

**Department of Real Estate
of the
State of California**

In the matter of the application of

**TAYLOR MORRISON OF CALIFORNIA, LLC,
A California limited liability company**

**FINAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM**

FILE NO.: **166024LA-F00**

ISSUED: **SEPTEMBER 24, 2021**

EXPIRES: **SEPTEMBER 23, 2026**

for a Final Subdivision Public Report on

TRACT 17041

ASPEN COURT AT SHADY TRAILS (PHASE 1)

DEPARTMENT OF REAL ESTATE

by *A Prasad*
Signature

ASHEEKA PRASAD

Printed Name

SAN BERNARDINO COUNTY, CALIFORNIA

CONSUMER INFORMATION

- ❖ **This report is not a recommendation or endorsement of the subdivision; it is informative only.**
- ❖ **Buyer or lessee must sign that (s)he has received and read this report.**
- ❖ A copy of this subdivision public report along with a statement advising that a copy of the public report may be obtained from the owner, subdivider, or agent at any time, upon oral or written request, *must* be posted in a conspicuous place at any office where sales or leases or offers to sell or lease interests in this subdivision are regularly made. [Reference Business and Professions (B&P) Code Section 11018.1(b)]

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

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

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

The project described in the attached Subdivision Public Report is known as a common-interest development. Read the Public Report carefully for more information about the type of development. The development includes common areas and facilities which will be owned and/or operated by an owners' association. Purchase of a lot or unit automatically entitles and obligates you as a member of the association and, in most cases, includes a beneficial interest in the areas and facilities. Since membership in the association is mandatory, you should be aware of the following information before you purchase:

Governing Instruments

Your ownership in this development and your rights and remedies as a member of its association will be controlled by governing instruments which generally include a Declaration of Restrictions (also known as CC&R's), Articles of Incorporation (or association) and bylaws. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law. Study these documents carefully before entering into a contract to purchase a subdivision interest.

Assessments

In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your lot or unit. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your lot or unit may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay through assessments, are outlined in the proposed budget. Ask to see a copy of the budget if the subdivider has not already made it available for your examination.

Common Facilities

A homeowner association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this development. The association also provides a means to accomplish architectural control and to provide a base for homeowner interaction on a variety of issues. The purchaser of an interest in a common-interest development should contemplate active participation in the affairs of the association. He or she should be willing to serve on the board of directors or on committees

created by the board. In short, "they" in a common interest development is "you". Unless you serve as a member of the governing board or on a committee appointed by the board, your control of the operation of the common areas and facilities is limited to your vote as a member of the association. There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact upon the quality of life for association members.

Subdivider Control

Until there is a sufficient number of purchasers of lots or units in a common interest development to elect a majority of the governing body, it is likely that the subdivider will effectively control the affairs of the association. It is frequently necessary and equitable that the subdivider do so during the early stages of development. It is vitally important to the owners of individual subdivision interests that the transition from subdivider to resident-owner control be accomplished in an orderly manner and in a spirit of cooperation.

Cooperative Living

When contemplating the purchase of a dwelling in a common interest development, you should consider factors beyond the attractiveness of the dwelling units themselves. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living where the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common interest development is very much like governing a small community ... the management can serve you well, but you will have to work for its success. [B & P Code Section 11018.1(c)]

Informational Brochure

The Department of Real Estate publishes the *Living in a California Common Interest Development* brochure. The information in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To review or obtain a *free* copy of this brochure, please visit the Department of Real Estate (DRE) website: www.dre.ca.gov.

THIS FINAL REPORT FOR PHASE 1 OF ASPEN COURT AT SHADY TRAILS (“**PROJECT**”) COVERS ONLY CONDOMINIUM UNITS 29 THROUGH 32, AND 43 THROUGH 46, CONSISTING OF A PORTION OF LOT 2 OF TRACT NO. 17041, AS DEPICTED ON THE CONDOMINIUM PLAN FOR THIS PHASE.

THE PROJECT IS BEING DEVELOPED BY TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (“**PARTICIPATING BUILDER**”) IN AN EXISTING MASTER PLANNED COMMUNITY KNOWN AS SHADY TRAILS (“**SHADY TRAILS**” OR “**COMMUNITY**”), WHICH IS BEING DEVELOPED BY SC FONTANA DEVELOPMENT COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY (“**MASTER DEVELOPER**”). SHADY TRAILS CONTAINS COMMUNITY COMMON AREAS BEING INSTALLED BY THE MASTER DEVELOPER THAT WILL BE MAINTAINED BY THE SHADY TRAILS COMMUNITY ASSOCIATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION (“**COMMUNITY ASSOCIATION**”). SHADY TRAILS IS BEING DEVELOPED BY THE MASTER DEVELOPER AND VARIOUS PARTICIPATING BUILDERS.

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: OVERVIEW OF SHADY TRAILS, SHADY TRAILS COMMUNITY SERVICES, ZONING/USES/HAZARDS AND TAXES.

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.

CONDITIONAL SUBDIVISION PUBLIC REPORT. IF YOU ENTERED INTO A PURCHASE AGREEMENT/CONTRACT TO PURCHASE OR LEASE AN INTEREST IN THE SUBDIVISION UNDER AUTHORITY OF A CONDITIONAL SUBDIVISION PUBLIC REPORT (“**CONDITIONAL PUBLIC REPORT**”), THE PURCHASE AGREEMENT/CONTRACT AND THE ESCROW INSTRUCTIONS CONTAINED ARRANGEMENTS FOR THE RETURN TO YOU OF MONIES PAID OR ADVANCED IF YOU ARE DISSATISFIED WITH THIS FINAL SUBDIVISION PUBLIC REPORT (“**FINAL PUBLIC REPORT**”) BECAUSE OF A MATERIAL CHANGE IN THE SETUP OF THE OFFERING COVERED BY BUSINESS & PROFESSIONS CODE SECTION 11012. YOU ARE ADVISED TO CAREFULLY READ THIS FINAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND POSSIBLY DIFFERENT FROM THAT INCLUDED IN THE CONDITIONAL PUBLIC REPORT.

PRELIMINARY SUBDIVISION PUBLIC REPORT: IF YOU HAVE RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT FOR THIS PROJECT, 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 SUBDIVISION PUBLIC REPORT.

YOU SHOULD READ AND THOROUGHLY UNDERSTAND THE PURCHASE AGREEMENT AND ALL LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF YOUR PURCHASE AGREEMENT OR LOAN DOCUMENTS, YOU MAY WISH TO CONSIDER CONSULTING WITH YOUR OWN ATTORNEY BEFORE ENTERING INTO AN AGREEMENT TO PURCHASE THE PROPERTY.

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

OVERVIEW OF SHADY TRAILS

SHADY TRAILS IS LOCATED IN THE CITY OF FONTANA, IN SAN BERNARDINO COUNTY. IT IS A MASTER-PLANNED DEVELOPMENT THAT IF DEVELOPED AS PLANNED, WILL OFFER A DIVERSE MIX OF DETACHED AND ATTACHED RESIDENTIAL HOMES AND RECREATIONAL FACILITIES. PUBLIC AND PRIVATE RECREATIONAL FACILITIES IN AND AROUND SHADY TRAILS INCLUDE THE NEARBY JESSE TURNER HEALTH AND FITNESS COMMUNITY CENTER AND FONTANA PARK (PUBLIC FACILITIES), THE PARKHOUSE AND NEIGHBORHOOD PARKS (PRIVATE FACILITIES), AND A COMPREHENSIVE TRAIL SYSTEM. A NEIGHBORHOOD COMMERCIAL CENTER IS PLANNED TO BE LOCATED TO THE SOUTHEAST OF SHADY TRAILS AND IS PLANNED TO PROVIDE RETAIL SERVICES TO SHADY TRAILS AND THE SURROUNDING AREA.

THE RESIDENTIAL PORTIONS OF SHADY TRAILS ARE PLANNED TO BE GATED AND ARE PLANNED TO CONTAIN PRIVATE INTERNAL STREETS, WHILE THE JESSE TURNER HEALTH AND FITNESS COMMUNITY CENTER AND THE ASSOCIATED PUBLIC PARK (FONTANA PARK) ARE ACCESSIBLE TO THE GENERAL PUBLIC. THE NEIGHBORHOOD COMMERCIAL CENTER IS ALSO PLANNED TO BE A PUBLIC FACILITY. SHADY TRAILS INCLUDES APPROXIMATELY 211 ACRES AND WHEN COMPLETED, IS PROPOSED TO INCLUDE AS MANY AS 1,055 RESIDENCES.

DEVELOPMENT OF SHADY TRAILS BY THE MASTER DEVELOPER AND PARTICIPATING BUILDERS IS ANTICIPATED TO CONTINUE IN A SERIES OF DEVELOPMENT PHASES. THE MASTER DEVELOPER HAS CONSTRUCTED THE PRIVATE PARKHOUSE RECREATIONAL FACILITIES WHICH IS OWNED AND MAINTAINED BY THE COMMUNITY ASSOCIATION FOR THE BENEFIT OF ITS MEMBERS AND THEIR GUESTS. THE PARKHOUSE RECREATIONAL FACILITIES INCLUDE AMENITIES SUCH AS SWIMMING POOLS, A SPA, TOT LOTS, A TENNIS COURT, A SPORTS COURT, PUTTING GREEN, FOUNTAINS, PICNIC AREAS, PASSIVE AREAS AND A COMMUNITY BUILDING THAT CONTAINS A FITNESS CENTER, INDOOR THEATER, GAME ROOM, LIBRARY AND MEETING/ACTIVITY ROOMS.

THE MASTER DEVELOPER HAS CONVEYED THE PARKHOUSE RECREATIONAL FACILITIES, IN FEE SIMPLE TITLE, TO THE COMMUNITY ASSOCIATION. PLEASE REFER TO THE DISCLOSURE AND ACKNOWLEDGMENT FOR SHADY TRAILS REGARDING THE PARKHOUSE. IT DESCRIBES THE FEES LEVIED AGAINST YOUR UNIT TO PAY FOR THE PURCHASE OF THE PARKHOUSE BY THE COMMUNITY ASSOCIATION.

THERE IS NO ASSURANCE THAT ANY PORTION OF SHADY TRAILS OR THE SURROUNDING AREAS WILL BE DEVELOPED OR COMPLETED AS PROPOSED AND AS DESCRIBED IN THIS PUBLIC REPORT.

Location: This Project is located at Summit Avenue and Citrus Avenue within the city limits of Fontana. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision: This Project is a common-interest subdivision of the type referred to as a condominium project. It includes Community Common Property which will be maintained by an incorporated owners association.

Interests to Be Conveyed: You will receive fee title to a specified condominium unit in this Project and an undivided fractional fee title interest, together with a membership in the Community Association and rights to use the Community Common Property.

About This Phase: This is the first phase of the Project which will consist of approximately .320 acres divided into 8 residential condominium units, in addition to any Community Common Property.

As currently planned the Project will be developed in approximately seven (7) phases and may consist of approximately sixty (60) residential units within Tract 17041.

This phase includes common amenities consisting of concrete walkways and driveways, a block wall, gates and landscaping to be constructed.

THERE IS NO ASSURANCE THIS THIS PHASE, THE PROJECT OR SHADY TRAILS WILL BE COMPLETED AS PROPOSED.

FUTURE DEVELOPMENT OF SHADY TRAILS AND THIS PROJECT CANNOT BE PREDICTED WITH ACCURACY. THE MASTER DEVELOPER AND THE PARTICIPATING BUILDER 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, 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 MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT THE COMMUNITY WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR BUILD-OUT SCHEDULE. TOPOGRAPHICAL MAPS IN THE WELCOME HOME CENTER, PLOT PLANS AND SITE MAPS OFFERED BY PARTICIPATING BUILDER AND OTHER FORMS SHOWING "COMPLETE" PROJECTIONS DO NOT NECESSARILY COMMIT THE PARTICIPATING BUILDER TO COMPLETE THE COMMUNITY OR, IF COMPLETED, TO COMPLETE THE COMMUNITY AS SHOWN. THE PARTICIPATING BUILDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE UNITS WITHIN THE PROJECT TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR PARTICIPATING BUILDERS.

MOREOVER, PARTICIPATING BUILDER HAS NO CONTROL WHATSOEVER OVER THE BUILD-OUT PERFORMED BY MASTER DEVELOPER OR OTHER DEVELOPERS BUILDING WITHIN THE COMMUNITY.

Sale of All Residences. The Participating Builder has indicated that it intends to sell all of the units in this Project; however, any owner, including Participating Builder, has a legal right to sell, rent or lease their units, subject to the following resale restrictions:

Shady Trails Community Services: The Master Developer has formed Shady Trails Community Services ("STCS"), a California Nonprofit Public Benefit Corporation, to provide community services for the Shady Trails residents and to foster a unique sense of community. It is intended that STCS will accomplish this by sponsoring and coordinating various community activities and programs. STCS will be funded in part by transfer fees paid to STCS in connection with transfers of title to homes in Shady Trails. The term "transfer" is outlined in the Community Enhancement Fee Agreement ("CEFA"), which is recorded or will be recorded against your home before the close of escrow. This means that when you "transfer" your home, the person to whom the home is transferred will have to pay a transfer fee to STCS in addition to any other fees and costs associated with the transfer of the home. The CEFA gives STCS the right to sue the parties involved in a transfer after the close of escrow for payment of the transfer fee if it is not paid to STCS as provided in the CEFA. Therefore, it is very important that you and each subsequent seller of the home inform your real estate agent, or the seller's real estate agent, if any, the

buyer or other transferee and the escrow agent of the obligation to pay the transfer fee and to make sure that the transfer fee is paid in accordance with the CEFA and applicable law.

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

NOTE: WHEN YOU SELL YOUR UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE COMMUNITY DECLARATION, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEY'S FEES OR OTHER CHARGES, PROVIDED BY THE COMMUNITY DECLARATION OR OTHER MANAGEMENT DOCUMENTS ON THE UNIT AS OF 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 (SEE CIVIL CODE SECTION 4540).

Completion of Community Common Area:

The Participating Builder estimates all common amenities in this phase will be completed by approximately October 2021.

No escrows will close in this phase until completion of all common area improvements, amenities and facilities or, as an alternative, the Participating Builder has submitted a bond or other security acceptable to the Department of Real Estate under the provisions of Section 11018.5 of the Business and Professions Code to assure lien free completion of all Community Common Area in this phase of the Project.

The Master Developer has posted a bond acceptable to the Department of Real Estate to assure completion of Community Common Area improvements located within Lot 4 of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is November 2021.

The Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Community Private Street improvements located within Lot 2 of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is January 2022.

A Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Community Private Street improvements located within Lot 1 of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is February 2024.

A Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Community Private Street improvements located within Lot 3 of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is September 2023.

The Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Aspen Court Private Street improvements located within Narni Lane of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is November 2021.

The Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Aspen Court Private Street improvements located within Merano Way and a portion of Carrara Lane of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is January 2022.

The Participating Builder has posted a bond acceptable to the Department of Real Estate to assure completion of the Aspen Court Private Street improvements located within Siracusa Way and a portion of Carrara Lane of Tract 17041 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is January 2022.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE AGREEMENT TO THE CONTRARY, YOU, AS A PROSPECTIVE PURCHASER HAVE THE RIGHT TO NEGOTIATE WITH THE PARTICIPATING BUILDER TO ALLOW AN INSPECTION OF THE PROPERTY BY YOU OR YOUR DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO YOU AND PARTICIPATING BUILDER.

MANAGEMENT AND OPERATION

Community Association Obligations and Governing Documents: The Community Association, of which you become a member at time of purchase, is governed by and manages, maintains, and operates the Community Common Property in accordance with Governing Documents (as described below). In addition, the Community Association has the right to adopt rules and regulations and guidelines for the Community, which will include Community architectural guidelines, which will set forth the guidelines and procedures for design/architectural review within the Community. There will also be a Declaration of Annexation and Supplemental Community Declaration of Covenants, Conditions and Restrictions Establishing Condominium Project for Shady Trails ("**Declaration of Annexation**") and a Supplemental Community Declaration of Covenants, Conditions and Restrictions for a Phase of Shady Trails ("**Supplemental Community Declaration**") which will be recorded to set forth (i) alternative dispute resolution procedures to govern disputes between the Participating Builder and an Owner other than disputes governed by the Community Declaration, and (ii) additional restrictions and easements covering the areas covered by the Declaration of Annexation and the Supplemental Community Declaration (the Community Declaration, Bylaws, Articles, Declaration of Annexation and Supplemental Community Declaration 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.

EXISTING COMMUNITY ASSOCIATION. SINCE THE COMMUNITY COMMON PROPERTY IMPROVEMENTS, AMENITIES AND FACILITIES ARE MAINTAINED BY THE COMMUNITY ASSOCIATION, THE COMMUNITY ASSOCIATION MUST HOLD ELECTIONS OF THE COMMUNITY ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS. THE COMMUNITY ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE COMMUNITY ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET.SEQ. OF THE CIVIL CODE.

The Community Declaration: This Project is subject to the Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Shady Trails ("**Community Declaration**") recorded May 3, 2006 as Document No. 2006-0302089; the Community Enhancement Fee Agreement recorded January 22, 2021 as Instrument No. 2021-0033664, and the Supplemental Community Declaration for this phase recorded September 20, 2021 as Instrument No. 2021-0427348, and the Declaration of Annexation and Supplemental Community Declaration Establishing a Condominium Project for Shady Trails (Aspen Court at Shady Trails; Tract No. 17041) recorded September 17, 2021 as Instrument No. 2021-0426081, all in the Office of the San Bernardino County Recorder.

Amendments or Supplements to these documents may also be recorded. You may ask the Participating Builder about such changes. If you purchase a unit, this information will be included in your title policy.

Private Street Maintenance and Use Agreement The Master Developer, Participating Builder, the Community Association and other participating builders ("**Builders**") have entered into an agreement ("**Private Street Agreement**") to insure that: (i) the Master Developer, Participating Builder and the Builders fulfill their obligations to complete the construction of streets in the Community ("**Streets**"), (ii) an interim access easement over the Streets is conveyed by the Master Developer, Participating Builder and Builders (as applicable) to the Community Association, (iii) the Master Developer, Participating Builder and Builders (as applicable) fulfill their obligation to convey the Streets in fee title to the Community Association in accordance with the phasing plan for the Community, (iv) the Master Developer, Participating Builder and Builders (as applicable) fulfill their obligations to maintain the Streets prior to their conveyance in fee title to the Community Association, (v) the Community Association has the ability to provide maintenance of the Streets if Master Developer, Participating Builder or Builders (as applicable) fail to provide such maintenance, and (vi) the Master Developer, Participating Builder and Builders (as applicable) fulfill their obligation to contribute accrued reserves for the Streets to the Community Association upon conveyance of the Streets in fee title to the Community Association, as applicable.

Aspen Court at Shady Trails Private Street Maintenance Agreement. Aspen Court at Shady Trails is served by private streets located on Lot 2 of Tract No. 17041 commonly known as Narni Lane, Siracusa way, Carrara lane and Merano Way (collectively, the "**Private Streets**"). The Participating Builder has entered into a Private Street Maintenance Agreement for Aspen Court at Shady Trails ("**Street Agreement**") with the Shady Trails Community Association in order to provide for the maintenance and use of the private streets located within Aspen Court at Shady Trails. The Participating Builder anticipates the Private Streets will be conveyed to the Community Association in increments starting in November 2021 and ending in January 2022.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE GOVERNING DOCUMENTS. THE PARTICIPATING BUILDER MUST MAKE THEM AVAILABLE TO YOU.

DOCUMENTS TO BE FURNISHED. THE PARTICIPATING BUILDER STATED IT WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE COMMUNITY ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED COMMUNITY ASSOCIATION AND DSA BUDGETS.

THE PARTICIPATING BUILDER STATED IT WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE CONDOMINIUM PLAN.

THE PARTICIPATING BUILDER MUST MAINTAIN AND DELIVER TO THE COMMUNITY 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 COMMUNITY ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES (REFER TO SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 4800 OF THE CIVIL CODE).

THE PARTICIPATING BUILDER SHALL MAKE A COPY OF THE COMMUNITY DECLARATION, ARTICLES AND BYLAWS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE PURCHASER BEFORE EXECUTION OF AN OFFER TO PURCHASE A UNIT. A COPY OF EACH MUST ALSO BE GIVEN TO EACH PURCHASER 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 UNIT. (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

MAINTENANCE AND OPERATIONAL EXPENSES

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

Community Association Budgets: The Master Developer has submitted budgets for the management, maintenance and operation of the Community Association obligations and for long-term reserves when the Community is substantially completed (built-out budget) and interim budgets applicable to these phases. These budgets were reviewed by the Department of Real Estate in March 2021. You should obtain copies of these budgets from the Participating Builder.

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

As the overall 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 Community Declaration or Bylaws. Under the interim budget, the range of monthly assessments during the development period will be between **\$178.00 and \$214.25**. 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 **\$34.09 and \$41.71**, respectively.

According to the Master Developer, assessments under the interim budget should be sufficient for management, maintenance and operation of the Community 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 unit, the Participating Builder will provide you with a copy of the budget for your phase, reflecting the amount of the initial assessment you will actually pay to the Community Association.

IF THE BUDGET FURNISHED TO YOU BY THE PARTICIPATING BUILDER SHOWS A MONTHLY ASSESSMENT FIGURE, WHICH IS OUTSIDE OF THE RANGE OF ASSESSMENTS

REFLECTED IN THE PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN AGREEMENT TO PURCHASE.

Aspen Court Designated Service Area Budget: In addition to the Community Association budget discussed above, the units in the Project will be subject to an additional assessment for maintenance of certain designated walkways and driveways, a block wall, gates and landscaping that exclusively or disproportionately benefit the units in the Project. The maintenance of these areas benefits the units in the Project, and therefore, the costs associated with maintenance of such areas has been segregated into a Designated Service Area Budget. The Participating Builder has submitted a Designated Service Area Budget for the management, maintenance and operation of certain Community Common Property and for long-term reserves when the Project is substantially completed and interim budgets for these phases. The Designated Service Area budget was reviewed by the Department of Real Estate in September 2021. You should obtain copies of this budget from the Participating Builder.

Under the current Designated Service Area Budget, the monthly assessment for each unit in the Phase is currently estimated to be **\$219.00**. Of this amount, the monthly contribution toward long-term reserves is estimated to be **\$41.22**.

Under the built-out Designated Service Area Budget the monthly assessment for each unit in the Project is currently estimated to be **\$81.00**. Of this amount, the monthly contribution toward long-term reserves is estimated to be **\$40.08**.

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

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

IF THE BUDGET FURNISHED TO YOU BY THE PARTICIPATING BUILDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE ASSESSMENT AMOUNT SHOWN IN THE FINAL PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN CONTRACT TO PURCHASE.

Aspen Court Subsidy Agreement. The Participating Builder and the Community Association have entered into a Subsidy Agreement for the purpose of subsidizing a portion of the monthly Designated Service Area assessments for the Units in Phase 1. The Participating Builder shall pay to the Community Association the difference between the then-current monthly Annual Assessment as set forth in the approved budget on file with the Department of Real Estate and One Hundred and Twenty-Six and 00/100 Dollars (\$126.00) per month.

The term of the Agreement shall begin on the first day of the first month following the close of the first escrow in Phase 1 and shall terminate upon the earlier of the following dates: (a) the date which is six (6) months after the date of the first Close of Escrow for the sale of a Condominium in Budget Phase 1; or (b) the date on which the first Close of Escrow occurs for a sale of a Condominium in Phase 2 of the Neighborhood. The Term of the Agreement may be extended in six (6) month increments.

The Participating Builder has posted a bond as partial security for the obligation to pay the subsidized assessments. The governing body of the Community Association should assure itself that the Participating Builder has satisfied his obligations to the Community Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

Capital Contributions. No capital contributions shall be required on the acquisition of record title to a Condominium in a transaction requiring issuance of a Public Report, unless required by the VA. If required, each buyer of a Condominium shall contribute to the capital of the Neighborhood Association such amounts as are determined by Neighborhood Builder to be necessary to cover the initial months of operation of the Neighborhood. This contribution shall be deposited by the buyer into a purchase and sale escrow and disbursed therefrom to the Neighborhood Association or to Neighborhood Builder (if Neighborhood Builder has previously advanced such funds on the Owners' behalf).

RESIDENTIAL SOLAR ENERGY PROGRAM. This Project is subject to that certain Declaration of Covenants, Conditions and Restrictions Establishing Solar Shading Restrictions recorded September 20, 2021 as Instrument No. 2021-0427349 in the Office of the San Bernardino County Recorder, and any amendments or supplements thereto.

HOMES COVERED BY THIS PUBLIC REPORT WILL HAVE A ROOF-TOP SOLAR ARRAY AND OTHER EQUIPMENT THAT CONVERTS SOLAR ENERGY TO HOUSEHOLD ELECTRICITY (EACH A "SYSTEM"). YOU MUST EITHER (1) PURCHASE THE SYSTEM FOR A COST THAT IS ADDED TO THE PRICE OF THE HOME, OR (2) ENTER INTO A POWER PURCHASE AGREEMENT ("PPA") AND MAKE MONTHLY PAYMENTS TO A SOLAR PROVIDER FOR THE PURCHASE OF ALL OF THE ELECTRICITY GENERATED BY THE SYSTEM. **YOU SHOULD CAREFULLY REVIEW AND FULLY UNDERSTAND THE TERMS OF THE SOLAR PROGRAM OFFERED.**

THE CALIFORNIA DEPARTMENT OF REAL ESTATE HAS NOT APPROVED OR REVIEWED DOCUMENTS RELATED TO THE SYSTEM OR THE SOLAR PROGRAM OFFERED. **YOU ARE ADVISED TO THOROUGHLY REVIEW ALL DOCUMENTS AND INVESTIGATE ALL POSSIBLE OUTCOMES OF ANY SOLAR PROGRAM OFFERED, PRIOR TO SIGNING A PURCHASE AGREEMENT.** YOU MAY WANT TO SEEK INDEPENDENT LEGAL COUNSEL TO ASSIST WITH YOUR REVIEW AND INVESTIGATION.

EXAMPLES OF SOME KEY SOLAR PROGRAM TERMS THAT YOU SHOULD KNOW AND UNDERSTAND ARE: (1) IF THERE ARE ANY UP-FRONT AND RECURRING SYSTEM COSTS; (2) IF YOU HAVE SYSTEM MAINTENANCE RESPONSIBILITIES; (3) IF THERE IS A WARRANTY AND WHAT IT COVERS; (4) IF THERE ARE REQUIREMENTS AND IMPACTS OF RE-SELLING YOUR HOME WITH THE SYSTEM; (5) IF YOU ARE RESPONSIBLE FOR REMOVING THE SYSTEM FOR ROOF REPAIRS AND (IF APPLICABLE) AT THE END OF YOUR PPA; AND (6) IF YOU DON'T OWN THE SYSTEM, CAN YOU LATER PURCHASE THE SYSTEM AND AT WHAT COST?

ADDITIONAL INFORMATION ABOUT SOLAR ENERGY SYSTEMS FOR NEW HOMES IS ON THE WEBSITE OF THE CALIFORNIA ENERGY COMMISSION AND PUBLIC UTILITIES COMMISSION, AT [HTTP://WWW.GOSOLARCALIFORNIA.CA.GOV/](http://www.gosolarcalifornia.ca.gov/).

BUDGET INFORMATION PROVIDED BY PARTICIPATING BUILDER. DELINQUENCIES IN THE PAYMENT OF COMMUNITY ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE COMMUNITY 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 COMMUNITY ASSOCIATION SERVICES. THE PARTICIPATING BUILDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING IF DELINQUENT ASSESSMENTS HAVE CAUSED THE COMMUNITY ASSOCIATION TO RECEIVE TEN (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT COMMUNITY ASSOCIATION BUDGET (REGULATION 2800K).

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

In addition to other documentation provided to each prospective purchaser, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective purchaser before the execution of an offer to purchase a unit. A copy of this financial information must also be given to each purchaser 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 Community Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Community 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 Community Association may decide to defer maintenance or eliminate services.

Utility Rates: 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.

Assessment Increases/Decreases: The Community Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the Community Declaration 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 Community Association will commence on all units in this phase on the first day of the month immediately following the conveyance of the first unit in this phase.

Failure to Pay: The remedies available to the Community Association against owners who are delinquent in the payment of assessments are set forth in the Community Declaration. These remedies are available against the Participating Builder as well as against all other owners.

Participating Builder's Assessment Security: The Participating Builder has posted bonds as partial security for the obligation to pay these assessments. The governing body of the Community Association should assure itself that the Participating Builder has satisfied these obligations to the Community Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

USES/ZONING/HAZARD DISCLOSURES

The Participating Builder has set forth below references to various zoning, surrounding uses, 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 Community and all existing, proposed or possible future uses adjacent to or in the vicinity of the Community. For more detailed information in regard to these property uses you are advised to read the Shady Trails Community & Contiguous Area Disclosure Statement (“**Shady Trails Disclosure Statement**”) and any additional property use disclosure information as provided by the Participating Builder. The information contained in this Public Report is not a complete list of disclosures applicable to the purchase of a unit. 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:

Community Zoning: North: Residential
South: Existing Residential
East: Arboretum/Residential
West: SCE Corridor/Park/I-15 Freeway

Summit Church – less than 1-mile Northeast
Summit High School – less than 1-mile Southwest
Sierra Lakes Golf Club – less than 1-mile Northeast
Ralph M. Lewis Sports Complex – less than 1 mile South

Shopping: Victoria Gardens Shopping District-approx. - 5 miles southwest
Falcon Ridge Town Center Retail Shopping- approx. 1 mile West

Parks: Fontana Park Aquatic Center-includes playgrounds, pool, skate park and dog run – less than 1 mile West
Ralph M. Lewis Sports Complex – less than 1 mile South
Patricia Marrujo Park – less than 1 mile South

- Various schools and neighborhood parks surround the Project
- Sierra Lakes Golf Club is approximately 1¼ miles southeast
- San Bernardino National Forest is approximately 1½ miles North
- Auto Club Speedway is approximately 5 miles southwest
- Historic Route 66 is approximately 4 miles southwest
- 210 Freeway is approximately 1½ miles south
- 15 Freeway is approximately ¾ mile west
- San Sevaire Wash and Flood Control Basin is approximately 2 miles southwest
- Rialto Municipal Airport is approximately 4 miles southeast
- Lytle Creek Wash is approximately 2½ miles northeast

At the time this Public Report was issued, the Zoning that is immediately adjacent to the Project include but are not limited to, the following:

Aspen Court Zoning: North: Residential/Park
South: Vacant/Residential
East: Vacant/Future Commercial
West: Residential

The Parkhouse. Within this private 3.5-acre recreational facility called The Parkhouse, located on Parkhouse Drive, there are tot lots, picnic areas, shade trees, a "Junior" Olympic-size pool, a spa, restroom facilities, and a community building with a fitness center, library, indoor theater and other amenities. The Master Developer has entered into an agreement to sell The Parkhouse and its facilities to the Community Association and has conveyed The Parkhouse in fee simple title to the Community Association. As consideration for the purchase of The Parkhouse, the Community Association has signed and delivered to the Master Developer a First Amended and Restated Recreation Facility Note (as may be further amended) in the original principal amount of \$3 million dollars ("**Recreational Building Note**"), which provides for monthly installments of principal and interest and any other related costs and fees described in the Shady Trails budget reviewed by the California Department of Real Estate (or Department of Real Estate, as applicable). The monthly installments under the Recreational Building Note are a component of Common Expenses. Residents in the vicinity of The Parkhouse may be impacted by noise from activities taking place in The Parkhouse, as well as nighttime glare from outdoor lighting. The Master Developer makes no warranties concerning the amenities or facilities present in The Parkhouse, which are subject to change at any time.

Other Private Recreational Facilities. The Community also includes two other private recreational facilities of approximately one-acre each (each a "**Recreational Facility**"). One completed Recreational Facility is located on the south side of Parkside Way at Vesta Way. This Recreational Facility includes a tot lot, picnic area, pool, spa, landscaped open area, common use rooms and restroom facilities. The second Recreational Facility is located adjacent to the intersection of Parkhouse Drive and Kate Street, on what is described as Lot 4 of Tract Map No. 17041. This second Recreation Facility will be complete and open for use concurrently with the first closing of the new homes in Tract No. 17041 located on the north, south and east sides of this second Recreational Facility. It includes a tot lot, picnic area, landscaped open area and a restroom facility. The Master Developer makes no warranties concerning the amenities or facilities that may be part of these Recreational Facilities, and these improvements are subject to change at any time.

Neighborhood Parks: A neighborhood park of approximately ½ acre has been completed that is located east of Lytle Creek Road at Toscana Lane, and that runs between San Marino Way and Messina Way. A second neighborhood park of approximately ½ acre has been completed that is located north of Knox Avenue, at the intersection of Vesta Way and Wibert Drive. These neighborhood parks are intended to serve as visual amenities and each may include a sitting area with benches, shade areas, a tot lot, walkways, a barbecue and an open space turf area. The Master Developer makes no warranties concerning the amenities or facilities that may be part of these neighborhood parks, and these improvements are subject to change at any time.

Entry Facilities: The Master Developer may construct entry facilities at Lytle Creek Road, Knox Avenue, Citrus Avenue and Summit Avenue. There may also be pedestrian entry facilities at some entrances to Shady Trails. There are no assurances that any entry facilities will be constructed or installed, or that any entry facility will be used to restrict access to Shady Trails, until construction and marketing of Shady Trails is complete.

The entry facilities may include electronic gate closing devices. Electronic gate closing equipment is intended to keep the entry facilities closed, but it is neither designed nor intended to provide additional security to Shady Trails or to prevent anyone from gaining access to Shady Trails. Access keys must remain in the control of the owner or other resident of the owner's home at all times. The Board has the power to assess a reasonable charge, including a penalty or fine, to replace a lost or stolen access device.

Until the last close of escrow occurs in Shady Trails, (a) the entry facilities may be open to the general public, (b) the Master Developer and the Participating Builders may change the hours of entry facilities

operation in their sole discretion and without notice to accommodate construction and marketing activities, and (c) operation of the entry facilities may be limited.

Security and Privacy Disclaimer. Entry facilities are not intended to provide security or privacy for persons, personal property or Homes in the Community. Neither the Master Developer, the Participating Builders nor the Community Association undertake to provide security or privacy for the Community or Owners, nor do they make any representations or warranties concerning the security, safety or privacy of the Community or Owners.

Noise from Entry Gates. If entry gates are installed and operated to control access to Shady Trails, residents living in the vicinity of the entry gates will experience noise from the operation of the entry gates and from traffic entering and exiting Shady Trails.

Private Trails: Numerous trails and paseos are located in the Community with additional trails planned. These trails connect various parts of the Community and provide convenient access to the neighborhood parks and Recreational Facilities in the Community. The trails may also provide pedestrian access to the proposed commercial/ retail project at the southeast portion of the Community. Trails inside the boundaries of the Community will be maintained by the Community Association. Residents living in the vicinity of the trails may notice noise when the trails are in use.

Development Area: Shady Trails is located in a rapidly expanding area. As future commercial and residential developments are built near Shady Trails, you may expect certain limitations on solitude. For example, you can expect to hear noise from the development of future adjacent residential and commercial areas. As the area around Shady Trails develops, you may experience light entering your home from exterior sources including streetlights, parking lot lighting and nearby residential and commercial buildings. The Master Developer, the Participating Builder and the Community Association have no control over the transmission of noise or light and their potential effects on homes in Shady Trails, including any which may be a direct result of current and future construction activity. Shady Trails is also located near a rural area. As a result of the rural character of the area in the vicinity of Shady Trails, homes may be affected by wildlife, noises, odors, reptiles or insect life typically found in rural areas. Snakes, rodents, mountain lions and coyotes are some of the wildlife typically encountered in rural areas. You should expect to encounter insects of all types, including flies, ticks, Africanized (killer) bees, mosquitoes, spiders, black and red fire ants, crickets and aphids. The Master Developer, the Participating Builder and the Community Association are not responsible for wildlife control or eradication; however, the Community Association shall use commercially reasonable efforts to control any infestation in the Community Common Property likely to impose a serious threat to human or property safety, or both. The Community Association shall require all owners to do the same where it is determined to be necessary to remove a reasonably foreseeable threat to human or property safety, or both.

Auto Club Speedway: Shady Trails is located approximately 5.5 miles northeast of the Auto Club Speedway (the “Speedway”). The Speedway is approximately 568 acres in size, with 2 racetracks and several buildings totaling approximately 739,000 square feet. The Speedway has a capacity of approximately 78,500 persons. On race days, Shady Trails may be subject to increased traffic, odors and noise. Master Developer has no control over the operation, use or maintenance of the Speedway. You may wish to consider what annoyances, if any, are associated with the proximity to the Speedway before you complete your purchase and determine whether they are acceptable to you. For further information, please visit the website for the Speedway at <https://www.autoclubspeedway.com/>.

Commercial and Industrial Property: Property within the vicinity of the Community is currently zoned for commercial and industrial purposes. You may experience noise, traffic, dust, odors and other impacts

from the operation of any adjacent commercial and industrial property in the vicinity of the Community. Master Developer has no control over any commercial or industrial property or their impact on you or the Community.

Fontana Park: The City has developed Fontana Park at the northwest corner of Knox Avenue and Summit Avenue, adjacent to the Community. Fontana Park includes approximately 40 acres of recreational amenities which may include a skate or bike park, walking trails, aquatic center, dog park, covered sports court and event pavilion. Fontana Park is a public park, and neither the Master Developer, Participating Builders nor the Community Association has any control over its operation or maintenance. The City is responsible for Fontana Park's development and maintenance. Owners of homes near Fontana Park may notice noise and increased traffic in the area during periods of use by members of the public. The Master Developer makes no representations or warranties concerning any amenities or facilities that may be present in Fontana Park.

Jesse Turner Health and Fitness Community Center: The Jesse Turner Health and Fitness Community Center (the "**Community Center**"), located in the southeast corner of Fontana Park near the intersection of Knox Avenue and Summit Avenue, is dedicated to the City for public use. The Community Center is intended for active use by the public and it may host regular organized sports and civic events. Community Center amenities include an indoor gymnasium, dedicated fitness gym, dance/aerobics room, multi-purpose room, resource center, banquet room of over 4600 square feet and meeting and technology rooms. The Community Center may host youth and amateur sport leagues, tournaments and practices. The Community Center may also host a variety of recreational classes, for example, culinary, aerobics and dance classes and basketball clinics. Residents of the Community may notice traffic, noise and night time glare from lighting during events at the Community Center. Neither the Master Developer, the Participating Builders nor the Community Association has any control over the use, operation or maintenance of the Community Center.

Additional information concerning Fontana Park and the Community Center can be found at [Facilities & Parks | Fontana, CA - Official Website](#).

Neighborhood Commercial Center: A commercial/retail project is planned for construction near the southeast corner of the Community at the intersection of Summit Avenue and Citrus Avenue. The proposed project is not a part of the Community. Although some form of future access connections may exist between the Community and the commercial/retail project, there are currently no plans to provide direct vehicular access from the Community through the commercial/retail project to public streets. Neither the Master Developer, the Participating Builders nor the Community Association has any control over the development, use, operation or maintenance of the proposed commercial/retail project. If developed as planned, the project will bring increased traffic to the streets in the vicinity of the Community.

Fountain of Truth Family Worship Center: A Fountain of Truth Family Worship Center (the "**Church**") has been developed near the southeast corner of Citrus Avenue and Casa Grande Avenue. Residents of the Community may notice increased traffic and noise in the area during periods of use. The Master Developer makes no representations or warranties concerning the Church facilities.

Pollutant Control: The Community is subject to all federal, state and local requirements of the National Pollutant Discharge Elimination System ("**NPDES**"), adopted in accordance with the Federal Clean Water Act. Pursuant to a NPDES General Permit, adopted by the State Water Resources Control Board, the County and City have adopted a water quality management plan, and the Master Developer has filed a Storm Water Pollutant Prevention Plan ("**SWPPP**"), which imposes on all Buyers in the Community requirements for the design, implementation and maintenance of best management practices ("**BMPs**")

designed to eliminate or reduce storm and non-storm water discharges of pollutants into storm drains before, during and after construction of the Community.

THIS IS NOT A COMPLETE LIST OF THE DISCLOSURES RELEVANT TO THE PROJECT. PARTICIPATING BUILDER WILL PROVIDE YOU WITH ADDITIONAL DISCLOSURES THAT YOU ARE ADVISED TO REVIEW.

HAZARDS AND MISCELLANEOUS DISCLOSURES

The Master Developer advises that prior to issuance of this Public Report, the following hazards and other uses exist within, adjacent or near Shady Trails. For more information in regard to these hazards and miscellaneous disclosures, you are advised to read Shady Trails Disclosure Statement and any additional hazard disclosure information as provided by the Participating Builder.

Electric Power Lines, Wireless Communications Facilities and Human Health. Underground or overhead electric transmission and distribution lines and transformers may be located in, around or proximate to the Community, including a major (500 kilovolts (“kV”) and 220kV) Southern California Edison (“SCE”) transmission line lying in an approximate three hundred fifty (350) foot wide easement running northeast to southwest across the Community roughly parallel to Knox Avenue. Residents of the Community may hear buzzing from these power lines. There will be climber discouragers located at the bases of the power poles; however, residents of the Community must be careful to ensure that children do not climb on the power poles. In addition, an SCE substation may be located within or adjacent to Shady Trails.

The power lines within and in the vicinity of the Community produce electric and magnetic fields (“EMF”). Antennas and other equipment for wireless telecommunications (for example, cellular phones) may also be located in or in the vicinity of the Community. Like all wireless communications facilities, these facilities produce radio-frequency fields (“RF”). Numerous studies concerning the effects of EMF and/or RF on human health have been undertaken over the past several years and some are ongoing. There are studies that have reported a possible relationship between EMF exposure and some health conditions, such as childhood leukemia, miscarriages, and certain neurological disorders, while other studies found no such relationship. Some studies have reported associations between RF exposure and brain cancer, while other studies found no such relationship. Additional information about EMF and RF is available from the following agencies:

(a) the World Health Organization’s International EMF Project website at https://www.who.int/health-topics/electromagnetic-fields#tab=tab_1;

(b) Southern California Edison website at <https://www.sce.com/safety/family/environmental-health>;

(c) the U.S. National Institute of Environmental Health Sciences website at <https://www.niehs.nih.gov/health/topics/agents/emf/index.cfm>;

(d) the CDC website at <https://www.cdc.gov/niosh/topics/emf/>.

This list is not meant to be all inclusive.

Utility Easement Corridors: There are two utility easement corridors (the “Utility Corridors”) that are not a part of Shady Trails. One of the Utility Corridors runs from the northeast to the southwest corner of Shady Trails roughly parallel to Knox Avenue and is approximately 350 feet wide. The other Utility Corridor runs east to west parallel to and north of Summit Avenue between Lytle Creek Road and Citrus Avenue and is approximately 330 feet wide. Any Shady Trails features or access point proposed within

the Utility Corridors will require coordination and approval by Southern California Edison, Southern California Gas, the local water district and the City.

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

Bioswales: Shady Trails is planned to include several bioswales, which are open channels planted with a cover of grasses and herbaceous plants. The bioswales are designed to accept storm water runoff during storm periods, and to act as a storm water detention and biofiltration facility. Bioswales are part of the Shady Trails drainage system and they are neither designed for, nor suited for recreational uses. Residents are advised to stay away from the bioswale areas particularly during heavy storm flow periods.

High Winds: Shady Trails is located near the Cajon Pass, which carries strong "Santa Ana" winds. Wind speeds in Shady Trails may exceed that experienced in other areas of the surrounding region. These winds can cause significant erosion of surface soils that are not protected by vegetation, concrete or asphalt. You should be aware that lightweight items such as lawn furniture and trash containers must be secured or brought indoors during periods of high winds. In addition, you should avoid walking on roofing materials such as tiles. Walking on roof tiles can loosen them, and loose tiles may be blown off the roof by heavy winds. You must ensure that any structures or other improvements are constructed or designed to withstand high winds. You are advised to consult with experienced architects and engineers in the design and specification of any structures or improvement that you plan to add.

San Sevaine Wash and Flood Control Basin: The San Sevaine Wash and Flood Control Basin ("Wash and Basin") are located to the west of Shady Trails. The Wash and Basin are subject to accumulation of water and may attract mosquitoes. During periods of seasonal water accumulation, the Wash and Basin may fill with water and may be hazardous to people and pets. You are advised that the Wash and Basin are public property and are part of the regional drainage system. The Wash and Basin are not suitable for any recreational use. Children and animals must be closely supervised when near the Wash and Basin to prevent accidental drowning and other such injuries. In addition, the Wash and Basin may also contribute to the propagation of mosquitoes, other pests and odors in Shady Trails. Mosquitoes are generally attracted to areas near water and may carry diseases. You should review the following website: www.mosquito.org or contact the San Bernardino Vector Control Program at (909) 884-4056 to determine what residents can do to limit mosquito bites. It is San Bernardino Vector Control's sole responsibility to control or otherwise abate the impact of mosquitoes and mosquito bites. Neither the Master Developer nor the Participating Builders have any control over the use, maintenance or care of the Wash and Basin, and are not responsible for your safety or for the safety of your family, guests, invitees, tenants, agents, employees or pets.

Detention Basins: An interim detention basin is located north of Summit Avenue, between Lytle Creek Road and Knox Avenue. A second detention basin is located north of Summit Avenue, between Parkside

Way and Citrus Avenue. All detention basins are potential water hazards and may contain standing water at times. Children and pets must be closely watched to prevent accidental drowning and other such injuries around the detention basin. Due to the nature of the detention basins, environmental monitoring and reporting may become necessary in conjunction with the maintenance thereof. Such monitoring and reporting, as well as the regular maintenance of the detention basins, may result in increased costs to parties responsible for such maintenance. The Master Developer and the participating Builders are not responsible for maintenance (or the cost thereof) of the detention basins, or for the safety of you, your family, guests, invitees, tenants, agents, employees or pets.

Major Streets and Freeways: The I-15 Freeway (to the northwest of Shady Trails), the I-210 Freeway (to the south of Shady Trails), Summit Avenue (to the south of Shady Trails), Citrus Avenue (to the east of Shady Trails), Lytle Creek Road (to the west of Shady Trails) and Knox Avenue (traversing Shady Trails) are all major streets and freeways. Residents are advised that as population increases in the San Bernardino area, traffic will increase on these streets and freeways. Because of the close proximity of these streets and freeways, they may cause noise, dust, vibration and high levels of traffic in Shady Trails. Major streets and freeways located near or within Shady Trails may be subject to flooding during rains. In addition, one or more of the streets and freeways may be visible from portions of Shady Trails. Any local arterial and interior road system improvements are subject to modifications, approvals and determinations made by the applicable City, County and local governmental agencies. For example, alignments may be changed, proposed extensions may be deleted or changed and roadway improvements within the vicinity of Shady Trails may be added. You may experience noise from construction and traffic as well as other problems associated with traffic congestion in the area of Shady Trails. You should evaluate the impact of the foregoing road issues on the proposed use of your home. For further current information on roadway improvements please contact the City of Fontana Public Works Department at (909) 350-6760.

Ontario International Airport: The Ontario International Airport, located approximately 13 miles southwest of Shady Trails, has daily flights of propeller planes, jets and helicopters. It has been reported that the Airport (i) has two domestic terminals (approximately 530,000 square feet) and one international terminal; (ii) has had as many as approximately 214 aircraft operations per day, and (iii) has handled as many as 6.5 million passengers and approximately 547,000 tons of air freight annually. Current frequency of flights, and current flight patterns for aircraft approaching and leaving the Airport, may change without notice. You may experience noise, vibration, pollution and other inconveniences from commercial and general aviation over-flights. The Master Developer and the Participating Builders have no control over the use of the Airport or the impacts on Shady Trails. Prior to your purchase of a home, you should visit Shady Trails at different times of the day to determine whether aircraft noise will affect your use and enjoyment of your home. For further information please contact the Ontario International Airport at (909) 937-2700 or visit the website at <https://www.flyontario.com/>.

Rialto Municipal Airport: The Rialto Municipal Airport located approximately 6 miles southeast of Shady Trails serves private/recreational pilots and will accommodate corporate jet aircraft. This Airport is also home to the County Sheriff's Aviation Unit. This Airport bases approximately 250 aircraft and has approximately 343 aircraft operations per day. You may experience noise, vibration, pollution and other inconveniences from commercial and general aviation over-flights. The Master Developer and Participating Builders have no control over the use of the Rialto Municipal Airport or the impacts on Shady Trails. Prior to your purchase of a home, you should visit Shady Trails at different times of the day to determine whether aircraft noise will affect your use and enjoyment of your home. For further information please call (909) 820-2622.

Helicopter Over-Flight: In addition, there is a helipad located at the City of Fontana Police Department located approximately 5 miles south of Shady Trails. The helipad may be used to permit helicopters

serving the police department to land and provide emergency services. The Master Developer and the Participating Builders have no control over who may use the helipad, the frequency of use, or the amount of noise and disturbance that may be experienced by buyers of homes in Shady Trails from helicopter over-flights and other noises.

NATURAL HAZARDS

The Participating Builder advises that prior to the issuance of this Public Report, the following natural and other hazards exist within or near the Project. For more information in regard to these natural and other hazards, you are advised to read the natural hazard disclosure information as provided by the Participating Builder.

The Master Developer advises that prior to issuance of this Public Report, the following natural hazards exist within or near Shady Trails. For more information in regard to these hazards and miscellaneous disclosures, you are advised to read Shady Trails Disclosure Statement and any additional hazard disclosure information as provided by the Participating Builder.

Earthquake Faults, Generally: There is an inherent risk of potential damage from earthquakes in virtually all of California and the San Bernardino area is no exception. Many portions of Southern California are subject to risks associated with seismic activity or 'earthquakes'. These potentially seismically active areas are called Seismic Hazard Zones, as defined in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690 et seq.), and as shown on maps released by the California Department of Conservation, Division of Mines and Geology, copies of which are on file with the County. There are two types of Seismic Hazard Zones: a landslide zone and a liquefaction zone. "Liquefaction" is the process by which water saturated soils become unstable under heavy shaking and thereby jeopardize foundations and other structures. Although there are no known active faults crossing Shady Trails, The Community is located south of the junction of two major active fault zones. These fault zones are the San Jacinto Fault Zone (northwest trending) and the Cucamonga Fault Zone (east to northeast trending). The Cucamonga Fault Zone is the closer fault zone and is located approximately ½ mile from Shady Trails. You are advised to consult with the City, County or other public agencies and appropriate experts to evaluate the potential risk. For more information concerning seismic activity and risks, read "The Homeowner's Guide to Earthquake Safety" which can be obtained from the State of California, or call (916) 263-5506, or visit the website of the California Seismic Safety Commission at <https://ssc.ca.gov/>.

Cucamonga Fault Zone. The Cucamonga Fault is the primary fault along the southern front of the Eastern San Gabriel Mountains. The boundaries of the Cucamonga Fault Zone are located approximately ½ mile northwest of Shady Trails. The Cucamonga fault is thought to be capable of generating earthquakes with a magnitude of up to 7.0 with intervals between ground rupturing events being in the range of 150 to 700 years.

San Jacinto Fault Zone. The San Jacinto Fault extends from the San Gabriel Mountains southeast to the Mexican border and beyond. This fault has historically been the most active fault in Southern California. More than a dozen earthquakes with magnitudes ranging from 6.0 to 7.1 have been epicentered along this fault zone since the late 1800's. The nearest branch of the San Jacinto Fault – the Lytle Creek Fault, is located approximately 2 miles to the northeast of Shady Trails. The San Jacinto Fault is thought to be capable of generating earthquakes with a magnitude of up to 7.5 with intervals between ground rupturing events being in the range of 100 to 300 years.

Historic Earthquakes: Five strong earthquakes have been epicentered within approximately 15 miles of Shady Trails. The most recent of these events was the Upland Earthquake of 1990. The

Upland Earthquake had a magnitude of 5.5 and was epicentered approximately 14 miles to the west of Shady Trails. The other earthquakes were epicentered in the Cajon Pass, Lytle Creek and other San Bernardino areas in 1858, 1894, 1899 and 1923 with estimated magnitudes ranging from 6.0 to 6.4.

The Master Developer has been informed that the State of California has not yet produced any seismic hazard zone maps for Shady Trails. When such maps are released, they will be available for inspection at the offices of the County of San Bernardino. You are advised to consult with the City, County or other public agencies and appropriate experts to evaluate the potential risk.

City and County-Designated Zone Determinations. California law allows cities and counties to establish policies and criteria stricter than those set by the State respecting, but not limited to, the permitting and development of properties found to be in or affected by the certain natural hazards. This information may be used by the local jurisdiction relative to making decisions regarding new development or additional construction. The agencies and jurisdictions which develop the official maps do not necessarily define or delineate hazards in the same way. A site can be in a hazard zone from one source and not in a hazard zone from another source. Properties that are in a mapped geologic hazard zone may require a geologic study prior to any new or additional construction. According to the Natural Hazard Disclosure Statement for the Project, the Project lies within the following:

- Landslide Susceptibility. In a mapped area of low landslide susceptibility.
- Fire. In a mapped Brush Fire Hazard Area.

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

PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE COMMUNITY BEFORE SIGNING A PURCHASE AGREEMENT.

TITLE

Preliminary Title Report. A preliminary title 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 title report for review of those items that affect the unit you are purchasing. Those items typically shown in a preliminary title report include, but are not limited to, general and special taxes, easements, mechanics liens, and monetary encumbrances, trust deeds, utilities, rights of way and Community Declaration. In most instances, copies of the documents can be provided to you upon request.

Easements. Easements for utilities and other purposes are shown on the title report and Subdivision Map Tract No. 17041 filed in Book 355, Pages 91 through 94 in the Office of the San Bernardino County Recorder, and the Condominium Plan recorded September 17, 2021 as Instrument No. 2021-0425437 in the Office of the San Bernardino County Recorder.

Adjustments to the original map and Condominium Plan may also be recorded. You may ask the Participating Builder about such changes. If you purchase a unit subject to said adjustment, this information will be included in your title policy.

A Private Street Interim Access Easement Deed in favor of the Birch Bend Neighborhood Association and Shady Trails Community Association over Parkhouse Drive and Altamura Way on portions of Lots 1 through 4 of Tract 17041 recorded September 20, 2021 as Instrument No. 2020-0427351 in the Office of the San Bernardino County Recorder.

A Private Street Maintenance Easement Deed in favor of the Shady Trails Community Association over Parkhouse Drive and Altamura Way on portions of Lots 1 through 4 of Tract 17041 recorded September 20, 2021 as Instrument No. 2021-0427352 in the Office of the San Bernardino County Recorder.

A Private Street Access and Maintenance Easement Deed in favor of the Shady Trails Community Association over Narni Lane, Siracusa Way, Carrara Lane and Merano Way located on Lot 2 of Tract 17041 recorded September 20, 2021 as Instrument No. 2021-0427350 in the Office of the San Bernardino County Recorder.

Mineral Rights. You will not own the water, mineral, oil and gas rights under your land below a depth of 500 feet. These ownership rights will be reserved as per your grant deed. The right to surface entry has been waived with respect to the surface and upper 500 feet of the subsurface of the property.

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 unit in this Project, the full cash value of the unit will be the valuation as reflected on the tax roll, determined by the County Assessor as of the date of purchase of the unit, or as of the date of completion of an improvement on the unit, if that occurs after the date of purchase.

Your Policy of Title Insurance will be issued subject to the exception of any Supplemental Taxes assessed pursuant to Chapter 4989, Statutes of 1983 of the State of California. The new valuation of the unit purchased by you will be placed on the assessment roll and added taxes will be due and shall be collected upon or after the close of escrow and as set for below.

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 Project lies within Community Facilities District No. 31-Citrus Heights North, Special Tax A (Facilities) and Tax B (Services) ("**CFD 31**"), which was formed to provide maintenance for parks,

perimeter landscaping along public right-of-way, public streets and lighting in and around Shady Trails and to pay for the cost of building public sewers, streets, storm drains, parks and other facilities. All property within Shady Trails is subject to any taxes, assessments and obligations associated with CFD 31. Before you sign a Contract, you will be provided with a Notice of Special Tax, Community Facilities District No. 31 ("**Notice**"). This Notice contains important information about CFD 31 functions, your obligations, rights 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 Purchase Contract. The amount that the buyer will actually owe for the current tax year may be higher than the amount that may initially appear on the Notice. 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 "TAXES".

The buyer has five days after delivery of this Notice by deposit in the mail, or three days after delivery of any notice in person, to terminate the Purchase Contract by giving written notice of that termination to the owner, Participating Builder or agent selling the property.

City of Fontana Sewer. This district has been formed to pay for city trash services. As of the date of this public report, the estimated annual assessment for each residence within this development is approximately \$364.50. This assessment will be added to the owner's real property tax bill. The administration of this district will be provided by the City of Fontana Public Works.

Metropolitan Water District. This district has been formed to pay for water standby charges for access to water supply and services. As of the date of this public report, the estimated annual assessment for each residence within this development is approximately \$7.59. This assessment will be added to the owner's real property tax bill. The administration of this district will be provided by Willdan Financial Services.

San Bernardino County Vector Control. This district has been formed to provide funding for the control of disease vectors and nuisance pests. As of the date of this public report, the estimated annual assessment for each residence within this development is approximately \$5.62. This assessment will be added to the owner's real property tax bill. The administration of this district will be provided by the San Bernardino County Vector Control.

FINANCING

Pursuant to Civil Code Sections 2956 through 2967, inclusive, Participating Builder and purchasers must make certain written disclosures regarding financing terms and related information. The Participating Builder 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 provision(s):

Acceleration Clause. This is a clause in a mortgage or deed of trust, which provides that if the borrower (trustor) defaults in the repaying of 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 a unit in this Project 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.

A 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 of the loan 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.

A 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.

A 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 Participating Builder 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 payments 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 payment during the term of the loan. The 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 Participating Builder must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you. [Refer to Business and Professions Code Sections 11013 and 11013.2(a)].

If the escrow has not closed on your unit within one (1) year of the date of your Purchase Contract, you may request return of your purchase money deposit.

Note: Section 2995 of the Civil Code provides that no real estate Participating Builder 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 Participating Builder has a financial interest of 5% or more.

THE PARTICIPATING BUILDER HAS NO SUCH INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF UNITS IN THIS PROJECT.

SOILS CONDITIONS AND GEOLOGIC CONDITIONS

Information concerning soils and geologic conditions is available at: City of Fontana Planning Department, 8353 Sierra Avenue, Fontana, California 92335.

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. THE COMMUNITY 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 PARTICIPATING BUILDER, THE PARTICIPATING BUILDER'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 THE COMMUNITY.

SCHOOLS

The Community lies within the Fontana Unified School District. The District advises that the schools initially available to the Community are the following:

Grades K through 5:

Sierra Lakes Elementary School (Approximately 0.28 miles)
5740 Avenal Place
Fontana, CA 92336
(909) 357-5270

Grades 6 through 8:

Wayne Ruble Middle School (Approximately 1.7 miles)
6762 Juniper Avenue
Fontana, CA 92336
(909) 357-5530

Grades 9 through 12:

Summit High School (Approximately 0.62 miles)
15551 Summit Avenue
Fontana, CA 92336
(909) 357-5950

This 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 above 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 Participating Builder which the Department of Real Estate used in preparing this Public Report, you may contact:

**Department of Real Estate
Subdivisions South
320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105
(213) 576-6983**

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 166024LA-F00
[FILE NUMBER]

TRACT 17041 "ASPEN COURT AT SHADY TRAILS"

[TRACT NUMBER OR NAME]

1

[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:

SEPTEMBER 24, 2021

[DATE ISSUED]

[DATE AMENDED]

SEPTEMBER 23, 2026

[EXPIRATION DATE]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]