

**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.: **163124LA-F00**

ISSUED: **JUNE 3, 2021**

EXPIRES: **JUNE 2, 2026**

for a Final Subdivision Public Report on

TRACT NOS. 37341-15 AND 37341-16

**"ESPLANADE AT SOMMERS BEND
AKA ARISE AND WESTON"
(PHASE 1)**

DEPARTMENT OF REAL ESTATE

by Martha N. Tchoua
Signature

MARTHA N. TCHOUA

Printed Name

RIVERSIDE COUNTY, CALIFORNIA

CONSUMER INFORMATION

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

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

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

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

The Department of Real Estate publishes the *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 REPORT COVERS ONLY LOTS 32 THROUGH 35, INCLUSIVE, OF TRACT NO. 37341-15 AND LOTS 20, 21, 49 AND 50 OF TRACT 37341-16 IN "ESPLANADE AT SOMMERS BEND AKA ARISE AND WESTON" SUBDIVISION (THE "SUBDIVISION") WHICH IS LOCATED WITHIN THE MASTER PLANNED COMMUNITY KNOWN AS "SOMMERS BEND." THIS REPORT ALSO COVERS MASTER ASSOCIATION PROPERTY LOT 42 OF TRACT NO. 37341-15.

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

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

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

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

PRELIMINARY SUBDIVISION PUBLIC REPORT: IF YOU RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT FOR THIS SUBDIVISION, 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 SOMMERS BEND COMMUNITY

Sommers Bend Community. This Subdivision is situated within the master planned community known as "Sommers Bend" ("**Sommers Bend Community**" or "**Sommers Bend**"). Sommers Bend is a common interest subdivision, which is being developed as a master planned community as defined in Section 2792.32 of Title 10 of the California Code of Regulations. Sommers Bend is being developed by WOODSIDE 05S, LP, a California limited partnership D.B.A. Woodside Homes ("**Woodside**") and Wingsweep Corporation, a California corporation ("**Wingsweep**") (collectively, the "**Master Declarants**"). Sommers Bend is approved for the development of up to 1,506 residences subject to City-approved land use "Specific Plans" known as Roripaugh Ranch – Phase 2 Specific Plan ("**Specific Plan**"). Some of the planning areas identified in the

Specific Plan are collectively referred to in the Master Declaration as the "Sommers Bend AQ Planning Area," and they are planned to be developed as an age-qualified community known as "Esplanade at Sommers Bend" ("Esplanade" or the "Subdivision"). If Esplanade is developed as currently planned, a separate subordinate declaration will be recorded against the land in the Esplanade community and an owners association will be formed to manage and maintain the Esplanade community. The Master Declarants are not planning to develop Esplanade; it is planned to be developed by Subdivider (defined below), as a Guest Builder. Esplanade is currently planned to include approximately two hundred fifty-nine (259) Separate Interests.

The balance of the planning areas in the Specific Plan will be located in a master planned development referred to collectively as the "Sommers Bend AA Planning Area" ("AA Planning Area") subject to a separate declaration and an owners association. If developed as planned, the Sommers Bend AA Planning Area may include one thousand three hundred fourteen (1314) residences. It is also possible that in the future, additional subassociations will be formed to govern portions of the AA Planning Area which subassociations and subassociations' declarations shall be subordinate to the Master Declaration and AA Planning Area Declaration. It is currently planned that the AA Planning Area will be developed by Master Declarants and/or other Guest Builders unrelated to Subdivider.

The Subdivision is not part of the AA Planning Area and will not be subject to the AA Planning Area Declaration or the jurisdiction of the AA Planning Area Association. The AA Planning Area may include recreational and other facilities to be constructed on Lot 23 of Tract Map No. 37368 ("AA Planning Area Clubhouse and Recreational Facility"). The AA Planning Area Clubhouse and Recreational Facility is for residents in the AA Planning Area (not residents of Esplanade). However, the AA Planning Area Association has the right to offer a limited number of optional recreational memberships for purchase by allow Owners of homes in Esplanade. Such memberships would permit the Owners and their guests to use the AA Planning Area Clubhouse and Recreational Facility, subject to the rules and other terms of membership offered by the AA Planning Area Association. Subdivider and the Esplanade Association of which you will be a member have no control over the AA Planning Area Association. The AA Planning Area Association will decide in its sole discretion if and when it may offer recreational memberships to Owners in Esplanade, and the terms on which they will be sold. Subdivider makes no representations regarding whether such memberships will be available to Owners in Esplanade.

Master Association. The overall Sommers Bend Master Community (including the Subdivision) is subject to the Master Declaration (as defined below) and it is governed by the Sommers Bend Master Maintenance Association, a California nonprofit mutual benefit corporation ("Master Association"). The Master Association has various responsibilities and obligations including the obligation to maintain the areas described in the Master Governing Documents (as defined below) as the "Master Association Maintenance Areas" and the obligation to perform maintenance of: portions of Long Valley Wash, the Sommers Bend Trail System, the Park and Ride/Equestrian Trailhead Facility, the Master Association Maintained Slope Areas, storm water BMPs as described in the Master Declaration that are required to be maintained by the Master Association, and the Public Street Parkway Maintenance Areas as described in the Master Declaration.

Master Governing Documents. The rights and powers of the Master Association are set forth in the First Amended and Restated Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Sommers Bend ("Master Declaration"), the Bylaws of the Master Association ("Master Bylaws") and the Articles of Incorporation of the Master Association ("Master Articles"). The Master Association may also promulgate rules and regulations, which are referred to in the Master Declaration as the "Master Association Rules" (The Master Declaration, Master Bylaws, Master Articles, the Master Association Rules and any Master Supplemental Declarations recorded pursuant to the Master Declaration and any amendments or supplements to any of such documents are sometimes collectively referred to as the "Master Governing Documents").

OVERVIEW OF THIS SUBDIVISION

Esplanade. In addition to being included within the overall Sommers Bend Community and being subject to the Master Governing Documents, this Subdivision is a master planned community known as "Esplanade at Sommers Bend" (as described below) ("**Esplanade**"). Esplanade is a common interest subdivision, which is being developed as a master planned community as defined in Section 2792.32 of Title 10 of the California Code of Regulations. Esplanade is being developed by Taylor Morrison of California, LLC, a California limited liability company (the "**Declarant**" or "**Subdivider**") as "Esplanade at Sommers Bend." If developed as planned, Esplanade is currently planned to include two hundred fifty-nine (259) residences.

Esplanade Association. The overall Esplanade community is subject to the Esplanade Declaration (as defined below) and governed by the Esplanade at Sommers Bend Community Association, a California nonprofit mutual benefit corporation ("**Esplanade Association**"). The Esplanade Association has various responsibilities and obligations including the obligation to own, maintain, and administer the "Common Area" and maintain the "Association Maintenance Areas" and "Association Easement Areas", all as more particularly defined and described in the Esplanade Governing Documents (as defined below), which areas are ultimately planned to include, without limitation, the Recreational Facilities, landscaped and irrigated areas, private streets, access gates, community walls, and other areas described in the Esplanade Governing Documents.

AQ Governing Documents. The rights and powers of the Esplanade Association are set forth in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Esplanade at Sommers Bend ("**Esplanade Declaration**"), the Bylaws of the Esplanade Association ("**Esplanade Bylaws**") and the Articles of Incorporation of the Esplanade Association ("**Esplanade Articles**"). The Esplanade Association may also promulgate rules and regulations, which are referred to in the Esplanade Declaration as the "Rules and Regulations" and architectural guidelines, which are referred to in the Esplanade Declaration as the "Design Guidelines." (The Esplanade Declaration, Esplanade Bylaws, Esplanade Articles, Rules and Regulations, Design Guidelines and any Supplemental Declarations recorded pursuant to the Esplanade Declaration and any amendments or supplements to any of such documents are sometimes collectively referred to as the "**Esplanade Governing Documents**").

OVERVIEW OF ESPLANADE AT SOMMERS BEND

Location: Esplanade at Sommers Bend (hereafter referred to as "**Esplanade**" or the "**Subdivision**") is the Age Qualified community included within the overall Sommers Bend Community located near the intersection of Butterfield Stage Road and Sommers Bend Road within the City limits of Temecula. Prospective purchasers should acquaint themselves with the kinds of City services available.

Esplanade is being developed by Taylor Morrison of California, LLC, a California limited liability company.

References to "AQ Planning Area." If developed as currently planned, the Subdivision will constitute the "AQ Planning Area" within the overall Sommers Bend Community as referenced in the Master Declaration. In addition to being subject to the Master Governing Documents, the Subdivision will be subject to the Esplanade Governing Documents (defined below). If developed as planned, Esplanade is currently planned to include two hundred fifty-nine (259) residences.

Type of Subdivision: This Subdivision is a common-interest development of the type referred to as a planned development. It will be governed by the incorporated owners association known as the Esplanade at Sommers Bend Community Association, and by the Master Association.

AGE-RESTRICTED COMMUNITY. Declarant intends that the Subdivision be developed and operated as a "senior citizen housing development" as defined in California Civil Code Section 51.11, and "housing for

older persons" as described in the Federal Fair Housing Amendments Act of 1988 (Title 42 U.S.C. Section 3601, *et seq.*), the exemptions under Title 42 U.S.C. Section 3607(b)(2) and Title 24 C.F.R. Sections 100.300 through 100.307, and the Fair Employment and Housing Act (California Government Code Section 12900, *et seq.*), the Planning and Zoning Law at Section 65008(a)(1)(B) of the California Government Code, and applicable state and federal regulations governing age-restricted senior housing, all as amended from time to time (collectively, the **"Age and Occupancy Restrictions and Laws"**). The Esplanade Declaration (defined below) imposes the Age and Occupancy Restrictions and Laws on all Lots in the Subdivision. A "Qualifying Resident" is defined as a natural person who is fifty-five (55) years of age or older. **Anyone who is not a "Qualifying Resident," "Qualified Permanent Resident," or "Permitted Health Care Resident" (as those terms are defined in the Esplanade Declaration) may own a Lot in the Subdivision but may not occupy it, except in limited circumstances.** You are advised to carefully read the age and occupancy restrictions set forth in Section 2.29 of the Esplanade Declaration (and quoted immediately below) and the Rules and Regulations carefully before determining to purchase the Lot:

Restatement of Age and Occupancy Restrictions: Each home in Esplanade (referred to in the language quoted below as the "Community") is intended for occupancy by at least one person who is 55 years of age or older ("**Qualifying Resident**"). Each other occupant must be a person who is a Qualifying Resident, a Qualified Permanent Resident or a Permitted Health Care Resident as defined in the Declaration and below. Therefore, in accordance with Section 11010.05 of the California Business & Professions Code, the following is a statement of the restrictions on age and occupancy that apply to the Subdivision, as they are stated in Article 1 and Sections 2.29 and 3.2 of the Declaration:

1.1.82 Permitted Health Care Resident. Permitted Health Care Resident means either a natural person hired to provide live-in, long-term or terminal or hospice care to a Qualifying Resident for compensation, or a family member of the Qualifying Resident providing that care. The care provided must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both.

1.1.89 Qualified Permanent Resident. Qualified Permanent Resident means a natural person who was residing with the Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident, and meets at least one of the following:

- (a) was forty-five (45) years of age or older; or
- (b) was a spouse or cohabitant of the Qualifying Resident; or
- (c) was a person providing primary physical or economic support to the Qualifying Resident; or
- (d) a disabled person or person with a disabling illness or injury who is a child or grandchild of the Qualifying Resident or a Qualified Permanent Resident, who needs to live with the Qualifying Resident or Qualified Permanent Resident because of the disabling condition, illness or injury.

"Primary physical support" means support services which are substantial in nature (including without limitation daily chores, assistance with hygiene, errands and other tasks which the Qualifying Resident cannot perform on their own). "Primary economic support" is financial support that exceeds the income and other financial support received by the Qualifying Resident. "Cohabitant" means persons who live together as husband and wife, or persons who are domestic partners within the meaning of California Family Code Section 297. "Disabled" means a person who has a disability as defined in California Civil Code Section 54(b), and

"disabling injury or illness" means an illness or injury which results in a condition meeting the definition of disability set forth in California Civil Code Section 54(b).

1.1.90 Qualifying Resident. Qualifying Resident means a natural person who is fifty-five (55) years of age or older.

2.29 AGE AND OCCUPANCY RESTRICTIONS. Each occupied Residence in the Community shall be occupied subject to the following restrictions, which shall be interpreted in accordance with the Age and Occupancy Restrictions and Laws then in effect:

2.29.1 Permitted Residents. Subject to the limited exceptions described in this Section 2.29 and the Age and Occupancy Restrictions and Laws, each of the occupied Residences in the Community shall be permanently occupied by one or more Qualifying Residents. Each other permanent resident in the same Residence must be a Qualifying Resident, a Qualified Permanent Resident or a Permitted Healthcare Resident. For purposes of remaining in compliance with state and federal law permitting age-restricted senior housing, "permanent occupancy" shall mean that the Qualifying Resident considers the Residence to be his or her primary legal residence and the Qualifying Resident either resides in it continuously or plans to return to occupy the Residence during every calendar year. Furthermore, except as allowed under Section 2.29.2 below, a Permitted Health Care Resident may occupy a Residence only while actually providing live-in, long-term or terminal or hospice care to a Qualifying Resident for compensation.

2.29.2 Death or Prolonged Absence of Qualifying Resident.

(a) Continued Occupancy by Qualified Permanent Residents. Notwithstanding Section 2.29.1 above, upon the death, dissolution of marriage, or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident who is not yet fifty-five (55) years of age, but who was residing with such Qualifying Resident at the time of the death or dissolution, or on the date of commencement of hospitalization or prolonged absence of the Qualifying Resident, shall be entitled to continue to occupy the Residence. However, in no event may such Qualified Permanent Resident continue to occupy a Residence in the absence of a Qualifying Resident if such occupancy would cause the total number of Residences occupied solely by persons under fifty-five (55) years of age to exceed twenty percent (20%) of the total number of occupied Residences in the Community, as determined by the Board of Directors in accordance with the Age and Occupancy Restrictions and Laws.

(b) Continued Occupancy by Permitted Healthcare Residents. A Permitted Healthcare Resident shall be entitled to continue his or her occupancy as a permitted resident in the absence of the Qualifying Resident only if both of the following are applicable:

(i) The Qualifying Resident became absent from the Community due to hospitalization or other necessary medical treatment and expects to return to his or her Residence within ninety (90) days from the date the absence began; and

(ii) The absent Qualifying Resident or an authorized person acting for the Qualifying Resident submits a written request to the Board of Directors stating that the Qualifying Resident desires that the Permitted Healthcare Resident be allowed to remain in order to be present when the Qualifying Resident returns to reside in the Community.

Upon written request by the Qualifying Resident or an authorized person acting for the Qualifying Resident, the Board of Directors shall have the discretion to allow a Permitted Healthcare Resident to remain for a time period longer than ninety (90) days from the date that the Qualifying

Resident's absence began, if it appears that the Qualifying Resident will return within a period of time not to exceed an additional ninety (90) days.

2.29.3 Occupancy by Certain Disabled Persons. A person who does not otherwise qualify for permanent residence under this Section 2.29, may nevertheless permanently occupy the Residence if they have a disability that meets the criteria for occupancy as a Qualified Permanent Resident in Article 1 of this Declaration. Such person may remain in the Residence unless or until the Board determines that there are special circumstances to disallow such person as a Qualified Permanent Resident. Special circumstances means a condition where such person is or may be harmful to himself or herself or others as determined in Section 2.29.3(b) below.

(a) For any disabled person residing as a Qualified Permanent Resident under this Section 2.29.3 whose disabling condition ends, the Board of Directors may require the formerly disabled resident to cease residing in the Community within six months of receipt of written notice from the Board; provided, however, that notwithstanding Section 2.29.1 above, the Board of Directors may allow the person to remain a resident for up to one year after the disabling condition ends.

(b) The Board of Directors may take action to prohibit or terminate occupancy by a person who is a Qualified Permanent Resident by virtue of a disability if the Board of Directors finds, based on credible and objective evidence, that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation; provided, however, that action to prohibit or terminate the occupancy may be taken only after doing both of the following:

(i) Providing reasonable notice to and an opportunity to be heard for the disabled person whose occupancy is being challenged, and reasonable notice to the co-resident parent or grandparent of that person.

(ii) Giving due consideration to the relevant, credible, and objective information provided in hearing. The evidence shall be taken and held in a confidential manner, pursuant to a closed session, by the Board of Directors in order to preserve the privacy of the affected persons. The affected persons shall be entitled to have present at the hearing an attorney or any other person authorized by them to speak on their behalf or to assist them in the matter.

2.29.4 Resale or Lease. Each resale or lease of a Residence in the Community is subject to the requirement that such Residence be occupied after resale or during the term of the lease in accordance with this Section 2.29. Each lease or rental agreement and each purchase agreement for resale of a Residence in the Community shall contain a statement above the signature line for lessee or purchaser (as applicable) asserting that at least one (1) permanent occupant of the Residence shall be fifty-five (55) years of age or older and each other permanent occupant shall meet the age and occupancy qualifications of this Declaration and the Age and Occupancy Restrictions and Laws.

2.29.5 Permanent Occupancy Definition for Qualified Permanent Residents and Permitted Health Care Residents. Persons less than fifty-five (55) years of age who do not qualify as Qualified Permanent Residents or Permitted Health Care Residents shall not be entitled reside in any Residence for more than sixty (60) calendar days (whether consecutive or non-consecutive) in any calendar year.

2.29.6 Owner Compliance with Reporting Requirements. By accepting and Recording a deed to a Lot, each Owner covenants and agrees as follows:

(a) To fully and truthfully respond to all requests by the Association for age and occupancy information concerning each occupant of the Owner's Residence, and to cause all occupants of the Owner's Residence to cooperate by providing such information. Owners understand and acknowledge that age and occupancy information shall be requested by the Association as part of its obligation to conduct regular age and occupancy surveys of the Community and that such surveys are required to maintain the Community's eligibility to continue operating as an age- and occupancy-restricted project under senior housing exemptions available under state and federal law;

(b) In the event of the change of occupancy of any Residence in the Community by one or more permanent residents, the Owner of the Residence shall immediately inform the Board in writing and shall provide to the Board the names and ages of all current occupants of the Residence, and such other information as the Board reasonably requests to verify the ages and qualifications of all persons occupying the Residence as Qualified Permanent Residents or Permitted Health Care Residents;

(c) To ensure that all occupants of the Owner's Residence comply at all times with all provisions of this Declaration and any rules and regulations of the Association, including restrictions on age and other qualifications of permanent occupants and limiting the duration of visits by temporary occupants or those who do not meet the age and occupancy restrictions of this Declaration or the Age and Occupancy Restrictions and Laws; and

(d) To indemnify, defend and hold harmless the Association and Declarant from any and all claims, losses, damages and causes of action which may arise from such Owner's failure to so comply. This obligation also creates in each Owner the responsibility to monitor and enforce the actions of their tenants or lessees.

2.29.7 Applicable Law. This Section 2.29 is intended to be a restatement of the authority granted the Association under the Age and Occupancy Restrictions and Laws. All amendments, restatements and interpretations of the Age and Occupancy Restrictions and Laws, and any other applicable law or regulation governing "senior citizen housing developments," and "housing for older persons," as these terms are defined under state and federal law, are deemed to amend, restate and interpret this Section 2.29.

3.2 AGE-QUALIFIED COMMUNITY. The Community is intended to be operated and conveyed as a "senior citizen housing development" as defined in Section 51.11 of the California Civil Code, and as "housing for older persons," in accordance with the requirements of the Age and Occupancy Restrictions and Laws. This Declaration imposes detailed age and occupancy restrictions on all Persons desiring to occupy the Community. Persons who do not satisfy the definition of "Qualifying Resident," "Qualified Permanent Resident," or "Permitted Health Care Resident" may own a Lot but they may not occupy it except in limited situations described in the Age and Occupancy Restrictions and Laws and in the Governing Documents.

By accepting a deed to a Lot in the Community, each Owner acknowledges that the age and occupancy restrictions set forth in this Declaration and any other Governing Documents are intended to comply to the fullest extent with the Age and Occupancy Restrictions and Laws, and each Owner and the Association must ensure that all occupants of the Owner's Unit fully comply with the age and occupancy restrictions in the Governing Documents and the Age and Occupancy Restrictions and Laws at all times. However, over time, there is no guarantee that the age and occupancy restrictions in the Governing Documents or the Age and Occupancy Restrictions and Laws will remain in effect as presently written. The age and occupancy restrictions in the Governing Documents may be deemed to have automatically changed or terminated as a result of state or federal legislative or court action, or they may be terminated by action of a state or federal agency or court if the Association fails to provide proper ongoing enforcement of the age and occupancy

restrictions. Therefore, Declarant makes no assurances that the Age and Occupancy Restrictions and Laws, or the age and occupancy restrictions set forth in the Governing Documents, will remain unchanged throughout the life of the Community."

Access Gates and Private Streets. It is anticipated that portions of the Subdivision located within Tract Map Nos. 37341-11, 37341-14, 37341-15 and 37341-16 will be gated and include private streets. However, the portions of the Subdivision located within Tract Map No. 37341-9 are not anticipated to be gated and will include public streets. If the Subdivision is developed as planned, the access gates and private streets in the Subdivision will eventually be owned, maintained, repaired or replaced by the Esplanade Association, and the expense thereof shall be included as an operating expense of the Esplanade Association and assessed against owners and their homes that are part of the "Gate and Private Street Cost Center," as described further below. In addition, and described further below, the "Adjoining AA Planning Area" (defined below) is anticipated to share use of certain access gates and private streets with portions of the Subdivision pursuant to the Private Roadways and Access Gates Easement and Maintenance Agreement (defined below). The AA Planning Area Association will be responsible for maintaining certain access gate and private street improvements used by owners in the Subdivision pursuant to the Private Roadways and Access Gates Easement and Maintenance Agreement. Subdivider makes no representations whatsoever as to the security of the premises or the effectiveness of any access gates. The access gates may remain open during the daylight hours to allow for unobstructed access for construction purposes for as long as Subdivider is constructing improvements within the Subdivision. Until the last close of escrow occurs in the Subdivision, (a) the access gates may be open to the general public, (b) Subdivider may change the hours of access gate operation in its sole discretion without notice to accommodate construction and marketing activities, and (c) operation of the access gates may be limited.

The access gates do not necessarily prevent crime. Only select access gate(s) will be available for entry by owner's guests and other invitees. Other access gates will be available for use by residents only. The Private Roadways and Access Gates Easement and Maintenance Agreement may govern use and operation of certain access gates by Subdivider and the developer of the Adjoining AA Planning Area until turnover to the Esplanade Association and AA Planning Area Association and may impose restrictions regarding the use, operation and maintenance of certain access gates after turnover of the access gates to the Esplanade Association and AA Planning Area Association, as applicable. Owners should review a copy of the Private Roadways and Access Gates Easement and Maintenance Agreement for additional information.

Interests to Be Conveyed: You will receive fee title to a residential lot, together with a membership in the Esplanade Association and rights to use some of the common amenities known as "Common Area" in Esplanade, subject to the terms of the Esplanade Governing Documents. In addition, you will receive, together with a membership in the Master Association, the right to use some of the Master Association Property, subject to the Master Governing Documents.

About This Phase: This Public Report is for the first Phase of this Subdivision and consists of approximately 1.17 acres divided into 8 Residential Lots. This Phase is part of the Esplanade at Sommers Bend Subdivision which, if developed as proposed, will consist of 30 phases containing 259 Residential Lots.

Common amenities and/or facilities of the Esplanade Association in this Phase include the Association Easement Areas consisting of parkway landscaping on a portion of Lot A of Tract 37341-15 and a portion of Lots A and B of Tract 37341-16, and the Association Maintenance Areas consisting of landscaping on a portion of Lot 21 of Tract 37341-16.

Common amenities and/or facilities of the Master Association in this Phase include the Master Association Property consisting of landscaping on Lot 42 of Tract 37341-15. The estimated completion date for this Phase is June 2021.

The estimated completion date of the overall Esplanade at Sommers Bend Subdivision is August 2023. The estimated completion date of the overall Sommers Bend Community is December 2026.

There is no assurance that the Esplanade at Sommers Bend Subdivision, or the Sommers Bend Community will be completed as proposed.

FUTURE DEVELOPMENT OF THE SUBDIVISION, ESPLANADE OR THE SOMMERS BEND COMMUNITY CANNOT BE PREDICTED WITH ACCURACY. THE SUBDIVIDER AND THE MASTER DECLARANTS AND GUEST BUILDERS HAVE THE RIGHT TO BUILD MORE OR FEWER THAN THE NUMBER OF HOMES CURRENTLY PLANNED, CHANGE PRODUCT LINES, ENLARGE OR DECREASE THE SIZE OF HOMES, ADDING LARGER, SMALLER OR DIFFERENTLY DESIGNED MODELS OR CHANGING (PARTIALLY OR IN TOTAL) DESIGNS AND/OR MATERIALS, AT ANY POINT DURING DEVELOPMENT OF THE SOMMERS BEND COMMUNITY AND/OR ESPLANADE.

DUE TO THE INABILITY TO PREDICT FUTURE MARKET CONDITIONS WITH ACCURACY, THERE ARE NO ASSURANCES THAT ESPLANADE WILL BE BUILT AS CURRENTLY PLANNED OR THAT ESPLANADE OR THE OVERALL SOMMERS BEND COMMUNITY WILL BE BUILT AS CURRENTLY PLANNED, OR PURSUANT TO ANY PARTICULAR BUILD-OUT SCHEDULE. TOPOGRAPHICAL MAPS IN THE SALES OFFICE, LOT PLOTTING MAPS, MAPS OFFERED BY SUBDIVIDER AND OTHER FORMS SHOWING "COMPLETE" SUBDIVISION PROJECTIONS OR PROJECTIONS FOR THE DEVELOPMENT OF ESPLANADE OR THE OVERALL SOMMERS BEND COMMUNITY DO NOT NECESSARILY COMMIT THE SUBDIVIDER TO COMPLETE THE SUBDIVISION OR THE MASTER DECLARANTS OR ANY GUEST BUILDER TO COMPLETE, ESPLANADE OR THE OVERALL SOMMERS BEND COMMUNITY, OR IF COMPLETED, TO COMPLETE ESPLANADE, OR THE OVERALL SOMMERS BEND COMMUNITY AS SHOWN. THE SUBDIVIDER MAY SELL AT ANY TIME ANY OF THE RESIDENTIAL LOTS WITHIN ESPLANADE, AND THE MASTER DECLARANTS OR ANY GUEST BUILDERS MAY SELL AT ANY TIME, ALL OR ANY PORTION OF THE LOTS WITHIN ESPLANADE OR THE OVERALL SOMMERS BEND COMMUNITY TO ANY THIRD PARTY, INCLUDING OTHER DEVELOPERS OR GUEST BUILDERS.

Sale of All Residences: The Subdivider has indicated that it intends to sell all of the Residential Lots in the Esplanade at Sommers Bend Subdivision; however, any owner, including Subdivider, has a legal right to rent or lease the Residential Lots.

Subdivider and Purchaser Obligations: IF YOU PURCHASE FIVE OR MORE LOTS FROM THE SUBDIVIDER, SUBDIVIDER 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 INTERESTS FOR SALE OR LEASE.

NOTE: WHEN YOU SELL YOUR LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE ESPLANADE GOVERNING DOCUMENTS AND MASTER GOVERNING DOCUMENTS, AND TRUE STATEMENTS CONCERNING ANY DELINQUENT ASSESSMENTS FOR BOTH THE ESPLANADE ASSOCIATION AND MASTER ASSOCIATION, PENALTIES, ATTORNEYS' FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS ON THE LOT AS OF THE DATE THE STATEMENT WAS ISSUED.

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

Completion of the Sommers Bend AQ Common Area Improvements: The Subdivider posted a bond acceptable to the DRE in the amount of \$1,746,200.00 to assure completion of Common Area improvements

(Sommers Bend AQ Recreation Facility- Lot 17 of Tract 37368) described in the Planned Construction Statement attached to the security instrument. The estimated completion date for these improvements is July 2021.

The Subdivider has posted a bond acceptable to the DRE in the amount of \$2,614,911.00 to assure completion of Common Area improvements (Private Street and Gate Cost Center) described in the Planned Construction Statement attached to the security instrument. The estimated completion date for these improvements is August 2023.

Subdivider estimates all common area improvements in this Phase of Esplanade at Sommers Bend will be completed by approximately June 2021.

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

Completion of the Master Association Property Improvements: Subdivider estimates all Master Association Property improvements in this Phase of Esplanade at Sommers Bend will be completed by approximately June 2021.

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

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

MANAGEMENT AND OPERATION

Master Association Obligations and Master Governing Documents. The Master Association has been formed pursuant to the terms and provisions of the Master Declaration recorded in the Office of the Riverside County Recorder, as amended or supplemented from time to time by any amendment or Supplementary Declarations recorded in the Office of the Riverside County Recorder. The Master Association is also governed and organized pursuant to the Master Governing Documents. YOU SHOULD REVIEW EACH OF THESE DOCUMENTS CAREFULLY.

Class C Voting: The Master Declaration provides for Class C Membership. Pursuant to the Master Declaration, the Class C Members are the Master Declarants, without regard to whether the Master Declarants are the owner of a residential lot or condominium unit ("**Separate Interests**") in the Sommers Bend Community. The Class C Members are not considered part of the voting power of the Master Association, and the Master Declarants are not entitled to exercise any Class C vote except for the purpose of electing those members of the governing body that the Class C Members are entitled to elect pursuant to the Master Declaration. Purchasers should review the provisions in the Master Declaration relating to Class C voting to determine when Class C voting terminates.

When you purchase a Separate Interest in the Subdivision you will automatically become a member of the Master Association and you will be subject to the assessments levied by the Master Association. You will also be subject to the Master Declaration, and the other Master Governing Documents.

Esplanade Association Obligations and AQ Governing Documents. The Esplanade Association has been formed pursuant to the terms and provisions of the Esplanade Declaration recorded in the Office of the Riverside County Recorder, as amended or supplemented from time to time by any amendment or Supplemental Declarations recorded in the Office of the Riverside County Recorder. The Esplanade Association is also governed and organized pursuant to the Esplanade Governing Documents. YOU SHOULD REVIEW EACH OF THESE DOCUMENTS CAREFULLY.

When you purchase a Separate Interest in the Subdivision you will automatically become a member of the Esplanade Association, and you will be subject to the assessments levied by the Esplanade Association. You will also be subject to the Esplanade Declaration, and the other Esplanade Governing Documents.

Initial Meeting of the Master Association: THE MASTER ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF MASTER GOVERNING DOCUMENTS. SINCE THE MASTER ASSOCIATION MAINTENANCE AREA IMPROVEMENTS, AMENITIES AND FACILITIES WILL BE MAINTAINED BY THE MASTER ASSOCIATION, IT IS ESSENTIAL THAT THIS MASTER ASSOCIATION BE FORMED EARLY AND PROPERLY. THE MASTER ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE MASTER ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST RESIDENTIAL LOT UNDER THE FIRST FINAL PUBLIC REPORT FOR THE SOMMERS BEND COMMUNITY (REGULATIONS 2792.17 AND 2792.19). THE MASTER ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT. THEREAFTER THE MASTER ASSOCIATION MUST HOLD ELECTIONS OF THE MASTER ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH THE MASTER GOVERNING DOCUMENTS. THE MASTER ASSOCIATION MUST THEN ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE MASTER ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET SEQ OF THE CIVIL CODE.

Initial Meeting of the Esplanade Association: THE ESPLANADE ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF THE ESPLANADE GOVERNING DOCUMENTS. SINCE THE ESPLANADE ASSOCIATION COMMON PROPERTY IMPROVEMENTS, AMENITIES AND FACILITIES WILL BE MAINTAINED BY THE ESPLANADE ASSOCIATION, IT IS ESSENTIAL THAT THIS ESPLANADE ASSOCIATION BE FORMED EARLY AND PROPERLY. THE ESPLANADE ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE ESPLANADE ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SEPARATE INTEREST UNDER THE FIRST FINAL PUBLIC REPORT FOR THE ESPLANADE ASSOCIATION (REGULATIONS 2792.17 AND 2792.19). THE ESPLANADE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT. THEREAFTER THE ESPLANADE ASSOCIATION MUST HOLD ELECTIONS OF THE ESPLANADE ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH THE ESPLANADE GOVERNING DOCUMENTS. THE ESPLANADE ASSOCIATION MUST THEN ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE ESPLANADE ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET SEQ OF THE CIVIL CODE.

Master Declaration: This Subdivision is subject to that certain: (1) First Amended and Restated Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Sommers Bend

recorded **September 30, 2020** as Instrument No. **2020-0465640**, (2) Supplementary Declaration of Sommers Bend recorded **May 1, 2020** as Instrument No. **2020-0189965**, and (3) Supplementary Declaration of Sommers Bend (Phase 1 of Esplanade at Sommers Bend) recorded **May 18, 2021** as Instrument No. **2021-0306268**, all in the Office of the Riverside County Recorder, and any amendments or supplements thereto.

Esplanade Declaration: This Subdivision is subject to that certain Declaration of Covenants, Conditions and Restrictions and Establishment of Easements for Esplanade at Sommers Bend recorded **May 19, 2021** as Instrument No. **2021-0304934**, in the Office of the Riverside County Recorder, and any amendments or supplements thereto.

The Master Declaration, and other Master Governing Documents, and the Esplanade Declaration and other Esplanade Governing Documents contain numerous provisions relating to your use and occupancy of your residence, including, without limitation, provisions which require review and approval of all improvements constructed by a purchaser (other than improvements constructed by any Guest Builder or the Master Declarants) and use restrictions. You should carefully review all of the terms and provisions of the Master Governing Documents, and the Esplanade Governing Documents.

By setting forth these provisions, no representations are made that these provisions are more significant or important than any of the other provisions set forth in the Master Declaration, Esplanade Declaration, or other Master Governing Documents and Esplanade Governing Documents. Each owner should review the Master Governing Documents and Esplanade Governing Documents carefully.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE MASTER DECLARATION, THE ESPLANADE DECLARATION AND THE MASTER GOVERNING DOCUMENTS AND THE ESPLANADE GOVERNING DOCUMENTS. THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

Solar Energy System for Esplanade at Sommers Bend. This Subdivision is subject to that certain Declaration of Solar Energy Covenants, Conditions and Restrictions for Esplanade at Sommers Bend recorded **May 18, 2021** as Instrument No. **2021-0306265**, in the Office of the Riverside County Recorder, and any amendments or supplements thereto.

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

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

EXAMPLES OF SOME KEY SOLAR PROGRAM TERMS THAT YOU SHOULD KNOW AND UNDERSTAND ARE: (1) IF THERE ARE ANY UP-FRONT AND RECURRING SYSTEM COSTS; (2) IF YOU HAVE SYSTEM MAINTENANCE RESPONSIBILITIES; (3) IF THERE IS A WARRANTY AND WHAT IT COVERS; (4) IF THERE ARE REQUIREMENTS AND IMPACTS OF RE-SELLING YOUR HOME WITH THE SYSTEM; (5) IF YOU ARE RESPONSIBLE FOR REMOVING THE SYSTEM FOR ROOF REPAIRS AND (IF APPLICABLE)

AT THE END OF YOUR PPA; AND (6) IF YOU DON'T OWN THE SYSTEM, CAN YOU LATER PURCHASE THE SYSTEM AND AT WHAT COST?

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

Documents to be Furnished: SUBDIVIDER STATED IT WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE MASTER ASSOCIATION, THE ESPLANADE ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DRE REVIEWED MASTER ASSOCIATION BUDGET, ESPLANADE ASSOCIATION BUDGET, AND COST CENTER BUDGET.

SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE MASTER ASSOCIATION AND TO THE ESPLANADE 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 AND THE ESPLANADE ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE).

SUBDIVIDER SHALL MAKE A COPY OF THE MASTER ARTICLES, MASTER BYLAWS AND THE MASTER DECLARATION, AND THE ESPLANADE ASSOCIATION ARTICLES, ESPLANADE ASSOCIATION BYLAWS AND ESPLANADE DECLARATION AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A RESIDENTIAL SEPARATE INTEREST. 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 AND ALL OF THE OTHER MASTER GOVERNING DOCUMENTS AND ESPLANADE GOVERNING DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A RESIDENTIAL LOT. (BUSINESS AND PROFESSIONS CODE SECTION 11018.6)

MASTER ASSOCIATION MAINTENANCE AND OPERATIONAL EXPENSES

Master Association to Levy Assessments. The Master Association has the right to levy assessments against you for the maintenance of the Master Association Property and other Master Association Maintenance Areas as described in the Master Declaration and any Supplementary Declarations recorded pursuant to the Master Declaration and other purposes. Your control of operations and expenses is limited to the right of your elected representatives to vote on certain provisions at Master Association meetings.

Master Association Budgets: Woodside, has submitted budgets for the management, maintenance and operation of the Master Association Maintenance Areas and for long-term reserves when the Sommers Bend Community is substantially completed (built-out budget) and an interim budgets applicable to the interim "increments" described below. These budgets were reviewed by the Department of Real Estate in **September 2020**. You should obtain a copy of the Master Association Budgets from the Subdivider.

The Sommers Bend Community is being developed by Master Declarants and multiple Guest Builders. These budgets are based on large increments of assessment-paying Separate Interests. If the incremental budget is still in effect, each time sufficient assessment-paying units in the overall Sommers Bend Community are conveyed and a new increment level is reached, the amount of the assessments you are obligated to pay will change. Under the Increment 1 budget that was reviewed by the Department of Real Estate, the monthly

assessment against each Separate Interest will be **\$96.00** of which **\$9.17** is a monthly contribution to long-term reserves and is not to be used to pay for current management, maintenance and operating expenses. Under the Build-Out Increment budget that was reviewed by the Department of Real Estate ("**Increment 5**" or "**Build-Out**"), the monthly assessment against each Separate Interest will be **\$75.00** of which **\$13.94** is a monthly contribution to long-term reserves and is not to be used to pay for current management, maintenance and operating expenses. There will be interim budgets between Increment 1 and Increment 5 which will be reviewed by the DRE and adopted by the Master Association.

Buyers are hereby advised that the increment budget amounts listed above are dependent upon achieving each of the increments. Please note that the number of Separate Interests included in an Increment may also be subject to change. There is no guarantee as to when or if such incremental unit numbers will be met. You should review the entire budget reviewed by the Department of Real Estate for additional details.

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATIONS ARE DIFFICULT TO PREDICT, AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

Deficit Subsidy Agreements with Master Association. During the build-out and sale of residences while the Increment Budgets described above are being utilized by the Master Association, there will be times when the regular assessments collected from Master Association members will not be sufficient to cover the ongoing common expenses of the Master Association. This will be especially true in the early stages of each increment but may continue until all of the Separate Interests in the current increment commence paying regular assessments.

Woodside, as a Master Declarant, and the Master Association have entered into a Deficit Subsidy Agreement (Increment One) (the "**Deficit Subsidy Agreement**") to temporarily subsidize a portion of the costs actually incurred by the Master Association in maintaining and operating the Master Association Maintenance Areas. There are certain expenses, however, which Woodside is not subsidizing under the Deficit Subsidy Agreement which include without limitation (a) assessments levied to Special Benefit Areas, (b) delinquent assessments and costs incurred by the Master Association to collect and enforce payment of delinquent assessments, (c) expenses incurred as a result of an increase or a change in the scope, quantity, quality or other characteristics of the maintenance and services contemplated by the then current budget for the Master Association unless approved in writing by Woodside and (d) any other expenses excluded pursuant to the terms of a Deficit Subsidy Agreement. During the term of the Deficit Subsidy Agreement submitted to the DRE for the first Increment, each Owner will be obligated to pay, as its monthly portion of the Regular Assessment for its Separate Interest, the amount of \$75.00, subject to additional owner's share increases as described above and as set forth in the Deficit Subsidy Agreement beginning on the commencement date ("**Commencement Date**") described in the Deficit Subsidy Agreement and continuing until the first to occur of: (a) the date that is one (1) year after the Commencement Date; provided, however, subject to review by the DRE, Woodside may extend the Term in one (1) year increments (or multiples thereof) by delivering to the Master Association a written notice of its election to so extend the Term ("**Notice of Extension**") which sets forth the date to which the Term is extended and complying with the requirements of the Deficit Subsidy Agreement or (b) the date on which a new deficit subsidy agreement, if any, is reviewed by the DRE and executed by Woodside and the Master Association. The Deficit Subsidy Agreement that will be in effect for Increment 1 was reviewed by the DRE. Additional Deficit Subsidy Agreements may be submitted to the DRE for future increments.

SPECIAL NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT IN THE EVENT THE DEFICIT SUBSIDY AGREEMENT IS NOT EXTENDED UNDER THE INCREMENTAL BUDGET, THE WORST CASE BUDGET/ASSESSMENT AMOUNT IS \$99.22 PER LOT PER MONTH BASED ON THE

RANGE OF ASSESSMENT SPREADSHEET DATED 03/10/2020 ON FILE WITH THE DEPARTMENT OF REAL ESTATE.

Woodside has posted a surety bond as partial security for the obligation to pay the subsidized assessments for Increment 1. The governing body of the Master Association should confirm that Woodside has met its subsidy and assessment obligations to the Master Association before release or exoneration of the security.

**ESPLANADE ASSOCIATION
MAINTENANCE AND OPERATIONAL EXPENSES**

Esplanade Association to Levy Assessments. The Esplanade Association has the right to levy assessments against you for its operation, for maintenance of the Common Property amenities and facilities, and for other purposes as described in the Esplanade Declaration and Supplemental Declarations recorded pursuant thereto,. Your control of operations and expenses is limited to the right of your elected representatives to vote on certain provisions at Esplanade Association meetings.

Esplanade Association Budgets. The Subdivider has submitted proposed budgets for the management, maintenance and operation of the Esplanade Association's obligations and for long-term reserves when the Esplanade is substantially completed as proposed (built-out budget) and interim budgets applicable to phases. These budgets were reviewed by the Department of Real Estate in **April, 2021**. You should obtain copies of these budgets from the Subdivider.

Phase 1 Budget. Under the interim budget on file with the Department of Real Estate, the monthly assessments for each Separate Interest will be in the amount of **\$315.50**. Of this amount, the monthly contribution towards long-term reserves, which is not to be used to pay for current management, maintenance and operating expenses will be **\$14.26**.

Under the proposed built-out budget, the monthly regular assessment against each Residential Lot in this Subdivision will be **\$212.00**. Of this amount, the proposed monthly contribution to long-term reserves that is not to be used to pay for current management, maintenance and operating expenses is **\$34.11**. The Esplanade Association may or may not elect to use this budget when additional phases are annexed.

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

Range of Assessments Budget in Phases 2 through Build-out. Due to uncertainty in the sequence in which the phases will close escrows located in Esplanade, it is difficult to predict at this time the amount of the monthly assessment which will be assessed against each Separate Interest in Esplanade. As Esplanade is developed and additional phases of Esplanade become subject to assessment, the level of monthly assessments in existing phases of Esplanade may increase or decrease, subject to the limitations in the Esplanade Declaration or Esplanade Bylaws.

Under the interim budget on file with the Department of Real Estate, the range of monthly assessments during the development period will be between a best case (Phase 4) amount of **\$91.50** and a worst case (Phase 6) amount of **\$678.00**. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current management, maintenance and operating expenses will be between **\$4.48** and **\$142.82**, respectively.

According to the Subdivider, assessments under the interim budget should be sufficient for management, maintenance and operation of the Esplanade Association's obligations until Esplanade is substantially completed at which time it may be anticipated that assessments will be adjusted. Prior to the close of escrow for the sale of your Separate Interest, the Subdivider will provide you with a copy of the best case and the worst case budget including a copy of the Esplanade Association's operating budget for the current Fiscal year, if applicable.

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATIONS ARE DIFFICULT TO PREDICT, AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

IF THE BUDGETS FURNISHED TO YOU BY SUBDIVIDER SHOW MONTHLY ASSESSMENT FIGURES WHICH ARE OUTSIDE OF THE RANGE OF ASSESSMENTS REFLECTED IN THE PUBLIC REPORT, YOU SHOULD CONTACT THE DRE BEFORE ENTERING INTO A PURCHASE AGREEMENT/CONTRACT TO PURCHASE.

PRIOR TO THE CLOSE OF ESCROW FOR THE SALE OF YOUR RESIDENTIAL LOT, THE SUBDIVIDER WILL PROVIDE YOU WITH A COPY OF THE BEST CASE AND WORST CASE BUDGET INCLUDING A COPY OF THE OPERATING BUDGET FOR THE CURRENT FISCAL YEAR, IF APPLICABLE.

Sommers Bend AQ Gate and Private Street Cost Center Budget ("Cost Center Budget"). As described above, homes located within Tract Map Nos. 37341-11, 37341-14, 37341-15 and 37341-16 are planned to be enclosed by access gates and be served by private streets. Accordingly, these homes are planned to be designated as part of the Gate and Private Street Cost Center. The Annual Assessments charged against owners and their homes within the Gate and Private Street Cost Center will include a "**Gate and Private Street Cost Center Assessment Component**" which is **in addition** to the general assessment component of Annual Assessments. The Gate and Private Street Cost Center Assessment Component is levied to cover "Gate and Private Street Cost Center Expenses" which represent the Esplanade Association's costs for services which exclusively or disproportionately benefit the homes in the Gate and Private Street Cost Center, which include costs associated with the access gates and private streets that benefit the homes in the Gate and Private Street Cost Center, as described in more detail in the Esplanade Declaration

Cost Center Budget. The Subdivider has submitted Cost Center Budgets for the management, maintenance and operation of the Esplanade Association's obligations and for long-term reserves and special costs associated specifically to the private street and access gates within the Subdivision. The Cost Center Budget was reviewed by the Department of Real Estate in **April 2021**. You should obtain copies of the Cost Center Budget from the Subdivider.

Under the Cost Center Budget, the monthly installment of the Gate and Private Street Cost Center Assessment Component per separate interest is estimated to be \$35.00. Of this amount, the average monthly contribution towards long-term reserves, which is not to be used to pay for current operating expenses is \$15.92. The Gate and Private Street Cost Center Assessment Component of Annual Assessments is currently planned to commence upon turnover of the access gates and private streets to the Esplanade Association, which is currently planned to occur at build-out of the Subdivision. **Accordingly, although buyers will not initially be responsible for payment of the Gate and Private Street Cost Center Assessment Component during the initial Phases of development of the Subdivision, Buyers will become responsible for payment of the Gate and Private Street Cost Center Assessment Component upon turnover of the access gates and private streets to the Esplanade Association, which may occur years after Buyer's close of escrow.**

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

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

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS PUBLIC REPORT IS APPLICABLE AS OF THE DATE OF BUDGET REVIEW AS SHOWN ABOVE. EXPENSES OF OPERATIONS ARE DIFFICULT TO PREDICT, AND EVEN IF ACCURATELY ESTIMATED INITIALLY, MOST EXPENSES INCREASE WITH THE AGE OF FACILITIES AND WITH INCREASES IN THE COST OF LIVING.

Esplanade at Sommers Bend Subsidy Agreement. Subdivider has entered into the Esplanade at Sommers Bend Subsidy Agreement ("**Subsidy Agreement**") with the Esplanade Association in order to temporarily reduce the amount of the regular assessments to be levied against the Lots in the early phases of development of the Subdivision. During the Term of the Subsidy Agreement, Subdivider shall pay directly to the Esplanade Association each month a Subsidy for every Lot in Esplanade at Sommers Bend which is subject to regular assessment but is not owned by the Subdivider. The term of this Subsidy Agreement ("**Term**") shall commence on the first day of the month following the first close of escrow for conveyance by Subdivider in Phase 1 Esplanade at Sommers Bend under authority of a Public Report and continuing until the "Expiration Date" described in the Subsidy Agreement, as may be extended.

Each month during the Term, each Owner of a Lot in this Subdivision shall pay to the Esplanade Association an amount that is no more than Two Hundred Fifty Dollars (\$250.00) as the Owner's share of the monthly installment of the General Assessment Component of Annual Assessments (the "**Subsidized Assessment**"). The Subdivider shall pay to the Esplanade Association the Subsidy in a dollar amount that is necessary to bring the monthly installment of the General Assessment Component of Annual Assessment paid by Owner down to \$250.00. Under the Subsidy Agreement, the Subdivider is not obligated to pay any subsidy toward any assessments levied by the Master Association or any subsidy toward the Gate and Private Street Cost Center Assessment Component of Annual Assessments levied against separate interests in the Gate and Private Street Cost Center in the Subdivision.

Subdivider has posted a bond as partial security for its obligation to pay the Subsidy. The governing body of the Esplanade Association should assure itself that the Subdivider has satisfied these obligations to the Esplanade Association with respect to the payment of the subsidized assessments before agreeing to a release or exoneration of the security.

Private Roadways and Access Gates Easement and Maintenance Agreement (Sommers Bend-Private Streets and Access Gates). Portions of the Sommers Bend AA Planning Area (referred to herein as "**Adjoining AA Planning Area**") are located adjacent to Tract Map No. 37341-11 of the Subdivision. Owners of homes within the Adjoining AA Planning Area and Tract Map No. 37341-11 will share use of certain access gates and private streets which are located within certain portions of the Adjoining AA Planning Area and the Subdivision (the "**Shared Improvements**"). Certain portions of the Shared Improvements will be owned and maintained by the Esplanade Association and other portions of the Shared Improvements will be owned and maintained by the AA Planning Area Association. It is anticipated that the Adjoining AA Planning Area and the Subdivision will be subject to the Private Roadways and Access Gates Easement and Maintenance Agreement (Sommers Bend-Private Streets and Access Gates) (the "**Private Roadways and Access Gates**").

Easement and Maintenance Agreement") concerning the Shared Improvements and that the rights and obligations under the Private Roadways and Access Gates Easement and Maintenance Agreement will be assigned to the Esplanade Association and AA Planning Area Association in the future. The Private Roadways and Access Gates Easement and Maintenance Agreement is anticipated to: (a) grant reciprocal access easements over the Shared Improvements for the benefit of the Esplanade Association, the AA Planning Area Association, and Owners within the Adjoining AA Planning Area and the Owners in the Subdivision; and (b) govern the respective maintenance responsibilities of the Esplanade Association and the AA Planning Area Association for the Shared Improvements, among other rights and obligations, all as more particularly described in the Private Roadways and Access Gates Easement and Maintenance Agreement. Under the Private Roadways and Access Gates Easement and Maintenance Agreement, the AA Planning Area Association may be responsible for maintaining a portion of a private street owned by the Esplanade Association. The Private Roadways and Access Gates Easement and Maintenance Agreement may be amended from time to time. In the event that the real property within Tract Map No. 37341-11 does not become a part of the Subdivision in the future, the Private Roadways and Access Gates Easement and Maintenance Agreement will terminate in accordance with its terms. Buyer should review a copy of the Private Roadways and Access Gates Easement and Maintenance Agreement available from Subdivider for additional information.

The Private Roadways and Access Gates Easement and Maintenance Agreement recorded May 18, 2021 as Instrument No. 2021-0306269 in the Office of the Riverside County Recorder.

License and Use Agreement (Recreational Facilities) – Esplanade at Sommers Bend. The recreational facilities located on Lot 17 of Tract No. 37368 ("**Recreational Facilities**") are planned to be conveyed to the Esplanade Association as Common Area in a later Phase of the Subdivision. However, Subdivider presently intends to permit the Owners and the Esplanade Association to use the Recreational Facilities prior to their conveyance to the Esplanade Association. Accordingly, Subdivider and the Esplanade Association plan to enter into the License and Use Agreement (Recreational Facilities) ("**License and Use Agreement**") in order to (a) grant a revocable license to the Esplanade Association and Owners for access over and use of the Recreational Facilities on an interim basis; (b) describe Subdivider's obligation to convey the Recreational Facilities in fee simple to the Esplanade Association; (c) describe Subdivider's obligation to maintain the Recreational Facilities prior to conveyance to the Esplanade Association; (d) describe the Esplanade Association's responsibility for the on-site staffing costs associated with the Recreational Facilities (if applicable); (e) describe the Parties' respective insurance obligations; and (f) describe Subdivider's obligation to contribute accrued reserves for the Recreational Facilities to the Esplanade Association upon conveyance to the Esplanade Association in certain circumstances, as described in the License and Use Agreement. Residents will not have exclusive use of the Recreational Facilities during the time the License and Use Agreement is in effect. Subdivider has the right to use the Recreational Facilities for marketing and sales purposes and has the right to restrict access for certain periods as described in the License and Use Agreement until the time of transfer. The License and Use Agreement may be amended from time to time. The license for interim access to and use of the Recreational Facilities will automatically terminate upon conveyance of the Recreational Facilities to the Esplanade Association and may be earlier revoked by Subdivider with written notification to the Esplanade Association. The License and Use Agreement may have been terminated prior to the close of escrow for your home. Buyer should review a copy of the License and Use Agreement available from Subdivider for additional information.

Subdivider's Marketing Rights and Use of Recreational Facilities. Subdivider has reserved certain rights to access and use the Recreational Facilities after they have been turned over to the Esplanade Association in order to give tours of the Recreational Facilities to prospective or new purchasers, for promotion and advertising purposes, and for other purposes, as described in Section 15.2.2 of the Esplanade Declaration. In addition, pursuant to a reservation of rights by Subdivider (as Declarant) under Section 15.2.2 of the Esplanade Declaration and the Esplanade Association's powers and duties established under Section 4.2.11

of the Esplanade Declaration, the Subdivider and the Esplanade Association (as applicable) may permit escrowed purchasers of new homes in the Subdivision and Annexable Area to use the Recreational Facilities if the escrowed purchaser enters into a written revocable license agreement provided by the Subdivider or the Esplanade Association (as applicable). The revocable license agreement permits use of the Recreational Facilities on the same terms as are available to Owners who have closed escrow, except that the use by escrowed purchasers shall be subject to such limitations and conditions as described in the license agreement, and as modified by the Board of the Esplanade Association from time to time, consistent with the intent of the rights reserved by Subdivider under Section 15.2.2(b) of the Esplanade Declaration. Escrowed purchasers will not be required to pay a fee for general use and enjoyment of the Recreational Facilities under a revocable license agreement but shall be required to pay any fees for rentals, services or other items which are charged to Owners on top of Annual Assessments (e.g., fee for equipment rental). The revocable license agreement shall automatically terminate on the occurrence of certain conditions as described in the license agreement, including, but not limited to, the cancellation of escrow for purchase of the new Home. The Esplanade Association's obligation to permit escrowed purchasers to use the Recreational Facilities shall automatically expire when Subdivider no longer owns any Lots in the Subdivision or the Annexable Area. The rights described above do not extend to escrowed resale purchasers. Subdivider may cancel or change the terms of the use of the Recreational Facilities by escrowed purchasers at any time without prior notice.

Esplanade at Sommers Bend Private Street Maintenance Agreement. Esplanade at Sommers Bend is served by private streets located on Lots A to E of Tract No. 37341-14, Lots A to H of Tract No. 37341-15, and Lots A to D of Tract No. 37341-16 (collectively, the "**Private Streets**"). There are also access gates at the public street entrances to each of the above-referenced tracts (collectively, the "**Access Gates**"). The Subdivider has entered into a Private Street Maintenance Agreement for Esplanade at Sommers Bend ("**Street Agreement**") with the Esplanade Association in order to provide for the maintenance and use of the private streets located within Esplanade at Sommers Bend before they are conveyed in fee to the Esplanade Association. The Subdivider anticipates the Private Streets will be completed in August 2023 and conveyance of the private streets to the Esplanade Association is also anticipated to occur on or about August 2023. The purposes of the Street Agreement are: (1) to provide for interim access easements over the Private Streets for the Lots in the early phases of the above-referenced tracts in Esplanade; (2) to evidence the Subdivider's agreement to maintain the Private Streets and Access Gates before their fee conveyance to the Esplanade Association; (3) to evidence the Subdivider's agreement to convey the Private Streets and Access Gates in fee to the Esplanade Association in accordance with the development and phasing plan for Esplanade; (4) to establish the conditions for exercise of the Esplanade Association's right to perform certain remedial maintenance for the Private Streets and Access Gates while subject to the Easements (as defined in the Street Agreement); and (5) to evidence the Subdivider's agreement to contribute accrued reserves for the Private Streets and Access Gates when they are conveyed to the Esplanade Association in certain circumstances as described in the Street Agreement.

BUDGET INFORMATION PROVIDED BY SUBDIVIDER

DELINQUENCIES IN THE PAYMENT OF MASTER ASSOCIATION AND ESPLANADE ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE MASTER ASSOCIATION AND ESPLANADE ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL SEPARATE INTERESTS OR A SIGNIFICANT REDUCTION IN BUDGETED MASTER ASSOCIATION AND ESPLANADE ASSOCIATION SERVICES. SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DRE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE MASTER ASSOCIATION AND ESPLANADE ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGETS (REGULATION 2800K).

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

In addition to other documentation provided to each prospective buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective buyer before the execution of an offer to purchase a Separate Interest. 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 AND THE ESPLANADE 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 and/or Esplanade Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Master Association and/or Esplanade Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Master Governing Documents and Esplanade Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Master Association and/or Esplanade Association may decide to defer maintenance or eliminate services.

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

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

Commencement of Assessments: Regular assessments for the Master Association and Esplanade Association will commence on all Separate Interests in this Phase on the first day of the month following the conveyance of the first Separate Interest in this Phase to a purchaser under a Public Report. Subdivider must pay assessments to both the Master Association and the Esplanade Association for all unsold lots in this Phase (Regulations 2792.9 and 2792.16).

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

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

USES/ZONING/HAZARD DISCLOSURES

The Subdivider has set forth below references to various uses, zoning, hazards and other matters based on information from a variety of sources. You should independently verify the information regarding these matters, as well as all other matters, that may be of concern to you regarding the Subdivision and the overall Sommers Bend Community and all existing, proposed or possible future uses adjacent to or in the vicinity of the Subdivision and the Sommers Bend Community. At the time this public report was issued, some of the land uses that surround the Subdivision, include, but are not limited to, the following:

Zoning

North:	Residential;
South:	Residential; Wineries
East:	Residential;
West:	Residential;

Uses and Hazards

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

- Park and Ride/ Equestrian Trailhead Facility which is planned to be located in the Sommers Bend Community and owned by the Master Association that will connect to the public trails
- Sommers Bend Trails in the Sommers Bend Community and public trails in the vicinity of the Sommers Bend Community.
- Roripaugh Ranch Fire Station #95 is located southwest of the Sommers Bend Community
- Blueberry Farm, other agricultural uses and nurseries directly adjacent and in the vicinity of portions of the Sommers Bend Community
- Sommers Bend is located within 1 mile of a formerly used ordnance site: Temecula Bombing Range No. 2 for the Military Munitions Response Program.
- Metropolitan Water District Air Release Vents within the vicinity and northwest of the Sommers Bend Community
- Several Churches and worship centers in the vicinity of Community
- Correctional Facility/Jail located approximately 2.5 miles northwest of the Sommers Bend Community
- Electric Generating Plant located approximately .75 miles west of the Sommers Bend Community
- Wastewater Treatment Plant located approximately 1.6 miles north of the Sommers Bend Community
- Golf Course located approximately 1.5 miles southwest of the Sommers Bend Community
- Hot Air Balloons frequently fly over or in the vicinity of the Sommers Bend Community
- Wineries in the vicinity of the Sommers Bend Community
- French Valley Airport located approximately 2.3 miles northwest of the Sommers Bend Community
- Skinner Reservoir located approximately 2.2 miles north of the Sommers Bend Community
- 181 acres of dedicated open space is located approximately 1/4 mile north of the Sommers Bend Community
- Riverton Park, a 21 acre sports park maintained by the City of Temecula is located approximately 1/4 mile southwest of the Sommers Bend Community
- City of Temecula Fire Department Station 95 is located approximately 1/4 mile southwest of the project

Long Valley Wash Drainage Channel. Long Valley Wash is a flood control drainage channel ("Long Valley Wash") which is located within a portion of Sommers Bend and serves Sommers Bend as well as serving as a drainage course for other areas surrounding areas. It is located within Parcel 11 and Parcel 19 of Tract No. 37368 within Sommers Bend. All of Parcel 11 and portions of Parcel 19 will be maintained by the Master

Association and are planned to be conveyed to and owned by the Master Association. Long Valley Wash includes stabilization structures interspersed to provide flood control. Maintenance of the portions of Long Valley Wash located outside the Conservation Easement Area may include spraying herbicides along the channel, banks and maintenance road, grass mowing, tree and shrub trimming and chipping, the removal of sediment within certain areas in the channel (not included in the Conservation Easement Area), and routine and emergency repair operations including, but not limited to, the use of dump trucks, loaders, excavators, and tractors. The activities associated with the maintenance of Long Valley Wash may cause vibration, noise, dust, odors and other adverse impacts which some residents may find objectionable. In addition, Buyers are notified that the area of the Long Valley Wash channel poses potential water hazards and are warned that residents and guests, and especially children and pets, must be closely watched to prevent accidents. These areas may contribute to the propagation of mosquitoes and other pests and may produce odors. A pedestrian bridge has been installed over Long Valley Wash.

Conservation Easement Areas. A portion of Long Valley Wash is located within Parcel 19 of Tract No. 37368. Pursuant to the Sommers Bend Entitlements, a conservation easement is required by the U.S. Army Corps of Engineers and the California Department of Fish and Wildlife to be granted to a conservation agency to ensure that such area remains as a preserve and open space area. As currently anticipated, the Rivers and Lands Conservation Agency will be the resource agency ("**Conservation Agency**"). Accordingly, a Conservation Easement Deed will be recorded on portions of Parcel 19 ("**Conservation Easement Deed**") which, among other matters, will grant a conservation easement ("**Conservation Easement**") to the Conservation Agency which will impose restrictions on access and use of the portions of Parcel 19 subject to the Conservation Easement ("**Conservation Easement Area**"). Based upon the current phasing schedule for the Master Association Budget, it is anticipated that prior to the conveyance of fee title to Parcel 19 to the Master Association, the Master Association will initially be granted an easement in order to perform certain maintenance obligations which will be transferred to the Master Association as contemplated under the budget for the Master Association reviewed by the DRE. As and when fee title to Parcel 19 is conveyed to the Master Association, portions of Parcel 19 will be subject to the Conservation Easement Deed and to all of the terms and provisions of such Conservation Easement. The Master Association is obligated to accept fee title to Parcel 19, subject to the Conservation Easement. As provided in the Conservation Easement Deed, Woodside will retain the obligation to perform the mitigation measures described in the Conservation Easement Deed. The Conservation Easement Area within Parcel 19 includes biologically sensitive plant and animal species and wetlands that will be managed to protect the resources within the Conservation Easement Area by the Rivers and Lands Conservancy. As provided under the Conservation Easement Deed, neither the Master Association nor any Owner or other persons shall have any rights of entry to any of the Conservation Easement Areas. No Owner shall allow or authorize the use of the Conservation Easement Area by any of the Owners occupants, lessees, guests, invitees or licensees. Each Owner shall take such actions as may be reasonably necessary to prevent entry onto the Conservation Easement Areas by any pets or animals within the control of such Owner or Owner's Permitted Users. All access points to the Conservation Easement Areas are required to be carefully controlled to reduce habitat degradation and the Master Association shall be required to maintain all signage required pursuant to the Long Valley Wash Long-Term Management Plan. Buyer and all other residents are required to abide by any signage and/or restrictive fencing prohibiting access to the Conservation Easement Area. In addition to the residents of Sommers Bend, the public will also be prohibited from accessing the Conservation Easement Area. Buyer and Buyer's occupants, guest and other invitees and other residents at Sommers Bend are prohibited from collecting, digging, disturbing, or removing any artifact or other prehistoric or historic object located within the Conservation Easement Area. Furthermore, Buyer and other residents of Sommers Bend are prohibited from (i) littering, dumping soil, trash, ashes, refuse, waste, bio-solids, garbage or any other material into the Conservation Easement Area, (ii) removing, destroying, or cutting of trees, shrubs or other vegetation, (iii) taking off-leash pets onto the Conservation Easement Area, (iv) driving motorized vehicles within the Conservation Easement Area, (v) trespassing on closed-off areas or any other area designated "No Trespassing" within the Conservation Easement Area, (vi) enjoying any recreational activities including, but

not limited to, horseback riding, biking, hunting or fishing within the Conservation Easement Area, (vii) altering or damaging any Improvements within the Conservation Easement Area, (viii) taking any other action in the Conservation Easement Area that is prohibited by law or any Conservation Easement Area rules promulgated by The River and Land Conservancy, or (ix) modifying any wall or fence that borders the Conservation Easement Area, regardless of whether such wall or fence is located on Buyer's residence. The Master Association may and/or the Conservancy Agency may take legal action against Buyer for a violation of any of these restrictions. The Master Association is authorized to establish additional restrictions for the benefit of the Conservation Easement Area in the Master Association Rules.

Natural Hazards

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

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

Seismic Hazard Zone – Area of Potential Liquefaction. Many portions of California are subject to risks associated with seismic activity. Areas that meet the definition of "Seismic Hazard Zone" in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690, *et seq.*) are shown on maps that are prepared and released by the California Department of Conservation, Division of Mines and Geology. Such zones may pose an increased risk of damage to property from liquefaction and/or from earthquake-induced landsliding. All or a portion of the Subdivision is located within a Seismic Hazard Zone known as an area of potential liquefaction, as shown on an official Seismic Hazard Zone map which is currently available from the California Geological Survey pursuant to the Seismic Hazards Mapping Act (California Public Resources Code §2690 *et seq.*). Areas of Potential Liquefaction are areas where there is a potential for, or an historic occurrence of liquefaction. A property that lies partially or entirely within a designated Seismic Hazard Zone may be subject to requirements for site-specific geologic studies and mitigation before any new or additional construction may take place. Liquefaction is a soil phenomenon that can occur when loose, water-saturated sediment located beneath the surface is shaken in a significant earthquake. The soil temporarily becomes liquid-like and structures may settle unevenly. While the Seismic Hazard Zone map and other materials in the public record may identify areas with a relatively high potential for liquefaction, these materials cannot predict the amount or direction of liquefaction-related ground displacement, nor the amount of damage that may be caused by liquefaction. The many factors that control ground failure resulting from liquefaction must be evaluated on a site-specific basis. Subdivider makes no representations, guarantees or warranties with respect to information disclosed in the Seismic Hazard Zone map or with respect to the likelihood or significance of an earthquake occurring in the Subdivision. Owners are advised to consult with the City, County, other public agencies, and appropriate experts to evaluate the potential risk. For more information concerning seismic activity and risks, read **"The Homeowner's Guide to Earthquake Safety"** which is produced by the California Seismic Safety Commission and available for free download from its website at: <https://ssc.ca.gov/>.

Energy Efficiency Standards and Duct Sealing Requirements. Subdivider has been informed that based on climate zone maps issued by the California Energy Commission, the Subdivision is located in a designated climate zone in which properties are subject to duct sealing and testing requirements set forth by the California Energy Commission. According to the California Energy Commission, certain duct sealing requirements apply when any of the following improvements are replaced on a home: the air handler, the outdoor condensing unit of a split system air conditioner or heat pump, the cooling or heating coil or the furnace heat changer. Please refer to the Disclosure Report for more information regarding energy efficiency standards and duct sealing requirements applicable to the homes in the Subdivision.

Right to Farm. The Subdivision 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 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.

Former Military Ordnance Site Disclosure. Former Military Ordnance (FUD) sites can include sites with common industrial waste (such as fuels), ordnance or other warfare materiel, unsafe structures to be demolished, or debris for removal. California Civil Code Section 1102 requires disclosure of those sites containing unexploded ordnance. "Military ordnance" is any kind of munitions, explosive device/material or chemical agent used in military weapons. Unexploded ordnance are munitions that did not detonate. NOTE: MOST FUD sites do not contain unexploded ordnance. Only those FUD sites that the U.S. Army Corps of Engineers (USACE) has identified to contain Military Ordnance or have mitigation projects planned for them are disclosed in this Report. Additional sites may be added as military installations are released under the Federal Base Realignment and Closure (BRAC) Act. Active military sites are NOT included on the FUD site list.

ADDITIONAL DISCLOSURES: THIS IS NOT A COMPLETE LIST OF THE HAZARDS AND DISCLOSURES WHICH MAY BE RELEVANT TO THE SUBDIVISION. THE SUBDIVIDER HAS PREPARED VARIOUS DISCLOSURE STATEMENTS REGARDING VARIOUS ASPECTS OF THE SUBDIVISION AND THE SOMMERS BEND COMMUNITY. YOU SHOULD VERIFY WITH THE SUBDIVIDER THAT YOU HAVE RECEIVED A COPY OF EACH OF THE DISCLOSURE STATEMENTS AND YOU SHOULD CAREFULLY REVIEW EACH OF THEM. YOU ARE RESPONSIBLE TO CONDUCT YOUR OWN INDEPENDENT INVESTIGATION OF THE SUBDIVISION AND THE SOMMERS BEND COMMUNITY AND SURROUNDING AREAS.

PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE SOMMERS BEND COMMUNITY 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 Residential Lot you are purchasing. Those items typically shown on a report include, but are

not limited to, general and special taxes, easements, mechanics liens, monetary encumbrances, trust deeds, utilities, rights of way and declarations. In most instances, copies of documents can be provided to you upon request.

Easements: Easements for utilities and other purposes are shown on the title report and Subdivision Map, **Tract Map No. 37341-15**, as shown by map on file in **Book 473, Pages 56 through 62**, and **Tract Map No. 37341-16** recorded in **Book 473, Pages 63 through 71**, inclusive, both of maps, in the Office of the Riverside County Recorder.

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

An Environmental Constraint Note affecting said map was filed in **E.C.S. Book T, Page 402** and in **E.C.S. Book T, Page 403**, both in the Office of the City Engineer.

A Private Street Access and Maintenance Easement Deed for vehicular and pedestrian access, ingress, egress, use and enjoyment over the private street improvements on Lots A to E of Tract 37341-14, Lots A to H of Tract 37341-15, and Lots A to D of Tract 37341-16 ("**Private Streets**") recorded **May 18, 2021** as Instrument No. **2010-0306270** in the Office of the Riverside County Recorder.

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 ad valorem 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 Subdivision, 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 Residential Lot, or as of the date of completion of an improvement on the Residential Lot, if that occurs after the date of purchase.

Notice of Your 'Supplemental' Property Tax Bill

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

Special Taxes & Assessments:

Temecula City Parks and Lighting District. The Subdivision lies within the boundaries of the Temecula City Parks and Lighting District and is subject to any taxes, assessments and obligations thereof. This District was

formed to finance the operation, construction and maintenance of landscape and lighting of parks and park facilities within the District. 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 assessment for each Residential Lot within the Subdivision will be **\$74.44**. The administration of this District will be provided by City of Temecula/Willdan Financial Services (866) 807-6864.

Temecula Public Financing Authority Community Facilities District No. 2016-01 (Roripaugh Ranch Phase 2), Facilities and Services. The Subdivision lies within the Temecula Public Financing Authority Community Facilities District No. 2016-01 (Roripaugh Ranch Phase 2), Facilities and Services and is subject to any taxes, assessments and obligations thereof. Subdivider must provide purchasers with a disclosure entitled "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. This Notice contains important information about district functions, purchaser's obligations, rights of the district, and information on how to contact the district for additional materials. Purchasers should thoroughly understand the information contained in the Notice prior to entering into a contract to purchase. This special tax appears on the yearly property tax bill and is in addition to the tax rate affecting the property described above in the section entitled "TAXES."

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

Metropolitan Water District – Standby East. The Subdivision lies within the boundaries of the Metropolitan Water District – Standby East and is subject to any taxes, assessments and obligations thereof. This District was formed to pay for water standby charges. 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 assessment for each Residential Lot within the Subdivision will be **\$6.94**. The administration of this District will be provided by Willdan Financial Services (866) 807-6864.

Eastern Municipal Water District. The Subdivision lies within the boundaries of the Eastern Municipal Water District and is subject to any taxes, assessments and obligations thereof. This District was formed to pay for combined water and sewer service standby charges. 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 assessment for each Residential Lot within the Subdivision will be **\$40.00**. The administration of this District will be provided by Eastern Municipal Water District/Albert A. Webb Associates (951) 686-1070 or (800) 439-6553.

Riverside County Flood Control and Water Conservation District/Santa Margarita Watershed Benefit Assessment Area (NPDES Program). The Subdivision lies within the boundaries of the Riverside County Flood Control and Water Conservation District/Santa Margarita Watershed Benefit Assessment Area (NPDES Program) and is subject to any taxes, assessments and obligations thereof. This District was formed to regulate urban stormwater discharge pursuant to the Federal 1972 & 1987 Clean Water Act. 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 assessment for each Residential Lot within the Subdivision will be **\$4.00**. The administration of this District will be provided by Riverside County Flood Control and Water Conservation District/Albert A. Webb Associates (800) 439-6553.

Temecula Community Services District – Recycling and Refuse Collection. The Subdivision lies within the boundaries of the Temecula Community Services District – Recycling and Refuse Collection and is subject to any taxes, assessments and obligations thereof. This District was formed to pay for the operation and administration of the refuse collection program, including recycling services for all developed residential homes (or “**Households**”) within the District. 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 assessment for each Residential Lot within the Subdivision will be **\$298.42**. The administration of this District will be provided by Temecula Community Services District/Albert A. Webb Associates (800) 439-6553.

FINANCING

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

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

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

Due-on-Sale Clause: If the loan instrument for financing your purchase of a Separate Interest in the Subdivision 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: Subdivider may assist you in arranging financing from a federal or state regulated lender which will make loans that allow the interest rates to change over the life of the loan. An interest rate increase ordinarily causes an increase in the monthly payment that you make to the lender. The lender will provide you with a disclosure form about the financing to assist you in the evaluation of your ability to make increased payments during the term of the loan. This disclosure form will be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

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

PURCHASE MONEY HANDLING

Subdivider must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you, except for such amount as the subdivider has covered by furnishing a bond to the State of California. [Refer to Business and Professions Code Sections 11013, 11013.1 and 11013.2(a)]

If the escrow has not closed on your Residential Lot within one (1) year of the date of your Purchase Agreement, Deposit Receipt 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 developer shall require as a condition precedent to the transfer of real property containing a single family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the Subdivider has a financial interest of 5% or more.

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

SOILS AND GEOLOGIC CONDITIONS

Soils, filled ground and geologic information is available at: City of Temecula, Department of Public Works, 41000 Main Street, Temecula, California 92590. Some lots will contain filled ground in excess of 2 feet.

CALIFORNIA IS SUBJECT TO GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION OR SUBSIDENCE. THE UNIFORM BUILDING CODE, APPENDIX CHAPTER 33, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM SUCH GEOLOGIC HAZARDS. THE SUBDIVISION AND OTHER AREAS WITHIN THE OVERALL SOMMERS BEND COMMUNITY ARE LOCATED IN AN AREA WHERE SOME OF THESE HAZARDS MAY EXIST. SOME CALIFORNIA COUNTIES AND CITIES HAVE ADOPTED ORDINANCES THAT MAY OR MAY NOT BE AS EFFECTIVE IN THE CONTROL OF GRADING AND SITE PREPARATION.

PURCHASERS MAY CONTACT THE SUBDIVIDER, THE SUBDIVIDER'S ENGINEER, THE ENGINEERING GEOLOGIST, AND THE LOCAL BUILDING OFFICIALS TO DETERMINE IF THE ABOVE-MENTIONED HAZARDS HAVE BEEN CONSIDERED AND IF THERE HAS BEEN ADEQUATE COMPLIANCE WITH APPENDIX CHAPTER 33 OR AN EQUIVALENT OR MORE STRINGENT GRADING ORDINANCE DURING THE CONSTRUCTION OF THE SUBDIVISION.

SCHOOLS

The Subdivision lies within the Temecula Valley Unified School District, located at 31350 Rancho Vista Road, Temecula, California 92592, (951) 676-2661. This District advises the schools available for the 2020-2021 school years for the Sommers Bend Community are:

Rancho Elementary School **
31530 La Serena Way
Temecula, CA 92591
(951) 695-7150

Grades K-5

Margarita Middle School
30600 Margarita Road
Temecula, CA 92591
(951) 695-7370

Grades 6-8

Temecula Valley High School
31555 Rancho Vista Road
Temecula, CA 92592
(951) 695-7300

Grades 9-12

****Special Note:** Rancho Elementary School will be closed for the 2020-2021 school year for an extensive modernization. Students will be temporarily assigned to Crowne Hill Elementary School for the 2020-2021 school year.

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 Subdivider which the Department of Real Estate used in preparing this Public Report you may contact:

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

RECEIPT FOR PUBLIC REPORT

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

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

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

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

I read the Commissioner's Public Report on 163124LA-F00
[FILE NUMBER]

TRACTS 37341-15 & 37341-16 - "ESPLANADE AT SOMMERS BEND AKA ARISE AND WESTON"
[TRACT NUMBER OR NAME]

1
[PHASE NUMBER] [LOT/UNIT NUMBER]

I understand the public report is not a recommendation or endorsement of the subdivision, but is for information only.

The issue date of the public report which I received and read is:

<u>JUNE 3, 2021</u> [DATE ISSUED]	<u></u> [DATE AMENDED]
<u>JUNE 2, 2026</u> [EXPIRATION DATE]	<u></u> [NAME]
	<u></u> [SIGNATURE]
	<u></u> [ADDRESS]
	<u></u> [DATE]