

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

In the matter of the application of

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

**FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT**

FILE NO.: 168400LA-F00

ISSUED: FEBRUARY 15, 2022

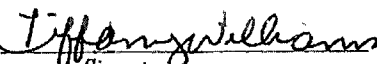
EXPIRES: FEBRUARY 14, 2027

for a Final Subdivision Public Report on

TRACT 19004

PALERMO AT ORCHARD HILLS (PHASE 18)

DEPARTMENT OF REAL ESTATE

by 
Signature

TIFFANY WILLIAMS

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, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information is against public policy.

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

SPECIAL NOTES

THIS FINAL REPORT COVERS ONLY RESIDENTIAL LOTS 4 THROUGH 6, INCLUSIVE, AND MASTER ASSOCIATION PROPERTY LOTS G, H, L, P, T, U AND V, ALL OF TRACT NO. 19004.

ORCHARD HILLS MASTER PLANNED COMMUNITY. ORCHARD HILLS IS A MASTER PLANNED COMMUNITY DEVELOPED BY IRVINE COMMUNITY DEVELOPMENT COMPANY LLC ("**MASTER DEVELOPER**"). ORCHARD HILLS IS A RESIDENTIAL DEVELOPMENT WITHIN THE CITY OF IRVINE LOCATED ON THE NORTH SIDE OF PORTOLA PARKWAY BETWEEN THE SR-261 EASTERN TRANSPORTATION CORRIDOR AND THE FUTURE EXTENSION OF JEFFREY ROAD. THE MASTER DEVELOPER ADVISES THAT IF COMPLETED AS PROPOSED, ORCHARD HILLS WILL BE DEVELOPED IN A SERIES OF PHASES OVER A PERIOD OF SEVERAL YEARS, AND IS PLANNED TO INCLUDE SINGLE FAMILY DETACHED HOMES, ATTACHED AND DETACHED CONDOMINIUMS AND APARTMENTS, A PUBLIC ELEMENTARY SCHOOL, PUBLIC AND PRIVATE NEIGHBORHOOD PARKS, PUBLIC AND PRIVATE STREETS, AND OTHER IMPROVEMENTS. THERE IS NO ASSURANCE THAT ORCHARD HILLS WILL BE DEVELOPED OR COMPLETED AS PROPOSED, AND THE MASTER DEVELOPER RESERVES THE RIGHT TO MODIFY ITS DEVELOPMENT PLAN FOR ORCHARD HILLS, INCLUDING BUT NOT LIMITED TO CHANGING PRODUCT TYPES OR INCREASING OR DECREASING THE NUMBER OF DWELLING UNITS WITHIN THE COMMUNITY, SUBJECT TO APPLICABLE GOVERNMENTAL APPROVALS.

CURRENT PLANS CALL FOR FOUR SEPARATE VILLAGES (EACH, A "**VILLAGE**") TO BE DEVELOPED WITHIN ORCHARD HILLS. THIS PUBLIC REPORT COVERS ONLY PROPERTY LOCATED IN GROVES AT ORCHARD HILLS, WHICH IS HEREINAFTER REFERRED TO AS "**VILLAGE I.**" A SEPARATE HOMEOWNERS ASSOCIATION ("**MASTER ASSOCIATION**") HAS BEEN ESTABLISHED FOR VILLAGE I. THE MASTER ASSOCIATION FOR VILLAGE I IS SEPARATE FROM ANY MASTER HOMEOWNERS' ASSOCIATION CREATED FOR ANY OTHER VILLAGE IN ORCHARD HILLS. THE MASTER ASSOCIATION WILL BE RESPONSIBLE FOR MAINTENANCE OF PRIVATE PARKS, LANDSCAPE PARKWAY AND VARIOUS PRIVATE STREETS AND OTHER AMENITIES ("**MASTER ASSOCIATION PROPERTY**") IN VILLAGE I AS SET FORTH IN THE MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS FOR GROVES AT ORCHARD HILLS (THE "**MASTER DECLARATION**"). THE RESIDENCE YOU ARE CONSIDERING IS LOCATED WITHIN VILLAGE I AND IS SUBJECT TO THE MASTER DECLARATION AND, IF APPLICABLE, THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS IMPOSED BY ANY SUB-ASSOCIATION FOR YOUR NEIGHBORHOOD ("**NEIGHBORHOOD ASSOCIATION**"). YOUR PROPERTY WILL NOT BE AFFECTED BY THE REQUIREMENTS OF ANY MASTER DECLARATION OR OTHER DOCUMENTS APPLICABLE TO PROPERTY LOCATED IN OTHER VILLAGES OF ORCHARD HILLS.

AS AN OWNER OF A RESIDENCE IN VILLAGE I, YOU HAVE THE RIGHT TO USE THOSE PORTIONS OF THE MASTER ASSOCIATION PROPERTY THAT ARE INTENDED FOR THE USE AND ENJOYMENT OF VILLAGE I RESIDENTS IN THE MASTER

DECLARATION. CERTAIN PORTIONS OF THE MASTER ASSOCIATION PROPERTY (FOR EXAMPLE, LANDSCAPED PARKWAYS) ARE NOT INTENDED FOR RECREATIONAL USE. THE MASTER ASSOCIATION ALSO HAS A DESIGN REVIEW COMMITTEE THAT IS RESPONSIBLE FOR REVIEW AND APPROVAL OF LANDSCAPING AND OTHER IMPROVEMENTS PROPOSED BY RESIDENTS OF VILLAGE I WHO LIVE IN NEIGHBORHOODS WHERE THERE IS NO SUB-ASSOCIATION.

PALERMO AT ORCHARD HILLS ("NEIGHBORHOOD") IS BEING DEVELOPED BY TAYLOR MORRISON OF CALIFORNIA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**MERCHANT BUILDER**").

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

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

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

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

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

OVERVIEW OF THE NEIGHBORHOOD

Location:

This Neighborhood is located at Leafy Pass and Furrow within the city limits of Irvine. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Neighborhood:

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

Interests to Be Conveyed:

You will receive fee title to a residential lot together with a membership in Master Association. Members of the Master Association have the right to use the Master Association Property as described in the Master Declaration

About This Phase:

This is the eighteenth phase of Palermo at Orchard Hills, which consists of approximately 2.13 acres divided into 3 residential lots in addition to the Master Association Property which consists of private streets on Lots T, U and V and landscaping on Lots G, H, L and P, all of Tract 19004.

This phase is part of a Neighborhood which, if developed as proposed, will consist of a total of 19 phases containing 98 lots within the overall projected development. This Neighborhood is part of Village I of Orchard Hills, which if developed as proposed, will consist of approximately 98 phases containing approximately 1,492 residential lots and/or condominium units within the overall community. The estimated completion date is August 2023.

There is no assurance that either Village I or the Neighborhood will be completed as proposed.

FUTURE DEVELOPMENT OF VILLAGE I OR THE NEIGHBORHOOD CANNOT BE PREDICTED WITH ACCURACY. THE MERCHANT BUILDER HAS THE RIGHT TO BUILD MORE OR FEWER THAN THE NUMBER OF HOMES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADDING LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS OR CHANGING (PARTIALLY OR IN TOTAL) DESIGNS AND/OR MATERIALS, AT ANY POINT DURING DEVELOPMENT.

DUE TO THE INABILITY TO PREDICT FUTURE MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT VILLAGE I OR THE NEIGHBORHOOD 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 MERCHANT BUILDER AND OTHER FORMS SHOWING "COMPLETE" NEIGHBORHOOD PROJECTIONS DO NOT NECESSARILY COMMIT THE MERCHANT BUILDER TO COMPLETE THE NEIGHBORHOOD OR, IF COMPLETED, TO COMPLETE THE NEIGHBORHOOD AS SHOWN. THE MERCHANT BUILDER MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS WITHIN THE NEIGHBORHOOD TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR BUILDERS.

Sale of All Residences:

The Merchant Builder has indicated that it intends to sell all the units in this Neighborhood; however, any owner, including the Merchant Builder, has a legal right to rent or lease the lots.

Merchant Builder and Purchaser Obligations:

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

NOTE: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE MASTER DECLARATION OF RESTRICTIONS, MASTER ARTICLES OF INCORPORATION AND MASTER BYLAWS, AND A TRUE STATEMENT CONCERNING ANY DELINQUENT MASTER ASSOCIATION ASSESSMENTS, PENALTIES, ATTORNEY'S FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS RECORDED AGAINST THE LOT AS OF THE DATE THE STATEMENT WAS ISSUED.

WARNING: IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 – PLUS ATTORNEY'S FEES AND DAMAGES (CIVIL CODE SECTION 4540).

Completion of Master Association Property within the Neighborhood:

The Merchant Builder estimates all Master Association Property in this phase will be completed by approximately June 2023.

No escrows will close in this phase until completion of all Master Association Property in the phase, or, as an alternative, the Merchant Builder has submitted a bond or other security acceptable to the Department of Real Estate under the provisions of Section 11018.5 of the Business and Professions Code to assure lien free completion of such improvements, amenities and facilities in this phase.

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

MANAGEMENT AND OPERATION

Master Association Obligations and Governing Documents. The Master Association for Village I, of which all owners with residences in Village I will become a member at time of the close of escrow for their residence, governs, manages, maintains, and operates the Master Association in accordance with the Master Declaration, the Articles of Incorporation of the Master Association, (the "**Master Articles**"), and the Bylaws of the Master Association (the "**Master Bylaws**"). Additionally, a Notice of Annexation to the Master Declaration ("**Master Notice of Annexation**") have been or will be recorded for each subsequent Phase of Village I for the purpose of annexing such Phase into the Master Association. A Master Notice of Annexation may include additional restrictions and easements covering the Phase subject to the Master Notice of Annexation. Also, under California law, the board of directors of the Master

Association has the right (subject to compliance with certain procedures) to adopt rules and regulations that generally apply to the management and operation of Village I or the conduct of the business and affairs of the Master Association. Additionally, under the Master Declaration, the Board of Directors may amend (i) the Groves at Orchard Hills Design Guidelines (i.e., the architectural standards, landscape standards, guidelines, procedures and criteria which regulate proposed improvements by an Owner to his residence) which were initially established by the Master Developer, and (ii) the Maintenance Guidelines for Village I (i.e., general guidelines regarding the ordinary and necessary maintenance, repair, replacement and/or restoration of the Master Association Property and Maintenance Areas) which were initially established by the Master Developer.

The Master Declaration, Master Bylaws, Master Articles, Master Notices of Annexation, rules and regulations, Design Guidelines and Maintenance Guidelines for Village I, as such documents may be re-recorded, restated, amended or otherwise modified from time to time, as applicable, are hereinafter referred to as the "**Governing Documents**." You should review each of these documents carefully.

IF YOU WANT TO MAKE IMPROVEMENTS TO YOUR RESIDENCE, THE SUBDIVIDER ADVISES THAT THERE MAY BE A CHARGE ASSOCIATED WITH THE REVIEW OF THE PLANS AND SPECIFICATIONS FOR SUCH IMPROVEMENTS BY THE MASTER ASSOCIATION AND THAT CERTAIN MODIFICATIONS WILL NOT BE ALLOWED. IN ADDITION, THE SUBDIVIDER ADVISES THAT THERE MAY BE A CHARGE TO OBTAIN A COPY OF THE MASTER ASSOCIATION'S DESIGN GUIDELINES FROM THE MANAGEMENT COMPANY.

Class C Membership in the Master Association. As more fully set forth in the Master Declaration, the Class C Member is the Master Developer. The Class C Membership is not part of the voting power of the Master Association, and Master Developer is not entitled to exercise any Class C vote except for the purpose of electing a majority of the members of the Board until the first to occur of the following events:

When seventy five percent (75%) of the estimated total number of Dwellings in the Village I (excluding Apartments) (e.g., currently estimated to be approximately one thousand two hundred fifty-one [1,251] Dwellings x 75% equals nine hundred thirty-nine [939] Dwellings) have been conveyed to owners;

The fifth (5th) anniversary of the first Close of Escrow for the sale of a residence pursuant to the original issuance by the California Department of Real Estate ("**DRE**") of the most recently issued Public Report for a Phase of Village I; or

The twenty-fifth (25th) anniversary of the first Close of Escrow for the sale of a residence pursuant to a Public Report issued by the DRE for the first Phase of Village I.

Existing Association: SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES ARE MAINTAINED BY THE ASSOCIATION THE ASSOCIATION MUST HOLD ELECTIONS OF THE ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS. THE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT

AND A SUMMARY OF THE ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET. SEQ. OF THE CIVIL CODE.

The Declaration: This Neighborhood is subject to the Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Groves at Orchard Hills recorded May 30, 2014 as Instrument No. 2014000210402, and a Notice of Annexation to Groves at Orchard Hills recorded February 2, 2022 as Instrument No. 2022000044132 and Notice of Annexation to Groves at Orchard Groves (Master Association Property) recorded February 2, 2022 as Instrument No. 2022000044133, all in the Office of the Orange County Recorder.

The Neighborhood is also subject to the Declaration Establishing Solar Shading Covenants, Conditions and Restrictions recorded October 20, 2021 as Instrument No. 2021000640839 and a Supplementary Declaration of Solar Shading Restrictions for Phase 18 recorded February 2, 2022 as Instrument No. 2022000044134, which is further described under the section of this Public Report entitled "Solar Restrictions", and a Declaration Establishing Access Easement Rights to be recorded, all in the Office of the Orange County Recorder.

The Neighborhood is also be subject to the Declaration of Fuel Modification Covenants and Restrictions recorded October 20, 2021 as Instrument No. 2021000640838 and a Declaration of Annexation for Phase 18 recorded February 2, 2022 as Instrument No. 2022000044135, both in the Office of the Orange County Recorder.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE DECLARATIONS. THE MERCHANT BUILDER MUST MAKE THEM AVAILABLE TO YOU.

DOCUMENTS TO BE FURNISHED: THE MASTER DEVELOPER STATED IT WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE MASTER ASSOCIATION WITH THE DEPARTMENT OF REAL ESTATE REVIEWED MASTER ASSOCIATION BUDGET. THE MERCHANT BUILDER STATED THAT IT WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED BUDGET.

THE MASTER DEVELOPER AND/OR MERCHANT BUILDER MUST MAINTAIN AND DELIVER TO THE MASTER ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN REAL ESTATE COMMISSIONER'S REGULATION 2792.23 WITHIN THE STATED TIME PERIOD. THESE RECORDS AND MATERIALS DIRECTLY AFFECT THE ABILITY OF THE MASTER ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 4800 OF THE CIVIL CODE).

THE MERCHANT BUILDER SHALL MAKE A COPY OF THE GOVERNING DOCUMENTS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A LOT. A COPY OF EACH MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICABLE BEFORE CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS AND COSTS

OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A LOT (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

MAINTENANCE AND OPERATIONAL EXPENSES

Maintenance and Operational Expenses for the Master Association.

A. **Master Association to Levy Assessments.** The Master Association has the right to levy assessments against you for management, operation and maintenance of the Master 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 the Master Association meetings.

Master Association Budgets. The Master Developer has submitted budgets for the management, maintenance and operation of the Master Association's obligations and for long-term reserves for Village I when Village I is substantially completed (built-out budget) and interim budgets applicable to the phases. The budget for Village I was reviewed by the DRE in October 2021. You should obtain a copy of the budget from the Subdivider.

Range of Assessments: Due to uncertainty in the sequence in which the phases will have escrow closings in Village I, it is difficult to predict at this time the amount of the monthly installment of Regular Assessment which will be assessed against each Lot and/or Condominium. As Village I is developed and additional phases become subject to assessment, the amount of the monthly installment of Regular Assessments in existing phases may increase or decrease depending upon, among other things, the number of Lots and/or Condominiums being annexed in such phase and whether any additional Master Association Property in Village I is also being annexed as part of a phase. Increases and decreases are subject to the limitations in the Master Declaration.

Under the interim budgets on file with the DRE for Village I, the range of monthly installment of Regular Assessments during the development period will be between \$273.15 and \$289.00. Of these amounts, the contributions toward long-term reserves (which are not to be used to pay for current management, maintenance and operating expenses) will be between \$89.38 and \$99.88.

Under the built-out budget for Village I, the monthly installment of Regular Assessments against each Lot and Condominium is currently estimated to be \$289.00, of which the contributions toward long-term reserves (which are not to be used to pay for current management, maintenance and operating expenses) will be \$99.88. Please note that the built-out budget could fall anywhere within the range of assessments.

The built-out budget numbers provided in the preceding paragraph apply only to periods prior to cessation of avocado orchard operations. After cessation of the avocado orchard operations (the "***Post-Orchard Period***"), maintenance of the avocado orchards and fuel modification zones associated with the orchards will be transferred to the Master Association as more specifically described in the "Avocado Orchards" section of this Public Report. During the Post-Orchard Period, monthly installments of Regular Assessments will increase as a result of the transfer of these additional maintenance responsibilities to the Master Association. Under a

separate built-out budget submitted to the DRE by the Master Developer for the Post-Orchard Period (the "**Scenario B Budget**"), the monthly installment of Regular Assessments against each Lot or Condominium is currently estimated to be \$320.00, of which the contribution toward long-term reserves is estimated to be \$98.57. The amounts contained in the Scenario B Budget are current projections only and are likely to increase between the date of this Public Report and the commencement of the Post-Orchard Period.

Prior to the close of escrow for the purchase of your residence, the Subdivider will provide you with a copy of the applicable interim Master Association budget for Village I.

The budgets submitted by the Master Developer are based on information available at the time of their preparation. It is anticipated that the monthly installment of Regular Assessments under the interim budget for a phase should be sufficient for proper management, maintenance and operation of the Master Association through that Phase. Until Final Subdivision Public Reports have been issued for all of Village I, these budgets are subject to review by the DRE every twenty-four (24) months, at which time the proposed amount of the monthly installment of Regular Assessment amounts as well as the proposed built-out assessment amount will be re-evaluated and subject to change.

IF THE BUDGET FURNISHED TO YOU BY THE SUBDIVIDER SHOWS A MONTHLY INSTALLMENT OF REGULAR ASSESSMENT FIGURE WHICH IS DIFFERENT FROM THE RANGE OF ASSESSMENT REFLECTED IN THIS SUBDIVISION PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE PROCEEDING WITH A PURCHASE.

B. **Abatement of Master Association Monthly Assessments:** The Master Declaration provides that the monthly installment of Regular Assessments shall be abated and that the Master Developer, Subdivider and all owners of residences in Village I will be exempt from paying that portion of the Regular Assessment which is directly attributable to any Master Association Property being annexed as part of a Phase, but which is not complete at the time assessments commence for such phase. The amount of the abatement/exemption may be a fixed amount or may vary based upon dates of completion or use. The abatement shall terminate upon the first to occur of the following: (i) recordation of a Notice of Completion on such Master Association Property or (ii) the commencement of use of such Master Association Property. (Regulation 2792.16c).

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT FOR THE MASTER ASSOCIATION IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF THE IMPROVEMENTS AND WITH INCREASES IN THE COST OF LIVING, INCLUDING, BUT NOT LIMITED TO, COSTS ASSOCIATED WITH UTILITIES AND LABOR. YOU SHOULD BE AWARE OF THE POSSIBLE EFFECT THESE INCREASES MAY HAVE ON YOUR ABILITY TO PAY THESE ASSESSMENTS.

C. **Utility Rates:** The utility rates used for the calculations within the above referenced budgets for the Master Association are based on information available at the time of

the budget review dates (as shown above). Increases in assessments may be required as a measure to provide adequate funds to compensate for potential utility rate increases. Purchasers should be aware of the possible effect these increases may have on their assessments.

D. **Assessment Increases/Decreases.** The Master Association may increase or decrease Assessments at any time in accordance with the procedures prescribed in the applicable Master Declaration. In considering the advisability of a decrease (or a small increase) in Assessments, care should be taken to not eliminate amounts attributable to reserves for replacement or major maintenance.

E. **Master Association Financial Information Provided by Subdivider.** In addition to other documentation provided to each prospective purchaser, pursuant to Business and Professions Code Section 11018.6, a copy of the current financial information and related statements for the Master Association to the extent available, which includes an Assessment and Reserve Funding Disclosure Summary required by Civil Code Section 5300(b) and (e) and prepared in accordance with Civil Code Section 5565, as well as a statement concerning any delinquent assessments and related charges as provided by the Governing Documents, must be made available for examination by you before the execution of an offer to purchase a residence. A copy of this financial information must also be given to you as soon as practicable before close of escrow.

THE MASTER DEVELOPER AND/OR THE SUBDIVIDER MUST IMMEDIATELY NOTIFY DRE IN WRITING IF DELINQUENT ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT MASTER ASSOCIATION BUDGET (REGULATION 2800K).

If the delinquency and funding disclosure provided to you indicates that delinquencies in the payment of monthly installment of Regular Assessments by owners within Village I result in the receipt of the Master Association of income which is more than 10% less than the scheduled income from such monthly installments of Regular Assessments, you should contact the California Department of Real Estate before proceeding with your purchase.

F. **MASTER ASSOCIATION ABILITY TO PERFORM.** THE ABILITY OF THE MASTER ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES IS AFFECTED IF THE MONTHLY INSTALLMENTS OF REGULAR ASSESSMENTS LEVIED BY THE MASTER ASSOCIATION PROVE INSUFFICIENT TO PROPERLY MAINTAIN, OPERATE, REPAIR OR REPLACE THE MASTER ASSOCIATION PROPERTY, AND/OR IF THERE IS A SIGNIFICANT AMOUNT OF DELINQUENCIES IN THE PAYMENT OF SUCH ASSESSMENTS. THE RESULT MAY BE THAT THE MASTER ASSOCIATION MAY NEED TO INCREASE THE MONTHLY INSTALLMENT OF REGULAR ASSESSMENTS OR LEVY ONE OR MORE SPECIAL ASSESSMENTS AGAINST ALL RESIDENCES IN VILLAGE I IN ACCORDANCE WITH THE GOVERNING DOCUMENTS IN ORDER TO PROVIDE SUFFICIENT FUNDING OR, AS AN ALTERNATIVE, THE MASTER ASSOCIATION MAY DECIDE TO DEFER MAINTENANCE OR REDUCE MASTER ASSOCIATION SERVICES. SHOULD THIS OCCUR, IT MAY AFFECT YOUR DESIRE TO PURCHASE OR ABILITY TO OBTAIN FINANCING FOR THE PURCHASE OF YOUR RESIDENCE.

YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION FOR THE MASTER ASSOCIATION AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE MASTER ASSOCIATION. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THESE FINANCIAL DOCUMENTS, YOU MAY WISH TO CONSULT WITH YOUR OWN PROFESSIONAL ADVISORS.

G. **Commencement and Collection of Assessments:** Monthly installments of Regular Assessments for the Master Association will commence on all residences in this Phase of the project on the first day of the month following the conveyance of the first residence in this Phase. The Subdivider must pay assessments to the Master Association for all unsold residences which are owned by the Subdivider or Master Developer in a phase of Village I for which Assessments have commenced. (Regulations 2792.9 and 2792.16).

H. **Failure to Pay:** The remedies available to the Master Association against owners who are delinquent in the payment of assessments are set forth in the Master Declaration. These remedies are available against the Subdivider as well as against other owners.

I. **Subdivider Assessment Security:** The Subdivider has posted a bond as partial security for its obligation to pay assessments to the Master Association. The governing body of the Master Association should assure itself that the Subdivider has satisfied this obligation to the

Master Association with respect to the payment of assessments before agreeing to a release or exoneration of the security.

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT FOR THE MASTER ASSOCIATION IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATION ARE DIFFICULT TO PREDICT AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF THE IMPROVEMENTS AND WITH INCREASES IN THE COST OF LIVING, INCLUDING, BUT NOT LIMITED TO, COSTS ASSOCIATED WITH UTILITIES AND LABOR. YOU SHOULD BE AWARE OF THE POSSIBLE EFFECT THESE INCREASES MAY HAVE ON YOUR ABILITY TO PAY THESE ASSESSMENTS.

BUDGET INFORMATION PROVIDED BY MERCHANT BUILDER. DELINQUENCIES IN THE PAYMENT OF THE MASTER ASSOCIATIONS' ASSESSMENTS AFFECT THE ABILITY OF THE MASTER ASSOCIATIONS TO PERFORM ANY OR ALL OF THEIR RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED MASTER ASSOCIATION SERVICES. THE MERCHANT BUILDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT MASTER ASSOCIATION BUDGET (REGULATION 2800K).

THE MERCHANT BUILDER MUST MAKE AVAILABLE TO YOU A STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS AND RELATED CHARGES AS PROVIDED BY THE GOVERNING DOCUMENTS AND, IF AVAILABLE, CURRENT

FINANCIAL INFORMATION AND RELATED STATEMENTS (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (a) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase a lot. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE MASTER 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 prove insufficient to properly maintain, operate, repair or replace the common facilities, the Master Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Master Associations may decide to defer maintenance or eliminate services.

Utility Rates: The utility rates used for the calculations within the above referenced budgets for the Master Association are based on information available at the time of the budget review dates (as shown above). Increases in assessments may be required as a measure to provide adequate funds to compensate for potential utility rate increases. Purchasers should be aware of the possible effect these increases may have on their assessments.

Assessment Increases/Decreases: The Master Association may increase or decrease Assessments at any time in accordance with the procedures prescribed in the applicable Master Declaration. In considering the advisability of a decrease (or a small increase) in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

Master Association Financial Information Provided by Merchant Builder: In addition to other documentation provided to each prospective purchaser, pursuant to Business and Professions Code Section 11018.6, a copy of the current financial information and related statements for the Master Association to the extent available, which includes an Assessment and Reserve Funding Disclosure Summary Pursuant to Civil Code Section 5570, as well as a statement concerning any delinquent assessments and related charges as provided by the Governing Documents, must be made available for examination by you before the execution of an offer to purchase a residence. A copy of this financial information must also be given to you as soon as practicable before close of escrow.

If the delinquency and funding disclosure provided to you indicates that delinquencies in the payment of monthly installments of Regular Assessments by owners within Village I result in the receipt of the Master Association of income which is more than 10% less than the scheduled income from such monthly installments of Regular Assessments, you should contact the CalBRE before proceeding with your purchase.

USES / ZONING / HAZARD DISCLOSURES

The Merchant Builder has set forth below references to various uses, zoning, hazards and other matters based on information from a variety of sources. You should independently verify the

information regarding these matters, as well as all other matters that may be of concern to you regarding Orchard Hills and all existing, proposed or possible future uses adjacent to or in the vicinity of the Orchard Hills. At the time this public report was issued, some of the land uses that surround the Orchard Hills include, but are not limited to the following:

Zoning:

North:	Orchards/Residential
South:	Residential
East:	Vacant/Residential
West:	Residential

Land Uses:

Electric Power Lines, Wireless Communications Facilities, and Human Health. Underground and overhead electric transmission and distribution lines are located within or in the vicinity of all residential communities, including Village I. A Southern California Edison Company ("**Edison**") substation is also located next to proposed Village IV by the intersection of Portola Parkway and the possible future extension of Jeffrey Road. The power lines within and in the vicinity of Orchard Hills are also owned by Edison. The power lines and substation produce electric and magnetic fields ("**EMF**"). Antennas and other equipment for wireless telecommunications (e.g., cellular phones) are also located in and in the vicinity of Orchard Hills. Like all wireless communications facilities, these facilities produce radio-frequency fields ("**RF**"). Numerous studies of human health and EMF or RF have been undertaken over many years, and some are ongoing. Some of these studies have reported a possible relationship between EMF or RF exposure and certain adverse health conditions, while other studies found no such relationships. Buyers are encouraged to review information available on these studies and consider such information in making their decision to purchase a residence in Village I. Additional information about power line EMF is available on Edison's website at <http://www.sce.com/wps/portal/home/safety/environmental-health>. Other information about EMF or RF research can be found at (1) the U.S. National Institute of Environmental Health Sciences website at <http://www.niehs.nih.gov/health/topics/agents/emf/>, and (2) the U.S. Food and Drug Administration website at <http://www.fda.gov/cdrh/wireless/html/>.

Agricultural Operations. Commercial nursery and agricultural operations are or have been ongoing within and in the vicinity of Orchard Hills (for example, across the Haul Road on the east side of Orchard Hills) for a number of years. As a result of these operations, the following disclosure is provided in accordance with State law regarding Orchard Hills:

NOTICE OF RIGHT TO FARM

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

of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to these practices can vary from person to person. You may wish to consider the impacts of such agricultural practices before you complete your purchase. Please be advised that you may be barred from obtaining legal remedies against agricultural practices conducted in a manner consistent with proper and accepted customs and standards pursuant to Section 3482.5 of the California Civil Code or any pertinent local ordinance.

Prior Agricultural Uses; Dump Site. Prior to development with residential housing, portions of Orchard Hills were used for cultivation of orchards and other crops. In connection with such operations, fertilizers, pesticides, herbicides and other agricultural chemicals may have been used on the property. Any such pesticides, chemicals and other substances that required remediation or removal under applicable regulatory laws and regulations have been removed or remediated in accordance with such laws and regulations prior to sale of residences in any affected area of Village I.

Further, during rough grading of Village I, a topographically low area was discovered to have been used for disposal of green waste and other materials and debris. This area was investigated and cleaned up under the oversight of the Orange County Health Care Agency ("**OCHCA**"). Sampling, excavation and removal was performed with OCHCA's direction, review and approval following the guidelines outlined in the clean closure provision of California Code of Regulations Title 27, Chapter 4, Section 21810. Following completion of this work, the OCHCA recommended no further action and case closure. The California Regional Water Quality Control Board was consulted by the OCHCA and concurred with the OCHCA's action. A case closure letter was issued by OCHCA on March 27, 2007 under OCHCA Case No. 061C022.

Former Military Ordnance Site. Portions of Village I of Orchard Hills are located within one mile of a former U.S. Army training facility on the other side of the SR-261 corridor in Tustin, California. The location map provided with the Property Disclosure Report prepared by First American indicates that this training facility was used to train infantry troops in field exercises during the 1940's. As a result of these training exercises, potentially explosive munitions may still remain on the former training site.

Flood Hazard Area. The Federal Emergency Management Agency flood insurance rate map for this area of Orange County indicates that portions of Village I of Orchard Hills are located within special flood hazard Zone X. The flood map indicates that Zone X areas are subject to inundation in the event of a 500-Year flood. According to federal regulations relating to the National Flood Insurance Program, flood events of such magnitude can occur more frequently than once every 500 years. For further information, buyers are encouraged to review the FEMA maps on file at the City of Irvine Community Development Department, telephone (949) 724-6470.

Reservoirs and Water Transmission Pipelines. One uncovered water storage reservoir and five covered reservoirs owned and operated by the Irvine Ranch Water District ("**IRWD**") are located within and near Orchard Hills. Rattlesnake Reservoir and Dam is an uncovered reservoir located between Village III and proposed Village IV of Orchard Hills. The facility contains reclaimed water. A dam inundation study prepared for this reservoir indicates that in the event of a dam failure, the neighborhood park site beneath the face of the dam would be subject to flooding. The

five covered reservoirs have been built as cylindrically formed pre-stressed concrete tanks. In addition, three large water transmission pipelines, known as the Allen McColloch Pipeline, the Baker Pipeline and the Irvine Lake Pipeline, cross through Village I and other areas within Orchard Hills. The Allen McColloch Pipeline is a 66-inch diameter pipeline that is the main domestic water supply line serving southern Orange County. It is owned and operated by Metropolitan Water District of Southern California ("**MWD**"). The second transmission pipeline, the Baker Pipeline, is a 39-inch diameter pipeline that provides untreated water to portions of Orange County. It is owned and operated by the Santiago Aqueduct Commission, with staff support from IRWD for operation and maintenance. The Irvine Lake Pipeline is a 54-inch diameter pipeline that provides irrigation water for parks, landscaping and agricultural operations in Irvine and Tustin. In the event a severe earthquake or other event causes any one or more of the reservoirs or water transmission pipelines to rupture, local flooding would occur and could cause property damage, death or injury to persons or property in the vicinity of damaged facility, as well as road closures and other inconveniences. For further information regarding the reservoirs or IRWD's operations, please contact IRWD at (949) 453-5300. For further information regarding the water transmission pipelines, please contact the MWD at (213) 217-6500 or IRWD at (949) 453-5300.

Retarding Basins. The following information is provided regarding retarding basins in Orchard Hills:

1. Two Basins. Orchard Hills is served by two retarding basins that are designed to reduce peak storm flows to drainage systems below the basins. The Eastfoot Basin, which is owned and maintained by the City of Irvine, is located in Village I. The Orchard Estates Retarding Basin, which is owned and maintained by the Orange County Flood Control District ("**OCFCD**"), is located above Village II. These basins are designed to reduce peak storm flows to drainage systems below the basins. These basins may fill with water during storm events and may contain water at all times.
2. Eastfoot Retarding Basin. In connection with the development of Village I, the California Office of Emergency Services ("**Cal OES**") required the master developer to prepare a dam inundation study to identify the potential area impacted by flooding if there is an unanticipated, catastrophic failure of the basin. The purpose of a dam inundation study is to provide state and local authorities with information useful for the preparation of emergency evacuation plans and procedures for affected areas. Dam inundation studies are theoretical analyses of the potential consequences of a dam failure. Preparation of a dam inundation study is required by law and does not imply that there is any known threat of an actual dam failure. Cal OES has completed its review of the dam inundation study and the study has been revised and re-submitted to Cal OES for preparation of the final dam inundation map for this area. The study indicates that large portions of Village I, as well as roads within Village I and near the overall Orchard Hills community, would be subject to flooding in the event of a sudden and unexpected failure of the dam embankment. For further information on the Basin or the dam inundation study, please contact the City Engineer's Office at the City of Irvine, telephone (949) 724-6000.
3. Orchard Estates Retarding Basin. At the time that Orchard Estates Retarding Basin was transferred to OCFCD in 2003, Cal OES did not require dam inundation studies for retarding basin facilities. Therefore, no inundation map for land in Orchard Hills near this basin is available. As with homes in Village 1 in the vicinity of the Eastfoot Retarding Basin, portions of

Village II beneath the Orchard Estates Retarding Basin and some roadways and slopes in Village III adjacent to the retarding basin could be subject to impacts from flooding in the event of a sudden and unexpected failure of this retarding basin.

4. Natural Treatment System Facilities in Basins. Both the Orchard Estates and Eastfoot Retarding Basins contain, or are planned to contain, “natural treatment system” facilities to be maintained by IRWD. The natural treatment systems are designed to filter out pollutants from urban runoff that is detained in the basins. Mosquitoes and other insects may breed in these basins.

5. Basin Spillways. Each of the basins has a spillway in the event that water flows into the basin during storm events exceed the capacity of the basin. The spillway outlet structures are located below each basin and are designed to disperse such overflows. The spillway outlet structures are large, concrete structures and are not fenced, and residents are advised to stay away from these facilities, particularly during and after storm events.

Water Quality Detention Basins. Orchard Hills is served by numerous water quality detention basins. These basins are designed to provide sediment control and assist in improving the quality of surface water runoff from Orchard Hills. These basins may fill with water during storm events and may contain water at all times. Mosquitoes and other insects may breed in the basins. The City of Irvine and the Regional Water Quality Control Board have the right to monitor operation and maintenance of these detention basins. IRWD, which operates natural treatment system facilities in these basins, is responsible for maintenance of the water quality detention basins.

Debris Basins. A number of debris basins are located next to and above the northeasterly portion of Village I. These naturally landscaped basins are designed to catch rocks, sediment and debris generated by landslides and runoff in adjacent open space areas. These basins may also fill with water during storm events.

Drainage Runoff and Water Quality Management Plans. A Water Quality Management Plan (“*Management Plan*”) has been developed for Orchard Hills to address surface water runoff from residential areas and other improvements within the area where these communities are located. Additional Management Plans may be developed by merchant builders for neighborhoods they develop within Orchard Hills. The Management Plans will be monitored by the Regional Water Quality Control Board and the City of Irvine. The Management Plans contain certain water quality management practices, known as Best Management Practices (“*BMP’s*”), that must be followed by all residents of Orchard Hills as well as by the applicable Master Association and any sub-associations within each neighborhood.

The Management Plans and BMP’s generally require residents to be mindful of the impacts of drainage runoff on the environment. The BMP’s identify measures and practices for controlling runoff from the community into adjacent areas and storm drains that ultimately drain into the Newport Bay and the Pacific Ocean. The BMP’s for residential areas of Orchard Hills require, for example, (i) that landscape irrigation systems apply the proper volume of water to landscaping to avoid excess runoff, (ii) that public and private streets and parking areas be swept on a regular basis throughout the year, and (iii) that the Master Association of each Village in Orchard Hills provide residents with informational material addressing good housekeeping

practices, such as not disposing motor oil, paint products or detergents into storm drains. The BMP's also require implementation of certain maintenance practices by the Master Association for the applicable Village, such as inspection and cleaning of catch basins in streets and common areas.

Compliance by residents with the Management Plans and BMP's is important for two reasons. First, violation of these plans or practices may subject residents to penalties not only from their respective Master Association, but also from any Public Agency that has the right to monitor and enforce compliance with such plans and practices and other applicable laws. Second, violation of these plans and BMP's may result in the imposition of more stringent maintenance requirements on the applicable Master Association, which would likely cause increases in monthly homeowner assessments.

The Management Plan and associated BMP's may be changed at any time by the Master Developer, individual merchant builders or the Public Agencies with jurisdiction over such matters, depending on the success of the program in managing runoff from the community. Changes in such practices and standards could, in turn, cause increases in monthly homeowner assessments beyond what was contemplated in the original budget prepared for each Master Association.

Fire Hazards. Although no residential lots or condominiums in Village I are located within an area designated as a "very high fire hazard severity zone" by the California Department of Forestry and Fire Protection or the Orange County Fire Authority ("**OCFA**"), the lots and condominiums are considered to be in a Wildland Urban Interface area due to their proximity to large open space areas. The significance of being within a Wildland Urban Interface area means that merchant builders and applicable homeowner associations within the community must comply with certain construction and fuel modification requirements. For further information, please contact the OCFA at telephone (714) 573-6100.

Fuel Modification Zones. Certain portions of Village I have been established as "fuel modification zones." The purpose of these zones is to provide an acceptable level of risk from wildland fire and retard the spread of fires into adjacent residential areas. Some residential lots in Village I are adjacent to fuel modification zones and may be subject to fuel modification access easements for fire responders. The Master Association for Village I is responsible to maintain any fuel modification zones within Village I, with the exception of (a) non-combustible structure setback zones and/or Private Homeowner Setback Areas within certain residential lots and condominiums, which are the responsibility of the owner of each affected lot or condominium, and (b) certain fuel modification zones within the avocado orchards that are maintained by the orchard operator for so long as the orchards are operated. (After orchard operations are discontinued, the cost to maintain any fuel modification zones in former orchard areas within property owned by the Master Association will be paid by the Master Association, thereby causing increases in assessments payable by residents of Village I.) So long as the Master Association maintains the fuel modification zones in accordance with the Fuel Modification Plan on file with the OCFA (as amended from time to time), the Master Declaration provides that each association member releases the Master Association from any and all claims for personal injury, death and property damage arising from or relating to a fire. Compliance with the OCFA guidelines is not a guarantee against damage or destruction caused by fires. You

may wish to confirm the location of the fuel modification zones and access easements and impacts to your property due to the presence of such zones or access easements by either (a) reviewing the tract map for your property and the "Fuel Modification Plans" on file with the property manager for the Master Association, or (b) checking with the OCFA at telephone (714) 573-6100.

Bowerman Landfill. Orchard Hills is located near the Bowerman Landfill, which is located north of Portola Parkway to the east of the community. The Bowerman Landfill is owned and operated by the County of Orange and covers over 700 acres of land. The County has indicated that it plans to operate this landfill until 2053. The County operates a landfill gas extraction and renewable energy plant at the landfill. This plant converts landfill gas into electrical energy for use by residents and businesses in Orange County. In addition, the County has proposed to construct and operate a greenwaste facility at the landfill. If built, this facility will convert greenwaste brought to the landfill into compost for distribution and reuse at off-site locations as a soil amendment and for erosion control. The ultimate elevation of the landfill will be approximately 1,350 feet above sea level, which is considerably higher than existing views of the landfill site. The landfill accepts solid waste from commercial users only and is not open to the general public. Jeffrey Road and Portola Parkway are some of the major access routes for trucks traveling to and from the landfill and other commercial operations north of Portola Parkway, and noise from such traffic will be heard within Orchard Hills, both day and night. Landfill operating hours are Monday through Saturday from 7:00 a.m. to 5:00 p.m.

Commercial Retail Center; Other Commercial Uses. Orchard Hills Shopping Center is a retail shopping center located at the corner of Culver Drive and Portola Parkway below Village I of Orchard Hills. Orchard Hills residents will experience glare from lighting, as well as noise and increased traffic, from the presence of this retail center. In addition to the Orchard Hills Shopping Center, Orchard Hills is located within one mile of other land zoned for commercial and/or industrial uses, some of which is used for commercial nursery and farming operations.

Private High School and Athletic Fields. Crean Lutheran High School, a private school, is located near the intersection of Portola Parkway and Sand Canyon Avenue to the east of Orchard Hills. In addition to the site along Sand Canyon Avenue, the high school has athletic fields below the Syphon Canyon Reservoir on the northern side of Portola Parkway. The athletic fields are lighted for night usage, and the presence of these facilities will cause increased traffic on Portola Parkway.

Apartments. There is one apartment community located in the southerly portion of Orchard Hills next to the Orchard Hills Shopping Center. The apartment community is not included in the Master Association for Village I.

Cellular Telephone Sites. Cellular telephone antennae and transmission facilities are located in Village I and in the open space above Village I and Village II, as well as in the Orchard Hills Shopping Center. Additional cell sites may be added in the future. Equipment at these sites is owned by more than one cellular operator, and additional equipment may be placed on the cell towers in the future. As noted earlier in this Public Report, the cellular and wireless transmission facilities produce radio frequency (RF) fields.

Fire Station. A fire station operated by the Orange County Fire Authority is located on Portola Parkway east of Orchard Hills Drive above Portola Parkway. Residents of Orchard Hills may hear noise from sirens of fire trucks and emergency vehicles that respond to emergencies from this facility.

Elementary School. An elementary school for grades K-8 is located within Village I. This school is operated by the Tustin Unified School District ("**TUSD**"). Residents living in the vicinity of the school may experience noise, increased traffic at the beginning and end of each school day, and other inconveniences from school activities.

Northwood High School. Northwood High School, a public high school for grades 9-12, is located on Portola parkway in the center of Village II. This school is operated by the Irvine Unified School District. Existing or future facilities on the school campus are or may be illuminated, and residents of Orchard Hills may experience glare from lighting of parking areas, athletic fields and other school facilities, as well as noise and other inconveniences from school activities. School traffic on Orchard Hills Drive and Wolf Trail is heavy at the beginning and end of each school day, as well as during school activities and special events.

Aircraft Overflights. Aircraft overflights from aircraft using John Wayne airport may occur. Residents of Village I may experience airplane noise from any such overflights.

Avocado Orchards. Avocado orchards are located within and adjacent to Village I. These orchards have been commercially farmed for many years by a private operator. The orchards are not open to residents of Village I or to the general public. The owner or operator of the orchards may seek prosecution of any resident or person who violates any law pertaining to the orchards (including, but not limited to, trespass, theft of fruit or other goods, and vandalism). No homeowner or resident of Village I or any other village in Orchard Hills has any right or interest in, or control over, the farming operations or the existing or future use or disposition of the orchards, or any right to share in any revenues generated by the orchard operations. Prospective buyers of residences in Village I are further advised as follows:

1. Farming Operations. Residents of Village I will be affected by the ongoing maintenance and cultivation of the orchards. Maintenance crews will gain access to the orchards through community streets. Residents will be affected by noise from work crews, irrigation pumps, wind machines and other equipment, as well as dust from harvesting, pruning or maintenance activities, and irrigation runoff. Chemicals will be used in the cultivation and maintenance of the orchards. The chemicals may be applied by spraying the trees or weeds from the ground or by injection into the irrigation system. Aerial spraying of trees may also occur from time to time. Activities involving the use of chemicals are subject to the requirements of the California Department of Pesticide Regulation and the Orange County Agricultural Commissioner.
2. Wildlife. The orchards attract animals and insects. Animals (such as coyotes, mountain lions, bobcats, deer, raccoons, rodents and crows) and insects (such as bees) may roam from the orchards into adjacent residential areas, including your yard. Because coyotes and other wildlife are known to prey on household pets, residents in Village I are advised to keep domestic pets within their dwellings and to monitor their pets when left outdoors. This will also assist in preventing domestic pets from preying on endangered species in the orchards and open space

areas.

3. Orchard Declaration; Association Rights. In connection with the development of Village I, the master developer recorded a declaration entitled "Orchard Declaration of Covenants and Restrictions" (the "**Orchard Declaration**") that affects all property within Village I. The Orchard Declaration governs the rights and obligations of the Declarant and the Master Association regarding access to the orchards, operation and maintenance of the orchards and fuel modification zones surrounding the orchards within Village I and adjoining areas proposed for future open space. The Master Association has no rights to (a) control the existing use of the orchards, or (b) share in any revenues generated by the orchard operations.
4. Orchard Areas. Pursuant to the Orchard Declaration, the declarant has reserved the right to operate the orchards for itself and its successors in interest. The underlying fee beneath the orchards within Village I will be conveyed at some point to the Master Association. Notwithstanding the ownership of the land, members of the Master Association and residents of Village I have no right at any time to harvest or pick fruit within the orchard areas.
5. Future Use. Farming of the orchards may be discontinued in the future by the declarant under the Orchard Declaration in its sole discretion. Although it is currently anticipated that commercial farming of the orchards will continue for as long as the orchards are economically viable, there is no assurance as to how long the farming operations will continue. The orchards may be converted to different agricultural crops or open space uses in the future in accordance with the provisions of the Orchard Declaration.
6. Cessation of Orchard Operations. The Orchard Declaration provides that when the declarant under the Orchard Declaration elects to discontinue its orchard operations, it will notify the Master Association of declarant's plan to terminate the Orchard Declaration. Upon termination, the orchard operator will (a) leave in place the avocado trees within the fuel modification zones around the perimeter edges of Village I and around the perimeter of the orchards, (b) remove the interior trees and replace them with native grasses, (c) convert the irrigation system for the revised uses and (d) perform erosion control measures. After completion of the steps described in the preceding sentence, the Master Association will be solely responsible for the cost to maintain the former orchard areas and associated fuel modification zones within Village I. Such maintenance costs will cause increases in assessments payable by residents who are members of the Master Association.
7. Assumption of Risk and Release of Claims. The Master Declaration provides that all members of the Master Association assume all risks relating to the presence of the orchards and release the Master Developer, all merchant builders, the Master Association, all sub-associations, the owner of the orchards, the operator of the orchards and their respective owners, shareholders, members, directors, officers, employees, consultants and agents, from any and all liability for personal injury, death and property damage arising from or relating to the presence of the orchards except to the extent caused by or arising from the negligence or intentional misconduct of the orchard operator or any of its contractors or employees in connection with their performance of the orchard operations and use of streets within Village I.

8. Removal of Trees and Orchard Areas in Future Development. Some or all of the avocado trees in future development areas of Orchard Hills will be removed in the course of development of those areas. There is no guarantee that orchards existing in future development areas of Orchard Hills will remain in place.

Eucalyptus Trees. Large eucalyptus trees are located within and near Orchard Hills. These trees have been preserved in the course of development in accordance with City of Irvine requirements, which are intended to preserve the legacy of Orange County's agricultural era. The eucalyptus trees located along a portion of Portola Parkway will be maintained by the City of Irvine. The eucalyptus trees within each Village located outside of the avocado orchards will be maintained by the Master Association for each Village. Trees within the avocado orchards and other open space areas outside of Orchard Hills will be maintained by a private operator or other entities, except for eucalyptus trees around the Orchard Estates Retarding Basin, which are planned to be maintained by the Master Association for Village III. Homes in Orchard Hills that border the eucalyptus trees are advised that the trees shed on a year-round basis, and that decaying trees, as well as leaves, limbs, seeds and other droppings may fall on to their lots throughout the year, which may result in damage to improvements on affected lots (such as structural damage, staining of patios, concrete, lawn furniture and cars). Trees may also fall during high winds or adverse weather conditions. Neither the Master Developer nor any merchant builder is responsible for any damage caused by falling trees or the presence of such trees, nor for droppings from the trees or maintenance of the eucalyptus trees by the responsible maintenance entity.

Entry Facilities. Access into Village I of Orchard Hills will be controlled by two gated entries – one on Settlers and one on Furrow. The entry gates will be operated and maintained by the Master Association. Each entry has been improved with a gatehouse, electronic entry gate, and related equipment (“*entry facilities*”). The entry facilities are intended to limit vehicular access to residents living within Village I, as well as their guests and invitees, but are not designed to control pedestrian access. Work crews for the avocado orchards in Village I, City emergency and maintenance vehicles, wireless carriers servicing the cellular transmission antenna facilities in or above Village I, and inspection and maintenance crews of other public agencies, water districts and utility companies, will also have access through the entry facilities. Pedestrian access is unrestricted at each entry. Each entry facility into Village I is staffed with gate attendants, the cost of which is paid for by the Master Association. Staffing hours are subject to change from time to time in the discretion of the Master Association. In addition to staffing costs, the Master Association also pays for costs of utilities and cleaning of the entry facilities.

The entry facilities for Village I are located on lots that have been or will be conveyed to the Master Association for Village I. The Master Association will be responsible for maintenance of the entry facilities. As more fully set forth in the Master Declaration for Village I, the Master Developer has reserved the exclusive right to control all aspects of the operation of the entry facilities until development of Village I has been completed and the Master Developer and all Merchant Builders have completed their respective sales and marketing programs.

Prior to the conveyance of maintenance responsibility for the entry facilities to the Master Association, the costs of operating and maintaining such entries (excluding the costs of staffing, utilities and cleaning) will be paid by the Master Developer and/or the Merchant Builders. After

the transfer of maintenance responsibility to the Master Association, all costs of operating and maintaining the entry facilities will be paid by the Master Association. The conveyance of maintenance responsibility shall not, however, interfere with the Master Developer's continuing right to control the operation of the entry facilities. However, if the Master Association incurs any additional costs because of Master Developer's control of the entry facilities, such additional costs will be paid by the Master Developer and/or the Merchant Builders.

After the Master Developer relinquishes its right to control the operation of the entry facilities upon conclusion of the sales and marketing program in Village I, the Master Association will have sole control of the operation of the entry facilities. Operational and all other matters relating to the entry facilities will then be determined by the Master Association's Board of Directors in its reasonable discretion consistent with the Master Declaration and the budget in effect at the time of the Board's decision.

Residents living in the vicinity of the entry facilities will experience noise and other inconveniences from the operation of the gates and from traffic entering and leaving Village I. Noise and traffic congestion should be anticipated from use of the entrances by construction traffic. Construction vehicles may line up outside the entry gates at the start of each workday if the gates are not open.

The entry facilities are not intended to provide, and should not be construed as providing, guard or security services to any person or property within Village I. As noted above, pedestrian access through the entry facilities is unrestricted, and residents of other Villages in Orchard Hills and the general public will have access into Village I. In addition, access through the entry gates will be unrestricted for the orchard maintenance crews, wireless carriers servicing the cellular transmission antenna facilities in or above Village I, City emergency and maintenance vehicles, and inspection and maintenance crews of other public agencies, water districts and utility companies. Neither the Master Developer nor any Merchant Builder provides or attempts to provide security within Orchard Hills, nor do they make any representations or warranties whatsoever as to the adequacy of the entry facilities in providing security or in limiting access into the community.

Construction Inconveniences. It will be a number of years before all improvements within Orchard Hills are completed. There will be substantial construction noise, dust, traffic interruptions and other inconveniences associated with completion of homes, streets, neighborhood parks, and other facilities within Orchard Hills. The City of Irvine Noise Ordinance currently permits construction between 7:00 a.m. and 7:00 p.m. Monday through Friday, and from 9:00 a.m. to 6:00 p.m. on Saturdays. No construction is permitted on Sundays and federal holidays.

Solar Energy Systems and Restrictions on Landscaping & Structural Improvements.

- a. California Solar Shade Act. In view of the State of California's policy to promote energy conservation and the use of alternative energy sources, the legislature enacted the Solar Shade Control Act, which is contained in Public Resources Code Section 25980 *et seq.* (the "**Solar Act**"). The Solar Act restricts planting of trees and shrubs on a property if the neighboring property owner has previously installed a solar energy system. The law prohibits the landscaping

property owner from planting trees or shrubs (or allowing them 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 at any one time between the hours of 10 a.m. and 2 p.m. The Solar Act does not apply to any tree or shrub planted PRIOR TO installation of the neighboring owner's solar energy system, nor does it apply to the replacement of any such previously planted tree or shrub.

b. Solar Restrictions. Neighborhoods in Village I containing single family detached homes and detached condominiums may be subject to restrictions on installation of landscaping and other home improvements contained in either the Master Declaration for Village I or in a Supplemental Declaration Establishing Solar Shading Covenants, Conditions and Restrictions recorded by their merchant builder and/or the Master Developer (collectively, the "**Solar Restrictions**"). Any such Solar Restrictions may affect both property owned by homeowners and property owned by the Master Association. The Solar Restrictions limit (a) planting of landscaping that may adversely affect an existing solar energy system on a neighboring lot or unit, and (b) construction of room additions or any structural improvements (other than the original construction of a home or other improvement by a merchant builder or the Master Developer as described below) that cast a shadow on the neighboring owner's solar energy system. This means that the Solar Restrictions may limit or prevent you from planting trees on your property as well as from installing any upper floor additions or rooftop structures on your property. Since the Solar Restrictions cover improvements beyond trees and shrubs that may affect a neighboring solar energy system, the Solar Restrictions are broader than the Solar Act. In addition, while the Solar Act does not restrict the planting of trees and shrubs PRIOR TO installation of the neighboring owner's solar energy system, nor to the replacement of any previously planted trees or shrubs, the Solar Restrictions may restrict the planting of trees and shrubs (and replacement thereof) as well as the construction and installation of other improvements regardless of whether or not a neighboring owner's solar energy system has already been installed.

c. Merchant Builder/Master Developer Exemption from Solar Restrictions. The Solar Restrictions do not apply to the original construction of dwellings and other improvements by the Merchant Builders or the Master Developer, so a Buyer of a residence adjacent to undeveloped land should be aware that an adjacent structure built on such land could affect the solar energy system on Buyer's property even if the adjacent structure was constructed after installation of the solar energy system on Buyer's residence. The Merchant Builders and the Master Developer are, however, not exempt from the limitations of the Solar Act on planting of trees or shrubs that would adversely affect an existing solar energy system.

d. Design Guidelines. The Master Association for Village I has adopted Design Guidelines regarding the installation of improvements (such as room additions, patios and landscaping) that apply to all properties within Village I. The Design Guidelines allow the Design Review Committee to require any owner to remove, trim or prune any tree, shrub or plant which, in the Committee's reasonable opinion, unreasonably impedes the passage of light onto a neighboring lot or unit. The Design Guidelines may also contain requirements consistent with those contained in the Solar Restrictions (such as requiring the owner who submits design plans for installation of landscaping or structural improvements for Design Review Committee approval to include information regarding any existing -- and in some cases, planned -- solar energy systems on neighboring properties). You should review the Design Guidelines to determine whether any

such requirements may impact the landscape plans for the lot or unit that you may desire to purchase.

e. Existing Improvements on Neighboring Properties. If you plan to have a solar energy system installed on your new residence and the residence you are considering is located next to a developed lot or neighborhood, you should also investigate the presence of any landscaping or improvements on the neighboring property. If any such landscaping, tree or other improvement (either in their existing or future condition) on the neighboring property is likely to cause shade on your property, this could render any solar energy system you propose to install less effective or ineffective. You are advised to thoroughly investigate the condition of any neighboring property if you plan to have a solar energy system installed on the lot or unit that you may desire to purchase.

You should take the above matters into consideration to determine what impacts, if any, such matters may have on the lot or unit that you may intend to purchase.

Parks and Trails. A number of park and trail amenities will be constructed in connection with the development of Orchard Hills.

1. Public Neighborhood Park. Settlers Park is the only public neighborhood park in Orchard Hills. It is located next to the elementary school in Village I. Amenities at this park include a children's play area, soccer field, lighted basketball courts, volleyball court, a shade structure, restrooms, barbecue and picnic area, and on-site parking. This park is open to the general public and is owned, operated and maintained by the City of Irvine. For further information, please contact the City of Irvine Community Services Department at (949) 724-6000.
2. Proposed Public Community Park. A 71-acre public Community Park is planned to be located across from the southeast side of Orchard Hills on the north side of Portola Parkway. Proposed amenities at this park include baseball and soccer fields, tennis and basketball courts, food concessions, parking and related facilities. If constructed, the park facilities will be lighted for night usage, and residents of Orchard Hills will experience glare and noise from this park. If constructed, the park will be owned, operated and maintained by the City of Irvine. If the park is not constructed, the site may be used for non-park uses consistent with applicable zoning requirements and governmental approvals.
3. Public Open Space Trail Head Park. A staging area/trail head park for use by the general public for parking of vehicles is located just north of Orchard Hills Drive in the center of Orchard Hills. This park area is open for use by the general public as a staging area for docent-led hikes on the trails in adjacent open space areas. Amenities at this site include a staff office, restroom facilities, picnic tables, benches, on-site parking, and trail connections.
4. Private Parks. Numerous private neighborhood parks are planned to be located in the four Villages of Orchard Hills. The private parks will vary in size. Three private parks have been completed in Village I and are open for use. (There is also a private neighborhood park in the apartment community in Village I for use by apartment residents only; apartment residents are not members the Master Association and have no rights to use any of the private neighborhood parks in Village I or elsewhere in Orchard Hills.) The private parks in each Village are intended

for use only by residents of that Village and will be owned and maintained by the Master Association for the Village in which the private parks are located. The private parks in each Village will be open only to residents in that Village. Amenities at the private parks will vary by location: some parks will contain active recreational use facilities (such as swimming pools, multi-purpose rooms, and basketball and tennis courts), while others will be limited to passive uses such as tot lots, picnic and barbecue areas. Some park facilities will be lighted for night usage. Parking for all private neighborhood parks in Village I is on-street.

The Master Association for Village I will be responsible for establishing hours of operation and rules regarding use of the amenities at the private parks in Village I. The rules adopted by the Board of Directors of the Master Association may allow use of any of these park facilities by non-Village I residents (for example, swim meets), and residents of Village I may not be allowed to use the facilities during those events. The Board may also establish rules that restrict use of the park facilities to Village I residents only. The rules may also allow use of the park facilities for parties, weddings and other types of special events, which may include the use of special equipment (such as inflatable jump houses), animals (pony rides, petting zoos, etc.), 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.

Residents living in the vicinity of any public or private park will experience noise from activities within the parks, increased traffic, on-street parking near the park sites and, in the case of the Community Park and any other parks with lighted facilities, glare from lighting.

5. Rattlesnake Park. Rattlesnake Park is a 4.7-acre park owned by Irvine Ranch Water District (“**IRWD**”) that is located just below Rattlesnake Reservoir in the southeasterly side of Orchard Hills. This park is used by IRWD for employee and other IRWD functions and is not open for access by residents of Orchard Hills or the general public. Park usage will be governed by rules established by IRWD. The park is open 7 days per week until dusk. Residents living in the vicinity of this park will experience noise from park activities. For further information, please contact IRWD at (949) 453-5300.

6. Open Space. Orchard Hills is adjacent to large open space areas. The open space areas have been or will be dedicated to the City of Irvine, and the City controls access into and use of these areas. Hiking in open space may be limited to docent-led tours only. All open space areas contain wildlife, insects and vegetation that may pose hazards to persons using the open space areas.

7. Trails. Various public and private hiking and biking trails are located throughout Orchard Hills. Two off-street trails are located on each side of Portola Parkway beneath Orchard Hills. Both trails are maintained by the City of Irvine. One of the trails is an 11-foot wide regional off-street trails that connects to an existing north-south trail adjacent to the nearby Northpark community, and also connects to the Hicks Canyon Trail underpass at Portola Parkway near Jeffrey Road. An 8-foot wide paved trail is located along the Orchard Hills Drive loop in the center of Orchard Hills. A native trail is located along a portion of the east side of Village III adjacent to Rattlesnake Reservoir. A private trail extends from the private recreation center in the largest private park in Village I to the trail along the Orchard Hills Drive loop. In addition, an unpaved public trail extends from Orchard Hills Trailhead above Village II into the open space

areas north of Orchard Hills. Except for the trail to the private recreation center in Village I and the native trail in Village III (each of which is maintained by the Master Association for the Village in which they are located), all of these trails are or will be maintained by the City of Irvine. For further information on these trails, please contact the City of Irvine Community Services Department at (949) 724-6000.

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

Great Park. The City of Irvine is developing the Orange County Great Park (the “**Great Park**”) on approximately 1,347 acres of the former U.S. Marine Corps Air Station El Toro southeast of Orchard Hills. The Great Park is planned to contain sports fields, open space, park, demonstration farm, amphitheater, educational and other public uses. The Great Park is owned and operated by the City. [In addition to the public Great Park facilities, a private developer is developing residential housing and commercial and industrial development on over 2,000 acres of land adjacent to the Great Park (the “**Great Park Neighborhoods**”). Neither the Master Developer nor the City have any ownership interest in the Great Park Neighborhoods.] It is anticipated that completion of the Great Park and the Great Park Neighborhoods will take a number of years. As the developments are completed, residents of all neighboring communities will experience permanent impacts from such developments, including but not limited to, increased traffic, increased use of schools, roads, libraries and other public facilities by new residents of Heritage Fields, as well as noise, glare and other inconveniences from facilities that may be constructed within the Great Park and Great Park Neighborhoods (including, but not limited to, amphitheaters, stadiums, sports fields, museums, commercial shopping centers, parks, golf courses, educational facilities and other improvements). The Master Developer has no control over the operations, activities or land uses within either the Great Park or the Great Park Neighborhoods, and no representations are made as to the ultimate uses that will be developed with the Great Park or the Great Park Neighborhoods or whether the Great Park or the Great Park Neighborhoods will ever be fully developed. Further information on the Great Park is available at the City Manager’s Office at the City of Irvine, (949) 724-6424, or at the City’s website at www.cityofirvine.org under the “Orange County Great Park” link. Further information on the Great Parks Neighborhoods development surrounding the Great Park is available at the Great Park Neighborhoods website at www.greatparkneighborhoods.com.

Roads and Highways. The west leg of the SR-261 Eastern Transportation Corridor borders the west side of Orchard Hills. The Corridor is a multi-lane toll road operated by the California Department of Transportation and the Transportation Corridor Agency. It is a controlled-access roadway with automatic toll collection facilities. The Corridor is visible from Orchard Hills. Corridor on- and off-ramps are located at Portola Parkway and Irvine Boulevard.

The Foothill Transportation Corridor (SR-241) is located north and east of Orchard Hills. It is a multi-lane toll road and is also operated by the California Department of Transportation and the Transportation Corridor Agency. It is a controlled-access roadway with automatic toll collection facilities. If Jeffrey Road is extended from Portola Parkway to the SR-241, an interchange will

be constructed at its intersection with the Corridor.

Portola Parkway borders the south side of Orchard Hills. The portion of this roadway between the SR-261 Corridor and Jeffrey Road is a 6-lane major arterial primary highway. An interchange is located at the intersection of Portola Parkway and the SR-261. The roadway is used heavily by trucks hauling refuse to the Bowerman Landfill and trucks traveling to the asphalt batch plant and other commercial uses along the Hicks Canyon Haul Road.

Jeffrey Road is a 6-lane major arterial primary highway southerly of Portola Parkway. An approximate 600-foot 4-lane extension of this road has been completed as a primary arterial highway on the north side of Portola Parkway. Plans call for an additional extension of Jeffrey Road in the future in the general direction of the Hicks Canyon Haul Road. If extended, Jeffrey Road would extend to the east leg of the Eastern Transportation Corridor (SR-241) and, possibly, to Santiago Canyon Road. There is no current schedule for construction of this extension, and there is no assurance that this extension will ever be constructed. Like Portola Parkway, this roadway is used heavily by trucks hauling refuse to the Bowerman Landfill and trucks traveling to the asphalt batch plant and other commercial uses along the Hicks Canyon Haul Road.

Hicks Canyon Haul Road is located north of Portola Parkway across from the existing terminus of Jeffrey Road. A portion of the Haul Road borders the easterly side of Village IV of Orchard Hills. This is a private road and is not open to public traffic. It is used by trucks and other vehicles in connection with commercial operations, hauling from the All-American Asphalt Plant on the Haul Road, as well as by Irvine Ranch Water District and utility companies in connection with maintenance of their facilities. It is also used by the City of Irvine and the OC Parks department. Truck traffic on the Haul Road is heavy and generates noise that will be heard in Orchard Hills. The Haul Road is open 24 hours a day, and trucks use the road during all hours of the day and night.

Bowerman Landfill Access Road is located on the north side of Portola Parkway to the east of Orchard Hills. This road is heavily used by trucks hauling refuse to Bowerman Landfill. Landfill operating hours are 7:00 am to 5:00 pm Monday through Saturday. Residents in Orchard Hills will hear noise from truck traffic on the Landfill Access Road as well as from traffic on Portola Parkway and Jeffrey Road going to and from the landfill.

Orchard Hills Drive is a 2-4 lane roadway between the end of Culver Drive and the terminus of Orchard Hills Drive at Portola Parkway near the future Gateway Park. School traffic on Orchard Hills Drive and Wolf Trail is heavy at the beginning and end of each school day, as well as during school activities and special events.

Portola Parkway, Jeffrey Road and Orchard Hills Drive are all public roads that will be maintained by the City of Irvine. The interior streets within Village I are private and will be maintained by the Master Association for Village I.

The presence of the Eastern Transportation Corridor and the other roadways described above will impact Orchard Hills residents. For example, residents will experience glare from lighting, impacts on air quality, noise and heavy traffic as a result of the location of these roadway

improvements. Buyers should consider the presence of the roadways and the noise generated from roadway traffic in their decision to purchase a residence in Orchard Hills.

Surrounding Uses: In addition to the above land uses, the following parks, lakes, schools and highways are located within the vicinity of the Neighborhood:

Adjacent Retail Center. Portions of the community are located in close proximity to a retail shopping center;

Avocado Orchards. Portions of the community and also outside the northern border of the community are designated avocado orchards.

Natural Open Space areas are located in close proximity to the community.

Eastfoot Retarding Basin is located within the community.

Orchard Estates Retarding Basin is located immediately adjacent to the community.

Bowerman Landfill is located north of Portola Parkway to the east of the community.

Former U.S. Army Training Facility. Portions of the community are located within 1 mile of a former U.S. Army Training Facility.

Orange County Fire Authority Fire Station location ½ mile northwest of the project

Vision City Church located less than 1-mile south

The Market Place Shopping Center located 2.62 miles southwest of the community

Tustin Ranch Golf Club is approximately 1.55 miles southwest of the project

Several Parks are located within the community – Orchard Vista Park, Settlers Park, Orchard Terrace Park and Bella Garden Park.

Meadwood Park is approximately 1 1/2 miles southeast of the project

Northpark is approximately 1 mile southwest of the project

Settlers Park is less than 1 mile south of the project

Schools:

Hicks Canyon Elementary School is approximately 1.49 miles southwest of the project

Northwood High School is less than 1 mile southeast of the project

Orchard Hills School is less than 1 mile south of the project

Santiago Hills Elementary School is approximately 2 miles south of the project

Canyon View Elementary School is approximately 1.44 miles south of the project

HAZARDS

Freeways and Interstate Highways:

Toll Road 261 is less than 1 mile west of the project

Toll Road 241 is approximately 2.39 miles north of the project

Toll Road 133 is approximately 3 miles southeast of the project

Interstate 5 (Santa Ana Fwy) is approximately 2.83 miles southwest of the project

Interstate 405 (San Diego Fwy) is approximately 6.69 miles southwest of the project

Rattlesnake Reservoir and Dam is located in the eastern portion of the community. Five (5) other covered water storage reservoirs are located within or near the community. **Three (3) water transmission pipelines** traverse through the community.

Natural Hazards:

The Merchant Builder has advised that all or portions of the Neighborhood subject to the Public Report are located within a ***Seismic Hazard Liquefaction Zone***. Additionally, the Merchant Builder has advised that prospective purchasers within this Zone will be provided a separate disclosure required under Public Resources Code Section 2694.

If any disclosure, or any material amendment to any disclosure, required to be made by the Merchant Builder regarding the above natural hazards is delivered after the execution of an offer to purchase, 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 offer by delivery of a written notice of termination to the Merchant Builder or the Merchant Builder's agent.

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

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

TITLE

Preliminary Report: A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the property you are purchasing. Those items typically shown on a report include, but are not limited to, general and special taxes, easements, mechanics liens, monetary encumbrances, trust deeds, utilities, rights of way and Declarations. In most instances, copies of documents can be provided to you upon request.

Easements: Easements for public utilities, facilities, ingress, egress, underground electrical supply systems, communication systems, emergency vehicle ingress and egress, pedestrian access and other purposes are shown on the title report and Subdivision Map, Tract No. 19004 as shown by Map on file in Book 985, Pages 9 through 18, of Miscellaneous Maps, in the Office of the Orange County Recorder.

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

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

TAXES

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

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

Notice of Your 'Supplemental' Property Tax Bill

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

Special Taxes and Assessments:

Orange County Vector Control District. This Neighborhood lies within the boundaries of the Orange County Vector Control District and is subject to any taxes, assessments and obligations thereof. This District was formed to control rats, flies, mosquitoes, fire ants and other vector related problems. The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of the Public Report it is anticipated the projected 2021-2022 assessment for each single-family unit within this Community will be

\$9.62. The administration of this District will be provided by the Orange County Vector Control District.

Tustin Unified School District Community Facilities District No. 14-1. Village I is located within the boundaries of Tustin Unified School District (“TUSD”) Community Facilities District No. 14-1 (“CFD No. 14-1”) and will be subject to the special taxes thereof. The special taxes will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case, not after the 2055-2056 tax year. The special taxes will appear on your yearly property tax bill.

The merchant builder should provide you with a disclosure with respect to CFD No. 14-1 entitled “Notice of Special Tax” prior to your entering into a contract to purchase your lot. That notice contains important information about the functions and rights of CFD No. 14-1, your obligations with respect to the CFD No. 14-1 special taxes and information on how to contact TUSD for additional information and materials regarding CFD No. 14-1. You should thoroughly understand the information contained in the notice prior to entering into your purchase contract.

City of Irvine Reassessment District No. 05-21. The City of Irvine has established Reassessment District No. 05-21 (“RAD No. 05-21”) which includes Orchard Hills. The purpose of RAD No. 05-21 is to pay for construction of major infrastructure improvements benefiting properties within RAD No. 05-21.

The City of Irvine has sold bonds for RAD No. 05-21 in order to finance the infrastructure improvements. The cost of these improvements and the bonds has been allocated by the assessment engineer among the various residences and other properties within the RAD No. 05-21 boundaries. The portion of the cost of the improvements and the bonds allocated to your residence constitutes a lien upon your property (the “Assessment Lien”). The Assessment Lien on your property will be paid off in installments, which will appear as a line item on your annual real property tax bill. Section 163 of the California Revenue and Taxation Code requires that the City annually notify the County Assessor of the amount of the Assessment Lien on each property within RAD No. 05-21. Please contact the City of Irvine Public Works Department at (949) 724-6406 for further information as to how the Assessment Lien may affect your property assessed value for real property tax purposes.

The merchant builder should provide you with a disclosure with respect to RAD No. 05-21 entitled “Notice of Special Assessment.” That notice contains important information about the functions and rights of RAD No. 05-21, your obligations with respect to the Assessment Lien and payment of the assessment installments and contact information with the City of Irvine should you need additional information about RAD No. 05-21. You should thoroughly understand the information contained in that notice prior to entering into your purchase contract.

City of Irvine Landscape, Lighting and Park Maintenance Assessment. Orchard Hills 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 (“**Park Assessment**”). The Park Assessment will be levied annually on 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. For fiscal year 2021-22, the maximum Park Assessment for a developed residential parcel located on a private street is \$115.83 and the maximum Park Assessment for a developed residential parcel located on a public street is \$122.10. 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 each annual adjustment will be decided by the City Council after a public meeting.

The City of Irvine will administer the levy and collection of the Park Assessment. For further information regarding the Park Assessment, please contact the City Clerk, telephone (949) 724-6205 or the City’s Public Works Department, telephone (949) 724-6406.

Metropolitan Water District Standby Charge. This Neighborhood lies within the boundaries of the Metropolitan Water District Standby Charge and is subject to any taxes, assessments and obligations thereof. This District was formed to pay for water standby fees. The District budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of the Public Report it is anticipated the projected 2021-2022 assessment for each single-family unit within this Community will be \$10.09 per parcel. The administration of this District will be provided by the Willdan Financial Services.

This Neighborhood also lies within the boundaries of the following Assessment Districts and is subject to any taxes, assessments and obligations thereof:

Irvine Ranch Water District, Improvement District No. 125 (water), tax rate 0.0130%; Irvine Ranch Water District, Improvement District No. 153 (water), tax rate .02000%; Irvine Ranch Water District, Improvement District 225 (sewer), tax rate .0150% and Irvine Ranch Water District, Improvement District No. 253 (sewer), tax rate .02100%.

FINANCING

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

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

Acceleration Clause: This is a clause in a mortgage or deed of trust which provided that if the borrower (trustor) defaults in the repaying of the loan, the lender may declare the unpaid balance of the loan immediately due and payable.

Due-on-Sale Clause: If the loan instrument for financing your purchase of a residence in this Neighborhood includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell the property. This means that the loan will not be assumable by a purchaser without the approval of the lender. If the lender does not declare the loan to be all due and payable on transfer of the property by you, the lender is, nevertheless, likely to insist upon modification of the terms of the instrument as a condition to permitting assumption by the purchaser. The lender will almost certainly insist upon an increase in the interest rate if the prevailing interest rate at the time of the proposed sale of the property is higher than the interest rate of your promissory note.

A Balloon Payment: This means that your monthly payments are not large enough to pay off the loan, with interest, during the period for which the loan is written and that at the end of the loan period you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

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

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

Adjustable Rate Loan: The Merchant Builder may assist you in arranging financing from a federal or state regulated lender which will make loans that allow the interest rates to change over the life of the loan. An interest rate increase ordinarily causes an increase in the monthly payment that you make to the lender. The lender will provide you with a disclosure form about the financing to assist you in the evaluation of your ability to make increased payments during the term of the loan. This disclosure form will be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

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

PURCHASE MONEY HANDLING

The Merchant Builder must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you, except for such amount as the subdivider has covered by furnishing a bond to the State of California. [Refer to Business and Professions Code Sections 11013 and 11013.2(c)]

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

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

THE MERCHANT BUILDER HAS NO FINANCIAL INTEREST IN THE ESCROW COMPANY WHICH IS TO BE USED IN CONNECTION WITH THE SALE OR LEASE OF CONDOMINIUM UNITS IN THIS NEIGHBORHOOD.

SOILS AND GEOLOGIC CONDITIONS

Soils, filled ground and geologic information are available at: City of Irvine, Community Development Department, One Civic Center Plaza, Irvine, California 92623. Some lots contain or will contain filled ground.

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

Streets and Roads: The private streets within this Neighborhood will be maintained by the Master Association. The costs of repair and maintenance of these private streets are included in the budget and are a part of your regular assessment.

As of the date of this Public Report streets have not been completed. The Subdivider has made financial arrangements with the city to ensure completion to city standards.

School Attendance Boundaries. The boundary line separating the Irvine Unified School District ("**IUSD**") from the Tustin Unified School District ("**TUSD**") passes through Orchard Hills. Based on the current boundary line, **children within Village I, and children within a portion of the westerly side of Village II, will attend TUSD schools.** The school districts may change the boundary line in the future. For further information regarding the school district boundaries and the schools that your children will attend, as well as information on school construction, facilities and bus service, please contact the TUSD at (714) 730-7301, website

www.tustin.k12.ca.us, or the IUSD at (949) 936-5000, website www.iusd.org.

This school information was provided prior to the date of issuance of this Public Report and is subject to change. For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the school district.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

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

RECEIPT FOR PUBLIC REPORT

The Laws and Regulations of the California Real Estate Commissioner require that you as a prospective purchaser or lessee be afforded an opportunity to read the public report for this subdivision before you make any written offer to purchase or lease a subdivision interest or before any money or other consideration toward purchase or lease of a subdivision interest is accepted from you.

In the case of a preliminary or interim public report, you must be afforded an opportunity to read the public report before a written reservation or any deposit in connection therewith is accepted from you.

In the case of a conditional public report, delivery of legal title or other interest contracted for will not take place until issuance of a final public report. Provision is made in the sales agreement and escrow instructions for the return to you of the entire sum of money paid or advanced by you if you are dissatisfied with the final public report because of a material change. (See California Business and Professions Code Section 11012.)

DO NOT SIGN THIS RECEIPT UNTIL YOU HAVE RECEIVED A COPY OF THE PUBLIC REPORT AND HAVE READ IT.

I read the Commissioner's Public Report on 168400LA-F00
[FILE NUMBER]

Tract 19004 "Palermo at Orchard Hills"

[TRACT NUMBER OR NAME]

18

[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:

February 15, 2022

[DATE ISSUED]

[DATE AMENDED]

February 14, 2027

[EXPIRATION DATE]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]