

*Department of Real Estate
of the
State of California*

**FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT**

In the matter of the application of

TAYLOR MORRISON OF CALIFORNIA LLC,
A California limited liability company

FILE NO.: 179102LA-F00

ISSUED: JUNE 20, 2025

EXPIRES: JUNE 19, 2030

for a Final Subdivision Public Report on

TRACT 38035

COURTS (PHASE 14)
(OVERALL PHASE 31)

DEPARTMENT OF REAL ESTATE

by 
Abigail Buslon

RIVERSIDE 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

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

RE 646 (Rev. 1/20)

SPECIAL NOTES

THIS FINAL SUBDIVISION PUBLIC REPORT COVERS RESIDENTIAL LOTS (“LOTS”) 15 THROUGH 22 OF TRACT 38035.

COURTS AND TOWNS (THE “PROJECT” OR “SUBDIVISION”) IS BEING DEVELOPMENT BY TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY (THE “SUBDIVIDER”).

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPH(S) BELOW ENTITLED: USES AND ZONING, MANAGEMENT AND OPERATION, USES/ZONING/HAZARD DISCLOSURES AND SPECIAL TAXES AND ASSESSMENTS.

NOTE: IN ADDITION TO THOSE PARAGRAPHS NOTED ABOVE, 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 A LOT OR UNIT IN THIS PHASE OF THE PROJECT.

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.

PRELIMINARY SUBDIVISION PUBLIC REPORT (“PRELIMINARY PUBLIC REPORT”): IF YOU HAVE RECEIVED A PRELIMINARY 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 PUBLIC REPORT.

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

OVERVIEW OF THE PROJECT

Location:

This Project is located at Rice Road and Western Hills Road within the unincorporated area of the City of Winchester, California. Prospective purchasers should acquaint themselves with the kinds of county services available.

Type of Subdivision:

This Project is a common-interest development that includes aspects of both a condominium and a planned development type of residential development. It includes Association Property which will be maintained by the Courts and Towns Community Association (the “**Association**”).

Courts, which if developed as currently planned, will consist of up to 128 detached single-family residences clustered around Motor Courts, and currently planned to be constructed on Tract No. 38035.

Towns, which if developed as currently planned, will consist of up to 124 attached "airspace" townhome Condominium Residences in four-plex, five-plex, and six-plex Condominium Buildings in row and court configurations, clustered around Motor Courts, currently planned to be constructed on Parcel 1 of Parcel Map 38037.

Interests to Be Conveyed:

Residential Lots will receive fee title to a specified lot together with a membership in the Association and right to use the Association Property.

Condominium Units will receive fee title to a specified unit, an undivided fractional fee interest as a tenant in common in applicable common area together with a membership in the Association and rights to use the Association Property.

About this Phase:

This is the **thirty-first (31st)** overall phase within the Community which consists of approximately **.526** acres on which **eight (8)** Residential Lots, and Association Maintenance areas consisting of hardscape, walls, pilasters, lighting, landscaping, irrigation controllers and trees will be constructed in this phase.

Additional common amenities and/or facilities consisting of a Recreation Facility and Passive Parks will be constructed. The estimated completion dates are listed below under Completion of Association Property.

Sale of All Residences:

The Subdivider has indicated that it currently anticipates that it will sell all the lots and units in this Project; however, any owner, including the Subdivider, has a legal right to rent or lease the lots or units.

Subdivider and Purchaser Obligations:

IF YOU PURCHASE FIVE OR MORE LOTS OR UNITS FROM THE SUBDIVIDER, THE SUBDIVIDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR LOTS OR 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 LOTS OR UNITS FOR SALE OR LEASE.

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

Completion of Association Property:

This Phase. The Subdivider estimates all Association Property maintenance areas in this phase of the Project will be completed by approximately March 2026.

No escrows will close until completion of all association property in this Phase, or, as an alternative, the Subdivider has submitted a bond or other security acceptable to DRE under the provisions of Section 11018.5 of the Business and Professions Code to assure lien free completion of all Association Property in this phase of the Project.

Future Association Property. The Subdivider has posted a bond acceptable to the Department of Real Estate in the amount of \$563,556.00 to assure completion of the Recreation Facility located on Parcel Map 38037 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is December 2024.

The Subdivider has posted a bond acceptable to the Department of Real Estate in the amount of \$176,064.00 to assure completion of the Passive Park located on Lot 132 of Tract 38035, described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is November 2025.

The Subdivider has posted a bond acceptable to the Department of Real Estate in the amount of \$93,252.00 to assure completion of the Passive Parks located on Parcel Map 38037 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is May 2026.

The Subdivider has posted a bond acceptable to the Department of Real Estate in the amount of \$641,568.00 to assure completion of the private streets located on Lots D, E and F of Tract 38035 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is September 2026.

The Subdivider has posted a bond acceptable to the Department of Real Estate in the amount of \$691,752.00 to assure completion of the private streets located on Parcel Map 38037 described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is November 2026.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS TO THE CONTRARY, A PROSPECTIVE BUYER HAS THE RIGHT TO NEGOTIATE WITH THE SUBDIVIDER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE BUYER OR THE BUYER’S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE BUYER AND SUBDIVIDER.

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 Project in

accordance with the Covenants, Conditions and Restrictions ("**CC&Rs**"), the Articles of Incorporation ("**Articles**") and the Bylaws. In addition, the Association has the right to adopt rules and regulations and guidelines for the Project and which will include Project design/architectural guidelines which will set forth the guidelines and procedures for design/architectural review within the Project. There may also be supplementary declarations or notices of annexation ("**Supplementary Declarations**") which will be recorded against portions of the Project which may set forth additional restrictions and easements covering the areas covered by the Supplementary Declaration(s) (the CC&Rs, Bylaws, Articles, Supplementary Declaration(s) and rules and regulations and design/architectural guidelines may hereinafter be referred to as the "**Governing Documents**"). You should review each of these documents carefully.

Initial Meeting: THE ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF GOVERNING DOCUMENTS. SINCE THE ASSOCIATION PROPERTY IMPROVEMENTS WILL BE MAINTAINED BY THE ASSOCIATION, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST UNDER THE FIRST PUBLIC REPORT FOR THE PROJECT (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 CC&Rs: This Project is subject to the Amended and Restated Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Courts and Towns ("**CC&Rs**") recorded January 5, 2024 as Instrument No. 2024-0005750 and the Supplemental Declaration covering the Lots in this Phase recorded June 3, 2025 as Instrument No. 2025-0167985 both in the Office of the Riverside County Recorder. The CC&Rs contain provisions related to use and architectural restrictions, maintenance responsibilities and assessment obligations, etc.

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

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

RESPONSIBILITIES (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 4800 OF THE CIVIL CODE).

THE SUBDIVIDER SHALL MAKE A COPY OF THE ARTICLES, BYLAWS AND THE CC&RS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A LOT OR UNIT. A COPY OF EACH MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICAL 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 OR UNIT (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

MAINTENANCE AND OPERATIONAL EXPENSES:

Association to Levy Assessments. THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR THE MAINTENANCE OF THE ASSOCIATION PROPERTY 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.

Association Proposed Budgets. The Subdivider has submitted budgets for the management, maintenance and operation of the Association's obligations and for long-term reserves when the Project is substantially completed (built-out budget) and interim budgets applicable to these phases. These budgets were reviewed by the DRE in January, 2024. You should obtain copies of the applicable budgets from the Subdivider.

Range of Assessments: Due to uncertainty in the sequence in which individual housing types and which phases in the Project will close escrow, it is difficult to predict at this time the amount of the monthly assessment that will be assessed against each Lot or Unit in the Project. As the overall Project is developed and additional phases become subject to assessments, the amount of monthly assessments in existing phases of the Project may increase or decrease, subject to the limitations in the budget, Declaration or Bylaws.

Under the interim range of assessment budgets reviewed by the Department of Real Estate in January 2024, the range of monthly assessments during the development period will be between **\$112.00** and **\$230.00**. Of these amounts, the monthly contribution toward long-term reserves which are not to be used to pay for current operating expenses, will be between **\$30.15** and **\$41.91**.

Under the built-out budget, the monthly installment of assessments against each Lot or Unit is currently estimated to be **\$140.00** of which the contributions toward long-term reserves, which are not to be used to pay for current operating expenses, will be **\$48.92**.

According to the budget consultant, assessments under the range of assessment interim budget(s) should be sufficient for proper management, maintenance and operation of the Association's obligations in the applicable phases of development. When the Project is substantially completed assessments will be adjusted. Prior to the close of escrow for the sale of your Lot or Unit, the

Subdivider will provide you with a copy of the budget for your phase, reflecting the amount of the initial assessment you will pay to the Association.

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

NOTE: 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 LOTS AND UNITS OR A SIGNIFICANT REDUCTION IN BUDGETED ASSOCIATION SERVICES. IF THE SUBDIVIDER BECOMES AWARE THAT DELINQUENT ASSESSMENTS HAVE CAUSED THE ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME FOR THE FISCAL YEAR THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET, THE SUBDIVIDER SHALL USE REASONABLE EFFORTS TO NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING (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 condominium unit. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow.

YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE PROJECT.

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 rate used for the calculations within the above referenced budgets is based on information available at the time of the budget review dates. 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 Governing Documents. 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 lot and units in this Phase on the first day of the month following the conveyance of the first lot or unit in this phase of the Project. The Subdivider must pay assessments to the Association or all unsold lots or units in this phase of the Project (Regulations 2792.9 and 2792.16).

Failure to Pay: The remedies available to the Association against owners who are delinquent in the payment of assessments are set forth in the CC&Rs. These remedies are available against the Subdivider as well as against 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 in this phase owed by the Subdivider before agreeing to a release or exoneration of the security.

Subsidy: The Subdivider has entered into a Subsidy Agreement ("**Agreement**") with the Association in order to temporarily reduce the amount of the Regular Assessments to be levied against lots and units in the Project until terminated. Under the terms of the Agreement, the Subdivider shall subsidize the payment of Regular Assessments by Lot and Unit Owners down to an amount of One Hundred and Forty Dollars (\$140.00) per Lot or Unit per month for each of the Lot or Unit during the term of the Agreement specific below.

The term of the Agreement shall commence upon the first day of the month following the first close of escrow in overall Phase 1 of the Range of Assessment Budget, and shall terminate and expire upon the happening of either of the following events, whichever occurs first:

- (a) The date that is twelve (12) months after the date on which the Term of this Agreement has commenced; or
- (b) The date on which Annual Assessments have begun in overall Phase 46 of the Range of Assessment budget.

Extension of Term. The Subdivider may extend the Term in six (6) month increments, or any combination thereof.

Each purchaser should be aware that, upon expiration of the Term of the Subsidy Agreement, the amount of the monthly assessment to be paid by the purchaser will increase to the full amount assessable against each lot or unit under the then current reviewed budget for the Association.

The Subdivider has posted a bond as 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 the subsidized assessments before agreeing to a release or exoneration of the security.

Street Maintenance Agreement: The Subdivider has entered into a Private Street Maintenance and Use Agreement (“**Street Agreement**”) with the Association. Under the current plan of annexation for the Project, Lots and Units in the Project will close escrow before the conveyance of the Private Street described in the Agreement to the Association. Accordingly, Subdivider and the Association desire to enter into the Street Agreement: (1) to provide for interim access easements over the Private Streets for the lots and condominium units in the initial phases of the Project; (2) to evidence the Subdivider’s agreement to maintain the Private Streets before fee conveyance to the Association; (3) to evidence the Subdivider’s agreement to convey the Private Streets in fee to the Association in accordance with the development and phasing plan for the Project; (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 they are conveyed to the Association in certain circumstances.

SOLAR ENERGY SYSTEM. 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 LEASE OR 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/).

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

Zoning

North: Residential/Open Space; Salt Creek Channel; Olive Road
South: Residential; Domenigoni Parkway; Vacant
East: Open Area/Residential; Winchester Road; Vacant
West: Residential; Rice Road

Uses and Hazards

The Subdivider advises that the following **uses** exist within or near this Project:

Diamond Valley Lake- approximately 2.55 miles southeast;
Lake Skinner Recreation Area – approximately 7.77 mile south;
Menifee Lakes Country Club/Menifee Lakes – approximately 4 miles west;
Hemet-Ryan Airport – approximately 6.3 miles northeast;
Winchester Elementary School – less than 1 mile northeast;
Salt Creek Channel – approximately less than 1 mile north.

The Subdivider advises that the following **hazards** exist within or near this Project:

State Highway 79 (Winchester Road) and Interstate Highway 215 – approximately 4.53 miles west

Proximity to Agricultural Lands and Prior Agricultural Use. The Project is located on land that was previously used for agricultural purposes (including dry farming) and is located in the vicinity of lands which are currently in use for agricultural purposes. By reason of such agricultural use, Owners and other residents in the Project may be subject to dust, noise and odors and may be exposed to pesticides, herbicides, insecticides and other chemicals. Many procedures normal and necessary to the operation of agricultural uses such as growing of field crops, dairy production, poultry farms and feed lots result in noise, noxious odors, chemical spraying, dust, irrigation or other potentially detrimental effects to residential use of the adjacent community. Each Owner, for and on behalf of himself, and the members of his Family, his contractors, residents, tenants, lessees, guests and invitees, expressly acknowledges and accepts these existing and future impacts and forever waives any and all causes of actions against the County, Subdivider, the Association and their respective directors, officers, employees, agents, representatives and consultants for any damages or injuries which may arise from or relate to any such conditions or risks. Neither Subdivider nor the Association has any control over agricultural operations on lands outside the Project.

Salt Creek Channel. The Project is located in close vicinity to the Salt Creek Channel. The flood control channel is a potential hazard and Owners should exercise caution. During periods of heavy

rain, water and debris may accumulate in the channel. Children and pets around the flood control channel must be closely watched to prevent accidental drowning and other injuries. The flood control channel may also contribute to the propagation of mosquitoes, other pests and odors in the Project. It is Owner's sole responsibility to control or otherwise abate the impact of mosquitoes and mosquito bites. Subdivider does not represent or guarantee the safety of any person from mosquito bites. Subdivider is not responsible for maintenance of the flood control channel or for the safety of Owner, Owner's family, guests, tenants, invitees, agents or employees. Owners and other residents are advised to keep children and animals away from the channel at all times

Natural Hazards.

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

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

The Subdivider has advised that all or portions of the Subdivision subject to this Public Report are located within a ***State Responsibility Area (wildland area that may contain substantial forest fire risks and hazards)*** as determined by the California State Board of Forestry. Additionally, the Subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136. In addition, the Subdivider has advised that all or a portion of the Subdivision subject to this Public Report area located within a County-designated area of moderate fire hazard severity zone.

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

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

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

CHANGE IN FIRE HAZARD SEVERITY ZONES. THE MAPS FOR THE STATE RESPONSIBILITY AREA AND LOCAL RESPONSIBILITY AREA INDICATING WHAT FIRE HAZARD SEVERITY ZONE THAT THE PROPERTY IS IN (IF AT ALL) CAN CHANGE. YOU SHOULD KEEP APPRISED OF THE CURRENT FIRE HAZARD SEVERITY ZONE THAT THE

PROPERTY MAY BE IN. IN THE EVENT THE PROPERTY IS IN A FIRE HAZARD SEVERITY ZONE AND THAT FIRE HAZARD SEVERITY ZONE DECREASES, SUBDIVIDER WILL BE REQUIRED TO PROVIDE YOU WITH AN UPDATED INDIVIDUAL NATURAL HAZARD DISCLOSURE REPORT FOR YOUR REVIEW. IN THE EVENT THE PROPERTY IS LATER MAPPED TO BE IN A FIRE HAZARD SEVERITY ZONE OR THE PROPERTY IS ALREADY IN A FIRE HAZARD SEVERITY ZONE AND THAT FIRE HAZARD SEVERITY ZONE INCREASES BEFORE YOU CLOSE ESCROW ON THE PROPERTY, SUBDIVIDER WILL BE REQUIRED TO PROVIDE YOU WITH A DISCLOSURE REGARDING THE CHANGE AND AN UPDATED INDIVIDUAL NATURAL HAZARD DISCLOSURE REPORT BEFORE YOU CLOSE ESCROW ON THE PROPERTY. YOU SHOULD CAREFULLY CONSIDER THE INSURANCE AND OTHER IMPACTS ON YOUR FINANCIAL SITUATION THAT COULD RESULT IN THE EVENT THE PROPERTY IS LATER MAPPED TO BE IN A FIRE HAZARD SEVERITY ZONE OR THE FIRE HAZARD SEVERITY ZONE INCREASES AND YOU CHOOSE TO SUBSEQUENTLY CLOSE ESCROW ON THE PROPERTY.

Insurance. The inherent risks of wildfires in California along with the fire zone designation for the property may have an adverse impact on insurance premiums for homeowner's insurance or homeowner's insurance (fire insurance in particular) may not be available at all. If fire insurance is not available from a traditional carrier, then basic fire insurance may be available through the California FAIR Plan, but it may have certain limitations or exclusions on coverage as compared to traditional carriers. You should consult with a licensed California insurance agent for additional information about the costs and availability of insurance for the property. Subdivider has provided no assurances or guarantees as to whether any type of insurance is or will be available for the property or what the cost may be. The availability and cost of association fire or other casualty insurance for the common area may be similarly impacted as a result of the subdivision being located in a fire zone. This impact may result in the lack of insurance or assessment increases due to increases in insurance costs over time.

You should review the Individual Natural Hazard Disclosure Report for additional information regarding the fire zone designations. In addition to the disclosures set forth in the Individual Natural Hazard Disclosure Report, you are advised that property located within a fire hazard severity zone may be subject to additional requirements which may include, without limitation, requirements such as the following: (i) additional construction requirements which you would be required to comply with in the event you make modifications to the home; (ii) requirements relating to landscape installation and defensible space requirements; (iii) additional maintenance responsibilities such as adequate vegetation clearance and other fire-safety practices; and (iv) additional disclosure and compliance documentation requirements when you re-sell the home; all as applicable. You should contact the local fire authority for more detailed information and you are also encouraged to review information on the Cal Fire website: <https://www.fire.ca.gov>. Both state and local agencies impose fire-related requirements and you will be required to comply with all such requirements as they may be updated from time to time as best practices evolve. In addition to the foregoing, you are advised that maps are updated periodically, and Subdivider makes no representations, guarantees or warranties with respect to any future fire zone designations.

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 Project 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, as a buyer of a residence in the Project, you 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.

Very High Fire Hazard Severity Zone (SB-63). Beginning January 1, 2022, California Senate Bill 63 (SB-63) requires, among other things, that the Director of the Department of Forestry and Fire Protection (“**Director**”) identify areas in California as “Moderate,” “High” and “Very High” Fire Hazard Severity Zones. According to the Natural Hazard Disclosure Statement, the Director has not yet released Fire Hazard Severity Zone (FHSZ) maps for those cities and counties that have fire protection responsibility (“**Local Responsibility Areas**”). Beginning July 1, 2021, California Assembly Bill 38 (AB-38) requires all homes sales in High or Very High Fire Hazard Severity Zones (FHSZ) to be compliant following a Defensible Space Inspection. When an Owner sells property that is located in a high or very high FHSZ, the Owner will need documentation of a compliant Defensible Space Inspection that complies with Section 4291 of the Public Resources Code or local vegetation management ordinances. More information regarding this requirement can be found at Fire Hazard Severity Zones (ca.gov). When the Director releases the new FHSZ maps required by SB-63, the obligations under AB-38 will apply to the Very High and the High FHSZ in the Local Responsibility Areas. Subdivider makes no representations or warranties as to whether the Subdivision is in a FHSZ or whether there is any elevated degree of fire hazard risk to the Subdivision. Owners are advised to consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk.

California is prone to environmental and weather conditions that create a high risk of destructive wildfires. These wildfires are difficult to predict, control and extinguish. Such wildfires may cause Buyer property loss or bodily harm. They may also force evacuation from the home or the Subdivision. As recent wildfires in California have illustrated, wildfires may occur at any time of year, start without warning and spread at a rapid and unpredictable rate, destroying massive amounts of property and injuring or killing humans and animals in their path. Rural, suburban and urban areas have all been impacted by wildfires. In addition to the risks associated with wildfires and related evacuations, looting of evacuated sites and mudslides associated with rain in recently burned areas are all risks that accompany California wildfires. Subdivider cannot control the conditions that create and spread these wildfires. The inherent risks of wildfires in California may have an adverse impact on insurance premiums for homeowner’s insurance or homeowner’s insurance may not be available at all. Owners should consult an insurance professional for additional information about the costs and availability of insurance for the home.

Commercial/Industrial Zone Disclosure. California Code of Civil Procedure Section 731a currently 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. Accordingly, Subdivider discloses that according to the Natural Hazard Disclosure Statement, the Subdivision is located within one mile of a property that is zoned by the County to allow commercial or industrial use.

THIS IS NOT A COMPLETE LIST OF THE DISCLOSURES OR HAZARDS RELEVANT TO THIS PHASE OR THE PROJECT. SUBDIVIDER WILL PROVIDE YOU WITH ADDITIONAL DISCLOSURES THAT YOU ARE ADVISED TO REVIEW AND CONDUCT YOUR OWN INVESTIGATION OF ALL THOSE MATTERS OF INTEREST TO YOU PRIOR TO ENTERING INTO AN AGREEMENT TO PURCHASE A LOT IN THIS PHASE OF THE SUBDIVISION. PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE PROJECT BEFORE SIGNING A PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS.

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 or unit 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 CC&Rs. In most instances, copies of documents can be provided to you upon request.

Easements: Easements for utilities, slopes, drainage, transportation and distribution of natural gas and communications, streets, public utilities and public service facilities and other purposes are generally described and/or depicted on the title report and Subdivision Tract Map 38035 recorded in Map Book 493, Pages 18 to 28 of Maps, in the Office of the Riverside County Recorder.

The effect of an environmental constraint note affecting Tract Map 38035 on file in E.C.S. Book 43, Page 64 in the Office of the Riverside County Surveyor.

A Private Street Access and Maintenance Easement Deed over the private street lots D, E, and F of Tract 38035 and private streets on a portion of Parcel 1 of Parcel Map 38037 recorded January 5, 2024 as Instrument No. 2024-0005751 in the Office of the Riverside County Recorder.

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

TAXES

Regular Taxes: The maximum amount of any tax on real property that can be collected annually by counties is 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 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 condominium unit, or as of the date of completion of an improvement on the condominium unit, if that occurs after the date of purchase.

Notice of Your 'Supplemental' Property Tax Bill

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

ASSESSMENTS: This Project also lies within the boundaries of the following assessment districts and are subject to any taxes, assessments and obligations thereof. This subdivision lies within the **Riverside County Community Facilities District No. 03-1 (Newport Road), Valley Wide Recreation and Park District Winchester CFD, Zone 25, Riverside County CFD No. 23-5M (Courts & Towns), Hemet Unified School District CFD No. 2020-2 (Improvement Areas No. 1, and No. 2)** and are subject to any taxes, assessments and obligations thereof. The Subdivider must provide purchasers with disclosures entitled, "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. These Notices contain important information about district functions, purchaser's obligations, right of the districts, and information on how to contact the districts for additional materials. Purchasers should thoroughly understand the information contained in the Notices prior to entering into a contract to purchase. These special taxes appear on the yearly property tax bill and are in addition to the tax rate affecting the property described above in the section entitled "Regular Taxes."

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

Valley-Wide Regional Recreation Facilities Landscape Maintenance District No. 88-1. This district was formed to provide funding for lighting and operation of area parks and recreation facilities, recreation programs and other services. As of the date of this Public Report, it is anticipated the assessment for each residential lot or condominium unit will be \$22.15 per dwelling unit. This assessment will be added to the owner's real property tax bill. The administration of this district will be provided by the Valley-Wide Regional Recreation and Park District/NBS Government Services. Please contact the district for additional information.

County of Riverside County Service Area No. 152. This district was formed to provide funding for street sweeping and other maintenance services throughout the county. As of the date of this Public

Report, it is anticipated the assessment for each residential lot or condominium unit will be \$10.48 per parcel. This assessment will be added to the owner's real property tax bill. The administration of this district will be provided by the Riverside County Economic Development Agency. Please contact the district for additional information.

Eastern Municipal Water District. This district was formed to provide combined water/sewer service standby charges. As of the date of this Public Report, it is anticipated the assessment for each residential lot or condominium unit will be \$10.00 per parcel. This assessment will be added to the owner's real property tax bill.

Metropolitan Water District – Standby East. This district was formed to provide water standby charges. As of the date of this Public Report, it is anticipated the assessment for each residential lot or condominium unit will be \$6.94 per parcel. This assessment will be added to the owner's real property tax bill.

Riverside County Flood Control and Water Conservation District/Santa Ana Watershed Benefit Assessment Area (NPDES Program). This district was formed to regulate storm water discharge. As of the date of this Public Report, it is anticipated the assessment for each residential lot or condominium unit will be \$3.76 per parcel. This assessment will be added to the owner's real property tax bill.

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 or 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, 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: If you obtain financing from a federal or state regulated lender, the financing terms of the loan may 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 should provide you with a disclosure form about the financing to assist you in the evaluation of your ability to make increased payments during the term of the loan. This disclosure form should be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

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

PURCHASE MONEY HANDLING

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

If the escrow has not closed on your lot within one (1) year of the date of your Agreement for Purchase and Sale and Joint Escrow Instructions, 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 OR UNITS IN THIS PHASE OF THE PROJECT.

SOILS AND GEOLOGIC CONDITIONS

Soils filled ground and geologic information are available at: The County of Riverside-Planning Department, 4080 Lemon Street, Riverside, CA 92501.

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 PROJECT 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 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 PROJECT.

Schools: This Project lies within the Hemet Unified School District, 1791 W. Acacia Avenue, Hemet, CA 92545, Telephone (951) 765-5100. The district advises the schools initially available to this Project are:

Winchester Elementary School (TK-5)
28751 Winchester Road
Winchester, CA 92596
(951) 926-0700

Rancho Viejo Middle School (6-8)
985 Cawston Avenue North
Hemet, CA 92545
(951) 765-6287

Tahquitz High School (9-12)
4425 Titan Trail
Hemet, CA 92545
(951) 765-6300

The School District advises that transportation is available to students free of charge who reside beyond 2.0 miles from their home school for grades 58-% and beyond 4.5 miles for grades 6-12. For more information, please contact the Transportation Department.

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 Real Estate, Subdivisions South
320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105
(213) 270-9965

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 _____
[FILE NUMBER]

[TRACT NUMBER OR NAME]

[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:

[DATE ISSUED]

[DATE AMENDED]

[EXPIRATION DATE]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]