

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

In the matter of the application of

**WILLIAM LYON HOMES, INC.,
a California corporation**

**FINAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM**

FILE NO.: 168848LA-F00

ISSUED: JANUARY 31, 2022

EXPIRES: JANUARY 30, 2027

for a Final Subdivision Public Report on

TRACT NO. 20232 (PHASE 13)

"VERBENA AT THE PRESERVE"

DEPARTMENT OF REAL ESTATE

by *Tiffany Williams*
Signature

TIFFANY WILLIAMS

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

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

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

COMMON INTEREST DEVELOPMENT GENERAL INFORMATION

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

RE 646 (Rev. 1/20)

THIS FINAL SUBDIVISION PUBLIC REPORT COVERS PHASE 13 OF VERBENA AT THE PRESERVE (“**VERBENA**” OR “**NEIGHBORHOOD**”) WHICH CONSISTS OF RESIDENTIAL UNITS 31 THROUGH 34 LOCATED ON A PORTION OF LOT 1 OF TRACT NO. 20232. VERBENA IS BEING DEVELOPED BY WILLIAM LYON HOMES, INC., A CALIFORNIA CORPORATION, (THE “**NEIGHBORHOOD BUILDER**”). THIS PHASE OF VERBENA ALSO CONTAINS NEIGHBORHOOD ASSOCIATION PROPERTY WHICH IS BEING INSTALLED BY THE NEIGHBORHOOD BUILDER. VERBENA IS A PART OF THE OVERALL MASTER PLANNED COMMUNITY KNOWN AS THE PRESERVE AT CHINO (“**THE PRESERVE**”). THE PRESERVE IS BEING DEVELOPED BY CHINO DEVELOPMENT CORPORATION, A CALIFORNIA CORPORATION, AND CHINO PRESERVE DEVELOPMENT CORPORATION, A CALIFORNIA CORPORATION (THE “**MASTER DEVELOPERS**”).

SPECIAL INTEREST AREAS IN THIS FINAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: CONDITIONAL SUBDIVISION PUBLIC REPORT, MANAGEMENT AND OPERATION, 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 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 AN INTEREST 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 HAVE RECEIVED A PRELIMINARY SUBDIVISION PUBLIC REPORT (“**PRELIMINARY REPORT**”) FOR VERBENA, YOU ARE ADVISED TO CAREFULLY READ THIS FINAL PUBLIC REPORT SINCE IT CONTAINS INFORMATION THAT IS MORE CURRENT AND PROBABLY DIFFERENT THAN THAT INCLUDED IN THE PRELIMINARY REPORT.

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

OVERVIEW OF SUBDIVISION

Location: Verbena is located at West Preserve Loop and Garden Park Street within the city limits of Chino. Prospective purchasers within Verbena should acquaint themselves with the kinds of city services available.

Type of Subdivision: The Neighborhood is a common interest subdivision of the type referred to as a Condominium development and is located within The Preserve. If completed as presently planned, the Neighborhood will be developed in 16 overall phases containing 70 residential units ("units").

Interests to be Conveyed: You will receive fee title to a residential condominium unit, an undivided fractional fee title interest as a tenant in common in the Condominium Common Area, together with a membership in the Preserve Master Community Corporation ("**Community Association**"), the Preserve Master Maintenance Corporation ("**Maintenance Corporation**") and the Verbena at The Preserve Neighborhood Association ("**Neighborhood Association**") and rights to use the Community Common Property, Maintenance Areas, Maintenance Property, and Neighborhood Association Property.

About This Phase: This Public Report is for the thirteenth phase of Verbena which consists of approximately 0.238 acres divided into 4 units in addition to Neighborhood Association Property consisting of a portion of Lot 1 of Tract No. 20232.

Common amenities and/or facilities consisting of buildings, paving, lighting, landscaping, decks, patios and porches, masonry walls, tubular steel deck railings, patio gates, metal/wood utility doors and a fire panel will be constructed on the Neighborhood Property.

Additional common amenities and/or facilities in Verbena consist of (1) Alley A located on portions of Lot 1 of Tract No. 20232 and Lot 3 of Tract No. 20223, (2) Private Street A located on portions of Lot 1 of Tract No. 20231, Lot 1 of Tract 20232 and on a portion of Lot A of Tract No. 20223, (3) Alley D located on a portion of Lot 1 of Tract No. 20232. Item No. (1) is estimated to be completed in September 2022, Item No. (2) is estimated to be completed in December 2021, Item No. (3) is estimated to be completed in September 2022 and Item No. (3) is estimated to be completed in September 2022.

THERE IS NO ASSURANCE THAT THE NEIGHBORHOOD, OR THE PRESERVE, WILL BE COMPLETED AS PROPOSED.

OVERVIEW OF THE PRESERVE

THE PRESERVE, WHICH IS LOCATED IN THE CITY OF CHINO (THE "**CITY**"), COUNTY OF SAN BERNARDINO (THE "**COUNTY**"), IS A MIXED-USE MASTER PLANNED DEVELOPMENT WHICH COMBINES A DIVERSE MIXTURE OF OPEN SPACE, AGRICULTURAL, COMMERCIAL, RECREATIONAL AND OPEN SPACE USES WITH

SEVERAL DIFFERENT LIVING ENVIRONMENTS, INCLUDING RURAL, SUBURBAN AND URBAN.

THE PRESERVE IS INTENDED TO INCLUDE (A) A VARIETY OF HOUSING TYPES, FROM EQUESTRIAN ESTATES, DETACHED SINGLE-FAMILY SUBURBAN STYLE HOMES, CLUSTERED UNITS, DUPLEXES, TOWNHOMES, APARTMENTS AND CONDOMINIUMS, (B) A DENSE COMMUNITY CORE AT ITS HEART WHICH ACCOMMODATES A MIXTURE OF RESIDENTIAL, COMMERCIAL, OFFICE, CULTURAL, CIVIC AND EDUCATIONAL USES IN A TRADITIONAL DOWNTOWN, (C) REGIONAL COMMERCIAL, NEIGHBORHOOD SERVING COMMERCIAL, LIGHT INDUSTRIAL, BUSINESS PARK AND AIRPORT RELATED EMPLOYMENT AND COMMERCIAL USES AND (D) AGRICULTURAL AND NATURAL OPEN SPACE AREAS. THE PRESERVE INCLUDES APPROXIMATELY 5,435 ACRES. THE PRESERVE'S DEVELOPMENT IS GUIDED BY THE PRESERVE SPECIFIC PLAN AND A DEVELOPMENT AGREEMENT, BOTH APPROVED BY THE CITY, AND THESE PROVIDE THAT WHEN COMPLETED THE PRESERVE MAY INCLUDE AS MANY AS 11,725 RESIDENCES. OF THESE PROPOSED 11,725 RESIDENCES, 5,379 RESIDENCES ARE PLANNED TO BE INCLUDED IN THE COMMUNITY ASSOCIATION AND 11,725 RESIDENCES (INCLUDING UP TO 2,750 APARTMENT UNITS) ARE PLANNED TO BE INCLUDED IN THE MAINTENANCE CORPORATION.

THE PRESERVE IS ANTICIPATED TO BE DEVELOPED BY THE MASTER DEVELOPERS AND VARIOUS NEIGHBORHOOD BUILDERS IN A SERIES OF PHASES. THE MASTER DEVELOPERS HAVE CONSTRUCTED THE PARKHOUSE WHICH IS OWNED AND MAINTAINED BY THE COMMUNITY ASSOCIATION. THE PARKHOUSE IS A RECREATIONAL FACILITY THAT INCLUDES A RECREATION BUILDING, POOL, SPA, TENNIS COURTS, TOT LOT, AND PICNIC AREAS. IN ADDITION TO THE PARKHOUSE THE MASTER DEVELOPERS ARE PLANNING TO CONSTRUCT ADDITIONAL COMMUNITY COMMON PROPERTY, MAINTENANCE AREAS AND MAINTENANCE PROPERTY WHICH ARE PLANNED TO CONSIST OF FORMATIVE PARKS, POCKET PARKS, STREETSCAPES, LANDSCAPING, ENTRY MONUMENTS, TRAILS, WALLS AND FENCES, AND SOME PRIVATE ALLEYS ("FACILITIES"). THE FORMATIVE PARKS, WHICH WILL BE OWNED BY THE CITY AND MAINTAINED BY THE MAINTENANCE CORPORATION, ARE PLANNED TO INCLUDE SPORTS COURTS, PICNIC AREAS, RESTROOM BUILDINGS, TOT LOTS, AND PASSIVE RECREATION AREAS.

THE MASTER DEVELOPERS AND THE COMMUNITY ASSOCIATION HAVE ENTERED INTO AN EASEMENT AND USE AGREEMENT ("**AGREEMENT**") WHICH ALLOWS FOR THE USE OF THE PARKHOUSE BY THE MASTER DEVELOPERS. THE AGREEMENT WILL CREATE EXCLUSIVE EASEMENTS IN FAVOR OF THE MASTER DEVELOPERS FOR THE USE OF THE COVERED IMPROVEMENTS, AS DESCRIBED IN THE AGREEMENT, FOR SALES PURPOSES. THE MASTER DEVELOPERS WILL BE OBLIGATED TO REIMBURSE THE COMMUNITY ASSOCIATION FOR THE COST OF MAINTENANCE AND REPAIR OF THE PORTION OF THE PARKHOUSE IN WHICH THE COVERED IMPROVEMENTS ARE LOCATED.

THERE IS NO ASSURANCE THAT ANY PORTION OF THE PRESERVE, INCLUDING ANY FACILITIES, WILL BE DEVELOPED OR COMPLETED AS PROPOSED AND AS DESCRIBED IN THIS FINAL PUBLIC REPORT.

FUTURE DEVELOPMENT OF THE PRESERVE CANNOT BE PREDICTED WITH ACCURACY. THE MASTER DEVELOPERS AND NEIGHBORHOOD 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.

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

Sale of All Residences: The Neighborhood Builder has indicated that it intends to sell all of the units in the Neighborhood; however, any owner, including the Neighborhood Builder has a legal right to rent or lease the units.

Neighborhood Builder and Purchaser Obligations: IF YOU PURCHASE FIVE OR MORE SUBDIVISION INTERESTS (UNITS) FROM THE NEIGHBORHOOD BUILDER, THE NEIGHBORHOOD BUILDER IS REQUIRED TO NOTIFY THE REAL ESTATE COMMISSIONER OF THE SALE. IF YOU INTEND TO SELL YOUR INTERESTS OR LEASE THEM FOR TERMS LONGER THAN ONE YEAR, YOU ARE REQUIRED TO OBTAIN AN AMENDED SUBDIVISION PUBLIC REPORT BEFORE YOU CAN OFFER THE INTERESTS FOR SALE OR LEASE.

NOTE: WHEN YOU SELL YOUR UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE COMMUNITY ASSOCIATION GOVERNING DOCUMENTS, MAINTENANCE CORPORATION GOVERNING DOCUMENTS, AND NEIGHBORHOOD ASSOCIATION GOVERNING DOCUMENTS. YOU MUST ALSO GIVE THAT PERSON A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS' FEES OR OTHER CHARGES, ASSESSED IN ACCORDANCE WITH THE COMMUNITY DECLARATION, THE MAINTENANCE DECLARATION, AND THE NEIGHBORHOOD DECLARATION OR OTHER MANAGEMENT DOCUMENTS FOR THE UNIT AS OF THE DATE THE STATEMENT WAS ISSUED.

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

THE NEIGHBORHOOD BUILDER MUST MAKE AVAILABLE TO YOU, COPIES OF THE COMMUNITY ASSOCIATION GOVERNING DOCUMENTS, MAINTENANCE CORPORATION GOVERNING DOCUMENTS, NEIGHBORHOOD ASSOCIATION GOVERNING DOCUMENTS, A STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS AND RELATED CHARGES AUTHORIZED BY THE COMMUNITY ASSOCIATION GOVERNING DOCUMENTS AND MAINTENANCE CORPORATION GOVERNING DOCUMENTS, NEIGHBORHOOD ASSOCIATION GOVERNING DOCUMENTS, AND, IF AVAILABLE, CURRENT FINANCIAL AND RELATED STATEMENTS (SEE BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

Completion of Common Area:

The Neighborhood Builder has posted a bond in the amount of \$29,088.00, acceptable to the Department of Real Estate to assure lien free completion of perimeter private streets Spirit Street located on portions of Tract Nos. 20232 and 20223 and Pilot Avenue located on portion of Tract Nos. 20231 and 20232 as described in the Planned Construction statement attached to the security instrument. The estimated completion date for these improvements is September 2022.

The Neighborhood Builder has posted a bond in the amount of \$155,124.00, acceptable to the Department of Real Estate to assure completion of improvements described as interior private street Inventor Street (located on a portion of Lot 1 of Tract No. 20232) as described in the Planned Construction Statement attached to the security instrument. The estimated completion date for these improvements is December 2021.

The Neighborhood Builder has posted a bond in the amount of \$46,722.00, acceptable to the Department of Real Estate to assure completion of improvements described as interior private street Botanica Avenue (located on a portion of Lot 1 of Tract No. 20232) as described in the Planned Construction Statement attached to the security instrument. The estimated completion date for these improvements is December 2021.

The Neighborhood Builder has posted a bond in the amount of \$93,006.00, acceptable to the Department of Real Estate to assure completion of improvements described as interior private street Leader Avenue (located on a portion of Lot 1 of Tract No. 20232) as described in the Planned Construction Statement attached to the security instrument. The estimated completion date for these improvements is September 2022.

The Neighborhood Builder estimates all Neighborhood Association Property in this phase of Verbena will be completed by approximately July 2022.

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

This is a phased subdivision located on one lot.

The Neighborhood Builder of this subdivision has not furnished any financial guarantees that any residential unit other than those residential units within this phase will be completed. If the Neighborhood Builder does not complete the remaining residential units in exact accordance with the recorded condominium plan, the interest you purchase in this subdivision may not be qualified for refinancing which would make the unit you purchase unmarketable.

Prior to entering into a purchase agreement, you should consult an attorney for advice.

The Neighborhood Builder advises that each purchaser and the Neighborhood Association will receive a special title endorsement insuring him/her against future mechanic liens which may be incurred in the construction of units in the additional phases of this one lot subdivision. The title endorsement provides that the total liability of the title company is limited to the face amount of the title policy only. The insurance will contain the following endorsement:

“The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of:

any statutory lien for labor or materials attaching to the Land, arising out of any work of improvement under construction or completed at the date of policy as to the condominium building in which the insured's separate unit is located, and/or by reason of any statutory lien for labor or materials attaching to the Land arising out of any work or improvement within a portion Lot No. 1 of Tract No. 20232 whether such improvements have been completed, are under construction or are to be constructed after the Policy Date.”

Should the owner of a unit in the Neighborhood sell his/her unit to another purchaser prior to the completion of the final phases, he/she should inform the new purchaser that a special future mechanic lien endorsement should be obtained from their title insurance company.

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

MANAGEMENT AND OPERATION

Association Obligations and Governing Documents: Verbena will be subject to the jurisdiction of the Community Association, the Maintenance Corporation and the Neighborhood Association (each an “**Association**”, collectively the “**Associations**”).

The Community Association will own and/or maintain, and manage certain Community Common Property as set forth in the Community Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Preserve at Chino (“**Community Declaration**”) and any Community Notice of Additional Area and Supplemental Declaration of Covenants, Conditions and Restrictions (“**Community Area Addition Notice**”) recorded against Verbena. The

Community Association has the right to levy assessments against you for maintenance of the Community Common Property and other purposes.

The Maintenance Corporation will own and/or maintain, and manage certain Maintenance Areas and Maintenance Property as set forth in the Maintenance Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for The Preserve ("**Maintenance Declaration**") and any Maintenance Notice of Additional Area and Supplemental Declaration of Covenants, Conditions and Restrictions ("**Maintenance Area Addition Notice**"). The Maintenance Corporation has the right to levy assessments against you for maintenance of the Maintenance Areas, Maintenance Property and other purposes.

The Neighborhood Association will own and/or maintain and manage certain Neighborhood Association Property as set forth in the Neighborhood Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Verbena at The Preserve ("**Neighborhood Declaration**") and any Notice of Addition and Supplemental Neighborhood Declaration of Covenants, Conditions and Restrictions ("**Notice of Addition**"). The Neighborhood Association has the right to levy assessments against you for maintenance of the Neighborhood Association Property and other purposes.

In addition, the Associations each have the right to adopt rules and regulations and guidelines for The Preserve and which will include The Preserve design/architectural guidelines which will set forth the guidelines and procedures for design/architectural review within The Preserve. There may also be supplementary declarations or notices of annexation ("**Supplementary Declarations**") which will be recorded against portions of the Neighborhood 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 Associations: SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES AND FACILITIES ARE MAINTAINED BY THE ASSOCIATIONS, EACH OF THE ASSOCIATIONS MUST HOLD ELECTIONS OF THEIR BOARD OF DIRECTORS IN ACCORDANCE WITH THEIR GOVERNING DOCUMENTS. THE ASSOCIATIONS MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET. SEQ. OF THE CIVIL CODE.

Initial Meeting: THE NEIGHBORHOOD ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF GOVERNING DOCUMENTS. SINCE THE NEIGHBORHOOD COMMON AREA IMPROVEMENTS, AMENITIES AND FACILITIES WILL BE MAINTAINED BY THE NEIGHBORHOOD ASSOCIATION, IT IS ESSENTIAL THAT THIS NEIGHBORHOOD ASSOCIATION BE FORMED EARLY AND PROPERLY. THE NEIGHBORHOOD ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST UNDER THE FIRST FINAL PUBLIC REPORT FOR THE NEIGHBORHOOD.

(REGULATIONS 2792.17 AND 2792.19) THE NEIGHBORHOOD ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT. THEREAFTER THE NEIGHBORHOOD ASSOCIATION MUST HOLD ELECTIONS OF THE NEIGHBORHOOD ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH THE GOVERNING DOCUMENTS. THE NEIGHBORHOOD ASSOCIATION MUST THEN ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT AND A SUMMARY OF THE NEIGHBORHOOD ASSOCIATION'S RESERVES BASED UPON THE MOST RECENT REVIEW OR STUDY CONDUCTED PURSUANT TO SECTION 5500 ET SEQ OF THE CIVIL CODE.

The CC&Rs: Verbena is subject to the Community Declaration recorded on February 4, 2005, as Instrument No. 2005-0087532; the Maintenance Declaration recorded on February 4, 2005, as Instrument No. 2005-0087531; the Community Area Addition Notice recorded on January 25, 2022 as Instrument No. 2022-0029455; the Maintenance Area Addition Notice recorded on January 25, 2022 as Instrument No. 2022-0029454; and the Community Enhancement Fee Agreement ("CEFA") recorded on December 3, 2020, as Instrument No. 2020-0489712, all in the Office of the San Bernardino County Recorder, as the same may be supplemented or amended.

Verbena will also be subject to the Neighborhood Declaration recorded on October 18, 2021 as Instrument No. 2021-0471179 and the Neighborhood Addition Notice for this phase recorded on January 25, 2022 as Instrument No. 2022-0029453, both in the Office of the San Bernardino County Recorder, as the same may be supplemented or amended.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE COMMUNITY ASSOCIATION, MAINTENANCE CORPORATION AND NEIGHBORHOOD ASSOCIATION GOVERNING DOCUMENTS. THE NEIGHBORHOOD BUILDER MUST MAKE THEM AVAILABLE TO YOU.

Assessments and Budgets: THE NEIGHBORHOOD BUILDER MUST PAY ASSESSMENTS TO THE COMMUNITY ASSOCIATION, THE MAINTENANCE CORPORATION AND THE NEIGHBORHOOD ASSOCIATION FOR ALL UNSOLD UNITS IN THIS PHASE OF VERBENA. THE OBLIGATIONS TO PAY THESE ASSESSMENTS COMMENCES ON THE FIRST DAY OF THE MONTH FOLLOWING THE FIRST CLOSE OF ESCROW IN THIS PHASE (REGULATIONS 2792.9 AND 2792.16).

THE MASTER DEVELOPERS WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE COMMUNITY ASSOCIATION AND THE MAINTENANCE CORPORATION WITH THE DRE REVIEWED COMMUNITY ASSOCIATION BUDGET AND THE DRE REVIEWED MAINTENANCE CORPORATION BUDGET.

THE NEIGHBORHOOD BUILDER WILL FURNISH THE CURRENT BOARD OF DIRECTORS OF THE NEIGHBORHOOD ASSOCIATION WITH THE DRE REVIEWED NEIGHBORHOOD ASSOCIATION BUDGET.

Governing Documents to be Furnished: THE MASTER DEVELOPERS AND/OR NEIGHBORHOOD BUILDERS MUST MAINTAIN AND DELIVER TO EACH OF THE

ASSOCIATIONS 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 ASSOCIATIONS TO PERFORM THEIR DUTIES AND RESPONSIBILITIES. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE.)

PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 11018.6, THE NEIGHBORHOOD BUILDER MUST MAKE A COPY OF THE FOLLOWING DOCUMENTS, FOR EACH OF THE RESPECTIVE APPLICABLE ASSOCIATIONS, AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF A PURCHASE CONTRACT FOR A UNIT:

1. THE ARTICLES OF INCORPORATION;
2. THE BYLAWS;
3. THE CC&RS;
4. ANY OTHER INSTRUMENTS WHICH ESTABLISH OR DEFINE RIGHTS AND RESPONSIBILITIES OF OWNERS OR LESSEES OF A UNIT;
5. THE CURRENT FINANCIAL INFORMATION AND RELATED STATEMENTS OF THE ASSOCIATION; AND
6. A STATEMENT FROM THE GOVERNING BODY OF EACH ASSOCIATION STATING THE OUTSTANDING DELINQUENT ASSESSMENT AND CHARGES LEVIED AGAINST THE UNITS IN THE PHASE, AS APPLICABLE.

A COPY OF EACH OF THESE DOCUMENTS 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 UNIT (SECTION 11018.6 OF THE BUSINESS AND PROFESSIONS CODE).

MAINTENANCE AND OPERATIONAL EXPENSES

Association to Levy Assessments. THE COMMUNITY ASSOCIATION, THE MAINTENANCE CORPORATION AND THE NEIGHBORHOOD ASSOCIATION HAVE THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE COMMON AREAS, AMENITIES AND FACILITIES, 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 – Community Association. The Master Developers have submitted to the DRE for review the annual budgets for each of the separate Phases of residential development (each a “Community Association Interim Budget”). Each Community Association Interim Budget estimates the Community Association's cost of management, maintenance and operation of the

Community Common Property and for long-term reserves for a phase of residential development. These budgets were reviewed by the DRE in October 2021. You should obtain copies of the Community Association Interim Budgets, and the built-out budget, from the Neighborhood Builder.

Community Association Range of Assessments. Due to uncertainty in the sequence in which the assessments will commence for the various Phases of residential development, it is difficult to predict at this time the amount of the budgeted monthly assessment that will be assessed against each Lot or Condominium Unit. As phases in Verbena and other Neighborhood Builder phases are developed and become subject to assessments of the Community Association, the level of monthly assessment levied by the Community Association may increase or decrease, subject to the applicable Community Association Interim Budget and limitations on assessments in the Community Declaration. Therefore, the Board of Directors of the Community Association have voted to adopt a budget structure ("**Community Association Range of Assessment Budget**") which allows the monthly assessment to vary between a high and low monthly assessment amount as indicated in the Community Association Interim Budgets for the phases of development. Under a Community Association Range of Assessment Budget structure, the range of monthly assessments during the development of phases within the current budget are proposed to vary between **\$42.65** and **\$59.60**. Included in this assessment amount is the monthly contribution toward long-term reserves (not used to pay for current management, maintenance and operating expenses) that will range between **\$8.38** and **\$12.62**.

According to the Community Association Interim Budgets prepared by the Master Developers and subject to the authority of the Community Association to adjust assessments at any time, assessments under the Community Association Range of Assessments Budget described above should be sufficient for management, maintenance and operation of the Community Association's obligations until assessments have commenced for the total number of residences contemplated in the current budget. At that time, it is anticipated that assessments levied by the Community Association will be adjusted, and such assessments may increase or decrease subject to the limitations stated in the Community Declaration. A budget estimating the amount of the Community Association assessment beyond the completion of all residences planned in Community Association, has not yet been prepared by the Master Developers or reviewed by the DRE.

Budgets – Maintenance Corporation. The Master Developers have submitted to the DRE for review the annual budgets for each of the separate Phases of residential development (each a "**Maintenance Corporation Interim Budget**"). Each Maintenance Corporation Interim Budget estimates the Maintenance Corporation's cost of management, maintenance and operation of the Maintenance Areas and Maintenance Property and for long-term reserves for a phase of residential development. These budgets were reviewed by the DRE in October 2021. You should obtain copies of the Maintenance Corporation Interim Budgets, and the built-out budget, from the Neighborhood Builder.

Maintenance Corporation Range of Assessments. Due to uncertainty in the sequence in which the assessments will commence for the various Phases of residential development, it is difficult to predict at this time the amount of the budgeted monthly assessment that will be assessed against each Lot or Condominium Unit. As phases in Verbena and other Neighborhood Builders phases

are developed and become subject to assessments of the Maintenance Corporation, the level of monthly assessment levied by the Maintenance Corporation may increase or decrease, subject to the applicable Maintenance Corporation Interim Budget and limitations on assessments in the Maintenance Declaration. Therefore, the Board of Directors of the Maintenance Corporation have voted to adopt a budget structure ("**Maintenance Corporation Range of Assessment Budget**") which allows the monthly assessment to vary between a high and low monthly assessment amount as indicated in the Maintenance Corporation Interim Budgets for the phases of development. Under a Maintenance Corporation Range of Assessment Budget structure, the range of monthly assessments during the development of phases within the current budget will vary between **\$59.60** and **\$79.20**. Included in this assessment amount is the monthly contribution toward long-term reserves (not used to pay for current management, maintenance and operating expenses) that will range between **\$12.32** and **\$14.11**.

According to the Maintenance Corporation Interim Budgets prepared by the Master Developers and subject to the authority of the Maintenance Corporation to adjust assessments at any time, assessments under the Maintenance Corporation Range of Assessments Budget described above should be sufficient for management, maintenance and operation of the Maintenance Corporation's obligations until assessments have commenced for the total number of residences contemplated in the current budget. At that time, it is anticipated that assessments levied by the Maintenance Corporation will be adjusted, and such assessments may increase or decrease subject to the limitations stated in the Maintenance Declaration. A budget estimating the amount of the Maintenance Corporation assessment beyond the completion of all residences planned, has not yet been prepared by the Master Developers or reviewed by the DRE.

PRIOR TO FIRST CLOSE OF ESCROW FOR THE SALE OF YOUR UNIT, THE NEIGHBORHOOD BUILDER WILL PROVIDE YOU WITH A COPY OF THE BEST CASE BUDGETS AND THE WORST CASE BUDGETS INCLUDING A COPY OF THE COMMUNITY ASSOCIATION'S AND MAINTENANCE CORPORATION'S OPERATING BUDGET FOR THE CURRENT FISCAL YEAR, IF APPLICABLE. IF THE BUDGETS FURNISHED TO YOU BY THE NEIGHBORHOOD BUILDER SHOWS A MONTHLY ASSESSMENT FIGURE WHICH IS DIFFERENT FROM THE RANGE OF ASSESSMENT AMOUNT SHOWN ABOVE IN THIS PUBLIC REPORT, YOU SHOULD CONTACT THE DEPARTMENT OF REAL ESTATE BEFORE ENTERING INTO AN AGREEMENT TO PURCHASE.

UNTIL THE PRESERVE IS COMPLETELY SOLD OUT, THE BUDGETS ARE SUBJECT TO REVIEW BY THE DRE EVERY TWENTY-FOUR (24) MONTHS AT WHICH TIME THE PROPOSED MONTHLY ASSESSMENT AMOUNTS AS WELL AS THE PROPOSED BUILT-OUT ASSESSMENT AMOUNT ARE SUBJECT TO CHANGE.

SCT RESERVE CONSULTANTS, INC. PERFORMED A 2022 LEVEL III RESERVE STUDY ON BEHALF OF THE COMMUNITY ASSOCIATION AND CONCLUDED THAT THE ESTIMATED RESERVE FUND CASH BALANCE AS OF JUNE 30, 2022, WAS APPROXIMATELY **71.62%** OF THE AMOUNT THAT WOULD BE NEEDED FOR THE CASH RESERVE ACCOUNT TO BE FULLY FUNDED.

SCT RESERVE CONSULTANTS, INC. PERFORMED A 2022 LEVEL III RESERVE STUDY ON BEHALF OF THE MASTER CORPORATION AND CONCLUDED THAT THE ESTIMATED RESERVE FUND CASH BALANCE AS OF JUNE 30, 2022, WAS APPROXIMATELY **115.74%** OF THE AMOUNT THAT WOULD BE NEEDED FOR THE CASH RESERVE ACCOUNT TO BE FULLY FUNDED.

NOTE: THE BUDGET INFORMATION INCLUDED IN THIS FINAL 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.

Consolidated Preserve Maintenance Designated Service Area Budgets (“DSA Budgets”):

The units in the Neighborhood are part of the Consolidated Preserve Maintenance Designated Service Area (“DSA”), which is a consolidation of several existing DSA’s into a single DSA. The DSA is an allocation established in the Maintenance Corporation’s operating budget to ensure that owners who receive the benefit of particular maintenance or other services from the Maintenance Corporation pay the costs of the maintenance or other services. The monthly assessment charged to owners in the Neighborhood and in the other neighborhoods in the DSA is payable in addition to the “base assessment” of the Maintenance Corporation paid by all owners in The Preserve. The Neighborhood Builder has submitted DSA Budgets for management, maintenance and operation of Master Corporation obligations and for long-term reserves when the Neighborhood is substantially completed (built-out budget) and interim budgets applicable to these phases. The budgets were reviewed by the DRE in May 2021. You should obtain copies of the DSA Budgets from the Neighborhood Builder.

Under the built-out DSA Budget, the monthly assessment against per residential unit will be **\$65.25**. The Master Corporation may or may not elect to use this budget when additional phases are annexed. Under the interim DSA Budget for this phase of Verbena, the monthly assessment per residential unit will be **\$65.25**. Of these amounts, the monthly contributions to long-term reserves, which are not be used for current management, maintenance and operating expenses are **\$23.20** (DSA Built-out) and **\$22.88** (DSA Interim).

Neighborhood Association Budgets: The Neighborhood Builder has submitted budgets for the management, maintenance and operation of the Neighborhood Association’s obligations and for long-term reserves when the community is substantially completed (built-out budget) and interim budgets applicable to these phases. These budgets were reviewed by the DRE in May 2021. You should obtain copies of the Neighborhood Association Budgets from the Neighborhood Builder.

Under the built-out Neighborhood Association Budget, the monthly assessment per residential unit will be **\$172.74**. The Neighborhood Association may or may not elect to use this budget when additional phases are annexed. Under the interim Neighborhood Association Budget, the monthly assessment per residential unit will be **\$177.00**. Of these amounts, the monthly contribution toward long-term reserves, which are not be used for current management, maintenance and operating expenses are **\$77.12** (Neighborhood Association Built-out Budget) and **\$76.79** (Neighborhood Association Interim Budget).

According to the Neighborhood Builder, assessments under the interim Neighborhood budget should be sufficient for proper management, maintenance and operation of the Neighborhood Association's obligations until the Neighborhood 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 unit, the Neighborhood Association 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 Neighborhood Association.

IF THE BUDGETS FURNISHED TO YOU BY THE NEIGHBORHOOD BUILDER 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.

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.

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

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

Disclosure of Other Financial Information: 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 unit. A copy of the 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 ASSOCIATIONS. 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 Associations prove insufficient

to properly maintain, operate, repair or replace the common facilities, the Associations 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 Associations 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 budgets review date, as shown above. Increases in regular assessments or special 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 homeowner assessments.

Assessments Increases/Decreases: The Associations may increase or decrease assessments at any time in accordance with the procedure prescribed in the Governing Documents. In considering the advisability of a decrease or a smaller increase in assessments, care should be taken not to eliminate amounts attributable to reserves for replacement or major maintenance.

Commencement of Assessments: Monthly assessments payable to the Associations will commence on all units in this phase of Verbena on the first day of the first calendar month following the month in which the conveyance occurs of the first subdivision interest in this phase of Verbena.

Failure to Pay: The remedies available to the Associations against owners who are delinquent in the payment of assessments are set forth in the Governing Documents. These remedies are available against the Neighborhood Builder as well as against other owners.

Neighborhood Builder's Assessment Security: The Neighborhood Builder has posted bonds as partial security for the Neighborhood Builder's obligation to pay these assessments. The governing bodies of the Associations should assure themselves that the Neighborhood Builder has satisfied its obligations to the Associations with respect to the payment of assessments before agreeing to a release or exoneration of the security.

Private Street Maintenance Agreements: Neighborhood Builder has entered into two Private Street Maintenance Agreements ("**Agreements**") with the Neighborhood Association and the Maintenance Corporation. The first Agreement covers Neighborhood interior streets Inventor Street, Botanica Avenue and Leader Avenue located on portions of Lot 1 of Tract No. 20232. The second Agreement covers Neighborhood perimeter private streets Spirit Street and Pilot Avenue (located on portions of Tract Nos. 20231, 20232 and 20223). The private streets in both Agreements (collectively, the "**Private Streets**") serve the Neighborhood. Additionally, the Maintenance Corporation will be granted a permanent maintenance easement over the Private Streets. Under the current plan of annexation for the Neighborhood, Condominiums will close escrow before applicable portions of the Private Streets are conveyed in fee title to the Neighborhood Association and before the Maintenance Corporation is granted the permanent maintenance easement over the Private Streets. Accordingly, the Agreements: (1) provide for interim access easements over the Private Streets for the Condominiums in early phases of the Neighborhood; (2) evidence the Neighborhood Builder's and the Master Developer's respective agreements to maintain applicable portions of the Private Streets before the Maintenance Corporation is granted a permanent easement for maintenance; (3) evidence the Neighborhood

Builder's and the Master Developer's respective agreements to convey the applicable portions of the Private Streets in fee title to the Neighborhood Association and to grant a permanent maintenance easement to the Maintenance Corporation (free of all liens and encumbrances other than reservations of record and non-delinquent real property taxes, if any) in accordance with the phasing plan for the Neighborhood; (4) establish the conditions for exercise of the Neighborhood Association's and the Master Corporation's respective rights to perform certain remedial maintenance of applicable portions of the Private Streets; and (5) evidence the Neighborhood Builder's and the Master Developer's agreements to contribute accrued reserves, if any, for applicable portions of the Private Streets when they are conveyed in fee title to the Neighborhood Association and when the Maintenance Corporation is granted a permanent maintenance easement, pursuant to conditions described in the Agreements.

THE PRESERVE COMMUNITY SERVICES

The Master Developers have formed The Preserve Community Services, a California nonprofit public benefit corporation ("PCS"), to provide various community services for The Preserve. It is intended that PCS will accomplish this by sponsoring and coordinating various community activities and programs. PCS will be funded in part by transfer fees paid to PCS in connection with transfers of title to lots and condominiums in The Preserve. The term "transfer" is outlined in The Preserve at Chino Community Enhancement Fee Agreement ("CEFA"), which is recorded or will be recorded against your unit before the close of escrow. The CEFA gives PCS the right to sue the parties involved in a transfer after close of escrow for payment of the transfer fee if it is not paid to PCS as provided in the CEFA. Therefore, it is very important that you and each subsequent seller informs the seller's real estate agent, if any, the buyer or other transferee and the escrow agent of the obligation to pay the transfer fee and to make sure that the transfer fee is paid in accordance with the CEFA and applicable law.

USES/ZONING/HAZARD DISCLOSURES

The Master Developers and Neighborhood Builders have 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 Preserve and all existing, proposed or possible future uses adjacent to or in the vicinity of The Preserve. At the time this public report was issued, some of the land uses that surround The Preserve include, but are not limited to, the following:

Zoning:

North: Residential and School
East: Residential
South: Dairy and Residential
West: Residential

Notice of Airport in Vicinity. This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from

person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Business and Professions Code Section 11010(b)(13)(B) provides an “airport influence area”, also known as “**airport referral area**”, is the area in which current or future airport-related noise, over flight, safety, or airspace protection factors may significantly affect land uses or necessitate restrictions on those uses as determined by an airport land use commission.

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 Neighborhood Builder or the Neighborhood Builder’s agent.

SIGNIFICANT PROPERTY USES

The Master Developers advise that prior to the issuance of this Final Public Report, the following significant property uses exist within or near The Preserve. For more information in regard to these property uses, you are advised to read The Preserve at Chino Community & Contiguous Area Disclosure Statement (“**The Preserve Disclosure Statement**”) and any additional property use disclosure information as provided by the Neighborhood Builder.

Chino Airport. The Chino Airport is located immediately to the north of The Preserve as approximately shown on the Contiguous Area Map attached as Exhibit 2 to The Preserve Disclosure Statement (“**Contiguous Area Map**”). The Chino Airport includes hangers that currently house jet aircraft. Jets and helicopters take off and land at the Chino Airport at various times during the day and night, and the helicopters fly over the Community periodically. The Chino Airport may expand over time to include more flights. Additionally, the County has approved a master plan for the development of commercial and industrial buildings and other improvements around the Chino Airport. The Chino Airport is surrounded by three (3) safety zones (see the Contiguous Area Map) intended to limit incompatible uses and reduce the impact of potential accidents. Additionally, the Chino Airport is surrounded by a noise contour line (known as the 65-db contour) in which noise sensitive uses such as residences, schools, hospitals and churches are prohibited. This noise contour is located to the north of Kimball Avenue as approximately shown on the Contiguous Area Map. Finally, the Chino Airport is surrounded with an imaginary surface superimposed on the airspace around it to determine whether an object is an obstruction to aircraft. This imaginary surface extends approximately to the Euclid Avenue/71 Freeway interchange and includes The Preserve. Property within this area will be subject to a permanent aviation easement which limits the height and other aspects of improvements thereon.

Ontario International Airport. The Ontario International Airport is located approximately 12 miles from The Preserve and is classified as a medium-hub full-service airport with commercial jet service to major cities in the United States and through service to many international destinations. The airport is located on more than 1,700 acres of land in the City of Ontario and has two concrete runways (12,200 feet and 10,200 feet). In 2015 the airport served over 4.2 million passengers and 509,809 tons of airfreight were shipped. The airport has been designed to accommodate up to ten (10) million passengers. This airport also has noise abatement procedures

in place, but there is no guarantee that these procedures will lessen the potential impacts of noise and vibrations caused by aircraft on The Preserve. For further information, see the airport website: www.flyontario.com.

Corona Municipal Airport. The Corona Municipal Airport is located approximately 10 miles from The Preserve. For information concerning this airport's hours of operation and other issues, please call (951) 736-2289.

Riverside Municipal Airport. The Riverside Municipal Airport is located approximately 15 miles from The Preserve. For information concerning this airport's hours of operation and other issues, please call (951) 351-6113.

Potential Impacts. In addition to the Chino Airport restrictions described above, residents in The Preserve should expect to hear over flight noises from private airplanes, jet aircraft, helicopters and a variety of commercial air transports as well as noises from airport operations (e.g. jets taking off and landing) throughout the day and in to the night hours.

Chino Air Show. An air show that flies over The Preserve, and surround community, is currently held annually in May. The air show is put on by the Planes of Fame and is a two-day event. Residents of the community will be subject to noise (which has been reported as high as 120db), over flight and light from the planes and jets, and increased traffic from spectators watching the air show. Neither the Master Developers, Neighborhood Builders, the Community Association, nor the Maintenance Corporation have any control over the air show. Please see the following website for additional information regarding the air show: www.planesoffame.org.

Airport Related Business. A business and industrial area is planned to be constructed south of the Chino Airport within the airport's noise and safety zones. Office, manufacturing, business park, light industrial, auto rental, airplane sales and service, and hotel uses are currently planned for this area.

Planes of Fame Museum. The Planes of Fame Museum's main facility is located at the Chino Airport. Please see the following website for additional information regarding the museum: www.planesoffame.org.

Yanks Air Museum. Yanks Air Museum is also located at the Chino Airport. Please see the following website for additional information: www.yanksair.com.

Avigation Easement. An Avigation Easement in favor of the County affects The Preserve. The Avigation Easement is appurtenant to the Chino Airport and permits the free and unobstructed passage of all aircraft using the Chino Airport (provided such aircraft are in compliance with applicable local and federal regulations). Passing aircraft have the right to cause noise, sound or shock waves, radio transmissions, vibrations, odors, fumes, dust, fuel particles, smoke, light, thermal waves, air quality changes, and other results transmitted from aircraft operations over The Preserve. No improvement to any lot or condominium in The Preserve, including any landscaping, exterior lighting or electronic devices, may interfere with aircraft flying over The Preserve as permitted by the Avigation Easement.

Water Wells. Several underground water wells have operated in and around The Preserve in support of past and ongoing agricultural activities. The location of these wells is shown on the Well Map attached as Exhibit 3 of The Preserve Disclosure Statement. Wells shown as abandoned have been destroyed in accordance with the requirements and procedures of the San Bernardino County Department of Public Health. Water from some of these wells is currently being used for construction purposes. As development progresses in The Preserve, it is anticipated that some of these wells will eventually be abandoned and some of these wells will be retained to monitor groundwater.

Euclid Regional Commercial Center. The Euclid Regional Commercial Center (the “Center”) is planned to be located along Euclid Avenue between Kimball Avenue and Pine Avenue, as shown on the Contiguous Area Map. If constructed as planned, the Center will consist of business, retail, office and entertainment uses. The Center may be expanded beyond its initially constructed area. If the Center is constructed, it may increase traffic and noise in and around The Preserve. There is no guarantee the Center will be constructed at all or as planned.

Industrial Areas. An industrial center is located west of Euclid Avenue, which consists of general industrial uses. Another industrial center is located north of The Preserve west of Hellman Avenue and north of Kimball Avenue, which is zoned for light industrial uses. Both of these industrial areas are shown on the Contiguous Area Map. Additionally, The Preserve Specific Plan permits light industrial, business park and other commercial uses near the Chino Airport north of Kimball Avenue and to the west of The Preserve. These areas may increase traffic and noise in and around The Preserve.

Affordable Housing. The City has required the Master Developers to provide affordable housing in The Preserve. Certain lots or condominiums in The Preserve will be offered to persons who qualify as very low, low and moderate-income buyers and renters pursuant to guidelines established by the United States Department of Housing and Urban Development for the City. Buyers or renters who qualify as very low, low and moderate income will rent or purchase their lots or condominiums subject to resale and rental restrictions. Buyers who are interested in the affordable housing program should consult their sales counselor for further information. A 250 unit affordable housing project for families has been built north of Pine Avenue and west of Rincon Meadows Avenue. Additional affordable housing projects may also be developed in or near The Preserve.

Planned Infrastructure and Road Improvements. The regional, local arterial and interior road system improvements and other infrastructure are subject to modifications, approvals, and determinations made by the applicable local governmental agencies. Pine Avenue and other roads providing access to and within the Community may be closed from time to time to accommodate constructions activities. The City may close Pine Avenue for construction of a Community sewer and storm drain project. There is also a long-term plan to extend Pine Avenue to Highway 71. Other alignments may be changed, proposed extensions may be deleted or changed and roadway improvements within the vicinity of The Preserve may be added. The Master Developers may be constructing and/or improving the roads within The Preserve for many years. Many of the existing roadways in The Preserve and adjoining areas have surfaces with cracks, potholes and are otherwise in a deteriorating condition. In many cases, roadways in and around The Preserve have no shoulders, are located next to open drainage ditches and are not lighted. In some cases, public

roads are not paved or are partially paved. You should evaluate the impact of the foregoing road and utility improvement issues on your proposed use of your unit.

State Correctional Facilities. The California Institution for Men (“CIM”) is located at the intersection of Chino Hills Parkway and Central Avenue in the City, and the California Institution for Women (“CIW”) is located at the intersection of Chino Corona Road and Mill Creek Avenue in the City, all as approximately shown on the Land Use Map attached as Exhibit 1 to The Preserve Disclosure Statement. CIM is a minimum to maximum-security prison constructed on 2,500 acres. As of July 2018 the State is considering adding a Mental Health Crisis Facility on the CIM property. The southeast corner of the CIM property at Euclid Avenue and Kimball Avenue is being developed as an industrial park which may include up to of 3,070,400 square feet at build-out. CIW accommodates all custody levels for its female inmates and also serves as a reception and classification center for incoming inmates. The former Heman G. Stark Youth Correctional Facility located at 15180 Euclid Avenue, in the City, is currently only staffed with a maintenance crew for upkeep, in case the State decides to use the facility. Residents of the Community may be subject to nighttime lighting and noise from these facilities. For further information refer to the CIM and CIW website at <http://www.cdcr.ca.gov>.

Prado Flood Control Basin/Prado Regional Park. The Prado Flood Control Basin (the “Basin”) is immediately to the south of The Preserve, as approximately shown on the Contiguous Area Map. The Basin is currently utilized for inundation and water reclamation purposes. Farming, recreational and habitat uses are located in the Basin. The Basin includes the Prado Regional Park, Peterson Prado Tiro Olympic Shooting Park, Prado Lake and the Chino Creek. Residents of The Preserve may hear noise from activity at the Prado Regional Park and the shooting range. For further information about activities at the Prado Regional Park, call (909) 597-4260. For information about the Peterson Prado Tiro Olympic Shooting Park, call (909) 597-4794.

The Prado Dam and Santa Ana River are located at the southern boundary of this Basin. The Santa Ana River Basin is currently also planned for open space, recreation and habitat uses. An earthquake fault line runs diagonally through the Basin as approximately shown on the Contiguous Area Map.

El Prado Golf Course. The El Prado Golf Course is a public golf course located immediately to the west of The Preserve, approximately where shown on the Contiguous Area Map. The purchase of a lot or condominium in The Preserve does not give an owner the right to use the golf course or any other facilities associated therewith. To use such facilities, owners must pay any fees and satisfy any other conditions that may be required by the owner of the golf course.

Burrowing Owl. Portions of the open space areas in The Preserve provide a habitat for the burrowing owl, a species classified as a species of special concern by the California Department of Fish and Game. The Master Developers have and will continue to relocate certain owl nests as required by the burrowing owl protocol in The Preserve’s environmental impact report. Residents of The Preserve are prohibited from interfering with these owls and their nests.

Regional Treatment Plants. The RP 5 regional wastewater treatment plant, located at the corner of Kimball Avenue and El Prado Road, as shown on the Contiguous Area Map, is owned and

operated by the Inland Empire Utilities Agency (the "IEUA") and will provide for the treatment of sewage generated by The Preserve. RP 5 currently has capacity to treat up to 12 million gallons per day ("MGD") but will ultimately be expanded to a capacity of up to 48 MGD. Another wastewater treatment plant, the Western Riverside County Regional Waste Treatment Facility is located approximately 2-1/2 miles to the southeast of The Preserve on River Road and the RP2 regional wastewater plant is planned to be located in the general area of Pine Avenue and El Prado Road to process the primary and secondary solids generated from the RP5 plan and Carbon Canyon Reclamation Facility. Despite the distance of these two plants, they may generate unpleasant odors that will be detectable within The Preserve.

Eastvale. An area of Riverside County known as Eastvale, and the newly incorporated City of Eastvale is located adjacent to The Preserve to the east, as shown on the Contiguous Area Map. The area is currently being used for dairy and other agricultural operations. However, there are residential areas being constructed or planned for construction. Residential construction may result in increased noise and traffic in, around and through The Preserve. Neither the Master Developers, Neighborhood Builder, nor the Associations have control over current or future uses in Eastvale.

HAZARDS AND MISCELLANEOUS DISCLOSURES

The Master Developers advise that prior to the issuance of this Final Public Report, the following hazards exist within or near The Preserve. For more information in regard to these hazards and miscellaneous disclosures, you are advised to read The Preserve Disclosure Statement and any additional hazard disclosure information as provided by the Neighborhood Builder.

Agricultural Use/Right to Farm. The Preserve is located on lands that were previously used for agricultural purposes (including cattle grazing and growing crops), and near lands that are currently being used for agricultural purposes. In addition, cattle, dairy cows, horses and other livestock are currently kept in the vicinity of The Preserve. By reason of such agricultural use and animals, residents within The Preserve may be subject to flies and other insects, smoke, operation of machinery (including aircraft and machinery operations in the early morning hours and on weekends), truck operations including loading and unloading in early morning hours and on weekends, dairy wash ponds, crop dusting, storage and disposal of manure, rodents, dust, noise and odors and may be exposed to pesticides, herbicides, insecticides and other chemicals. The Neighborhood Builder from whom you are purchasing your home will provide you with the following disclosure, as well as other disclosures required by City Municipal Code Section 15.40.020:

"NOTICE REGARDING AGRICULTURAL USES: Please be advised that many properties within the City are presently being used for agricultural purposes or are zoned for agricultural purposes. The distance between this phase of _____ and the nearest property currently being used for agricultural purposes is _____. The distance between this phase of _____ and the nearest property zoned for agricultural purposes is _____."

In addition, you are hereby advised that the Neighborhood Builder cannot represent the period of time that nearby properties used or zoned for agricultural purposes will continue to be so used or zoned. Because the nearby properties used or zoned for agricultural purposes involve complex and legal factual questions, no representation can be made, nor should be made, regarding the length of time that these nearby properties will continue to be used or zoned for agricultural purposes.”

Notice of Right to Farm. This property 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 property may be subject to inconveniences or discomforts resulting from agricultural operations that are a normal and necessary aspect of living in a community with a strong rural character and a healthy agricultural sector. Customary agricultural practices in farm operations may include, but are not limited to, noise, odors, dust, light, insects, the operation of pumps and machinery, the storage and disposal of manure, bee pollination, and the ground or aerial application of fertilizers, pesticides, and herbicides. These agricultural practices may occur at any time during the 24-hour day. Individual sensitivities to those practices can vary from person to person. You may wish to consider the 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.

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

Dairy Buffer Zone. Some tracts are adjacent to an operating dairy (“Dairy”). The owner of the Dairy has the right to operate the Dairy for an indefinite period of time. Development of any Dairy Lot (i.e. a lot within 100 feet of the Dairy) is prohibited by the City entitlements for The Preserve until the date which is the earlier of (a) the date the Dairy ceases its operation in that area or (b) the date an alternative buffer zone is approved by the City.

Major Streets and Freeways. The I-15 Freeway, the 91 Freeway, Highway 71, Pine Avenue, Euclid Avenue, Hellman Avenue and Kimball Avenue are some of the many major streets and freeways located near or within The Preserve. In addition, there are truck routes in and around The Preserve, as shown on the Truck Route Map attached as Exhibit 6 to The Preserve Disclosure Statement. Because of the close proximity of these streets and highways, they may cause noise, dust, vibration and high levels of traffic in The Preserve.

Traffic delays are common on the I-15 Freeway, at the intersection of the I-91 Freeway and Highway 71 and on Pine Avenue. Major streets located near or within The Preserve may be subject to flooding during rains. In addition, one or more of the streets and freeways may be visible from portions of The Preserve.

Detention Basins. West of The Preserve, generally between Kimball Avenue and Pine Avenue, is a system of storm water detention basins, a drainage channel approximately 3,000 feet in length and 100 feet in width, and natural treatment wetlands. The wetlands are designed to treat several

constituents of concern that are potential pollutants in storm water runoff. The constituents of concern include total suspended solids, nutrients (phosphorous and nitrogen), heavy metals (copper, lead and zinc), pathogens (bacteria, viruses, and protozoa), organic compounds and hydrocarbons and pesticides. Portions of this system also serve as a habitat and conservation area for the western burrowing owl. Access within this area is prohibited for safety reasons and to prevent disturbance of the habitat and conservation areas, and although it is fenced, buyers should be careful when near these areas and watch children and pets carefully to make sure they do not enter them. Similar facilities may also be constructed in or near The Preserve in the future.

Electric Power Lines. Underground or overhead electric transmission and distribution lines and transformers may be located in, around or proximate to The Preserve, including a major (500KV and 220KV) Southern California Edison ("SCE") transmission line lying in an approximate two hundred fifty-five (255) foot wide easement running east to west across The Preserve roughly parallel to Pine Avenue, as approximately shown on the Land Use Map attached as Exhibit 1 to The Preserve Disclosure Statement. Residents of The Preserve may hear buzzing from these power lines. There will be climber discouragers located at the bases of the power poles; however, residents of The Preserve must be careful to ensure that children do not climb on the power poles. In addition, SCE is presently planning to construct a new substation to service The Preserve on land lying adjacent to Chino Airport. The approximate location of the proposed substation is shown on the Contiguous Area Map attached as Exhibit 2 to The Preserve Disclosure Statement.

Power lines and transformers produce some noise and electromagnetic fields ("EMF") when operating. Like all wireless communication facilities, these facilities produce radio-frequency fields ("RF"). For some time, there has been speculation in the scientific community about health risks associated with living near EMF and RF sources. Numerous studies concerning the effects of EMF and/or RF on human health have been undertaken over the past several years and some are ongoing. In 1992, the United States Congress authorized the Electric and Magnetic Fields Research and Public Information Dissemination Program to perform research on these issues and to analyze the existing scientific evidence in order to clarify the potential for health risks from exposure to EMF and RF. The National Institute of Environmental Health Sciences ("NIEHS") issued a report to Congress summarizing its review of scientific data from over three hundred (300) studies on EMF and RF health risks. The ELF-EMF studies consist of both epidemiological studies (studies of exposure in human populations) and controlled laboratory experiments on animal and cell models. While some epidemiological studies suggested some link between certain health conditions, such as childhood leukemia, miscarriages and certain neurological disorders, the laboratory experiments did not support such a link. Some studies have reported associations between EMF and RF exposure and brain cancer, while other studies found no such relationship. According to the NIEHS report, the scientific evidence shows no clear pattern of health hazards from EMF or RF exposure, and the NIEHS report did not find evidence of any link sufficient to recommend widespread changes in the design or use of electrical transmission equipment. However, because the evidence does not clearly rule out any effect, NIEHS advocated continuing inexpensive and safe reductions in exposure to EMF and RF and endorsed current utility practices regarding design and siting of new transmission and distribution lines. Further information on this subject currently is available from:

The World Health Organization's International EMF Project
website at <http://www.who.int/peh-emf/en/>;

The U.S. National Institute of Environmental Health Sciences website at <http://www.niehs.nih.gov/health/topics/agents/emf/>; and

The U.S. Food and Drug Administration website at <http://www.fda.gov/cdrh/wireless/html/>.

Lift Station. The IEUA or the City will install, own and operate one or more sewer lift stations and pump facilities to serve the specific plan area, including The Preserve. The lift station facilities are tentatively planned to be located at the southern edge of The Preserve near the northeast corner of Chino Corona Road; however, this location may be changed based on the final design of The Preserve. Residents of The Preserve may experience noise and unpleasant odors in areas near the lift station.

Munitions. Master Developers have been informed that a portion of the property generally described on the map attached to The Preserve Disclosure Statement as Exhibit 4 (“**Munitions Map**”) was the site of a 1940± military plane crash carrying munitions. Some of the munitions were moved by the Master Developers’ grading contractor to that portion of The Preserve approximately shown on the Munitions Map. The Master Developers have taken all actions required by the California Department of Toxic Substance Control or other applicable governmental agencies to attempt to recover and remove all such munitions; however, the Master Developers do not represent or warrant that they have located and removed all munitions.

Reclaimed Water. In its efforts to conserve water, the local water district requires the use of reclaimed water (treated wastewater) to irrigate landscaping in The Preserve. The water used to irrigate the Community Common Property, Maintenance Areas and Maintenance Property will be reclaimed water. Reclaimed water is not potable and therefore not suitable for human consumption. As with any water overspray, the repeated spray of reclaimed water may stain or discolor personal property, fencing and structural improvements.

According to the City and the IEUA, reclaimed water is disinfected with chlorine and its clarity to the human eye is indistinguishable from domestic water. The standards imposed on the water district for reclaimed water quality are established by governmental regulatory agencies, and these standards are subject to change. Owners are subject to water district rules and regulations. Further information regarding applicable regulations is available from the City and the IEUA.

Dam Inundation Area. Portions of The Preserve lie within the inundation area created by the raising of the Prado Dam to an elevation of 566 feet. The location of the dam inundation area is shown on the Contiguous Area Map. Certain uses, such as habitat, active and passive recreation, agriculture and equestrian uses are located below the 566-foot inundation elevation. These areas are subject to flooding and buyer should be careful when in these areas and watch children and pets carefully to avoid accidental drowning.

Abandoned Oil Wells. Two abandoned oil wells are located within The Preserve, one north of Pine Avenue and the other south of Pine Avenue (see the Well Map attached as Exhibit 3 of The Preserve Disclosure Statement for the locations). According to records of the California Department of Conservation Division of Oil, Gas, and Geothermal Resources (“**DOGGR**”), the well located north of Pine Avenue was not active and did not produce oil. In 1962, an unsuccessful

attempt was made to convert this well to a water well. Following this attempt the well was capped. On September 18, 2003 the well north of Pine Avenue was re-abandoned as an oil well consistent with current DOGGR requirements and procedures (DOGGR reference No. API No. 071-00084). According to DOGGR records, the second well located south of Pine Avenue did not produce oil and operations on this second well were suspended in 1969.

In the 1970's, this second well was used by the United States Government for unspecified research purposes. Declarants retained Blasland, Bouck & Lee, Inc. ("**BBL**") to perform additional research regarding the government's use of this second well. Based on information BBL obtained from the U.S. Geological Survey and DOGGR, this second well was likely used as part of a government research program associated with obtaining regional heat flow data, hydrology and stress data in wells located near earthquake faults. DOGGR records further indicate that on November 11, 1980, the well was abandoned by cutting approximately six (6) feet of casing below ground surface and plugging with cement.

Methane. Portions of The Preserve are located on land that was formerly (and is currently) used as a dairy. The Master Developers have been informed that naturally-produced methane gas has been detected in the soil of some areas in The Preserve as a consequence of the historical dairy farming practices in the area. Production of methane in soil is a ubiquitous ecological phenomenon that can occur when natural soil bacteria biodegrades organic matter, such as decaying plant or animal material. Methane is an odorless gas, which can be explosive when mixed with oxygen in the proper ratio. Organic materials may have leached into the soil in some locations within The Preserve. The methane gas detected in the soils in The Preserve is thought to be related to the residual concentration of organic materials that have remained beyond the reach of surface scarifications and fill compaction activities. The City requires each Neighborhood Builder to check for the presence of methane in its subdivision.

Underground Plume. The Chino Basin Watermaster report "Optimum Basin Management Plan" (1999) indicates the presence of a plume of Volatile Organic Compounds ("**VOCs**") at groundwater level under the Chino Airport as well as an area generally located to the South-southwest of the Chino Airport. The most prevalent VOC found from groundwater tests is trichloroethylene ("**TCE**") which was found at levels that exceed the Maximum Contaminant Level, the highest level of a contaminant allowed in drinking water by federal standards.

According to the California Department of Health Services Fact Sheet (December 1997): "Trichloroethylene mainly affects the central nervous system (the brain), causing headache, nausea, dizziness, clumsiness, drowsiness, and other effects like those of being drunk. It can also damage facial nerves, and it can cause skin rash. Heavy exposure can damage the liver and kidneys. TCE causes cancer in animals and may cause cancer in humans."

On October 31, 1990, the Santa Ana Regional Water Quality Control Board, the state agency responsible for regulating water quality in the region, issued a "Clean Up and Abatement Order" (No. 90-134) to the County of San Bernardino the owner of the Chino Airport. At this time the effort to achieve this is ongoing.

Additional information regarding this underground plume can be found at the following websites: Chino Basin Watermaster: www.cbwm.org, Santa Ana Regional Water Quality Control Board: www.swrcb.ca.gov/rwqcb8/, and California Department of Health Services website at: www.cdph.ca.gov.

NATURAL HAZARDS

The Master Developers advise that prior to the issuance of this Final Public Report, the following natural hazards exist within or near The Preserve. For more information in regard to these natural hazards, you are advised to read The Preserve Disclosure Statement and any additional natural hazard disclosure information as provided by the Neighborhood Builder.

Earthquakes Generally. California is subject to a wide range of earthquake activity. California has many known faults as well as yet undiscovered faults. There is an Earthquake Fault Zone, called the Central Avenue Fault that runs diagonally through the Prado Flood Control Basin as approximately shown on the Contiguous Area Map. You must evaluate the potential for future seismic activity that might seriously damage your unit. A major earthquake, which some have predicted will occur in our lifetimes, could cause very serious damage to lots or condominiums located even many miles from the epicenter of the earthquake. A more moderate earthquake occurring on a more minor fault, or on an as yet undiscovered fault, could also cause substantial damage.

Seismic Hazard Zone. Many portions of Southern California are subject to risks associated with seismic activity or "earthquakes." These potentially seismically active areas are called Seismic Hazard Zones, as defined in the Seismic Hazards Mapping Act (California Public Resources Code Section 2690 et seq.), and as shown on maps released by the California Department of Conservation, Division of Mines and Geology, copies of which are on file with the County. There are two types of Seismic Hazard Zones: a landslide zone and a liquefaction zone. "Liquefaction" is the process by which water saturated soils become unstable under heavy shaking and thereby jeopardizes foundations and other structures. For more information concerning seismic activity and risks, read "The Homeowner's Guide to Earthquake Safety," which can be obtained from the State of California or visit the website of the California Seismic Safety Commission at http://ssc.ca.gov/forms_pubs/hog/ or call (916) 263-5506, if you have additional questions.

Area of Potential Flooding. The Master Developers have been informed that The Preserve is located within an Area of Potential Flooding (or Dam Inundation Zone) pursuant to applicable maps. The Office of Emergency Services is required to designate areas within which personal injury or death would, in its determination, result from the partial or total failure of any dam. These areas of potential flooding, as defined in the California Emergency Services Act (California Government Code Section 8589.4 et seq.), are shown on maps released by the Office of Emergency Services, copies of which are also on file with the City. These maps are updated periodically. Please contact the Office of Emergency Services for further information concerning Areas of Potential Flooding.

If any disclosure, or any material amendment to any disclosure, required to be made by the Neighborhood Builder regarding the natural hazards 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 Neighborhood Builder or the Neighborhood Builder's agent.

Since all or portions of Verbena subject to this Final Public Report are 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 and your homeowner's insurance and/or insurance coverage for the Community Association, Maintenance Corporation, Neighborhood Association or commonly owned areas 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, as well as the Community Association, Maintenance Corporation, Neighborhood Association or the Neighborhood Builder regarding any assessment increases due to additional insurance costs. Additionally, since purchasers are not required to receive a separate disclosure for property owned the Associations, you should also contact the Associations regarding any assessment increases due to additional insurance costs associated with the Statutory Natural Hazard Areas which may affect the Associations maintained areas, if any.

At the time this Final Public Report was issued, information regarding whether all or portions of this Neighborhood are located within certain natural hazard areas was not yet available to the Neighborhood Builder. You should ask the Neighborhood Builder for updated information before obligating yourself to purchase.

TITLE

Preliminary Report. A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the unit you are purchasing. Those items typically shown in a report include, but are not limited to general and special taxes, easements, mechanic 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, avigation, planting, mail delivery, drainage, flood control, rights-of-way, building setbacks, anchor rights, sewers and other purposes are shown on the title report and subdivision map for Tract No. 20232 recorded in the Office of the San Bernardino County Recorder, in Book 358, Pages 42 to 44 of Maps and the Condominium Plan for this phase of Verbena recorded on January 24, 2022 as Instrument No. 2022-0027806 in the Office of the San Bernardino County Recorder, as the same may be supplemented or amended.

An easement in favor of the County of San Bernardino for avigation, together with the right to cause in said airspace such noise, sound or shock waves, radio transmission, vibrations, odors, fumes, dust, fuel particles, smoke, light, thermal waves, air quality changes, and other results transmitted from the operation of aircraft and incidental purposes recorded June 16, 2004 as Instrument No. 2004-0426218 of Official Records.

Private Street Access and Maintenance Easement Deeds in favor of the Neighborhood Association and the Maintenance Corporation for vehicular and pedestrian access, ingress, egress, use and enjoyment over the Private Streets have been recorded on October 18, 2021 as Instrument No. 2021-0471182, September 30, 2021 as Instrument No. 2021-0447727 and September 30, 2021 as

Instrument No. 2021-0447728, all in the Office of the San Bernardino County Recorder, as the same may be supplemented or amended.

Adjustments to the original subdivision map(s) and Condominium Plan may also record in the future. You may ask the Neighborhood Builder about such changes. If you purchase a unit subject to said adjustment, this information will be included in your title policy.

Mineral Rights. You will not own the water, mineral, oil, and gas rights under your land. The right of surface entry has been waived as to the surface and upper 500 feet of the subsurface of the property.

TAXES

Regular Taxes. The maximum amount of any tax on real property that can be collected annually by counties is 1% of the full cash value of the property. With the addition of interest and redemption charges on any indebtedness, approved by voters prior to July 1, 1978, the total property tax rate in most counties is approximately 1.25% of the full cash value.

In some counties, the total tax rate could be well above 1.25% of the full cash value. For example, an issue of general obligation bonds previously approved by the voters and sold by a county water district, a sanitation district or other such district could increase the tax rate.

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

Your Policy of Title Insurance will be issued subject to the exception of any supplemental taxes assessed pursuant to Chapter 4989, statutes of 1983 of the State of California. The new valuation of the residential unit purchased by you will be placed on the assessment roll and added taxes will be due and shall be collected upon or after the close of escrow and as set forth below.

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. Verbena is located within Community Facilities District No. 2003-3 ("CFD 2003-3") (Improvement Area No. 8 Zone 3), which was formed for the purpose of financing certain infrastructure improvements within The Preserve. Certain parks that are three (3) acres in size or larger will be constructed with CFD 2003-3 funds and will be maintained by the Maintenance Corporation. All property within Verbena is subject to any taxes, assessments

and obligations associated with CFD 2003-3. Before you sign a Contract, you will be provided with the Notice of Special Tax, Community Facilities District No. 2003-3 of the City of Chino, County of San Bernardino, California ("**Notice**"). This Notice contains important information about CFD 2003-3 functions, your obligations, rights of CFD 2003-3, and information on how to contact CFD 2003-3 for additional information materials. You should carefully read and understand the information contained in the Notice. The amount that the buyer will actually owe for the current tax year may be higher than the amount that may initially appear on the Notice.

The buyer has five (5) days after delivery of this Notice by deposit in the mail, or three days after delivery of any notice in person, to terminate the Contract by giving written notice of that termination to the owner, Neighborhood Builder, or agent selling the property.

Verbena lies within the boundaries of the following special assessment districts and are subject to any taxes, assessments and obligations thereof:

Metropolitan Water district of Southern California. This district was formed to pay for water standby charges for access to water supply and services. At the time this Public Report was issued the yearly tax rate was \$7.59 per parcel.

West Valley Mosquito and Vector Control District No. 1. This district was formed to provide mosquito and vector control services. At the time this Public Report was issued the yearly tax rate was \$21.52 per SFD.

FINANCING

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

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

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

Due-on-Sale Clause. If the loan instrument for financing your purchase of an interest in Verbena 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 buyer. 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 the 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 remaining 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 may lose your property through foreclosure by the lenders.

Prepayment Penalty. This means that if you wish to pay off your loan in whole or in part before it is due, you must, in addition to the portion prepaid, pay a penalty in accordance with the terms of your loan.

Late Charge. This means that if you fail to make your installment payment on or before the due date, you in addition must pay a penalty.

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

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

PURCHASE MONEY HANDLING

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

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

Note: Section 2995 of the Civil Code provides that no real estate 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 an interest of 5% or more.

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

SOILS AND GEOLOGIC CONDITIONS

Some lots and units within The Preserve will contain filled ground. The information concerning filled ground, geologic information and soil conditions is available at the City of Chino, 13220 Central Avenue, Chino, California 91708-0667.

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. VERBENA 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 NEIGHBORHOOD BUILDER, THE ENGINEERING GEOLOGIST OR 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 VERBENA.

SCHOOLS

Verbena is located within the Chino Valley Unified School District (“**District**”), 5130 Riverside Drive, Chino, CA 91710, (909) 628-1201.

The District advises that Verbena is within the attendance boundaries for the following schools:

Grades K through 8:

Cal Aero Preserve Academy
15850 Main Street
Chino, California
(909) 606-8531

Grades 9 through 12:

Chino Hills High School
16150 Pomona Rincon Road
Chino Hills, California
(909) 606-7540

The District advises “The Chino Valley Unified School District does not guarantee that the above listed facilities can or will continue to accept enrollments from the subject development. Any and all students enrolling in the District are subject to schedule, calendar, and school boundary changes as needs arise at the direction of the CVUSD Board of Education.”

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

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

Department of Real Estate - Subdivisions South
320 West Fourth 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 _____ 168848LA-F00
[FILE NUMBER]

TRACT NO. 20232 "VERBENA AT THE PRESERVE"

[TRACT NUMBER OR NAME]

PHASE 13 UNITS 31-34
 [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 31, 2022

[DATE ISSUED]

[DATE AMENDED]

JANUARY 30, 2027

[EXPIRATION DATE]

[NAME]

[SIGNATURE]

[ADDRESS]

[DATE]