

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

In the matter of the application of

**DISTRICT ONE WEST BA 155, LLC,
a Delaware limited liability company**

**FINAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM**

FILE NO.: 159943LA-F00

ISSUED: NOVEMBER 13, 2019

EXPIRES: NOVEMBER 12, 2024

for a Final Subdivision Public Report on

**TRACT NO. 17939
"MODO AT NOVEL PARK" (PHASE 2)**

DEPARTMENT OF REAL ESTATE

by

Signature

FINA TRAN

Printed Name

ORANGE 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, marital status, domestic partnership, national origin, physical handicap, ancestry, gender identity, gender expression, sexual orientation, familial status, source of income, disability, or genetic information is against public policy.

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

The Department of Real Estate publishes the 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 FINAL SUBDIVISION PUBLIC REPORT ("**FINAL REPORT**") COVERS RESIDENTIAL UNITS 13 THROUGH 18 AND 45 THROUGH 50, AND PHASE 2 COMMON AREA, ALL AS SHOWN AND DESCRIBED ON THE CONDOMINIUM PLAN (DEFINED BELOW UNDER THE HEADING "EASEMENTS") ENCOMPASSING ALL OF LOTS 18 AND 19 OF TRACT NO. 17939, COMPRISING PHASE 2 OF THE PROJECT COMMONLY KNOWN AS "MODO AT NOVEL PARK" (THE "**MODO PROJECT**"). THIS FINAL REPORT ALSO INCLUDES PHASE 2 NEIGHBORHOOD ASSOCIATION PROPERTY, ALSO SHOWN AND DESCRIBED ON THE CONDOMINIUM PLAN, WHICH ENCOMPASSES LOTS 18 AND 19 OF TRACT NO. 17939, AS WELL AS LOTS V AND W OF TRACT NO. 17939, WHICH ARE BEING CONVEYED BY DISTRICT ONE WEST BA 155, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "**DEVELOPER**") TO THE NEIGHBORHOOD ASSOCIATION (DEFINED BELOW), REFERRED TO AS **NEIGHBORHOOD ASSOCIATION PROPERTY** HEREIN AND IN THE MASTER CC&RS (AS DEFINED BELOW) AND NEIGHBORHOOD CC&RS (DEFINED BELOW). THIS FINAL REPORT ALSO INCLUDES CERTAIN "**MAINTENANCE AREAS**" (AS DEFINED IN THE MASTER CC&RS.)

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

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

YOU SHOULD READ AND THOROUGHLY UNDERSTAND YOUR PURCHASE AGREEMENT AND LOAN DOCUMENTS. IF YOU DO NOT UNDERSTAND THE TERMS OF YOUR PURCHASE AGREEMENT OR LOAN DOCUMENTS, YOU MAY WISH TO CONSIDER CONSULTING WITH YOUR OWN ATTORNEY BEFORE ENTERING INTO A PURCHASE AGREEMENT TO PURCHASE A UNIT IN THE MODO PROJECT.

NOVEL PARK: THE MODO PROJECT IS LOCATED IN THE PORTION OF THE MASTER COMMUNITY (DEFINED BELOW) KNOWN AS "NOVEL PARK" ("**NOVEL PARK**"). IF

DEVELOPED AS PLANNED, NOVEL PARK MAY CONSIST OF UP TO 536 RESIDENTIAL UNITS, TO BE DEVELOPED IN MULTIPLE PHASES. NOVEL PARK IS BORDERED BY THE FOLLOWING STREETS: IRVINE BOULEVARD TO THE NORTHEAST, RIDGE VALLEY TO THE SOUTHEAST, AND PARAMOUNT TO THE SOUTHWEST.

MASTER COMMUNITY: NOVEL PARK IS A PART OF THE OVERALL MASTER PLANNED COMMUNITY KNOWN AS THE "GREAT PARK NEIGHBORHOODS" (THE "**MASTER COMMUNITY**") THAT IS BEING MASTER PLANNED BY HERITAGE FIELDS EL TORO, LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "**MASTER SUBDIVIDER**"). IF DEVELOPED AS PLANNED, THE MASTER COMMUNITY MAY CONSIST OF UP TO APPROXIMATELY 9,500 HOMES, INCLUDING AFFORDABLE HOUSING, AS WELL AS COMMERCIAL AND INDUSTRIAL DEVELOPMENT, RECREATIONAL FACILITIES AND OTHER AMENITIES, TO BE DEVELOPED IN MULTIPLE PHASES. TO DATE, THE MASTER COMMUNITY CONSISTS OF 726 HOMES WITHIN PAVILION PARK, WHICH IS LOCATED ACROSS IRVINE BOULEVARD TO THE NORTH OF NOVEL PARK, AND 1,029 HOMES WITHIN BEACON PARK, WHICH IS LOCATED ACROSS RIDGE VALLEY TO THE EAST OF NOVEL PARK. IF DEVELOPED AS PLANNED, PARASOL PARK, WHICH IS LOCATED SOUTH OF NOVEL PARK, WILL CONSIST OF 727 HOMES; CADENCE PARK, WHICH IS LOCATED FARTHER TO THE EAST OF NOVEL PARK, MAY CONSIST OF UP TO 1,007 HOMES; AND NOVEL PARK MAY CONSIST OF UP TO 536 HOMES. THE MASTER ASSOCIATION PROPERTY (DEFINED IN THE MASTER CC&RS) AND MASTER ASSOCIATION MAINTENANCE AREA WITHIN THE MASTER COMMUNITY, INCLUDING THE MASTER ASSOCIATION PROPERTY AND THE MASTER ASSOCIATION MAINTENANCE AREAS WITHIN NOVEL PARK, WILL BE MAINTAINED BY AN INCORPORATED ASSOCIATION KNOWN AS THE GREAT PARK NEIGHBORHOODS COMMUNITY ASSOCIATION (THE "**MASTER ASSOCIATION**"). ALL DEVELOPMENT IN THE MASTER COMMUNITY, INCLUDING NOVEL PARK, IS SUBJECT TO CHANGE. EXCEPT FOR CERTAIN RECREATIONAL AMENITIES DISCUSSED BELOW, THE COMPLETION OF WHICH HAS BEEN ASSURED BY THE MASTER SUBDIVIDER IN ACCORDANCE WITH THE REQUIREMENTS OF THE DEPARTMENT OF REAL ESTATE, CURRENTLY PLANNED IMPROVEMENTS MAY NEVER ACTUALLY BE BUILT AND AREAS CURRENTLY ENTITLED FOR ONE USE MAY BE DEVELOPED IN THE FUTURE WITH ANOTHER USE. POTENTIAL PURCHASERS ARE ADVISED NOT TO BUY A HOME IN THE MASTER COMMUNITY, INCLUDING NOVEL PARK, IN RELIANCE UPON THE FUTURE DEVELOPMENT, OR LACK THEREOF, OF ANY PART OF THE MASTER COMMUNITY.

NOTE THAT A SUBSTANTIAL AMOUNT OF PROPERTY IN THE MASTER COMMUNITY IS, OR WILL BE, OWNED BY UNRELATED ENTITIES (FOR EXAMPLE, OTHER HOME BUILDERS) THAT ARE NOT CONTROLLED BY THE DEVELOPER OR THE MASTER SUBDIVIDER. ACCORDINGLY, THERE IS NO ASSURANCE FROM THE DEVELOPER OR THE MASTER SUBDIVIDER AS TO THE TIMING AND DEVELOPMENT OF SUCH PROPERTIES.

SPECIAL INTEREST AREAS IN THIS FINAL REPORT

YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: MANAGEMENT AND OPERATION, MAINTENANCE AND OPERATIONAL EXPENSES, USES/ZONING/HAZARD DISCLOSURES, TAXES, PURCHASE MONEY HANDLING, AND UTILITIES AND OTHER SERVICES.

NOTE: IN ADDITION TO THE FOREGOING PARAGRAPHS, IT IS IMPORTANT TO READ AND THOROUGHLY UNDERSTAND THE REMAINING SECTIONS SET FORTH IN THIS FINAL REPORT PRIOR TO ENTERING INTO A PURCHASE AGREEMENT TO PURCHASE.

OVERVIEW OF PROJECT

Location: The entrance to Novel Park is located at the intersection of Ridge Valley and Mirth streets in the City of Irvine, County of Orange, State of California. The entrance to the Modo Project is located at or near the intersection of Irvine Boulevard and Ridge Valley.

Type of Project: The Modo Project is a common interest development of the type referred to as a condominium. It includes certain common areas and common facilities that are maintained by the Master Association and certain common areas and common facilities that are maintained by the incorporated association known as Modo Neighborhood Association (the "**Neighborhood Association**") formed to operate and manage the Modo Project.

Interests to Be Conveyed: You will receive fee title to a specified unit and an undivided fractional fee interest as a tenant in common in and to the common area airspace as described in the condominium plan for your unit. Your unit may include certain easements (exclusive and/or non-exclusive) as provided in the Neighborhood CC&Rs (as defined below) to be recorded on the Modo Project. You will also receive a membership in the Master Association with rights to use the Master Association Property that is maintained by the Master Association, as well as a membership in the Neighborhood Association, together with rights to use the property owned by the Neighborhood Association (the "**Neighborhood Association Property**") that is maintained by the Neighborhood Association.

About This Phase: This Final Report covers the second phase of the Modo Project, which phase consists of 12 residential units, as well as Maintenance Areas and the Neighborhood Association Property, all located on approximately 0.78 acres.

Including the units covered by this Final Report, it is anticipated that the Modo Project, if developed as proposed, will consist of a total of 6 phases containing 70 units. However, there is no assurance that the Modo Project, Novel Park and/or the Master Community will be developed and/or completed as proposed.

The Master Subdivider will construct on the Master Association Property for Novel Park certain common area improvements and facilities located on Lots 43 through 44 and 47 through 49 of Tract No. 17939, Parcel 45A of Lot Line Adjustment 770093-LL (the "**Initial Park Lots**") and a portion of Parcel 46A of Lot Line Adjustment 770093-LL (the "**Community Center Area**"). The

Initial Park Lots and the Community Center Area are referred to herein collectively as the “**Park**”. The Park will consist of a community building with restrooms, dog park, picnic tables, tot lot, barbeque area, shade structures, turf/flex-use space, bike racks, and lighted pedestrian walkways with irrigated landscape areas.

In addition to the above, the Master Subdivider will construct certain common area improvements and facilities to be located along Novel street (the “**Enhanced Parkway**”) consisting of lighted pedestrian walkways with seating areas and irrigated landscape features.

The Developer will construct on the Neighborhood Association Property for this second phase of the Modo Project certain improvements and facilities consisting of buildings, walkways/paths/trails, lighting, fencing, landscaping and streets, which you will have a right to use.

FUTURE DEVELOPMENT OF THE MODO PROJECT, NOVEL PARK AND/OR THE MASTER COMMUNITY CANNOT BE PREDICTED WITH ACCURACY. THE DEVELOPER (AND OTHER HOME BUILDERS) AND/OR THE MASTER SUBDIVIDER HAVE THE RIGHT TO DEVELOP MORE OR FEWER THAN THE NUMBER OF LOT/UNITS CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADD LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS OR CHANGE (PARTIALLY OR IN TOTAL) DESIGNS AND/OR MATERIALS, AT ANY POINT DURING THE DEVELOPMENT OF THE MODO PROJECT, NOVEL PARK AND/OR MASTER COMMUNITY.

DUE TO THE INABILITY TO PREDICT FUTURE MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT THE MODO PROJECT, NOVEL PARK AND/OR THE MASTER COMMUNITY WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR BUILD-OUT SCHEDULE. TOPOGRAPHICAL MAPS IN THE SALES OFFICE, LOT PLOTTING MAPS, MAPS OFFERED BY THE DEVELOPER (AND OTHER HOME BUILDERS) AND/OR THE MASTER SUBDIVIDER AND OTHER FORMS OF MAPS SHOWING “COMPLETE” PROJECT PROJECTIONS DO NOT NECESSARILY COMMIT THE DEVELOPER (AND OTHER HOME BUILDERS) AND/OR THE MASTER SUBDIVIDER TO COMPLETE THE MODO PROJECT, NOVEL PARK AND/OR MASTER COMMUNITY OR, IF COMPLETED, TO COMPLETE THE MODO PROJECT, NOVEL PARK AND/OR MASTER COMMUNITY AS SHOWN. THE DEVELOPER (AND OTHER HOME BUILDERS) AND/OR MASTER SUBDIVIDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE UNITS WITHIN THE MODO PROJECT, NOVEL PARK AND/OR MASTER COMMUNITY TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR HOME BUILDERS.

Sale of All Residences: The Developer intends to sell all of the units in this phase of the Modo Project; however, any owner, including the Developer, has a legal right to rent or lease the units.

Developer and Purchaser Obligations: IF YOU PURCHASE FIVE OR MORE UNITS FROM THE DEVELOPER, THE DEVELOPER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL SUCH UNITS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN

AMENDED FINAL SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE UNITS FOR SALE OR LEASE.

NOTE: WHEN YOU SELL YOUR UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE MASTER ASSOCIATION DOCUMENTS (DEFINED BELOW) AND THE NEIGHBORHOOD ASSOCIATION DOCUMENTS (DEFINED BELOW), AS WELL AS ANY OTHER GOVERNING DECLARATIONS OR DOCUMENTS FOR THE MODO PROJECT, AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS FEES OR OTHER CHARGES PROVIDED BY THE MASTER CC&RS AND NEIGHBORHOOD CC&RS OR OTHER MANAGEMENT DOCUMENTS FOR YOUR 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 Master Association Property from Master Subdivider: The Master Subdivider has posted a bond in the amount of \$10,233,800 to assure completion of the improvements and facilities constructed on the Park (located on Lots 43 through 44 and 47 through 49 of Tract No. 17939, and Parcel 45A and a portion of Parcel 46A of Lot Line Adjustment 770093-LL) as described in the Planned Construction Statement attached to the bond (the “**Park Facilities**”). Pursuant to the Planned Construction Statement, the estimated completion date for the Park Facilities is December 2019.

The Master Subdivider has also posted a bond in the amount of \$2,625,361 to assure completion of the improvements and facilities to be constructed on the Enhanced Parkway (to be located along Novel street) as described in the Planned Construction Statement attached to the bond (the “**Enhanced Parkway Facilities**”). Pursuant to the Planned Construction Statement, the estimated completion date for the Enhanced Parkway Facilities is December 2021.

Completion of Neighborhood Association Property from Developer:

The Developer estimates all common facilities including residential structures in this phase of the MODO Project will be completed by approximately December 2019.

No escrows will close in this phase until completion of all common area improvements, amenities, and facilities or, as an alternative, the Developer has submitted a bond or other security acceptable to the Department of Real Estate under provisions of Section 11018.5 of the Business and Professions Code to assure lien free completion of all Neighborhood Association Property and residential units in this phase of the MODO Project.

NOTWITHSTANDING ANY PROVISION IN THE PURCHASE AGREEMENT TO THE CONTRARY, A PROSPECTIVE PURCHASER HAS THE RIGHT TO NEGOTIATE WITH THE DEVELOPER TO ALLOW AN INSPECTION OF THE PROPERTY BY THE PURCHASER OR THE PURCHASER'S DESIGNEE UNDER TERMS MUTUALLY AGREEABLE TO THE PROSPECTIVE PURCHASER AND THE DEVELOPER.

MANAGEMENT AND OPERATION

Master Association Obligations and Master Association Documents: The Master Association, of which you become a member at time of purchase, is governed by, and manages, maintains, and operates the Master Association Property in accordance with the Master CC&Rs (referenced below), the Articles of Incorporation of the Master Association (the “**Master Association Articles**”), and the Bylaws of the Master Association (the “**Master Association Bylaws**”). In addition, the Master Association has the right to adopt rules and regulations and guidelines for the Master Community, which includes the Design Guidelines (as defined in the Master CC&Rs) (the “**Master Design Guidelines**”). Such Master Design Guidelines set forth the guidelines and procedures for the Master Association Design Review Committee within the Master Community. A Notice of Annexation has been recorded against the units covered by this Final Report which may set forth additional restrictions and/or easements. The Master CC&Rs (including the Notice of Annexation), Master Association Articles, Master Association Bylaws, rules and regulations of the Master Association, and the Master Design Guidelines are herein collectively referred to as the “**Master Association Documents**.” You should review the Master Association Documents carefully.

The Master CC&Rs: The Modo Project is subject to that certain Master Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Great Park Neighborhoods recorded on October 25, 2013 as Instrument No. 2013000599972 and that certain Notice of Annexation to the Great Park Neighborhoods recorded on October 23, 2019 as Instrument No. 2019000414092, both in the Office of the Orange County Recorder (collectively, the “**Master CC&Rs**”), as both may be amended or modified from time to time.

Note: Class C Voting: The Master CC&Rs provide for Class C Membership. Pursuant to the Master CC&Rs, the Class C Member is the Master Subdivider, without regard to whether the Master Subdivider is the owner of a lot or unit in the Master Community. The Class C Member is not considered part of the voting power of the Master Association and the Master Subdivider is not entitled to exercise any Class C vote except for the purpose of electing those members of the governing body (the “**Master Association Board**”) which the Class C Member is entitled to elect pursuant to the Master CC&Rs. Purchasers should review the provisions in the Master CC&Rs relating to Class C voting to determine when Class C voting terminates.

The Master CC&Rs contain numerous provisions relating to the use and occupancy of your residence including, without limitation, provisions which establishes the Master Association Design Review Committee for the review and approval of all improvements constructed by an owner (other than improvements constructed by the Developer and/or the Master Subdivider) and use restrictions.

Neighborhood Association Obligations and Neighborhood Association Documents: The Neighborhood Association, of which you become a member at time of purchase, is governed by a governing body (the “**Neighborhood Association Board**”), to manage, maintain and operate the Neighborhood Association Property in accordance with the Neighborhood CC&Rs (defined below), the Articles of Incorporation of the Neighborhood Association (the “**Neighborhood Association Articles**”) and the Bylaws of the Neighborhood Association (the “**Neighborhood Association Bylaws**”). In addition, the Neighborhood Association has the right to adopt rules and

regulations and guidelines for the Modo Project, which include design guidelines (the **"Neighborhood Design Guidelines"**). The Neighborhood Design Guidelines set forth the guidelines and procedures for the Neighborhood Association Design Review Committee within the Modo Project. The Neighborhood CC&Rs (including any Other Neighborhood Governing Declarations (as defined below)), Neighborhood Association Bylaws, Neighborhood Association Articles, rules and regulations of the Neighborhood Association, and Neighborhood Design Guidelines are herein collectively referred to as the **"Neighborhood Association Documents."** You should review the Neighborhood Association Documents carefully.

The Neighborhood CC&R's: The Modo Project is subject to that certain Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Modo at Novel Park recorded on July 3, 2019 as Instrument No. 2019000237238 and the Notice of Addition of Territory and Supplemental Neighborhood Declaration for this phase recorded on October 23, 2019 as Instrument No. 2019000414093, both in the Office of the Orange County Recorder (collectively, the **"Neighborhood CC&Rs"**), as both may be amended or modified from time to time.

Existing Master Association: SINCE THE MASTER ASSOCIATION PROPERTY, MAINTENANCE AREAS, AND THE IMPROVEMENTS, AMENITIES AND FACILITIES THEREON ARE MAINTAINED BY THE MASTER ASSOCIATION, THE MASTER ASSOCIATION MUST HOLD ELECTIONS OF THE MASTER ASSOCIATION'S BOARD IN ACCORDANCE WITH THE MASTER ASSOCIATION DOCUMENTS. THE MASTER ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE MASTER ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET. SEQ. OF THE CIVIL CODE.

Initial Meeting of Neighborhood Association: THE NEIGHBORHOOD ASSOCIATION HAS BEEN FORMED PURSUANT TO THE TERMS AND PROVISIONS OF THE NEIGHBORHOOD ASSOCIATION DOCUMENTS. SINCE THE NEIGHBORHOOD ASSOCIATION PROPERTY, AND THE AMENITIES AND FACILITIES THEREON, WILL BE MAINTAINED BY THE NEIGHBORHOOD ASSOCIATION, IT IS ESSENTIAL THAT THE NEIGHBORHOOD ASSOCIATION BE FORMED EARLY AND PROPERLY. THE NEIGHBORHOOD ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE NEIGHBORHOOD ASSOCIATION'S GOVERNING BODY WITHIN SIX (6) MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST UNIT IN THE MODO PROJECT (REGULATIONS 2792.17 AND 2792.19). THE NEIGHBORHOOD ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS WITHIN THE MODO PROJECT A BALANCE SHEET AND INCOME STATEMENT. THEREAFTER THE NEIGHBORHOOD ASSOCIATION MUST HOLD ELECTIONS OF THE NEIGHBORHOOD ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH THE NEIGHBORHOOD ASSOCIATION DOCUMENTS. THE NEIGHBORHOOD ASSOCIATION MUST THEN ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS WITHIN THE MODO PROJECT A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE NEIGHBORHOOD ASSOCIATION'S RESERVES BASED UPON THE MOST

RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET. SEQ. OF THE CIVIL CODE.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE MASTER CC&RS, THE NEIGHBORHOOD CC&RS AND THE OTHER NEIGHBORHOOD GOVERNING DECLARATIONS. THE DEVELOPER MUST MAKE THEM AVAILABLE TO YOU.

Documents to be Furnished: THE MASTER SUBDIVIDER WILL FURNISH THE CURRENT BOARD OF THE MASTER ASSOCIATION WITH A COPY OF THE DEPARTMENT OF REAL ESTATE REVIEWED MASTER BUDGET (AS DEFINED BELOW) FOR THE MASTER COMMUNITY.

THE DEVELOPER WILL FURNISH EACH INDIVIDUAL PURCHASER WITH A COPY OF THE RECORDED CONDOMINIUM PLAN AND THE DEPARTMENT OF REAL ESTATE REVIEWED NEIGHBORHOOD BUDGET (AS DEFINED BELOW) FOR THE MODO PROJECT.

THE MASTER SUBDIVIDER AND THE DEVELOPER MUST MAINTAIN AND DELIVER TO THE MASTER ASSOCIATION AND THE NEIGHBORHOOD ASSOCIATION, RESPECTIVELY, 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 EACH OF THE MASTER ASSOCIATION AND THE NEIGHBORHOOD ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES (BUSINESS AND PROFESSIONS CODE SECTION 11018.5 AND CIVIL CODE SECTION 4800).

THE DEVELOPER SHALL MAKE A COPY OF THE MASTER CC&RS, THE NEIGHBORHOOD CC&RS, AND ANY OTHER GOVERNING DOCUMENTS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE PURCHASER BEFORE EXECUTION OF A PURCHASE AGREEMENT. IF YOU WISH TO EXAMINE ANY OF THE FOREGOING GOVERNING DOCUMENTS, PLEASE NOTIFY THE DEVELOPER AND THE DEVELOPER WILL PROVIDE YOU WITH COPIES. A COPY OF THE MASTER CC&RS, THE NEIGHBORHOOD CC&RS, AND ANY OTHER GOVERNING DOCUMENTS MUST ALSO BE GIVEN TO EACH PURCHASER AS SOON AS PRACTICABLE BEFORE CLOSE OF ESCROW. THE MASTER CC&RS, THE NEIGHBORHOOD CC&RS, AND ANY OTHER GOVERNING DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THE MASTER CC&RS, THE NEIGHBORHOOD CC&RS, AND ANY OTHER GOVERNING DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A UNIT IN THE MODO PROJECT (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

YOU WILL BE GIVEN A MASTER DISCLOSURE BY THE DEVELOPER WHICH CONTAINS IMPORTANT INFORMATION REGARDING THE OVERALL MASTER COMMUNITY. YOU MAY ALSO RECEIVE ADDITIONAL DISCLOSURES FROM THE

DEVELOPER. YOU ARE ADVISED TO READ EACH OF THE MASTER DISCLOSURE AND DEVELOPER DISCLOSURES THOROUGHLY AS THEY CONTAIN SPECIFIC INFORMATION THAT COULD IMPACT YOUR DECISION TO PURCHASE A UNIT WITHIN THE MODO PROJECT.

MAINTENANCE AND OPERATIONAL EXPENSES

Master Association and Neighborhood Association to Levy Assessments: The Master Association has the right to levy assessments against you for maintenance of the Master Association Property, Maintenance Area and other purposes. In addition, the Neighborhood Association has the right to levy assessments against you for maintenance of the Neighborhood 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 Master Association and Neighborhood Association meetings.

Master Association Budget: The Master Community is currently being developed, in part, and it is anticipated that the Master Community will continue to be developed, in part, by several merchant builders. Such merchant builders may annex one or more phases into the Master Community in accordance with the provisions of the Master CC&Rs. Because Regular Assessments (as defined in the Master CC&Rs) will typically change in amount each time a phase is annexed into the Master Community and because the annexation of additional phases might occur in quick succession, in order to facilitate the orderly annexation of phases, the Master Subdivider, with the Department of Real Estate's approval, has established a "Range of Assessment" procedure. Unless terminated earlier by the Master Subdivider, with the Department of Real Estate's approval, the Range of Assessment procedure as set forth in Article VI, Section 6.3, of the Master CC&Rs will be effective during the period additional phases may be annexed into the Master Community without the approval of the Master Association. As the overall Master Community is developed and additional phases of the Master Community become subject to Regular Assessments, the monthly Regular Assessment in existing phases of the Master Community may increase or decrease, subject to the limitations in the Master CC&Rs or Master Association Bylaws. The amount of the Range of Assessment is based upon budgets submitted by the Master Subdivider which were reviewed by the Department of Real Estate in March, 2019 (the "**Master Budget**"). Under the Master Budget, the Regular Assessment during the development of the Master Community is projected to range from \$183 to \$215, of which \$43.72 to \$50.52, respectively, is the monthly contribution to long-term reserves and is not to pay for current management, maintenance and operating expenses. Prior to the close of escrow, the Master Subdivider or the Developer will provide you with a copy of the current Master Budget, reflecting the required amount of your Regular Assessment and contribution to reserves.

ACCORDING TO THE MASTER SUBDIVIDER, THE MONTHLY ASSESSMENT UNDER THE MASTER BUDGET FOR THIS PHASE OF THE MODO PROJECT SHOULD BE SUFFICIENT FOR PROPER MAINTENANCE OF THE MASTER ASSOCIATION PROPERTY, MAINTENANCE AREAS AND OPERATION OF THE MASTER ASSOCIATION AS DEVELOPED THROUGH THIS PHASE OF THE MODO PROJECT. WHEN ADDITIONAL PHASE(S) ARE ANNEXED INTO THE MASTER COMMUNITY, THE MONTHLY ASSESSMENTS MAY INCREASE OR DECREASE DEPENDING UPON,

AMONG OTHER THINGS, THE NUMBER OF LOTS OR UNITS BEING ANNEXED IN SUCH PHASE(S) AND WHETHER ANY ADDITIONAL MASTER ASSOCIATION PROPERTY AND MAINTENANCE AREAS ARE ALSO BEING ANNEXED AS PART OF SUCH PHASE(S). However, the Master Budget figures are estimates only and will probably change in the future. There can be no assurance or representation that the Regular Assessments set forth in the Master Budget will be sufficient to cover any unexpected events (e.g., unplanned repair costs and/or reduced improvement life) or items which are not presently contemplated in the Master Budget. Each purchaser should understand that there exists the possibility that the Master Association may need to increase Regular Assessments to accommodate unanticipated repairs, replacement and/or other costs.

Because of the size of the Master Community and the likelihood that development will occur over an extended period of time, it is probable that both the total number of phases and the number of lots or units in each phase will change. Therefore, you should not assume that your Regular Assessment will be reduced as additional phases are annexed to the Master Community.

Neighborhood Association Budget: The Developer has submitted budgets for the management, maintenance and operation of the Neighborhood Association's obligations and for long-term reserves when the Neighborhood is substantially completed (built-out budget) and an interim budget applicable to this phase (collectively, the "Neighborhood Budgets"). These Neighborhood Budgets were reviewed by the Department of Real Estate in April 2019. You should obtain copies of these Neighborhood Budgets from the Developer.

Under the built-out Neighborhood Budget, the monthly installment of Annual Assessments (the "Neighborhood Association Regular Assessments") against each residential unit will be \$254.00. The Neighborhood Association may or may not elect to use this budget when additional phases are annexed. Under the interim Neighborhood Budget, the monthly assessment per residential unit will be \$286.00. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current maintenance, management and operating expenses are \$142.95 (built-out) and \$142.57 (interim).

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

ACCORDING TO THE DEVELOPER, ASSESSMENTS UNDER THE INTERIM NEIGHBORHOOD BUDGET SHOULD BE SUFFICIENT FOR PROPER MANAGEMENT, MAINTENANCE AND OPERATION OF THE NEIGHBORHOOD ASSOCIATION'S OBLIGATIONS UNTIL THE SUBDIVISION IS COMPLETED AT WHICH TIME IT MAY BE ANTICIPATED THAT ASSESSMENTS WILL BE ADJUSTED.

PRIOR TO THE CLOSE OF ESCROW FOR THE SALE OF YOUR UNIT IN THE MODO PROJECT, THE DEVELOPER WILL PROVIDE YOU WITH A COPY OF THE BEST CASE

MASTER BUDGET AND THE WORST CASE MASTER BUDGET, INCLUDING A COPY OF THE MASTER ASSOCIATION'S OPERATING BUDGET FOR THE CURRENT FISCAL YEAR. IF THE MASTER BUDGETS FURNISHED TO YOU BY THE DEVELOPER SHOW A MONTHLY MASTER ASSOCIATION REGULAR ASSESSMENT FIGURE WHICH IS OUTSIDE OF THE RANGE OF THE MASTER ASSOCIATION REGULAR ASSESSMENTS REFLECTED IN THIS FINAL REPORT OR A NEIGHBORHOOD ASSOCIATION REGULAR ASSESSMENT FIGURE WHICH IS AT LEAST 20% MORE OR AT LEAST 10% LESS THAN THE NEIGHBORHOOD ASSOCIATION REGULAR ASSESSMENT REFLECTED IN THIS FINAL REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO A PURCHASE AGREEMENT.

NOTE: THE MASTER BUDGET AND NEIGHBORHOOD BUDGET INFORMATION INCLUDED IN THIS FINAL REPORT IS APPLICABLE AS OF THE DATES OF REVIEW OF THE MASTER BUDGET AND THE NEIGHBORHOOD BUDGET AS SHOWN ABOVE. EXPENSES OF OPERATION OF MASTER ASSOCIATION PROPERTY AND/OR NEIGHBORHOOD ASSOCIATION PROPERTY 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 Developer: DELINQUENCIES IN THE PAYMENT OF MASTER ASSOCIATION REGULAR ASSESSMENTS AND NEIGHBORHOOD ASSOCIATION REGULAR ASSESSMENTS AFFECT THE ABILITY OF THE MASTER ASSOCIATION AND THE NEIGHBORHOOD ASSOCIATION TO PERFORM ANY OR ALL OF THEIR RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL RESIDENTIAL LOTS/UNITS IN THE MASTER COMMUNITY AND/OR AGAINST ALL UNITS WITHIN THE MODO PROJECT OR A SIGNIFICANT REDUCTION IN BUDGETED MASTER ASSOCIATION AND/OR NEIGHBORHOOD ASSOCIATION SERVICES. THE DEVELOPER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING, IF DELINQUENT MASTER ASSOCIATION REGULAR ASSESSMENTS AND/OR NEIGHBORHOOD ASSOCIATION REGULAR ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION AND/OR THE NEIGHBORHOOD ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT MASTER BUDGET AND/OR NEIGHBORHOOD BUDGET, RESPECTIVELY (REGULATION 2800(k)).

THE DEVELOPER MUST MAKE AVAILABLE TO YOU A STATEMENT CONCERNING ANY DELINQUENT MASTER ASSOCIATION REGULAR ASSESSMENTS AND/OR NEIGHBORHOOD ASSOCIATION REGULAR ASSESSMENTS AND RELATED CHARGES AS PROVIDED BY THE MASTER ASSOCIATION DOCUMENTS AND/OR THE NEIGHBORHOOD ASSOCIATION DOCUMENTS AND, IF AVAILABLE, CURRENT FINANCIAL INFORMATION AND RELATED STATEMENTS (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

In addition to other documentation provided to each prospective purchaser, copies of the current Master Association's and Neighborhood Association's financial information and related statements, to the extent available, as specified by Civil Code Section 5300(b) must be made

available for examination by a prospective purchaser before the execution of a Purchase Agreement. If you wish to examine the Master Association's and Neighborhood Association's financial information, please notify the Developer and the Developer will provide you with copies. A copy of the Master Association's and Neighborhood Association's financial information must also be given to each purchaser as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL OWNERS WITHIN THE MASTER ASSOCIATION AND NEIGHBORHOOD ASSOCIATION. If you do not understand the contents of these financial documents, you may wish to consult with your own professional advisors. Should the amounts collected by the Master Association or the Neighborhood Association prove insufficient to properly maintain, operate, repair or replace the Master Association Property, Maintenance Areas , or Neighborhood Association Property, the Master Association and/or the Neighborhood Association may increase your Master Association Regular Assessments and/or Neighborhood Association Regular Assessments or levy one or more special assessments in accordance with the Master Association Documents and/or the Neighborhood Association Documents in order to provide such funding, which may affect your ability to purchase; or, as an alternative, the Master Association and/or the Neighborhood Association may decide to defer maintenance or eliminate services.

Exemptions from Master Association Regular Assessments: Article VI, Section 6.4 of the Master CC&Rs provides that the Developer, the Master Subdivider or other owner of a unit will be allowed to defer from payment that portion of any Regular Assessment which is directly attributable to any Master Association structural improvement and/or common facility that is not complete at the time Master Association Regular Assessments commence. The amount of the deferment may be a fixed amount, or may vary based upon dates of completion or use. Once the established criterion is met and the condition allowing the deferment is eliminated, all owners must pay the full amount of the monthly Master Association Regular Assessment as outlined herein. The limitations of this allowance are specifically set forth in the Master CC&Rs (Regulation 2792.16(c)).

Exemptions from Neighborhood Association Regular Assessments: Section 7.6.5 of the Neighborhood CC&Rs provides for temporary exemptions for payment of portions of Neighborhood Association Regular Assessments under specified circumstances.

Utility Rates: The utility rates used for the calculations within the above referenced Master Budget and Neighborhood Budget are based on information available at the time of the Master Budget and Neighborhood Budget review dates (as shown above). Increases in Master Association Regular Assessments and Neighborhood Association Regular 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 Master Association Regular Assessments and Neighborhood Association Regular Assessments.

Assessment Increases/Decreases: The Master Association and/or Neighborhood Association may increase or decrease Master Association Regular Assessments and/or Neighborhood Association Regular Assessments at any time in accordance with the procedure prescribed in the Master CC&Rs or Master Association Bylaws and the Neighborhood CC&Rs or Neighborhood

Association Bylaws. In considering the advisability of a decrease (or a smaller increase) in Master Association Regular Assessments and/or Neighborhood Association Regular Assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

Commencement of Master Association Regular Assessments: Master Association Regular Assessments for the Master Association will commence on all of the units covered under this Final Report, on the first day of the month immediately following the conveyance of a unit in the phase covered by this Final Report. The Developer must pay Master Association Regular Assessments to the Master Association for all unsold units covered under this Final Report (Regulations 2792.9 and 2792.16).

Commencement of Neighborhood Association Regular Assessments: Neighborhood Association Regular Assessments will commence on all of the units covered under this Final Report on the first day of the month following the conveyance of the first unit in this phase of the Modo Project. The Developer must pay Neighborhood Association Regular Assessments to the Neighborhood Association for all unsold units in this phase (Regulation 2792.9 and 2792.16).

Failure to Pay: The remedies available to the Master Association and the Neighborhood Association against owners who are delinquent in the payment of Master Association Regular Assessments and Neighborhood Association Regular Assessments, respectively, are set forth in the Master CC&Rs and the Neighborhood CC&Rs, respectively. These remedies are available against the Developer as well as against other owners.

Developer's Master Association Regular Assessment Security and Neighborhood Association Regular Assessment Security: The Developer has made financial arrangements as partial security for the obligation to pay Master Association Regular Assessments and Neighborhood Association Regular Assessments. The Master Association Board and the Neighborhood Association Board should assure themselves that the Developer has satisfied these obligations to the Master Association and the Neighborhood Association with respect to the payment of Master Association Regular Assessments and Neighborhood Association Regular Assessments, respectively, before agreeing to a release or exoneration of the securities.

Grant of Easement and Maintenance Agreement for the Community Center Area: A "Grant of Easement and Maintenance Agreement" (the "Agreement") has been entered into by and between the Master Subdivider and the Master Association with respect to that certain portion of Parcel 46A to be improved by the Master Subdivider with two (2) community center buildings (the "Community Center Area"). The Agreement was recorded on June 19, 2019 as Instrument No. 2019000215136, in the Official Records of Orange County, California. As currently planned, the Community Center Area will include, among other things, two (2) community center buildings consisting of a kitchen area, restrooms, community meeting space and other areas. The Master Subdivider intends to annex the Community Center Area into the Master Community and to convey fee title to the Community Center Area to the Master Association prior to or concurrently with the Close of Escrow for the sale of a Condominium within either of those portions of the Master Community commonly known as "Novel Park" (also referred to as District 1 West - Tract 17939) and as "Cadence Park" whereby at least five hundred nine (509) Condominiums within Novel Park and at least nine hundred fifty six (956) Lots and Condominiums in Cadence Park are

subject to the levy of assessments by the Master Association (the "**Phase Conveyance Date**"), but in no event later than December 31, 2022 (the "**Outside Conveyance Date**"), whichever occurs first (the "**Conveyance Date**"). The Agreement (a) grants an easement to the Master Association to use the Community Center Area and the amenities located thereon from and after the Conveyance Date to ensure that the Master Association and its members will have the right to use the Community Center Area and the amenities thereon from and after the Conveyance Date; (b) evidences the Master Subdivider's obligation to maintain the Community Center Area and the amenities thereon until the Conveyance Date; and (c) evidences the Master Subdivider's agreement to either place the amenities on the Community Center Area into "as-new" condition at any time during the thirty (30) day period prior to the Conveyance Date or contribute to the Master Association the accrued reserves for any amenities on the Community Center Area that are not placed into an "as-new" within such thirty (30) day period. The Master Subdivider has posted a bond in the amount of \$220,865.76 as security for its obligation to pay the reserves for the amenities on the Community Center Area that are not placed into an "as-new" condition at any time during the thirty (30) day period prior to the Conveyance Date. The Board of Directors of the Master Association should assure itself that the Master Subdivider has satisfied its obligations to the Master Association with respect to the payment of the reserves before agreeing to a release or exoneration of the bond. Master Subdivider is retaining ownership of a portion of Parcel 46A (the "**Accessory Retail Space**") for development of a coffee shop (or such other purpose as Master Subdivider deems appropriate), which Master Subdivider may lease or convey to a third party and/or annex into the Master Community, at Master Subdivider's sole discretion.

Developer Subsidy Agreement with Neighborhood Association. According to the Neighborhood Budget, the Neighborhood Association Regular Assessments levied to defray the Neighborhood Association's expenses in early phases of the Modo Project will be greater than the Neighborhood Association Regular Assessments levied in later phases of the Modo Project. Hence, the Developer has entered into a subsidy agreement ("**Subsidy Agreement**") with the Neighborhood Association whereby the Developer will subsidize a portion of the Neighborhood Association Regular Assessments until enough units in the Modo Project become subject to Neighborhood Association Regular Assessments to minimize the disparity.

Unless cancelled by the Developer in accordance with the Subsidy Agreement, the term of the Subsidy Agreement ("**Term**") shall commence as of the date of the first close of escrow in phase 1 of the Modo Project (consisting of Units 5 to 12, inclusive and 51 to 60, inclusive, of Lot 17 and portions of Lots 15 and 16 of Tract No. 17939) and it shall continue until terminated in accordance with Section 4 of the Subsidy Agreement.

Unless extended as provided in Section 5 of the Subsidy Agreement, the Term shall expire (without further action by the Developer and without further notice to the Neighborhood Association) on the earlier of the following dates:

- (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 unit in phase 3 of the Modo Project (consisting of Units 19 to 24 inclusive, and 39 to 44, inclusive, on portions of Lots 20 and 21 of Tract No. 17939).

Developer has posted a bond as partial security for its obligation to pay the subsidized portion of the Neighborhood Association Regular Assessments. The governing body of the Neighborhood Association should assure itself that the Developer has satisfied its obligation to the Neighborhood Association with respect to the payment of the subsidized portion of the Neighborhood Association Regular Assessments before agreeing to a release or exoneration of the security.

In compliance with the City of Irvine, the Developer was required to post bonds in the amount of \$75,000.00 to assure Developer's obligation to complete the Motor Court Improvements.

Enterprises Corporation: The Master Subdivider may in the future form the Great Park Neighborhoods Enterprises Corporation which if formed may provide, among other things, goods and/or services to the Master Association for the benefit of the Master Association. If an Enterprises Corporation is formed, such entity would be reimbursed or compensated by the Master Association pursuant to an agreement, the terms of which would require Department of Real Estate review so long as the Master Subdivider has the right to appoint a majority of the members of the Board of the Master Association. Purchasers should be aware that the Enterprises Corporation may or may not be implemented. IF THE ENTERPRISES CORPORATION IS IMPLEMENTED, AT THIS TIME IT IS UNKNOWN WHAT EFFECT THE ENTERPRISES CORPORATION MIGHT HAVE ON THE PURCHASER'S ASSESSMENT OBLIGATIONS.

GIFT PROGRAM

The Master Subdivider is offering the following promotional program to purchasers of a unit within Novel Park:

Bicycle Program: If you enter into a Purchase Agreement to buy a unit within Novel Park during the term of this program, then subsequent to the close of escrow of your unit, you will receive a 3-speed beach cruiser bicycle provided by the Master Subdivider at no additional cost to you. You will be required to sign a release of liability to claim the bicycle, which will be provided in new condition but on an "as is" basis, without warranty. If you fail to claim the bicycle within 90 days after the close of escrow for your unit, you forfeit the right to a bicycle. In addition to the amount previously paid by the Master Subdivider to the bicycle manufacturer, the Master Subdivider has posted a surety bond in the amount of \$241,736 to assure the fulfillment of this program.

SURROUNDING PROPERTY USES/ZONING/HAZARD AND MISCELLANEOUS DISCLOSURES

The Developer has set forth the 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 Master Community and all existing, proposed or possible future uses adjacent to or in the vicinity of the Master Community. At the time this Final Report was issued, some of the land uses that surround the Master Community include, but are not limited to, the following:

Zoning Surrounding to Novel Park:

North: Medium Density Residential
East: Trails and Transit Oriented Development
South: Trail and Transit Oriented Development
West: Medium Density Residential/Community Commercial (across toll road SR-133)

Uses:

- Irvine Boulevard and Ridge Valley are busy arterial roadways and are located within a 1/4 mile radius of the Modesto Project.

Miscellaneous Disclosures: The following disclosures are provided by the Developer and the Master Subdivider:

Former Marine Corps Air Station: The Master Community is located on a portion of the former Marine Corps Air Station El Toro ("**MCAS El Toro**"), which was commissioned in 1943 and operated through 1999. The home that you are purchasing, as well as the rest of Novel Park, is located within a portion of MCAS El Toro that was affected by approximately 55 years of military operations, which involved the use of a large variety of hazardous materials, including without limitation petroleum-based products such as aviation and vehicular fuels, engine and lubricating oils, solvents, cleaners, paints, thinners, pesticides and herbicides; chlorinated/halogenated compounds, including trichloroethylene and polychlorinated biphenyls; some radioactive materials; ordnance and munitions (but not on any areas that may be developed as a part of the Master Community); and propellants. As well, buildings located onsite contained asbestos-containing building materials and lead-based paint, which were in common use prior to 1980 when many of the structures at MCAS El Toro were built.

EPA National Priority List: In 1990, the United States Environmental Protection Agency (the "**EPA**") listed the former MCAS El Toro site on the National Priorities List. In 2005 and 2006, the EPA clarified that 1,013 acres of the former MCAS El Toro site had never been impacted by hazardous waste of any kind and was therefore not part of the land on the National Priorities List. On January 21, 2014, the EPA formally deleted approximately 1,900 acres of additional property at the former MCAS El Toro site from the National Priorities List. These areas were approved for deletion by the EPA based on the determination that all environmental clean up actions had been completed and these areas were suitable for unrestricted re-use. Less than 44 acres of the overall land that may be developed as the Master Community remain on the National Priorities List. Prior to transferring that property to the Master Subdivider, the Navy is required to document that all environmental impacts associated with the Navy's activities at MCAS El Toro have been thoroughly investigated and appropriate remedial actions have been taken to protect the public health, welfare, and the environment. The Navy has presented this documentation for different portions of the former MCAS El Toro site, and with respect to Novel Park, no further action determinations were made, demonstrating a determination by the Navy and the applicable regulatory agencies that Novel Park is appropriate for residential use.

Additional information regarding the past and present remediation efforts for MCAS El Toro can be found at the following locations:

- 1) Department of Navy "Base Realignment and Closure" website: www.bracpmo.navy.mil
- 2) Information Repository Locations:

Heritage Park Regional Library
14361 Yale Avenue
Irvine, CA 92714
(949) 936-4040

MCAS El Toro Administrative Record File Reference Section
Naval Facilities Engineering Command, Southwest
1220 Pacific Highway Code EV33
Naval Base San Diego Bldg. 3519
San Diego, CA 92132
Administrative Records Coordinator
(619) 556-1280

Orange County Great Park and the Proposed Veterans Cemetery Site. The City of Irvine is continuing to develop the Orange County Great Park on land to the east on the other side of Beacon Park and Parasol Park from Novel Park. The Orange County Great Park is planned to have both passive uses such as open fields and trails, as well as active uses, such as sports fields, lighted athletic fields, outdoor concert venues, and other active recreational facilities, and currently serves as the venue for events including a weekly farmer's market, music concerts, dance performances, sport tournaments (local, regional and national), festivals and expositions. Information regarding the Orange County Great Park is available on the Orange County Great Park website at <http://www.ocgp.org>.

Use of the Orange County Great Park facilities by the public, as well as events held at the Orange County Great Park, may draw an unusually large number of visitors to the Orange County Great Park, which may, among other things, create traffic congestion and potential traffic and safety problems, both within and in the vicinity of the Master Community. As the Orange County Great Park is completed, residents of the Master Community will experience permanent effects from the Orange County Great Park, including traffic, noise, glare, and other inconveniences from the facilities within and activities and events taking place on the Orange County Great Park. The portion of the Orange County Great Park that runs along Bosque street is being developed as a walkable 40-acre passive park known as the "Bosque". The Bosque may contain a natural outdoor amphitheater that may employ the use of amplified sound systems, and the resulting noise level may affect residents within Novel Park. (For clarification, this natural amphitheater would be intended for community performances and similar events and is not related to any potential future site of the interim FivePoint Amphitheatre.) The area of the Orange County Great Park known as the "Sports Park" includes extensive lighted athletic fields, including 18 soccer and multi-use fields, 25 tennis courts, 12 baseball/softball fields, and a championship soccer stadium with a capacity of up to 5,000 spectators. The Great Park Ice and Five Point Arena, a public ice facility with a seating capacity of 2,500, is located on Ridge Valley south of Great Park Boulevard.

Proposed facilities for other areas of the Orange County Great Park include museums, civic buildings, and relocation of the interim FivePoint Amphitheatre; however, most of these proposed facilities have not been approved and there is no assurance that any of these proposed facilities will be approved or developed. Events and productions at the Orange County Great Park also may increase demand for services and products in area businesses, which could lead to delays, increased prices and other negative effects residents would not ordinarily experience. Portions of the Orange County Great Park are currently used for agricultural purposes, including community service/educational farming operations, which may result in dust, noise, odors, and involve the use of pesticides. A portion of the Orange County Great Park is currently leased to the Tierra Verde Industries green waste recycling facility, which may result in odors. The Orange County Great Park may also be used for movie, television or other film productions from time to time. Such productions may cause increased noise, vehicle and pedestrian congestion and potential traffic problems. The filming may also involve large and numerous pieces of equipment blocking roads, sidewalks or other areas. You, your family, or your pets, while on or in the vicinity of the Orange County Great Park, could also be directly or indirectly captured in such films, with no compensation to you or your family. Other portions of the Orange County Great Park are or may be leased for commercial or other purposes, including, for example, car club events, driving schools, vehicle testing, and corporate events. Some portions of the Orange County Great Park remain within the control of the Navy, including, without limitation, the VHF Omnidirectional Range/Tactical (VORTAC) System equipment building, which provides aircraft navigation and is operated by the Federal Aviation Administration. Because of its capacity for processing and storing large quantities of cargo, the Orange County Great Park also is identified in the County of Orange's emergency response plans and emergency evacuation plans for the County as a potential emergency response staging area in the event of a large regional catastrophe, such as a severe earthquake.

In September 2014, legislation (the "State Bill") was adopted in California for the design, development, construction and maintenance of a state-owned and operated veterans cemetery (the "Cemetery") within the area located along the western and southern borders of Cadence Park and known as the Amended and Restated Development Agreement Transfer Site (the "ARDA Site"), subject to the grant and receipt of funding from the federal Department of Veterans Affairs and the voluntary cooperation of the California Department of Veterans Affairs ("CalVet") with local government entities in Orange County. In July 2014, the Irvine City Council adopted a resolution identifying the ARDA Site as a possible site for the Cemetery, subject to passage of the State Bill and further subject to all necessary and appropriate studies, procedures, and agreements with State and Federal governments. Subsequently, in June 2017, the Irvine City Council adopted a resolution redesignating the preferred site for the Cemetery from the ARDA Site to a location adjacent to Interstate 5 between Bake Parkway and Alton Parkway (the "Alternate Site"). The Alternate Site is also frequently referred to as the "Strawberry Fields Site."

In June 2017, additional legislation was adopted in California to mandate that CalVet oversee and coordinate the design and construction of the Cemetery on the Alternate Site and to allocate funds for the design work required for CalVet to apply to the Veterans Cemetery Grants Program of the United States Department of Veterans Affairs for a grant of the estimated cost to acquire, design, develop, and construct the Cemetery in the City of Irvine on the Alternate Site. Subsequently, in October 2017, the Irvine City Council adopted a resolution to effectively swap the zoning applicable to the Alternate Site with the zoning applicable to the ARDA Site, to facilitate

development of the Cemetery on the Alternate Site. At the June 5, 2018 primary election, that resolution was not approved by the voters, leaving in place the pre-existing zoning for both the ARDA Site and the Alternate Site. Opponents of the cemetery relocation have filed a lawsuit challenging the approval of the land exchange on various grounds. In July 2018, the Irvine City Council asked City of Irvine staff to study both the ARDA Site and the area within the Orange County Great Park planned for development as a golf course (the “Golf Course Site”) as possible sites for the Cemetery.

As of the date of this Final Report, the Alternate Site remains designated by the City of Irvine as the preferred site for the Cemetery and identified by the State of California as the site for the Cemetery. If the Cemetery ultimately receives approval for construction on the ARDA Site, the Golf Course Site, or elsewhere in the immediate vicinity of the Master Community, rather than in a different location in the City of Irvine or Orange County, residents of the Master Community may experience, from time to time, increased traffic and/or the sights and sounds of military funeral ceremonies and related gatherings and other effects associated with proximity to cemeteries.

Additional information regarding the Cemetery may be found at the following website:

www.cityofirvine.org/city-managers-office/proposed-southern-california-state-veterans-cemetery

Marshburn Retention Basin. The Marshburn Retention Basin is located north of Novel Park across Irvine Boulevard. This retention and water quality basin is intended to collect storm water and nuisance flows and is not intended for access or for recreation. Storm waters commonly collect residue and pollutants from the roadway and other sources, especially in the first storm after the dry season. Consequently, the water and soils in the basin may contain pollutants, and the water contained in the basin is not potable (not-for-drinking) and consumption of this water can pose a health hazard. The basin may contain standing water that can be very deep and can be dangerous, especially to children and pets. In addition, stormwater may flow from the Marshburn Retention Basin across Irvine Boulevard and affect the streets within Novel Park, especially Ridge Valley. These streets may become inundated in the case of a severe storm, and vehicles or pedestrians attempting to cross them could be subject to injury, death or serious property damage. Children and pets should not be allowed to play in or near the basin or in or near any storm flows.

Water Quality Facility. Storm water from portions of Novel Park is received by water quality facilities located along the northern side of Great Park Boulevard and the eastern side of SR-133. Storm waters commonly collect residue and pollutants from the roadway and other sources, especially in the first storm after the dry season. Although the water quality basin may be dry much of the time, it receives and collects storm water and serves as a biofilter to remove pollutants from storm water flows. Consequently, the soils in the water quality basin may contain pollutants, and the water quality basin may, at times, contain standing water. Children and pets should not be allowed to play in or near the water quality facility during periods of storm water flow, nor should water within the water quality facility be consumed.

Drainage Channels. The Master Community is traversed by six drainage channels – Marshburn Channel, Borrego Canyon Wash, Agua Chinon Wash, Bee Canyon Wash, Serrano Creek and San Diego Creek – with the Marshburn Channel running along the westernmost edge of Novel Park.

Drainage channels, including any inlets, outlets, structural and/or drainage control components, are never intended for recreational activity and may be particularly dangerous during periods of storm water flow. Children and pets should not be allowed to play in or near drainage channels at any time and should not be allowed to consume the water contained in drainage channels.

Affordable Housing. Property in the vicinity of Novel Park, including areas immediately across Irvine Boulevard, Harringay, and Magnet and the area between Novel Park and SR-133 have been developed with affordable housing, including 323 units of senior and family affordable housing, with an additional 187 units of senior affordable housing planned. A 221-unit senior affordable housing complex is located near the intersection of Ridge Valley and Irvine Boulevard. Questions regarding affordable housing developments in the vicinity of Novel Park may be directed to the City of Irvine at (949) 724-6000.

Private Parks. Private parks, which may include recreational, field/court lighting, community farming, and other improvements and activities, may be located in or in the vicinity of the Master Community.

Novel Park plans include the Park, a portion of which is located near the intersection of Benchmark and Novel streets and a portion of which extends from Mirth street across Epic street, and an improved parkway along the length of Novel street from which pedestrians, bicyclists and other passersby will be able to view the yards and homes located along Novel street, which homes may be subject to architectural design and use restrictions that may be more restrictive than the architectural and use restrictions generally applicable to homes within the Great Park Neighborhoods, including a height limitation on the low wall, or low fence, separating the homeowner's yard, courtyard or patio from the parkway along Novel street.

The portion of the Park that is located near the intersection of Mirth and Novel includes a dog park, as does the portion of the Park that is located on the west side of Epic. Each of the dog parks is a play area for dogs when supervised by their owners/guardians. The dog parks are not safe for play by unattended children. The dog parks are not patrolled. Each dog owner is responsible for any injuries/damage caused by his or her dog while using the dog parks. The dog parks are subject to rules and regulations specific to each dog park. Residents in the vicinity of either dog park may experience increased noise.

A separately owned building (the "Accessory Retail Space") is located within the portion of the Park located along Novel street. The Accessory Retail Space, which is currently owned by the Master Subdivider and approved for accessory retail use, may (but there is no assurance that it will) be annexed to the Master Community and conveyed to the Master Association in the future. The Accessory Retail Space may include a coffee shop or other retail business, but there is no assurance that a coffee shop or other retail business will be or will continue to be operated in the Accessory Retail Space.

Existing and future parks and associated facilities may cause increased traffic, noise, glare from facility lighting, and other disturbances associated with parks. For example, certain parks in the vicinity of Novel Park may include outdoor gathering lawns that may, on occasion, employ the use of amplified sound systems and the resulting noise level may affect residents within Novel Park. Additionally, parks in general may be sites for vagrancy and loitering, and the ungated and

unkeyed portions of the neighborhood parks will be accessible to members of the public. You are advised to use caution to protect your person and your belongings and those of your family while in the parks, particularly at night.

Although private parks within the Master Community will be owned and maintained by the Master Association or a subassociation, certain areas of these parks may be restricted to use by some or all of the residents of the Master Community while other portions will be accessible by members of the public. Each of the Master Association and subassociations will be responsible for establishing hours of operation and rules regarding use of the amenities at the parks that it owns and operates. The rules may also allow use of the park facilities for parties and other types of special events, which may include the use of special equipment (such as inflatable jump houses), animals (pony rides, petting zoos and the like), service of alcoholic beverages, microphones, musical bands, live performers and other activities. The special events and activities may create noise and other temporary inconveniences for nearby residents, such as limited parking, and increased traffic.

Until completion of the Master Community, the Master Subdivider reserves the right to modify any private park, trail or other amenities described herein, and there is no assurance that all such amenities will be completed as proposed. In addition, other amenities may be added to the Master Community in the discretion of the Master Subdivider, subject to applicable governmental approvals.

Public Trails; Bicycle Paths; Venta Spur. The Master Community is located near and/or adjacent to public trails, bicycle paths and/or related improvements and operations and is likely to be affected by increased bicycle and pedestrian traffic and noise at all hours of the day and the night, as the trails and bicycle paths are for public use. Public access to the trails and bicycle paths located within the Master Community, including Novel Park, is both permitted and anticipated. The trails may, directly or indirectly, connect with the City of Irvine's existing trails and bicycle paths and other regional trails and bicycle paths including a potential pedestrian and bicycle bridge over SR-133 which would connect the existing Venta Spur trail to the west of SR-133, through that portion of the Initial Park Lots within Novel Park located at the northwestern corner of Benchmark and Novel streets, with a future connecting trail to the east of SR-133, which could lead to substantially larger numbers of pedestrians and bicyclists using the paths. Homes located adjacent to this area especially may be impacted by a higher volume of pedestrian and bicycle traffic if and when the Venta Spur trail connection is completed. Use of the trails and bicycle paths during evening hours or at night time could be dangerous. Questions regarding the City of Irvine's trails and bicycle paths, including access hours and enforcement rules, may be directed to the City of Irvine at (949) 724-6600.

Recycled Water Used for Irrigation. The design and construction of landscaping on property controlled by the City of Irvine, the Master Association and/or subassociations (which may include the front yard landscaping of certain Neighborhoods within the Master Community), as well as the toilet systems in certain common area facilities, include features for the use of recycled or non-potable irrigation water. You should consult with the Developer regarding the use, if any, of recycled or non-potable irrigation water to the front yard of your residence. You should always avoid contact with recycled water, including irrigation waters in City of Irvine or common area

landscape areas, for maximum safety. Never use such water for domestic purposes, including drinking, cooking, bathing or other potable uses. Such use is hazardous to your health. You and any plumbers, contractors or other persons working on your behalf should always use caution so as not to connect potable water pipes to recycled, non-potable water lines. Questions concerning the use of recycled or non-potable water for irrigation may be directed to the Irvine Ranch Water District at (949) 453-5576.

Drainage Runoff and Water Quality Management. The Master Community, including Novel Park, is subject to Water Quality Management Plans to address surface water runoff from residential areas and other development improvements within the Master Community. The responsibility to implement the Water Quality Management Plan for each builder site will be transferred to each respective developer. The implementation of Water Quality Management Plans is monitored by the Regional Water Quality Control Board and the City of Irvine.

All residents of the Master Community, the Master Association and all subassociations within the Master Community must follow the procedures for controlling water quality (commonly known as “**Best Management Practices**” or “**BMPs**”) contained in the Water Quality Management Plans. Generally, these measures require residents to be mindful of the effects of drainage runoff on the environment. The BMPs for the Master Community may require, for example, (i) that landscape irrigation systems be used efficiently to avoid overwatering and excess runoff, (ii) that private streets and parking areas be swept prior to the storm season, and (iii) that the Master Association provide residents with informational material addressing good housekeeping practices, such as not disposing of motor oil, paint products or detergents into storm drains. The BMPs may also impose other requirements on the Master Association, for example, to inspect and clean catch basins in private streets and common areas prior to the rainy season. These BMPs may be incorporated into the Master CC&Rs imposed on the Master Community.

You should read the Master CC&Rs carefully to ensure that you comply with all requirements. All storm waters are planned to eventually empty to creeks, rivers and the ocean, and dumping in storm drains or other storm water flow paths is illegal and will subject the person doing so to fines or other applicable penalties under local, state or federal ordinances laws, rules or regulations as well as penalties from the Master Association. It is important to note that the Water Quality Management Plan and the BMPs may be changed at any time by the Master Subdivider, developers or the governing agencies, depending on the success of this program in managing runoff from the Master Community. Such changes could, in turn, cause your monthly homeowner assessments to increase beyond what was contemplated in the original budget prepared for the Master Association. Questions regarding water quality management matters may be directed to the City of Irvine at (949) 724-6000.

Agricultural Use. Portions of the land that may be developed as the Master Community in the future are or may be used for agricultural purposes, including commercial and/or heritage and community service/education farming operations and, at the discretion of the Master Association, greenhouse activities. Agricultural uses may cause noise, noxious odors, chemical spraying, dust, irrigation and other effects that may be harmful or objectionable to nearby residents, including exposure to pesticides, herbicides, insecticides or other chemicals. These uses often involve various types of dangerous equipment. From time to time, farmers may let unharvested crops rot

in the fields, which produces noxious odors and could be a health hazard to humans or animals that consume rotten crops.

Solar Energy Systems. The California legislature has adopted the Solar Shade Control Act (set forth at Public Resources Code Section 25980 *et seq.*), which generally seeks to prevent a property owner from allowing trees or shrubs to shade an existing solar energy system installed on a neighboring property and prohibits a property owner from planting trees or shrubs, or allowing trees or shrubs to grow to a size, that would cast a shadow greater than 10 percent of the solar collector absorption area of the neighboring owner's solar energy system between the hours of 10 a.m. and 2 p.m.

In addition to the Solar Shade Control Act, residential lots within the Master Community are subject to the Design Guidelines of the Master Association, which contain certain restrictions regarding the installation of improvements (including landscaping) that may affect the solar shading on your property and other properties in the Master Community. Your property may also be subject to a supplemental declaration recorded by the Developer imposing additional restrictions on landscaping and structural improvements on your property that may adversely affect the solar energy system on a neighboring lot (a "Solar Declaration").

You should also be aware that certain portions of the Master Community are exempt from any Solar Declarations. In particular, the Master Association and subassociation parks and other areas maintained by the Master Association or a subassociation, as well as all improvements installed by the Master Subdivider (wherever located within the Master Community), are exempt from any Solar Declaration restrictions. As well, a Solar Declaration recorded by one developer for the neighborhood developed by that developer will not restrict improvements on any other neighborhoods within the Master Community. Any such improvements that are not subject to Solar Declaration restrictions (collectively, "Exempt Improvements") may affect the shading on your property and may render any solar energy system on your property ineffective or less effective. You should visit the property to determine the property's present exposure to the sun and the existing or future location and orientation of a solar energy system in order to determine the likelihood that the system will be shaded now or in the future by any Exempt Improvements. You should also be aware that solar energy systems within the Master Community may be prominently visible from your home and may include installations on street facing roof surfaces.

Electric Power Lines. Underground and overhead electric transmission and distribution lines are located within or in the vicinity of all residential communities, including the Master Community. The power lines within and in the vicinity of the Master Community, including the electrical substation located on Great Park Boulevard east of SR-133, are owned by Southern California Edison Company ("SCE") and produce electric and magnetic fields ("EMF"). Numerous studies of human health and EMF have been undertaken over many years and some may be ongoing. Some studies have reported a possible relationship between EMF exposure and some health conditions, such as childhood leukemia, miscarriage, and certain neurological disorders, while other studies found no such relationship. Additional information about power line EMF is available on the following websites:

(1) SCE's website:

<https://www.sce.com/wps/portal/home/safety/family/environmental-health>

(2) World Health Organization's International EMF Project website:
http://www.who.int/topics/electromagnetic_fields/en/

(3) U.S. National Institute of Environmental Health Sciences website:
<http://niehs.nih.gov/health/topics/agents/emf/>

Cellular Telephone Sites; Wireless Communications Facilities; Wireless Internet Access. Antennas and other equipment for wireless telecommunications (e.g., cellular phones) may be located in or in the vicinity of the Master Community, including within the neighborhood parks within Novel Park, at the intersection of Bosque and Great Park Boulevard, at the intersection of Irvine Boulevard and Ridge Valley, and at other locations along Ridge Valley and along Great Park Boulevard. In addition, each of the homes within Novel Park may include a fiber optic system (which may include components both on the interior and exterior of each home) for the provision, through a third party unrelated to the Master Subdivider and the Developer, of wireless internet access either on a community-wide and/or individual residence basis. Like all wireless communication facilities, these facilities produce radio-frequency fields ("**RF**"). Numerous studies of human health and RF have been undertaken over many years and some may be ongoing. Some studies have reported associations between RF exposure and brain cancer, while other studies did not. Information about RF research can be found on the following websites:

(1) the World Health Organization's website:

<http://www.who.int/peh-emf/en>

(2) U.S. National Institute of Environmental Health Sciences website:

<http://niehs.nih.gov/health/topics/agents/cellphones/index.cfm>

Additionally, information from the World Health Organization regarding wireless networks that allow internet access can be found on the following website:

<http://www.who.int/peh-emf/publications/facts/fs304/en/>

Questions regarding cell site locations within Irvine may be directed to the City of Irvine at (949) 724-6600.

900-Acre Habitat / FBI Training Facility. An area of approximately 900 acres (the "**Federal Site**") on the eastern side of Irvine Boulevard and located within one mile of the land that may be developed as the Master Community was transferred to the federal government. A portion of this site was formerly used for military training from 1952 until closure of former MCAS El Toro in 1999 and military ordnance was used at this site. The Federal Site also includes a training range, which was previously used by the Orange County Sheriff's Department and various federal agencies and continues to be used by the Federal Bureau of Investigation for training purposes. During training exercises and depending upon atmospheric conditions, the sound of fire arms being used at the Federal Site may be amplified and heard by residents of the Master Community.

Another portion of the Federal Site was used as a landfill from the late 1950's until about 1980. During the 1970s, all solid waste from former MCAS El Toro and some waste from MCAS Tustin were disposed of in this landfill. The suspected types of waste include construction debris, municipal waste, batteries, waste oils, hydraulic fluids, paint residues, transformers and waste solvents. The remedial action for this landfill was completed in 2011.

Finally, large portions of the Federal Site remain as open space; however, **NO PUBLIC ACCESS IS PERMITTED ONTO ANY PORTION OF THE FEDERAL SITE, INCLUDING THE OPEN SPACE AREAS ON THE FEDERAL SITE.**

James A. Musick Facility. The James A. Musick Facility is a 100-acre minimum security 1,250 bed facility located in an unincorporated area adjacent to the cities of Irvine and Lake Forest at 13502 Musick Road, generally northeast of the intersection of Irvine Boulevard and Bake Parkway and less than ¼ mile from the easternmost corner of the land that may be developed as the Master Community. Pursuant to an agreement between the County of Orange and the Department of Homeland Security / Immigration and Customs Enforcement ("**ICE**"), the Musick Facility also houses ICE detainees while their immigration holds are being processed. The Orange County Board of Supervisors previously approved expansion of the facility to as many as 7,584 beds housing maximum-security inmates in addition to the minimum- and medium-security inmates already at the Musick Facility. In 2012, the Orange County Board of Supervisors, the Orange County Sheriff's Department and the City of Lake Forest entered into an agreement limiting the expansion to 3,100 beds (subject to certain exceptions) and disallowing high security inmates (except in unusual circumstances such as natural disaster, civil unrest, terrorist event, jail riots, jail facility failures or events of similar magnitude and for up to five days before being transferred to another jail facility). State bond funding has been awarded to the County of Orange for expansion of the jail facility by 896 beds with construction expected to begin in Fall 2019. Questions regarding the facility may be directed to the Orange County Sheriff's Department at (949) 855-2600.

High Pressure Natural Gas Line; Other Pipelines. A high pressure natural gas line is located within Irvine Boulevard. This line is owned and operated by the Southern California Gas Company, which also holds a pipeline easement within the railroad right-of-way located southwest of the Orange County Great Park. Presently, the Southern California Gas Company owns and operates a natural gas line within that right-of-way. Kinder Morgan also holds a pipeline easement within the railroad right-of-way and presently operates within that right-of-way a 16" diameter petroleum pipeline and a 10" diameter petroleum pipeline. The products that are transported along these petroleum pipelines are known to the State of California to cause cancer, and may cause other health problems, and the products transported by natural gas lines and petroleum pipelines are highly flammable and explosive. Questions regarding these pipelines may be directed to the Southern California Gas Company at (877) 238-0092 or Kinder Morgan at (713) 369-9000, as applicable, or to the City of Irvine at (949) 724-6000.

NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES. This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <https://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

Amphitheater. The FivePoint Amphitheatre is a 12,000 seat amphitheater used for, among other things, concerts (the “**Temporary Amphitheater**”) that opened in Fall 2017 and may be operated by Live Nation for up to four seasons at a location bordered by the Orange County Great Park to the north, Marine Way to the east and the Metrolink railway line to the south. The potential extension of the term of the Temporary Amphitheater and/or the existence and permanent relocation of the Temporary Amphitheater to the Orange County Great Park has been discussed but has not been approved and there is no assurance that the term of the Temporary Amphitheater will be extended or that the Temporary Amphitheater will be permanently relocated, built, or operated. Noise from the Temporary Amphitheater or any permanent amphitheater, as well as traffic caused by event attendees, may affect the Master Community.

Former Tustin National Guard Rifle Range. Portions of Novel Park are located within one mile of a formerly used defense site containing military ordnance (unrelated to the former MCAS El Toro operations) that was known as the Tustin National Guard Rifle Range and that was used between 1949 and 1974 solely for individual small arms practice (pistols and rifles firing only ball ammunition). This site is located north/northeast of Novel Park and is neither owned by the Master Subdivider nor located within an area that may be developed as a part of the Master Community.

Frank R. Bowerman Landfill. The Frank R. Bowerman (Bee Canyon) Landfill, which is operated by the County of Orange, is located approximately 3 miles north of the Master Community and covers over 700 acres of land. The landfill is not open to the public but accepts the disposal of municipal solid waste from commercial haulers. The County has proposed expansion of the landfill operation to allow its continued operation until 2053. The currently proposed end use after the landfill closes is a passive regional park. Sand Canyon Avenue is affected by trucks traveling to the landfill. Questions regarding the landfill may be directed to OC Waste & Recycling at (949) 551-7100.

University of California Agriculture and Natural Resources South Coast Extension Center; SCAQMD Meteorological Station. The South Coast Research and Extension Center (the “**South Coast REC**”) was established by the University of California in 1956 as a representative site for agricultural and horticultural research in California's south coastal plain-temperate climatic zone, and is located on 200 acres along Irvine Boulevard between Lambert and Modjeska Roads, to the northeast of Novel Park. The South Coast REC provides labor, equipment, facilities and technical and management support to UC academics and to personnel from co-operating non-UC organizations, such as the United States Department of Agriculture. Questions regarding the South Coast REC may be directed to (949) 653-1810.

The South Coast Air Quality Management District (“**SCAQMD**”) operates a meteorological station on the South Coast REC that, as part of emissions testing, emits noise twice daily during daylight hours. Questions regarding the SCAQMD operations at the South Coast REC may be directed to the SCAQMD at (949) 653-1814.

Public Open Space Land. The Master Community is located near and/or adjacent to public open space land that may include trails, trailheads, parking facilities, lighting, bridges, and other related improvements and operations. The City of Irvine's Open Space Preserve is part of the City's protected natural open spaces and wildlands made up of a native habitats including wetlands, oak woodlands and extremely rare coastal sage scrub habitat. Limestone Canyon and Whiting Ranch

Regional Parks are located north and across SR-241 (the Foothill Transportation Corridor) from the Master Community. These two parks combined contain approximately 4,300 acres of riparian and oak woodland canyons, grassland hills, and slopes of coastal sage scrub and chaparral and border the Cleveland National Forest. Laguna Coast Wilderness Park is located 1.6 miles southwest of the Master Community and spans 7,000 acres of coastal sage scrub and woodlands. These open space areas are land in its natural condition and are characterized by inherent dangers, including wildlife such as mountain lions, rattlesnakes, bees, coyotes, ticks, poison-oak, loose rocks and gravel and steep or rugged terrain. Although visitors in these open space areas may encounter park staff and patrol officers on occasion, visitors to these open space areas should be prepared to handle emergencies without assistance and understand that there is no cell phone or internet service in large portions of these open space areas. Questions regarding the Open Space Preserve, including access hours and enforcement rules, may be directed to the City of Irvine at (949) 724-6600.

Proposed Wildlife Corridor. A wildlife corridor is a design feature of the Orange County Great Park that is currently under construction near the southeastern border of the Master Community to connect established habitat preserve areas in the central and coastal subareas of Orange County and provide habitat for, and facilitate movement of, bobcat, coyote, two bird species, being the Coastal California gnatcatcher and the Least Bell's Vireo, and other species. The wildlife corridor is not intended for public access.

California State Route 133 (SR-133). SR-133 is a state highway that connects Pacific Coast Highway (SR-1) in Laguna Beach with several freeways in Irvine, ending at the SR-241 toll road in Irvine and is located within .04 miles of Novel Park. A future interchange at the SR-133 and Great Park Boulevard is planned and if constructed, could increase traffic on Great Park Boulevard and other roads surrounding the Master Community.

California State Route 241 (SR-241). SR-241 is a state highway that runs from Rancho Santa Margarita to Yorba Linda and is located approximately 1.6 miles from Novel Park. SR-241 is a toll road. Its northern half is part of the Eastern Transportation Corridor while its southern half is part of the Foothill Transportation Corridor.

Irvine Transportation Center; Proposed Metrolink Rail Maintenance Facility. The Irvine Transportation Center -- which is currently served by Amtrak and Metrolink passenger rail services, and also serves as a hub for express, local and rail-feeder bus services operated by the Orange County Transportation Authority (OCTA) and ridesharing -- and the proposed Metrolink Rail Maintenance Facility are located immediately southwest of the Master Community. Noise from the trains, as well as traffic caused by commuters, bus service and taxis, may affect the Master Community. Questions regarding the Irvine Transportation Station may be directed to the City of Irvine Department of Public Works at (949) 724-7365.

Natural Hazards: The Developer has provided the following natural hazard information based on a report from an outside consulting firm. The information provided by such consulting firm indicated that the units within the Modo Project are located within the following areas:

A secondary map shows that all or portions of the units in the Modo Project are located within the following supplemental natural hazard areas:

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

- 1) Landslides. A County-determined area of moderately low (Zone 2) or very low potential (Zone 1) for massive bedrock landslides under earthquake conditions;
- 2) Ground Shaking. A County-determined Seismic Shaking Zone C, a mapped relative seismic shaking zone with the greatest shaking potential;
- 3) Expansive Soils. A County-determined mapped area with low soil expansivity potential; and
- 4) Seismic Response. A City-determined Area 2 for Seismic Response hazard area.

If any disclosure, or any material amendment to any disclosure, required pursuant to Civil Code Sections 1103 et seq. is delivered after the execution of the Purchase Agreement, the purchaser shall have three (3) days after delivery in person or five (5) days after delivery by deposit in the mail to terminate the Purchase Agreement by delivery of a written notice of termination to the Developer or the Developer's agent.

If your unit is located within one or more "Statutory Natural Hazard Areas," your ability to further develop the unit, 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 unit. Additionally, since purchasers are not required to receive a separate disclosure for property owned by the Master Association, you should also contact the Master Association regarding any assessment increases due to additional insurance costs associated with the Statutory Natural Hazard Areas which may affect the Master Association maintained areas.

Notice of Right to Farm: This property is located within one mile of a farm or ranch land designated in the current county-level GIS "Important Farmland Map," issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the property may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and

disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides, and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the effects 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 MODO PROJECT, NOVEL PARK AND THE MASTER COMMUNITY BEFORE SIGNING A PURCHASE AGREEMENT.

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 unit you are purchasing. Those items typically shown on a preliminary report include, but are not limited to, general and special taxes, easements, mechanic liens, monetary encumbrances, trust deeds, utilities, rights of way and restrictions. In most instances, copies of documents can be provided to you upon request.

Easements: Easements for public utilities, drainage, sewers, rights-of-way and other purposes may be shown in the preliminary report and on the subdivision map(s) filed in the Office of the Orange County Recorder in Book 976, Pages 16 through 35 (Tract No. 17939) of Maps (the "**Subdivision Map**") and Condominium Plan recorded on October 22, 2019 as Instrument No. 2019000412681, in the Office of the Orange County Recorder (the "**Condominium Plan**"). Other easements may exist and be recorded separate and apart from the Subdivision Map(s). You should review your preliminary report for all title exceptions, including easements affecting the unit you are purchasing.

Amendments or adjustments to the original Subdivision Map and/or Condominium Plan may also be recorded. You may ask the Developer about such changes. If you purchase a unit, this information will be included in your preliminary report.

Mineral/Water Rights: Neither you, the Master Association nor the Neighborhood Association will own any water, water rights or interests therein (collectively, the "**Water Rights**") under the land in which the MODO Project is located. In addition, neither you, the Master Association nor the Neighborhood Association will own any mineral, oil and gas rights (collectively, the "**Mineral Rights**"). Such Water Rights and Mineral Rights have been reserved by the Master Subdivider in that certain Grant Deed recorded on May 8, 2018 as Instrument No. 2018000166818, in the Office of the Orange County Recorder. The right to drill, mine, explore or operate through the surface or upper 500 feet of the subsurface with respect to such Water Rights and Mineral Rights has been waived.

PROPERTY TAXES

Regular Property Taxes: The maximum amount of any tax on real property that can be collected annually by counties is 1% of the full cash value of the property. With the addition of interest and redemption charges on any indebtedness, approved by voters prior to July 1, 1978, the total property tax rate in most counties is approximately 1.25% of the full cash value. In some counties, the total tax rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

For the purchaser of a unit in the Modo Project, the full cash value of such unit will be the valuation, as reflected on the tax roll, determined by the county assessor as of the date of purchase of such unit] or as of the date of completion of an improvement to the 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.

Special Property Taxes & Assessments:

Landscape, Lighting and Park Maintenance Assessment. The Master Community, including Novel Park, is located within the City of Irvine, which currently provides maintenance, service and operation of certain lighting, landscape and park maintenance improvements through a Landscape, Lighting and Park Maintenance Assessment (the "**Park Assessment**"). The Park Assessment will be levied annually through the property tax bill of each property owner in the City. The annual Park Assessment is based upon the actual costs associated with the landscaping, lighting and park maintenance improvements. This means the Park Assessment can fluctuate from year to year as maintenance contracts expire and are renegotiated. For fiscal year 2019-2020, the Park Assessment for a developed residential parcel is \$55.57. This amount is subject to an annual adjustment based upon the Consumer Price Index; however, the annual adjustment may not exceed 3.5% in any given year. The amount of the annual adjustment is decided by the City Council after a public hearing. Willdan Financial Services administers the levy and collection of the Park Assessment. Questions regarding the Park Assessment may be directed to Willdan Financial Services at (800) 755-6864 or the City's Public Works Department at (949) 724-6406.

City of Irvine Community Facilities District No. 2013-3 (Great Park). The Master Community lies within the boundaries of Improvement Area No. 9 of the City of Irvine Community Facilities District No. 2013-3 (Great Park) (the "**CFD**") and is subject to the payment of special taxes. The special taxes collected within the CFD (including the property in Improvement Area No. 9) will be used to fund directly, and to pay debt service on bonds issued to fund various infrastructure

improvements and services associated with, among other things, the development of the Orange County Great Park and the Master Community. The special taxes associated with the CFD will appear on your annual property tax bill and are in addition to the regular real property taxes and other special assessments on your tax bill (although direct billing by the City of Irvine is allowed). Your property is subject to foreclosure if you fail to pay the special taxes levied on your Property when due.

This disclosure is provided for informational purposes only and is not intended to serve as notice of the CFD or the special tax lien as required by California law. The Developer is required by law to provide you with, and you should have received from the Developer, a disclosure entitled "Notice of Special Tax" ("**Notice**") prior to entering into a contract to purchase the Property. The Notice contains, among other things, important information about the CFD, the maximum special tax applicable to your property, the annual increases in the special tax, and information on how to contact the CFD for additional information. You should thoroughly understand the information contained in the Notice prior to entering into a contract to purchase.

A purchaser has five days after delivery of the Notice if such Notice was deposited in the mail, or three days after delivery of the Notice if such Notice was provided in person, to terminate the Purchase Agreement by giving written notice of that termination to the Developer or agent selling the unit.

Irvine Unified School District Recreation Improvement and Maintenance District. The Master Community also lies within the boundaries of, and is subject to the special taxes, assessments and obligations of, the Irvine Unified School District Recreation Improvement and Maintenance District (the "**School District LLD**"). The purpose of the School District LLD is to pay for the construction, installation, maintenance and service of recreational improvements for the benefit of the owners within the boundaries of the School District LLD. The School District LLD budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means that assessments can fluctuate from year to year. The annual assessment projected for fiscal year 2019-2020 for each single family dwelling is currently \$63.56 and for each multi-family attached dwelling is \$42.64. Questions regarding the School District LLD may be directed to Willdan Financial Services at (800) 755-6864.

Irvine Ranch Water District Improvement District No. 112. Novel Park lies within the boundaries of, and is subject to any special taxes, assessments and obligations of, the Irvine Ranch Water District Improvement District No. 112 ("**IRWD District 112**"). The purpose of IRWD District 112 is to pay for water backbone infrastructure for the development of the Orange County Great Park and the Master Community, including the acquisition, construction, collection, storage, distribution, and treatment of water and water rights, including dams, reservoirs, storage tanks, treatment facilities, pipes, pumping equipment, urban runoff diversion, and treatment systems and all necessary equipment and property, including the reconstruction, replacement and additions to the facilities. The annual assessment projected for fiscal year 2019-2020 for each residential unit is currently 0.03% based on land value only. Questions regarding IRWD District 112 may be directed to the Irvine Ranch Water District at (949) 453-5300.

Irvine Ranch Water District Improvement District No. 212. Novel Park lies within the boundaries of, and is subject to any special taxes, assessments and obligations of, the Irvine Ranch Water

District Improvement District No. 212 (“**IRWD District 212**”). The purpose of IRWD District 212 is to pay for sewer backbone infrastructure for the development of the Orange County Great Park and the Master Community, including the acquisition, construction, collection, treatment and disposal of sewage and the storage and distribution of reclaimed water, including dams, reservoirs, storage tanks, treatment facilities, pipes, pumping equipment and all necessary equipment and property, including the reconstruction, replacement and additions to the facilities. The annual assessment projected for fiscal year 2019–2020 for each residential unit is currently 0.045% based on land value only. Questions regarding the IRWD District 212 may be directed to the Irvine Ranch Water District at (949) 453-5300.

Residential units within the Modo Project will also be subject to assessments, fees or charges of the Metropolitan Water District Standby Charge, Orange County Vector Control District – Vector Control Charge and the Orange County Vector Control District – Mosquito and Fire Ant Abatement, which will also appear on your annual property tax bill and are in addition to the Ad Valorem Tax Rate. The Orange County Vector Control District may be reached at (714) 971-2421 or (949) 654-2421.

FINANCING

Pursuant to Civil Code Sections 2956 through 2967, inclusive, developers and purchasers must make certain written disclosures regarding financing terms and related information. The Developer 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 provides that if the borrower (trustor) defaults in repaying the loan, the lender may declare the unpaid balance of the loan immediately due and payable.

Due-on-Sale Clause: If the loan instrument for financing your purchase of a unit in the Modo Project includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell such unit. 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 unit 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 unit is higher than the interest rate of your promissory note by which you are financing the purchase of the unit.

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 such 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 unit, or pay off the balloon payment, you may lose your unit.

Prepayment Penalty: This means that if you wish to pay off your loan in whole or in part before it is due, you must, in addition, pay a certain percentage to the lender as a penalty.

Late Charge: This means that if you fail to make your installment payment on or before the due date or within a specified number of days after the due date, you, in addition, must pay a penalty.

Adjustable Rate Loan: The loan instrument for financing your purchase may allow for 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 OF THE PROVISIONS CONTAINED IN THE LOAN DOCUMENTS.

PURCHASE MONEY HANDLING

The Developer must impound all funds received from you in an escrow depository until legal title is delivered to you. Refer to Business and Professions Code Sections [11013, 11013.1, and 11013.2(a)].

Provided you are not in default of any of your obligations under the Purchase Agreement, if the escrow has not closed on your unit within one (1) year of the date of your escrow opening, you may request the return of your purchase money deposit.

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

THE DEVELOPER DOES NOT HAVE A FINANCIAL INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF UNITS WITHIN THE MODO PROJECT.

SOILS AND GEOLOGIC CONDITIONS

Soils and geologic information for Novel Park is available at the City of Irvine, One Civic Center Plaza, Irvine, California 92623-9575.

Filled Ground. Some lots contain filled ground.

Expansive Soils. Portions of Novel Park are located within a mapped area with moderate soil expansivity potential. Expansive soils are characterized by their ability to undergo significant volume change (shrink or swell) due to variations in moisture content. Change in moisture content can result from rainfall, landscape irrigation, utility leakage, groundwater, drought, or other factors that may cause unacceptable heave of structures, concrete slabs supported on grade, or pavements

supported over these structures. It is important that you maintain appropriate water drainage and do not allow water to accumulate near foundations, slabs or retaining walls. Further, all future improvements, even including small or minor improvements such as walkways, patios, walls, and planters, must be designed with good water drainage. You must consult a qualified expert before constructing any improvements on the property. Control of irrigation water is an essential part of maintenance.

CALIFORNIA IS SUBJECT TO GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION, OR SUBSIDENCE. THE UNIFORM BUILDING CODE, APPENDIX CHAPTER 33, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM SUCH GEOLOGIC HAZARDS. THE MODO 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 DEVELOPER, THE DEVELOPER'S ENGINEER, THE ENGINEERING GEOLOGIST AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH APPENDIX CHAPTER 33 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THE MODO PROJECT.

UTILITIES AND OTHER SERVICES

Water and Sewage Disposal: The Irvine Ranch Water District will supply both water and sewer service to each unit in the Modo Project.

Gas: Gas service to each unit in the Modo Project is provided by the Southern California Gas Company.

Electricity: Electric service to each unit in the Modo Project is provided by Southern California Edison.

Telephone: Telephone service to each unit in the in the Modo Project is provided by AT&T.

Fire: The Orange County Fire Authority Station #20, located at 7050 Corsair, between Great Park Boulevard and Marine Way, and Station #27, located at 12400 Portola Springs Road, between Portola Parkway and Modjeska, serve the residents within the Master Community. Residents of the Master Community in the vicinity of the fire stations will hear noise from sirens of trucks and emergency vehicles responding to emergencies from these facilities. For further information, the Orange County Fire Authority may be contacted at (714) 573-6000.

Streets and Roads: The private roadways within the Modo Project will be maintained by the Neighborhood Association. The costs of repair and maintenance of these private roadways are

included in the Neighborhood Budget and are a part of your Neighborhood Association Regular Assessment.

Schools: The Modo Project is located within the Irvine Unified School District (the "**School District**"). The School District advises that the probable schools of attendance for students living within the Modo Project are as follows:

Level	School	Location
K-8	Beacon Park School	200 Cultivate Irvine, CA 92618 (949) 936-8400
9-12	Portola High School	1001 Cadence Irvine, CA 92618 (949) 936-8200

School information is subject to change. You are encouraged to call the School District for the most current information regarding schools of attendance for students residing within the Modo Project.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

Department of Real Estate
Subdivisions South
320 W. 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 159943LA-F00
[FILE NUMBER]

TRACT NO. 17939 "MODO AT NOVEL PARK"
[TRACT NUMBER OR NAME]

PHASE 2 UNITS 13-18 & 45-50
[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:

NOVEMBER 13, 2019
[DATE ISSUED] [DATE AMENDED]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]