Department of Real Estate of the State of California

In the matter of the application of

RSI COMMUNITIES - CALIFORNIA LLC,
A DELAWARE LIMITED LIABILITY COMPANY

FINAL SUBDIVISION PUBLIC REPORT

PLANNED DEVELOPMENT

FILE NO.: 159882LA-F00

ISSUED: SEPTEMBER 24, 2019

EXPIRES: SEPTEMBER 23, 2024

for a Final Subdivision Public Report on

TRACT NO. 19991

"BRAEBURN" PHASE 1

SAN BERNARDINO COUNTY, CALIFORNIA

DEPARTMENT OF REAL ESTATE

by *Signature*

ABEGAIL BUSLON

Printed Name

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

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 Common Interest Development Brochure. The information in this brochure provides a brief overview of the rights, duties and responsibilities of both associations and individual owners in common interest developments. To obtain a free copy of this brochure, please send your request to:

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

SPECIAL NOTES

THIS REPORT COVERS ONLY RESIDENTIAL LOTS 8 THROUGH 10, INCLUSIVE, LOTS 58 THROUGH 62, INCLUSIVE, AND COMMON AREA LOT A OF TRACT NO. 19991.

BRAEBURN (**"COMMUNITY"** OR **"BRAEBURN"**) IS BEING DEVELOPED BY RSI COMMUNITIES – CALIFORNIA LLC, A DELAWARE LIMITED LIABILITY COMPANY (**"SUBDIVIDER"**).

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: CONDITIONAL SUBDIVISION PUBLIC REPORT, MANAGEMENT AND OPERATION, MAINTENANCE AND OPERATIONAL EXPENSES, USES/ZONING/HAZARDS DISCLOSURES AND TAXES.

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

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 PURCHASE AGREEMENT/CONTRACT TO PURCHASE OR LEASE AN INTEREST IN THE COMMUNITY 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 AND 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 ("PRELIMINARY PUBLIC REPORT"): IF YOU HAVE RECEIVED A PRELIMINARY PUBLIC REPORT FOR THIS COMMUNITY, 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 COMMUNITY

Location:

This Community is located in San Bernardino County at Sapphire Avenue and Nice Avenue, approximately 1,050 feet southeast of the City of Redlands.

Type of Subdivision:

This Community is a common-interest development of the type referred to as a planned development. It includes common areas which will be maintained by an incorporated association.

Interests to Be Conveyed:

You will receive fee title to a residential lot together with a membership in the Braeburn Community Association ("**Association**") and rights to use the common area.

About This Phase:

This Public Report is for the first phase which consists of approximately 2.23 acres divided into 8 lots in addition to the common area, which consists of landscaping, fences and walls. The estimated completion date for this phase is November 2019.

This phase is part of a total community which, if developed as proposed, will consist of a total of 9 phases containing 62 lots within the overall projected development. The estimated completion date for Braeburn is September 2020.

There is no assurance that Braeburn will be completed as proposed.

FUTURE DEVELOPMENT OF 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 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 COMMUNITY OR, IF COMPLETED, TO COMPLETE THE COMMUNITY AS SHOWN. THE SUBDIVIDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS WITHIN THE COMMUNITY TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR BUILDERS.

Sale of All Residences:

The Subdivider has indicated that it intends to sell all of the lots in this Community; 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 LOTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED FINAL PUBLIC REPORT BEFORE YOU CAN OFFER THE LOTS FOR SALE OR LEASE.

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

Completion of Common Area:

The Subdivider estimates all common facilities in this phase will be completed by approximately November 2019.

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

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE AGREEMENT TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SELLER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE

BUYER OR THE BUYER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SELLER.

MANAGEMENT AND OPERATION

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

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 (6) MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST LOT UNDER THE FIRST FINAL PUBLIC REPORT FOR THE COMMUNITY. (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 SECTION 5500 ET SEQ OF THE CIVIL CODE.

The Declaration: This Community will be subject to the Declaration recorded **August 29, 2019** as Instrument No. **2019-0308405** in the Office of the San Bernardino County Recorder, as the same may be modified, restated or amended.

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

Documents to be Furnished:

THE SUBDIVIDER STATED IT WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED ASSOCIATION BUDGET.

THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN REAL ESTATE COMMISSIONER'S REGULATION 2792.23 WITHIN THE STATED TIME PERIOD. THESE RECORDS AND MATERIALS DIRECTLY AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE)

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

MAINTENANCE AND OPERATIONAL EXPENSES

Association to Levy Assessments. The Association has the right to levy assessments against you for the 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. The Subdivider has submitted proposed budgets for the management, maintenance and operation of the Association's obligations and for long-term reserves when the Community is substantially completed (built-out budget) and an interim budget applicable to this phase. These proposed budgets were reviewed in August 2019.

Under the built-out budget, the monthly assessment against each lot will be $108.00. The Association may or may not elect to use this budget when additional phases are annexed. Under the interim budget, the monthly assessment per lot will be $402.00. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current operating expenses are $40.33 (built-out) and $73.50 (interim).

YOU SHOULD BE AWARE THAT IF, AND WHEN ADDITIONAL PHASES ARE ANNEXED INTO THE COMMUNITY, THE MONTHLY ASSESSMENTS AGAINST YOUR LOT MAY INCREASE OR DECREASE DEPENDING UPON, AMONG OTHER THINGS, THE NUMBER OF LOTS BEING ANNEXED IN SUCH

SUBSEQUENT PHASES AND WHETHER ANY ADDITIONAL COMMON AREA AND/OR COMMON FACILITIES ARE ALSO BEING ANNEXED AS A PART OF SUCH PHASES.

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

IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE ASSESSMENT AMOUNT SHOWN IN THIS PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN AGREEMENT 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 OPERATIONS ARE DIFFICULT TO PREDICT, AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

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

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

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase a lot. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE

SUBDIVISION. 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.

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.

Assessment Increases/Decreases: The Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the Declaration or Bylaws. In considering the advisability of a decrease (or a small 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 first month following the conveyance of the first lot in this phase. The Subdivider must pay assessments to the Association for all unsold lots in this phase (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 Declaration. These remedies are available against the Subdivider as well as against all other owners.

Subdivider's Assessment Security: The Subdivider has posted a bond as partial security for its obligation to pay the 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 Agreement: The Subdivider has entered into a Subsidy Agreement with the Association. According to the Budget of the Association, the Annual Assessments levied to defray the Association's Common Expenses in early Phases of the Community will be greater than the Annual Assessments levied in later additional Phases of the Community. Therefore, the Subdivider wishes to subsidize a portion of the Annual Assessments until enough Lots become subject to Annual Assessments to minimize the disparity.

Unless cancelled by the Subdivider in accordance with Section 3 of the Subsidy Agreement, the term of the Subsidy Agreement ("**Term**") will commence as of the date of the first Close of Escrow in Phase 1 of the Community and it shall continue until terminated in accordance with Section 4 of the Subsidy Agreement.

The term will not commence and the Subdivider will not be required to pay any Subsidy to the Association if the Subdivider serves written notice of cancellation of the Subsidy Agreement upon the Association and the Department of Real Estate at any time prior to the first Close of Escrow for the sale of a Lot in Phase 1.

Unless extended as provided in Section 5 of the Subsidy Agreement, the Term shall expire (without further action by the Subdivider and without further notice to the Association) on the earlier of the following dates (each, an "**Expiration Date**"):

(a) The date that is twelve (12) months after the date on which the Term of the Subsidy Agreement has commenced; or

(b) The date on which the first Close of Escrow occurs for the sale of a Lot in DRE Phase 4 of the Community.

Buyer should be aware that, upon the Expiration Date, the amount of the monthly assessment to be paid by Buyer will increase to the full amount assessable against each Lot under the then current approved interim budget. Buyer should also be aware that the Subsidy Agreement could expire shortly after the time of Buyer's purchase of a Lot in the Community and could, in fact, expire prior to Buyer's purchase of a Lot in the Community. Buyer should inspect a copy of the Subsidy Agreement prior to the purchase of a Lot in this Community.

The Subdivider has posted a bond as partial security for its obligation to pay the subsidized 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.

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 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
East: Residential
West: Residential

Uses and Hazards

The Subdivider advises that the following uses and hazards exist within or near this Community:

- Commercial use and agricultural production on the southeast corner of Mentone Boulevard and Sapphire Street.
- Redlands Municipal Airport is located approximately 2.45 miles from the Community.

Electric Power Lines, Wireless Communications Facilities, and Human Health. Underground and overhead electric transmission and distribution lines and transformers (***"Power Lines"***) are located within or in the vicinity of all residential communities, including this Community. 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:

the World Health Organization's International EMF Project website at http://www.who.int/peh-emf/en/;

the U.S. National Institute of Environmental Health Sciences website at http://www.niehs.nih.gov/health/topics/agents/emf/;
the CDC website at https://www.cdc.gov/niosh/topics/emf/;

the California Public Utilities Commission EMF page at http://www.cpuc.ca.gov/Environment/emf/emfopen.htm; and

Southern California Edison website at https://www.sce.com/wps/portal/home/safety/family/environmental-health/.

This list is not meant to be all inclusive.

Utility Improvements. There may be above-ground and subterranean utility Improvements such as transformers, lift stations, water or sewer facilities, telecommunications vaults and other visible Improvements necessary for the delivery of utilities or other services either on or adjacent to each Lot. The placement of such Improvements is dictated by the needs of the applicable utility or service provider, and

the presence of such Improvements in the Community is in accordance with easements created prior to or during the development of the Community. Each Lot and portions of the Common Property are subject to one or more such easements for placement of utility Improvements. No Owner may modify, remove or otherwise interfere with utility Improvements on any Lot or other portion of the Community.

Commercial/Industrial Zone Disclosure. The Community is located within one (1) mile of a property that is zoned by the County to allow commercial or industrial use. California Code of Civil Procedure Section 731a provides that, except in an action to abate a public nuisance brought in the name of the people of the State of California, no Person shall be enjoined or restrained by the injunctive process from the reasonable and necessary operation in any industrial or commercial zone or airport of any use expressly permitted therein, nor shall such use be deemed a nuisance without evidence of the employment of unnecessary and injurious methods of operation, provided any city, city and county, or county shall have established zones or districts under authority of law wherein certain manufacturing or commercial or airport uses are expressly permitted.

Capped Water Well. There is a capped water well located within a portion of Lot 56 of Tract No. 19991 (the ***"Capped Well"***). The Capped Well has been sealed in accordance with all applicable requirements of the County. By accepting a deed to Lot 56 of Tract No. 19991, each Owner of this Lot understands and acknowledges that the existence of the Capped Well within the Lot boundaries may impose additional requirements and restrictions on rebuilding or renovation within the Lot. Future required maintenance of the Capped Well may require removal of Improvements and/or landscaping in conflict with access to the Capped Well. The Capped Well is to be left undisturbed. No Person may excavate, alter or tamper with the Capped Well. By acceptance of a deed to Lot 56 of Tract No. 19991, each Owner of said Lot agrees that: (a) such Owner shall not tamper with the Capped Well; (b) such Owner shall not permit or allow any other Person to tamper with the Capped Well so long as such Owner owns any interest in Lot 56 of Tract No. 19991; (c) such Owner shall disclose the existence of the Capped Well to any Person who rents, leases or purchases the Lot from Owner; and (d) such Owner shall indemnify and hold Subdivider and Subdivider Parties, free and harmless from and against any and all claims, damages, losses or other liability (including attorneys' fees and costs of court) arising from any breach of this covenant by Owner. The Association will be responsible for all costs of correcting damage to the Capped Well and ensuring that the Capped Well remains abandoned to the satisfaction of all governmental authorities with jurisdiction over the Capped Well, which may include the County; however, the Association has the right to charge any Owner for the cost to correct any damage to the Capped Well caused by such Owner utilizing any means available to the Association by law.

Detention Basin. Lot A of Tract No. 19991 is a detention basin designed in accordance with County approved specifications. This detention basin is part of the storm drainage system for the Community and shall be maintained by the Association in accordance with the Water Quality Management Plan. During periods of heavy rain, water and debris may accumulate in the detention basin. Owners and other residents are advised to keep children and animals away from the detention basin and other water hazards at all times.

Natural Hazards

Energy Efficiency Standards and Duct Sealing Requirements. The Natural Hazards Disclosure Statement indicates that the Community is located in a designated climate zone in which properties are subject to duct sealing and testing requirements set forth by the California Energy Commission. Please refer to the Natural Hazard Disclosure Statement for more information.

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

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

Right to Farm: This Community 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 during any 24-hour period. Individual sensitivities to those practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the Civil Code or any pertinent local ordinance.

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

TITLE

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, mechanics liens, monetary encumbrances, trust deeds, utilities, rights of way and Declaration. In most instances, copies of 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. 19991** as per map recorded in **Book 353, Pages 34 through 38**, inclusive of maps, in the Office of the San Bernardino County Recorder.

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

Mineral Rights: You will not own the mineral, oil and gas rights under your land below a depth of 500 feet. These have been reserved as per your grant deed. The right to surface entry has been waived.

Private Streets Maintenance Agreement. The Subdivider and the Association have entered into a Private Streets Maintenance Agreement ("**Street Agreement**"): (1) to provide for access easements over the Private Streets in the Community for all owners of lots in the Community; (2) to evidence the Subdivider's agreement to maintain the Private Streets before maintenance and ownership of the streets is turned over to the Association; (3) to evidence the Subdivider's agreement to convey the Private Streets to the Association in accordance with the development and phasing plan for the Community; (4) to establish the conditions for exercise of the Association's right to perform certain remedial maintenance for the Private Streets while subject to the easements; and (5) to evidence the Subdivider's agreement to contribute accrued reserves for the Private Streets when the Private Streets are conveyed to the Association, if applicable.

TAXES

Regular Taxes: The maximum amount of any tax on real property that can be collected annually by counties is one percent (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 rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

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

Notice of Your 'Supplemental' Property Tax Bill

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

Special Taxes & Assessments:

Lighting Maintenance District No. TBD. This Community lies within the boundaries of a Lighting Maintenance District No. TBD and may be subject to any taxes, assessments and obligations thereof. *The Tract is expected to be annexed into a Lighting Maintenance District. Rate and Function will be determined once the District has been finalized.

San Bernardino County Vector Control – Valley Region. This Community lies within the boundaries of the San Bernardino County Vector Control – Valley Region and is subject to any taxes, assessments and obligations thereof. This District was formed to provide funding for vector-borne disease surveillance and maintenance activities, assisting in abatement of nuisance conditions and public education. The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of the Public Report, it is anticipated the projected 2018-2019 assessment for each residential lot within this Community will be $5.62. The administration of this District will be provided by San Bernardino County Environmental Health Services.

San Bernardino County Solid Waste. This Community lies within the boundaries of the San Bernardino County Solid Waste and is subject to any taxes, assessments and obligations thereof. This District was formed to provide funding for the operation and management of the County's solid waste disposal system. The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of the Public Report, it is anticipated the projected 2018-2019 assessment for each residential lot within this Community will be $5.30. The administration of this District will be provided by San Bernardino County Public Works.

Redlands Unified School District Community Facilities District No. 2016-1. This Community lies within the Redlands Unified School District Community Facilities District No. 2016-1 and may be subject to any taxes, assessments and obligations thereof. 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, 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 contract to purchase. This special tax appears on the yearly property tax bill and is in addition to the tax rate affecting the property described above in the section entitled "TAXES."

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

FINANCING

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

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

Acceleration Clause: This is a clause in a mortgage or deed of trust which provided that if the borrower (trustor) defaults in 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 lot in this Community 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, in addition, must 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 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. [Refer to Business and Professions Code Sections 11013 and 11013.4(a)]

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

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

THE SUBDIVIDER HAS NO FINANCIAL INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF LOTS IN THIS COMMUNITY.

SOILS AND GEOLOGIC CONDITIONS

Soils, filled ground and geologic information is available at: County of San Bernardino, Land Use Services, 385 N. Arrowhead Avenue, San Bernardino, California 92415. All lots contain filled ground.

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 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 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 COMMUNITY.

Streets and Roads: The private streets within this 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 Community lies within the Redlands Unified School District, 20 W. Lugonia Avenue, Redlands, California 92373, (909) 307-5300. This District advises the schools initially available to this Community are:

Mentone Elementary School
1320 Crafton Avenue
Mentone, CA 92359
(909) 794-8610

Moore Middle School
1550 E. Highland Avenue
Redlands, CA 92374
(909) 307-5440

Redlands East Valley High School
31000 E. Colton Avenue
Redlands, CA 92374
(909) 389-2500

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 school district.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

Department of Real Estate
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 159882LA- F00
[FILE NUMBER]

TRACT NO. 19991 "Braeburn"
[TRACT NUMBER OR NAME]

Phase 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, 2019
[DATE ISSUED]

[DATE AMENDED]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]