGE OR OLDER, DO NOT ENTER INTO A CONTRACT TO PURCHASE A HOME IN THE COMMUNITY.

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: 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 FINAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE. ALL REFERENCES TO THE "**CONTRACT**" SHALL COLLECTIVELY REFER TO THE PURCHASE AGREEMENT AND ALL APPLICABLE ESCROW INSTRUCTIONS, ADDENDA AND AMENDMENTS.

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.

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.

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.

THE USE OF THE TERM “**PUBLIC REPORT**” SHALL MEAN AND REFER TO THIS FINAL PUBLIC REPORT.

OVERVIEW OF SUBDIVISION

Location: This Subdivision is located near the intersection of Lotz Parkway and Kyler Road within the city limits of Elk Grove, California. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision: This Subdivision is part of a Community that is a common-interest development of the type referred to as a planned development. The Community will be a gated residential development that includes common areas, common facilities, and common amenities which will be maintained by an incorporated association.

Interests to Be Conveyed: You will receive fee title to a specified Lot together with a membership in the Madeira Ranch Community Association (“**Association**”) and rights to use the common area.

About This Phase: This public report is for the 25th phase which consists of approximately 1.07 acres divided into 8 residential lots.

This phase is part of the Community which, if developed as proposed, will consist of a total of 55 phases containing approximately 606 Lots within the overall Community. The estimated completion date for the Community is July 2029.

Common amenities and facilities, known as “The Lodge”, “Racquet Courts”, and “Park” will be constructed as part of Phase 45 of the Community. The estimated completion date is September 2027. The Subdivider has made arrangements acceptable to the California Department of Real Estate (“**DRE**”) to assure completion of these future phase common area improvements.

There is no assurance, representation or guarantee by Subdivider that the Subdivision or the Community will be completed as proposed.

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

Sale of All Residences: The Subdivider has indicated that Subdivider 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 FINAL 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 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, 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 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).

NOTWITHSTANDING ANY PROVISION IN THE 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.

MANDATORY PAYMENT OF RESORT FEE: AS SET FORTH AS IN THE "RESORT FEE ADDENDUM" TO THE CONTRACT, A PURCHASER OF A PROPERTY IN THE COMMUNITY WILL BE REQUIRED TO PAY A ONE-TIME, NON-REFUNDABLE FEE OF \$2,500 (THE "RESORT FEE") AT CLOSING TO "ESPLANADE RESORT EXPERIENCES," AN ENTITY AFFILIATED WITH THE SUBDIVIDER. "ESPLANADE RESORT EXPERIENCES" PROVIDES RESORT LIFESTYLE SERVICES TO RESIDENTS OF THE COMMUNITY TO FACILITATE SOCIAL COMMUNITY AND ENRICH THE LIVES OF RESIDENTS AND THEIR GUESTS. THE RESORT FEE PAYS FOR THE SET-UP COSTS OF THE PROFESSIONALS WHO WORK WITH THE ASSOCIATION. THE RESORT LIFESTYLE SERVICES CURATED BY "ESPLANADE RESORT EXPERIENCES" WILL BE MADE AVAILABLE TO PURCHASE SEPARATELY BY RESIDENTS. THE PROGRAMS AND ACTIVITIES ORGANIZED BY "ESPLANADE RESORT EXPERIENCES" ARE **NOT** PAID FOR THROUGH HOMEOWNERS ASSOCIATION

ASSESSMENTS. PURCHASERS ARE ENCOURAGED TO CAREFULLY READ THE RESORT FEE ADDENDUM PRIOR TO ENTERING INTO A CONTRACT.

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, ("**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:

- Subdivider shall be the only Class C Member. The Class C Member shall have the right to appoint a majority of the Board, as more particularly described in the Bylaws. Class C membership shall terminate as provided in the Bylaws.

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. 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.

VOTE TO RENEW CERTAIN AGREEMENTS AFFECTING ASSOCIATION: The association is a party to a "Resort Lifestyle Management Agreement" and a "Trademark and Copyright License Agreement" between itself and an affiliate of the subdivider. These agreements will last for a certain length of time whereupon the

association will need to decide whether to renew them. Depending on the terms of the proposed renewed agreements, that decision may be undertaken by either the association's board of directors and/or its membership-at-large. Any such decision must be made by only the non-subdivider directors and/or the members other than the subdivider, as applicable.

The CC&Rs: This Subdivision and the Community is subject to the "Declaration of Covenants, Conditions and Restrictions for Esplanade at Madeira Ranch" ("**CC&Rs**"), recorded May 24, 2024, as Document No. 202405240376, and the "Master Dispute Resolution Declaration for Esplanade at Madeira Ranch," recorded May 9, 2024, as Document No. 202405090815, and the Declaration of Annexation for Esplanade at Madeira Ranch, Phase 25, recorded September 27, 2024, as Document No. 202409270612, recorded in the Office of the Sacramento County Recorder. The CC&Rs include, among other provisions, the following:

- Article 4 – Use Restrictions
- Article 5 – Improvements to Lots/Residences; Disclosures
- Article 6 – Assessments and Liens
- Article 7 – Maintenance of Property
- Article 8 – Architectural Control
- Article 18 – Senior Housing

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 GOVERNING DOCUMENTS. THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

DOCUMENTS TO BE FURNISHED: THE SUBDIVIDER STATED THAT SUBDIVIDER WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DRE-REVIEWED ASSOCIATION BUDGET.

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 CALIFORNIA BUSINESS & PROFESSIONS CODE AND SECTION 4800 OF THE CALIFORNIA CIVIL CODE).

THE SUBDIVIDER SHALL MAKE A COPY OF THE GOVERNING DOCUMENTS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A LOT. A COPY OF THE GOVERNING DOCUMENTS MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICABLE BEFORE CLOSE OF ESCROW. THE GOVERNING 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 THE GOVERNING 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 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 Budgets: Beginning with Phase 2 the assessments will be under the “Range of Assessments” procedure as follows:

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

As the Community is developed and additional phases of the Community become subject to assessment, the level of monthly assessments in existing phases of the Community 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 approximately \$332.21 and \$642.48. 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 \$7.52 and approximately \$77.64.

The Subdivider has entered into a Subsidy Agreement with the Association to subsidize assessments down to \$361.61 for this phase. See Subsidy section below for more information.

According to the Subdivider, assessments under the interim budget should be sufficient for management, maintenance and operation of the Association’s obligations until the Community 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, the Subdivider will provide you with a copy of the budget for your phase, reflecting the amount of the monthly 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 DRE BEFORE ENTERING INTO A CONTRACT TO PURCHASE.

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 COMMUNITY. 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 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 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 Governing Documents. 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 a Subsidy Agreement with the Association to temporarily subsidize a portion of monthly assessments. The Subsidy commences on the first (1st) day of the first (1st) month following the close of the first (1st) Lot in Phase 1, and shall terminate on the last day of the sixth (6th) month following commencement of Assessments on Lots in Phase 1. The Subsidy Agreement may be extended for one (1) or more periods of six (6) months each, in accordance with the terms and provisions of the Subsidy Agreement. During the term of the Subsidy Agreement, the Subdivider will subsidize the monthly installment of Regular Assessments. The amount of the monthly subsidy for each Lot covered by the Subsidy Agreement shall be the difference between the amount of the monthly Regular Assessment, less any exemption or abatement credit for uncompleted Common Area, which is levied against the Lot by the Association which exceeds \$361.61. The Subdivider will post a bond to cover its obligations under the Subsidy Agreement. You may request a copy of the Subsidy Agreement from the Subdivider. You should be aware that the Subsidy Agreement could expire or terminate 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.

The Road Easement, Use and Maintenance Agreement: The Subdivider has recorded a Road Easement, Use and Maintenance Agreement ("**Road Agreement**") with the Association in order to provide for non-exclusive easements for vehicular and pedestrian

use of the private streets to the Association and its members until such time as the private streets are conveyed to the Association. The Road Agreement has been executed to be effective as of the date it is recorded in the Official Records of Sacramento County, California. The Road Agreement terminates upon the conveyance of all portions of the private streets to the Association. You may request a copy of the Road Agreement from the Subdivider.

The Lodge Use and Maintenance Agreement: The Subdivider has recorded a Lodge Use and Maintenance Agreement (“**Lodge Agreement**”) with the Association in order to provide for non-exclusive easements to the Association for the use of the Lodge by the Association and its members until such time as the Lodge is conveyed to the Association. The Lodge Agreement has been executed to be effective as of the date it is recorded in the Official Records of Sacramento County, California. The Lodge Agreement terminates upon the conveyance of the Lodge to the Association. The Subdivider will post a bond to cover its obligations under the Lodge Agreement. You may request a copy of the Lodge Agreement from the Subdivider.

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, the Community and all existing, proposed or possible future uses adjacent to or in the vicinity of the Community. At the time this public report was issued, some of the land uses that surround the Community include, but are not limited to, the following:

Zoning:

North - Residential
South - Residential/Rural
East - Residential
West - Residential

Uses: Project is located within one (1) mile of an area zoned as commercial/industrial.

Hazards: The Subdivider advises that the following hazard exists within or near this Community:

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 AND COMMUNITY 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.

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

- A document entitled "Declaration Imposing Transfer Fee Covenant for Madeira Ranch Community Foundation" made by Subdivider and the Madeira Ranch Community Foundation, Inc., a California nonprofit public benefit corporation ("**Foundation**") recorded May 9, 2024, as Document No. 202405090816.
- A document entitled "Payment of Transfer Fee Required Madeira Ranch Community Foundation, Inc., Payment Declaration for Madeira Ranch Transfer Fee" made by Subdivider and the Foundation recorded May 10, 2024, as Document No. 202405100430.
- The "Restated Road Easement, Use and Maintenance Agreement" between Subdivider and the Association recorded June 24, 2024, as Document No. 202406240549.
- The "Lodge Use, Easement, Maintenance and Delayed Conveyance Agreement" between Subdivider and the Association recorded May 10, 2024, as Document No. 202405100429.

Easements: Easements for utilities, rights-of-way, and other purposes are shown on the title report and Subdivision Map "Subdivision No. 13-030.02 Souza Dairy Unit 2" recorded

November 28, 2022, in Book 444 of Maps at Page 6, in the Office of the Sacramento 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.

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.

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: The Community lies within the boundaries of the following Districts and is subject to any taxes, assessments and obligations thereof:

- Sacramento County Water & Drainage Studies – County Water Agency (Zone 13)
- Sacramento County Groundwater Authority (SCGA)
- City of Elk Grove Street Maintenance District No. 1

This subdivision lies within the boundaries of the Cosumnes Community Services District – Landscape and Lighting District and is subject to any taxes, assessments and obligations thereof. This District was formed to finance the operation, construction and maintenance of recreational centers, parks and park facilities that benefit the district. 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 Cosumnes CSD/SCI Consulting Group.

This subdivision lies within the boundaries of the City of Elk Grove Street Light Maintenance District No. 1 and is subject to any taxes, assessments and obligations thereof. This District was formed to finance a portion of the maintenance and operation of City safety and streetlights within the District. 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 City of Elk Grove Finance Department.

The Community lies within the City of Elk Grove Community Facilities District No. 2006-1 – (Maintenance Services) and is subject to any taxes, assessments and obligations thereof. The function of this District is to provide funding for maintenance of public parkways, parks, open space, environmental preserves, publicly owned masonry sound walls, landscaping and improvements to detention basins and drainage facilities and other services as authorized by the District. The Tract is required to Annex into CFD No. 2006-1 per the Conditions of Approval. The Special Tax Rate will be determined once annexation into the District is completed. 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 will appear 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.”

The Community lies within the City of Elk Grove Community Facilities District No. 2003-2 – (Police Services, Annexation No. 63) and is subject to any taxes, assessments and obligations thereof. The function of this District is to finance the cost of providing and maintaining police and protection services and facilities that benefit the City. 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 will appear 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.”

The Community lies within the Elk Grove Unified School District CFD No. 1 and is subject to any taxes, assessments and obligations thereof. The function of this District is to provide funds. 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 will 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 Community also lies within the California Municipal Finance Authority (CMFA) Community Facilities District (CFD) No. 2023-7 and is subject to any taxes, assessments and obligations thereof. The function, bond authorization and Maximum Special Tax Rate has been established as provided in the Notice of Special Tax Lien, Improvement Area No. 1 of the California Municipal Finance Authority Community Facilities District No. 2023-7 (City of Elk Grove – Madeira Ranch) recorded July 6, 2023 as Document No. 202307060557 of Official Records. 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 will 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 these Notices by deposit in the mail, or three days after delivery of any notice in person, to terminate the Contract by giving written notice of that termination to the owner, Subdivider, or agent selling the property.

FINANCING

If your purchase involves financing, a form of deed of trust and note will be used. The provisions of theses 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.

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, 11013.1, and 11013.4(a), and 11013.4(c).]

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

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 A FINANCIAL INTEREST IN THE ESCROW COMPANY (INSPIRED CALIFORNIA ESCROW SERVICES, INC.) WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF LOTS IN THIS SUBDIVISION.

Inspired California Escrow Services: Purchaser is advised that the escrow holder for the purchase of Lots within the Subdivision will be Inspired California Escrow Services, Inc., a California corporation ("**Inspired Escrow**"). Inspired Escrow is an affiliate of the Subdivider and Subdivider has a financial interest of 5% or more in Inspired Escrow.

However, Buyer is not required to utilize the services of Inspired Escrow for this transaction and Buyer may shop for and select an escrow holder of his/her choice, as set forth in the Contract.

SOILS AND GEOLOGIC CONDITIONS

Soils and geologic information is available at City of Lincoln, 600 Sixth Street, Lincoln, California 95648.

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

Streets and Roads: The repair and maintenance of the private roads in the Community will be in accordance with the Road Agreement prior to conveyance of all the roads from Subdivider to the Association, and thereafter, in accordance with the provisions of the CC&Rs. The Road Agreement has been recorded in the Office of the Sacramento County Recorder.

THE SUBDIVIDER SHOULD PROVIDE YOU WITH A COPY OF THE ROAD AGREEMENT.

The private streets within the Community 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.

Schools: This subdivision lies within the Elk Grove Unified School District. This district advises the following:

"The Elk Grove Unified School District Board of Education has approved school attendance boundaries indicating that the schools listed below will be serving the Esplanade West subdivision...."

Miwok Village Elementary School
10700 Lousada Drive
Elk Grove, CA 95757

Elizabeth Pinkerton Middle School
8365 Whitelock Parkway
Elk Grove, CA 95757

Cosumnes Oaks High School
8350 Lotz Parkway
Elk Grove, CA 95757

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.

SOLAR ENERGY PROGRAM

THE DRE IS NOT RESPONSIBLE FOR APPROVING THE TERMS OR LANGUAGE IN THE DOCUMENTS RELATING TO THE SOLAR ENERGY PROGRAM DISCUSSED HEREIN.

PURCHASERS ARE ADVISED TO REVIEW AND THOROUGHLY INVESTIGATE ALL OF THE TERMS AND POSSIBLE OUTCOMES OF PURCHASING A HOME SERVED BY A SOLAR ENERGY SYSTEM, INCLUDING WITHOUT LIMITATION THE SOLAR ENERGY SYSTEM ADDENDUM AND THE SOLAR SYSTEM AGREEMENT, IF ANY, PRIOR TO ENTERING INTO A CONTRACT.

DESCRIPTION OF SOLAR ENERGY PROGRAM

THIS PHASE CONSISTS OF MULTIPLE RESIDENCES (EACH A “**RESIDENCE**”). EACH RESIDENCE IS SERVED BY A SEPARATE SOLAR PHOTO-VOLTAIC SYSTEM AND OTHER EQUIPMENT (EACH, A “**SYSTEM**”) THAT CONVERTS SOLAR ENERGY TO ELECTRICITY, INSTALLED ON THE ROOF OF EACH RESIDENCE. PURCHASER HAS THE OPTION TO: (I) PURCHASE THE SYSTEM FROM SUBDIVIDER OR; (II) ENTER INTO AN AGREEMENT FOR THE PURCHASE OF THE POWER GENERATED BY THE SYSTEM WITH A THIRD PARTY SOLAR ENERGY SYSTEM PROVIDER (“**SOLAR COMPANY**”), NOT SUBDIVIDER. SUBDIVIDER IS NOT RELATED TO OR AFFILIATED WITH THE SOLAR COMPANY. IF YOU DO NOT ELECT TO PURCHASE A SYSTEM WITH THE PURCHASE OF YOUR RESIDENCE, YOU MUST ENTER INTO A LONG-TERM AGREEMENT FOR THE PURCHASE OF THE ELECTRICITY PRODUCED BY THE SYSTEM (“**PPA**”), AS DESCRIBED IN THE SOLAR ENERGY SYSTEM ADDENDUM THAT YOU WILL RECEIVE AS PART OF THE PURCHASE AGREEMENT FOR THE RESIDENCE (“**SOLAR ENERGY ADDENDUM**”). THE PPA IS ALSO REFERRED TO AS A “**SOLAR SYSTEM AGREEMENT**”.

SOLAR SYSTEM AGREEMENT

IN CONNECTION WITH THE PURCHASE OF THE RESIDENCE YOU WILL BE ASKED TO DECIDE WHETHER TO PURCHASE THE SYSTEM FROM SUBDIVIDER OR ENTER INTO A SOLAR SYSTEM AGREEMENT WITH THE SOLAR COMPANY. IF YOU ELECT TO ENTER INTO A SOLAR SYSTEM AGREEMENT, PRIOR TO THE CLOSE OF ESCROW, YOU WILL BE ASKED TO READ AND SIGN A SEPARATE SOLAR SYSTEM AGREEMENT BETWEEN YOU, AS THE BUYER AND HOMEOWNER, AND SOLAR COMPANY.

THE SOLAR SYSTEM AGREEMENT FOR EACH RESIDENCE IS FOR AN INITIAL TERM OF APPROXIMATELY 25 YEARS. UNLESS OTHERWISE TERMINATED UNDER THE TERMS OF THE SOLAR SYSTEM AGREEMENT, THE SOLAR SYSTEM AGREEMENT WILL AUTOMATICALLY RENEW FOR ADDITIONAL ONE-YEAR TERMS. DURING THE TERM OF THE SOLAR SYSTEM AGREEMENT, SOLAR COMPANY WILL OWN, MAINTAIN AND MONITOR THE SYSTEM. IF SOLAR COMPANY FAILS TO PERFORM ITS OBLIGATIONS UNDER THE SOLAR SYSTEM AGREEMENT YOU MAY TERMINATE THE SOLAR SYSTEM AGREEMENT, AFTER GIVING SOLAR COMPANY NOTICE AND AN OPPORTUNITY TO CURE ITS FAILURE. YOU ALSO HAVE THE OPTION TO PURCHASE THE SYSTEM FROM SOLAR COMPANY AT CERTAIN LIMITED TIMES AND SUBJECT TO CERTAIN CONDITIONS AND TERMS DURING THE TERM OF THE SOLAR SYSTEM AGREEMENT. SOLAR COMPANY ALSO HAS THE RIGHT TO TERMINATE THE SOLAR SYSTEM AGREEMENT AND SEEK OTHER REMEDIES IT MAY HAVE, INCLUDING THE PAYMENT OF AMOUNTS OWED AND FUTURE AMOUNTS THAT WOULD OTHERWISE BE PAID UNDER THE SOLAR SYSTEM AGREEMENT. **EXCEPT AS PROVIDED ABOVE, DURING THE 25-YEAR TERM OF THE SOLAR SYSTEM AGREEMENT, THE SOLAR SYSTEM AGREEMENT CANNOT BE TERMINATED BY YOU.**

DURING THE TERM OF THE SOLAR SYSTEM AGREEMENT, YOU CANNOT ASSIGN, SELL, PLEDGE OR IN ANY OTHER WAY TRANSFER YOUR INTEREST IN THE SOLAR SYSTEM AGREEMENT WITHOUT SOLAR COMPANY'S PRIOR WRITTEN CONSENT, EXCEPT IN CONNECTION WITH A RE-SALE OF THE RESIDENCE AND SUBJECT TO THE REQUIREMENTS SET FORTH IN THE SOLAR SYSTEM AGREEMENT.

IF YOU RE-SELL THE RESIDENCE, YOU MAY TRANSFER THE RIGHTS AND OBLIGATIONS OF THE SOLAR SYSTEM AGREEMENT TO A PURCHASER WHO AGREES IN WRITING TO BE BOUND BY THE TERMS OF THE SOLAR SYSTEM AGREEMENT AND WHO MEETS SOLAR COMPANY'S CREDIT OR FINANCING REQUIREMENTS.

IF YOU DO NOT ELECT TO PURCHASE THE SYSTEM, YOU SHOULD READ THE SOLAR SYSTEM AGREEMENT CAREFULLY AND UNDERSTAND IT, BEFORE SIGNING IT. PURCHASERS SHOULD CONSULT WITH THEIR LEGAL ADVISOR FOR A BETTER UNDERSTANDING OF THE SOLAR SYSTEM AGREEMENT COMMITMENT.

SYSTEM PERFORMANCE. THE PERFORMANCE OF SYSTEMS WILL VARY DEPENDING ON A NUMBER OF FACTORS WHICH ARE UNIQUE TO EACH RESIDENCE AND EACH SYSTEM. SUBDIVIDER ASSUMES NO LIABILITY FOR THE PERFORMANCE OF THE SYSTEM, INCLUDING BUT NOT LIMITED TO THE SOLAR SYSTEM AGREEMENT, ANY ENERGY SAVINGS, TAX BENEFITS, CASH GRANTS, REBATES, MAINTENANCE OR SERVICE.

OTHER DOCUMENTS

IF YOU ENTER INTO A SOLAR SYSTEM AGREEMENT, THE SOLAR COMPANY MAY RECORD CERTAIN DOCUMENTS AGAINST YOUR RESIDENCE IN CONNECTION WITH THE SOLAR SYSTEM AGREEMENT AND SYSTEM, INCLUDING WITHOUT LIMITATION A UCC-1 FINANCING STATEMENT PROVIDING NOTICE OF SOLAR COMPANY'S OWNERSHIP OF THE SYSTEM'S COMPONENT PARTS LOCATED ON YOUR RESIDENCE.

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
Subdivisions North
651 Bannon St. Ste. 506
Sacramento, CA 95811
(916) 576-3374