

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

In the matter of the application of

**RSI COMMUNITIES - CALIFORNIA LLC,
A DELAWARE LIMITED LIABILITY COMPANY**

**FINAL SUBDIVISION PUBLIC REPORT
PLANNED DEVELOPMENT**

FILE NO.: 161785LA-F00

ISSUED: JANUARY 6, 2020

EXPIRES: JANUARY 5, 2025

for a Final Subdivision Public Report on

TRACT MAP NO. 18825

**"SUMMIT PLACE" PHASE 6
(Lots 16-19, 73 & 74)**

DEPARTMENT OF REAL ESTATE

by 
Signature

ABEGAIL BUSLON

Printed Name

SAN BERNARDINO COUNTY, CALIFORNIA

CONSUMER INFORMATION

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

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

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

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

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

SPECIAL NOTES

THIS FINAL SUBDIVISION PUBLIC REPORT COVERS RESIDENTIAL LOTS 16 THROUGH 19, 73 AND 74, OF TRACT MAP NO. 18825 (THE "**PHASE**").

THIS PHASE IS PART OF THE "SUMMIT PLACE" NEIGHBORHOOD (THE "**NEIGHBORHOOD**" OR "**SUBDIVISION**") WHICH IS BEING DEVELOPED BY RSI COMMUNITIES – CALIFORNIA LLC, A DELAWARE LIMITED LIABILITY COMPANY (THE "**SUBDIVIDER**" OR "**GUEST BUILDER**").

"SUMMIT PLACE" NEIGHBORHOOD IS PART OF AN OVERALL COMMUNITY KNOWN AS "SUMMIT CREST" (THE "**COMMUNITY**").

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

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.

PRELIMINARY SUBDIVISION PUBLIC REPORT ("PRELIMINARY PUBLIC REPORT"): IF YOU HAVE RECEIVED A PRELIMINARY PUBLIC REPORT FOR THIS COMMUNITY, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL SUBDIVISION 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 SUBDIVISION PUBLIC REPORT.

OVERVIEW OF SUBDIVISION

Location:

This Community is located at Citrus Avenue and Summit Avenue within the city limits of Fontana. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision:

This Community is a common-interest development of the type referred to as a Planned Development. It includes Association Property which will be maintained by the Summit Crest Community Association, a California nonprofit mutual benefit corporation ("Association").

Interests to Be Conveyed:

You will receive fee title to a Residential Lot together with a membership in the Association and rights to use certain portions of the Association Property.

About This Phase:

This Public Report is for the sixth (6th) phase of the "Summit Place" neighborhood and consists of approximately 0.77 acre divided into 6 Residential Lots.

This phase is part of the "Summit Place" neighborhood which, if developed as proposed, will consist of a total of 13 phases (12 + MBO) containing approximately 94 Residential Lots within the "Summit Place" neighborhood.

The "Summit Place" neighborhood is part of a total Community which, if developed as proposed, will consist of approximately 171 Residential Lots within the overall projected development.

There is no assurance that the total subdivision will be completed as proposed.

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

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

Sale of All Residences:

The Subdivider has indicated that it intends to sell all of the Residential Lots in this Neighborhood; however, any owner, including the Subdivider, has a legal right to rent or lease the Residential Lots.

Subdivider and Purchaser Obligations:

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

NOTE: WHEN YOU SELL YOUR RESIDENTIAL LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE CC&RS, ARTICLES OF INCORPORATION, BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEY'S FEES OR OTHER CHARGES, PROVIDED BY THE CC&RS OR OTHER GOVERNING DOCUMENTS ON THE RESIDENTIAL 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).

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

MANAGEMENT AND OPERATION:

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

EXISTING ASSOCIATION: SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES ARE MAINTAINED BY THE ASSOCIATION, THE ASSOCIATION MUST HOLD ELECTIONS OF THE ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS. THE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTIONS 5500 ET. SEQ. OF THE CIVIL CODE.

The CC&Rs: This Neighborhood will be subject to the following:

- Declaration of Covenants, Conditions and Restrictions of Summit Crest recorded April 18, 2017 as Instrument No. 2017-0160223;
- First Amendment to Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Summit Crest recorded June 14, 2017 as Instrument No. 2017-0242587 and re-recorded on July 26, 2017 as Instrument No. 2017-0303471;
- Supplementary Declaration of Covenants, Conditions and Restrictions of Summit Crest (Lots 16-19, 73 & 74 of Tract No. 18825) recorded on December 11, 2019 as Instrument No. 2019-0457764; and
- Notice of Builders Alternative Dispute Resolution recorded on September 25, 2018 as Instrument No. 2018-0351442.

All of the above have been recorded in the Office of the San Bernardino County Recorder. Amendments and/or Supplements to the CC&Rs and Supplementary Declaration may also be recorded. You may ask the Subdivider about such changes. If you purchase a Residential Lot, this information will be included in your title policy.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE DECLARATION(S). THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

Documents to be Furnished:

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

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

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

MAINTENANCE AND OPERATIONAL EXPENSES:

Association to Levy Assessments: The Association has the right to levy assessments against you for the maintenance of the Association Property and other purposes. Your control of operations and expenses is limited to the right of your elected representatives to vote on certain provisions at Association meetings.

Budgets: The Subdivider has submitted budgets for the management, maintenance and operation of the Association's obligations and for long-term reserves when the community is substantially completed (built-out budget) and an interim budget applicable to these phases. These budgets were reviewed by the Department of Real Estate in October 2018. You should obtain copies of these budgets from the Subdivider.

Range of Assessments: Due to uncertainty in the sequence in which phases in this Community will close escrows in individual housing types located in the overall Community, it is difficult to predict at this time the amount of the monthly assessment which will be assessed against each Residential Lot in the Community.

As the overall Community is developed and additional phases of the Community become subject to assessments, the level of monthly assessments in existing phases of the Community may increase or decrease, subject to the limitations in the CC&R's or Bylaws.

Under the interim budget on file with the **DRE**, the range of monthly assessments during the development period will be between **\$272.50 (worst case)** and **\$100.25 (best case)**. Of these amounts, the monthly contribution toward long-term reserves, which are not to be used to pay for current operating expenses, will be between **\$2.39** and **\$3.34**.

Under the built-out budget, the monthly installment of Regular Assessments against each residential lot is currently estimated to be **\$100.25** of which the contributions toward long term reserves, which are not to be used to pay for current management, maintenance and operating expenses, will be **\$3.34**.

According to the Subdivider, assessments under the interim budget should be sufficient for proper management, maintenance and operation of the Association's obligations until the Community 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 Residential Lot, the Subdivider will provide you with a copy of the budget for your phase, reflecting the amount of the initial assessment you will actually pay to the Association.

Prior to the close of escrow for the sale of your lot, the Subdivider will provide you with a copy of the best case and the worst-case budget including a copy of the Association's operating budget for the current Fiscal year, if applicable.

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

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

BUDGET INFORMATION PROVIDED BY SUBDIVIDER: DELINQUENCIES IN THE PAYMENT OF ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ANY OR ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED ASSOCIATION SERVICES. THE SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE ASSOCIATION TO

RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET (REGULATION 2800K).

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

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

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

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

Commencement of Assessments: Regular assessments for the Association will commence on all Residential Lots in this phase on the first day of the month following the conveyance of the first Residential Lot. The Subdivider must pay assessments to the Association for all unsold Residential Lots in this phase (Regulations 2792.9 and 2792.16).

Failure to Pay: The remedies available to the Association against owners who are delinquent in the payment of assessments are set forth in the CC&Rs. These remedies are available against the Subdivider as well as against all other owners.

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

Subsidy: The Subdivider will enter into a Subsidy Agreement ("**Agreement**") with the Association. According to the Budget of the Association, the Assessments levied to defray the Association's Common Expenses in early Phases of the Community will be greater than the Annual Assessments levied in later additional Phases of the Community. Therefore, Subdivider wishes to subsidize a portion of the Assessments levied against Lots 31 to 50, inclusive, and Lots 57 to 60, inclusive, of Tract No. 18825 until enough Residential Lots in the overall Community become subject to Assessments to minimize the disparity.

Term of Agreement. Unless cancelled by Subdivider in accordance with Section 3 of the Agreement, the term of the Agreement ("**Term**") shall commence as of the date of the first Close of Escrow in overall Phase 6 of the Summit Crest Community, and it shall continue until terminated in accordance with Section 4 of the Agreement.

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

- (a) The date that is six (6) months after the date on which the Term of the Agreement has commenced under Section 2 of the Agreement; or
- (b) The date on which Assessments have begun for the Phase that includes the sale of the 88th Residential Lot in the overall Community.

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

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

USES/ZONING/HAZARD DISCLOSURES

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

Zoning

North: Commercial/Industrial
South: Commercial
East: Residential
West: Open Space

Uses and Hazards

The Subdivider advises that the following uses/hazard(s) exist within or near this development:

- Fontana Park & Fontana Park Aquatic Center is approximately 0.7 miles west of the community
- Sierra Lakes Golf Course is approximately 1.5 miles southeast of the community
- Highway 210 is approximately 1.3 miles west
- Highway 15 is northwest of the community
- Edison Corridor immediately north of the property
- On the southwest corner of Citrus and Summit Avenue is a Fontana Water District water storage facility (stand-alone tank, enclosed in a fence)

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 the Subdivider or the Subdivider's agent.

The Subdivider has advised that all or portions of the Community are located within a 1-mile radius of property that is zoned for Commercial or Industrial use.

Right to Farm: This Community is located within one mile of a farm or ranch land designated on the current county-level GIS "Important Farmland Map", issued by the California Department of Conservation, Division of Land Resource Protection. Accordingly, the Community 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 Ordinance Site Disclosure: This Community is located within one-mile from a Formerly Used Defense (FUD) site (Rialto Ammunition Storage Point) containing military ordnance. California Civil Code 1102.15 requires the Seller of a residential property which has actual knowledge of any "Former Ordnance Locations" (former state or federal ordnance locations which have been identified by an agency or instrumentality of the federal or state government as an area once used for military training purposes which may contain potentially explosive munitions) within the "neighborhood area" (defined as within one (1) mile of the residential real property) to give written notice of that knowledge to buyer as soon as practicable before transfer of title.

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 Association, you should also contact the Association regarding any assessment increases due to additional insurance costs associated with the Statutory Natural Hazard Areas which may affect the Association maintained areas, if any.

PURCHASERS SHOULD FAMILIARIZE THEMSELVES WITH THE SURROUNDING AREAS OF THE 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 CC&Rs. 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 Tract Map No. 18825 recorded in Book 349, Pages 16-18 on March 6, 2018 as Document No. 2018-0080121 of Tract Maps, in the Office of the San Bernardino County Recorder.

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

Additional easements may be included in the CC&Rs, Supplementary Declaration (if applicable) and your preliminary title report. You should carefully review the provisions in these documents.

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

The right to surface entry has been waived.

TAXES

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

The total property tax rate for the Community is 1.2086% for the year 2019-2020.

For the purchaser of a Residential Lot in this Community, the full cash value of the Residential 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:

This subdivision lies within the boundaries of the following special districts, and is subject to any taxes, assessments and obligations thereof:

- San Bernardino County Vector Control District
- City of Fontana Sewer District

This Community lies within the City of Fontana Community Facilities District No. 74M and City of Fontana Community Facilities District No. 74B (Citrus/Summit) and is subject to any taxes, assessments and obligations thereof.

The Subdivider must provide purchasers with disclosures entitled "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. These Notices contain important information about district functions, purchaser's obligations, right of the districts, and information on how to contact the districts for additional materials. Purchasers should thoroughly understand the information contained in the Notices prior to entering into a contract to purchase. These special taxes appear on the yearly property tax bill and are in addition to the tax rate affecting the property described above in the section entitled "Regular Taxes."

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

FINANCING

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

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

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

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

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.

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.

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

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

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

PURCHASE MONEY HANDLING

The Subdivider must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you [Refer to Business and Professions Code Sections 11013, and 11013.4(a)].

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

SPECIAL NOTE: THE PURCHASE AGREEMENT (AND ESCROW INSTRUCTIONS) INTENDED FOR USE BY THE SUBDIVIDER INCLUDES A PROVISION WHERE THE SELLER (SUBDIVIDER) MAY IN ITS SOLE AND ABSOLUTE DISCRETION GRANT THE BUYER AN EXTENSION OF THE CLOSING DATE. UNDER THIS PROVISION THE BUYER SHALL PAY A SPECIFIED DOLLAR AMOUNT PER DAY (EXTENSION FEE) FOR EACH DAY THE ESCROW IS EXTENDED.

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

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

SOILS AND GEOLOGIC CONDITIONS

Some Residential Lots in the Community contain filled ground. Information concerning filled ground, soil conditions and geologic conditions is available at: City of Fontana, Planning Department, 8353 Sierra Avenue, Fontana, CA 92335.

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

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

Schools:

This Community lies within the Fontana Unified School District. This District advises the schools initially available to this Community are:

Sierra Lakes Elementary School (K-5)
5740 Avenal Place, Fontana, CA 92336
(909) 357-5270

Wayne Ruble Middle School (6-8)
6762 Juniper Avenue, Fontana, CA 92336
(909) 357-5530

Summit High School (9-12)
15551 Summit Avenue, Fontana, CA 92336
(909) 357-5950

For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the school district.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

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

RECEIPT FOR PUBLIC REPORT

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

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

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

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

I read the Commissioner's Public Report on 161785LA-F00
[FILE NUMBER]

Tract Map No. 18825 "Summit Place"
[TRACT NUMBER OR NAME]

Phase 6 Lots: 16-19, 73 & 74
[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:

January 6, 2020
[DATE ISSUED] [DATE AMENDED]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]