

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

In the matter of the application of
GLEN P. CRAMER, ET AL

**FINAL SUBDIVISION PUBLIC REPORT
CONDOMINIUM CONVERSION**

FILE No.: 069528LA-A06

ISSUED: OCTOBER 13, 2009

AMENDED & FEBRUARY 18, 2020
RENEWED:

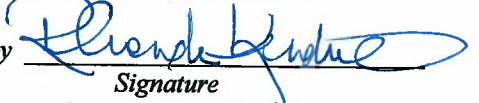
EXPIRES: FEBRUARY 17, 2025

for a Final Subdivision Public Report on

TRACT 50722

"2314 28TH STREET"

DEPARTMENT OF REAL ESTATE

by 
Signature

RHONDA KENDRICKS

Printed Name

LOS ANGELES COUNTY, CALIFORNIA

CONSUMER INFORMATION

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

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

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

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

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

**COMMON INTEREST DEVELOPMENT
GENERAL INFORMATION**

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

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

THIS REPORT COVERS ONLY UNIT 8 IN LOT 1 OF TRACT NO. 50722.

TORCA CONVERSION: THIS IS A CONDOMINIUM CONVERSION WHICH IS SUBJECT TO THE TENANT OWNERSHIP RIGHTS CHAPTER AMENDMENT (TORCA) OF THE CITY OF SANTA MONICA.

THE SUBDIVIDER HAS STATED HE INTENDS TO SELL ALL UNITS AS QUICKLY AS POSSIBLE. NO NEW LEASES ARE PLANNED. HOWEVER, THE SANTA MONICA RENT CONTROL LAW REQUIRES THE SUBDIVIDER TO CONTINUE TO RENT TO ALL TENANTS WHO HAVE RESIDED IN THEIR UNITS AT THE TIME OF CONVERSION UNTIL THE TENANT VOLUNTARILY VACATES THE UNIT OR BUYS THE UNIT. IN ADDITION, ANY OWNER, INCLUDING THE SUBDIVIDER, HAS A LEGAL RIGHT TO RENT OR LEASE THE UNITS. PROSPECTIVE PURCHASERS SHOULD CONSIDER THE POSSIBLE EFFECTS ON THE DEVELOPMENT AND THEIR OWNERSHIP IF A SUBSTANTIAL NUMBER OF THE UNITS ARE RENTAL PROPERTIES.

THE RULES AND REGULATIONS FOR THIS CONVERSION ARE SET FORTH IN ARTICLE XX OF THE SANTA MONICA CITY CHAPTER, KNOWN AS THE "TENANTS OWNERSHIP RIGHTS CHAPTER AMENDMENT". IN THIS TYPE OF CONDOMINIUM CONVERSION, SANTA MONICA LAW PROVIDES CERTAIN ADDITIONAL TENANT PROTECTION TO THOSE TENANTS OCCUPYING THEIR UNITS PRIOR TO THE CONVERSION. SUCH TENANTS MAY NOT BE EVICTED FOR PURPOSES OF OWNER-OCCUPANCY. IN ADDITION, SENIOR CITIZENS AND DISABLED PERSON MAY NOT HAVE THEIR RENTS INCREASED MORE THAN THE COST OF LIVING IN THE EVENT THAT THE CITY'S RENT CONTROL LAW BECOMES INVALIDATED BY JUDICIAL DECISION OR STATE OR FEDERAL GOVERNMENTAL ACTION. THE PROTECTION AFFORDED SUCH TENANTS ARE SET FORTH IN DETAIL IN YOUR DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS. YOU ARE ADVISED TO READ THOSE PROVISIONS. AS A RESULT OF SUCH PROTECTION, IT IS POSSIBLE THAT SOME, OR ALL OF THE CURRENT TENANT OCCUPANTS MAY CONTINUE TO RESIDE IN THE PROJECT AS RENTERS FOR SOME TIME. THIS MEANS THAT THERE MAY BE RENTAL UNITS IN THE PROJECT FOR SOME TIME. THE SUBDIVIDER, OR SUBSEQUENT PURCHASER OF SUCH RENTAL UNITS, IS OBLIGATED TO PAY THE MONTHLY HOMEOWNERS ASSESSMENT FOR SUCH UNITS.

UNDER TORCA, THE BUILDING MUST MEET THE BUILDING CODES AS OF THE DATE THE BUILDING WAS CONSTRUCTED. IT DOES NOT HAVE TO BE BROUGHT IN COMPLIANCE WITH CURRENT BUILDING CODES. THE SUBDIVIDER WILL PROVIDE YOU WITH A WRITTEN STATEMENT LISTING ALL SUBSTANTIAL DEFECTS OR MALFUNCTIONS IN THE MAJOR SYSTEMS IN YOUR UNIT AND COMMON AREAS OR WRITTEN STATEMENT DISCLAIMING KNOWLEDGE OF ANY SUCH SUBSTANTIAL DEFECTS OR MALFUNCTIONS. SUCH STATEMENT OR DISCLAIMER IS REQUIRED BY CIVIL CODE SECTION NUMBER 1134 AND IS PART OF YOUR COMBINATION PURCHASE CONTRACT/ESCROW INSTRUCTIONS. THE SUBDIVIDER HAS AGREED TO MAKE CERTAIN REPAIRS AND IMPROVEMENTS AS PART OF THE TORCA CONVERSION WHICH ARE SET FORTH AS AN ATTACHMENT TO YOUR PURCHASE CONTRACT. THE SUBDIVIDER WILL FURNISH YOU WITH A STATEMENT CONCERNING CONSTRUCTION PERMITS AS REQUIRED BY THE CIVIL CODE SECTION 1134.5.

INTEREST SUBJECT TO RENT CONTROL: YOUR UNIT WILL BE SUBJECT TO THE SANTA MONICA RENT CONTROL LAW. AMONG OTHER RESTRICTIONS, IF YOU RENT YOUR UNIT, THE RENTAL WILL BE SUBJECT TO CERTAIN TERMS AND CONDITIONS UNDER THE SANTA MONICA RENT CONTROL LAW. YOUR UNIT WILL BE SUBJECT TO THE MONTHLY REGISTRATION FEE UNTIL YOU REQUESTED AND ARE GRANTED AN "OWNER-OCCUPANCY" EXEMPTION FROM THE RENT CONTROL ADMINISTRATION WHETHER OR NOT YOU RENT YOUR UNIT OR OCCUPY IT YOURSELF. YOU SHOULD CONTACT THE RENT CONTROL ADMINISTRATION OF THE CITY OF SANTA MONICA FOR MORE INFORMATION. THEY ARE LOCATED AT 1685 MAIN STREET ROOM 202, SANTA MONICA, CALIF. 90401-3205, (310) 458-8751.

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

OVERVIEW OF SUBDIVISION

Location: This subdivision is located at 2314 28th Street within the city limits of Santa Monica. Prospective purchasers should acquaint themselves with the kinds of city services available.

Type of Subdivision: This subdivision is a common interest development of the type referred to as a condominium. It will be operated by an incorporated owners association.

Interests to be Conveyed: You will receive fee title to a specified unit, an undivided fractional fee interest together with a membership in the 2314 28th Street Homeowners' Association ("**Association**") and rights to use the common area.

About this Phase: This is a single phased subdivision which consists of approximately 0.24 acre on which one (1) building, containing ten (10) units and nine (9) carports and one (1) open parking space, have been constructed.

Common amenities and/or facilities consisting of landscaping, walkways, laundry room, lighting, paved area, and fences/walls also have been constructed on common area Lot 1.

Conversion: This subdivision is a conversion of an existing apartment to condominium use. The structure was completed in 1953.

The Subdivider will provide you with a written statement listing all substantial defects or malfunctions in the major systems in your unit and common areas or a written statement disclaiming knowledge of any substantial defects or malfunctions. Such statement/disclaimer is required by Civil Code Section 1134.

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

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

NOTE: WHEN YOU SELL YOUR CONDOMINIUM UNIT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATIONS OF RESTRICTIONS, ARTICLES OF INCORPORATION, THE BYLAWS AND A TRUE STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS, PENALTIES, ATTORNEYS FEES OR OTHER CHARGES, PROVIDED BY THE RESTRICTIONS OR OTHER MANAGEMENT DOCUMENTS ON THE CONDOMINIUM UNIT OF THE DATE THE STATEMENT WAS ISSUED.

WARNING: IF YOU FORGET TO DO THIS, IT MAY COST YOU A PENALTY OF \$500.00 – PLUS ATTORNEY’S FEES AND DAMAGES (CIVIL CODE SECTION 1368)

Completion of Common Area: The Subdivider states that all common area improvements, amenities, and facilities, including residential structures in the total subdivision, have been completed as evidenced by a recorded Notice of Completion.

No escrows will close until all common area improvements, amenities, facilities, and all residential structures have been completed and a Notice of Completion has been filed and all claims of lien have expired. If the period for all claims of lien has not expired, a title policy (paid by the Subdivider) shall be issued to each purchaser containing an endorsement against all claims of lien. (Section 11018.5 of the Business and Professions Code)

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

MANAGEMENT AND OPERATION

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

Initial Meeting: THE ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF GOVERNING DOCUMENTS. SINCE THE COMMON AREA IMPROVEMENTS, AMENITIES, AND FACILITIES WILL BE MAINTAINED BY THE ASSOCIATION, IT IS ESSENTIAL THAT THIS ASSOCIATION BE FORMED EARLY AND PROPERLY. THE 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 AND FINAL PUBLIC REPORT FOR THE SUBDIVISION. HOWEVER, IN NO EVENT SHALL THE MEETING BE HELD LATER THAN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST SUBDIVISION INTEREST. (REGULATIONS 2792.17 AND 2792.19) THE ASSOCIATION MUST ALSO PREPARE AND DISTRIBUTE TO ALL HOMEOWNERS A BALANCE SHEET AND INCOME STATEMENT. THEREAFTER THE ASSOCIATION MUST HOLD ELECTIONS OF THE ASSOCIATION'S GOVERNING BODY IN ACCORDANCE WITH THE GOVERNING DOCUMENTS. THE ASSOCIATION MUST THEN 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 1365.5 OF THE CIVIL CODE.

The CC&Rs: The subdivision is subject to the CC&Rs recorded in the office of the Los Angeles County Recorder on October 15, 1992, as Instrument No. 92-1913209.

Amendments to the original CC&Rs may also be recorded. You may ask the Subdivider about such changes. If you purchase a unit, this information will be included in your title policy.

FOR INFORMATION AS TO YOUR OBLIGATION AND RIGHTS, YOU SHOULD READ THE RESTRICTIONS. THE SUBDIVIDER MUST MAKE THEM AVAILABLE TO YOU.

Documents to be Furnished: THE SUBDIVIDER STATED HE WILL FURNISH THE CURRENT BOARD OF OFFICERS OF THE ASSOCIATION AND EACH INDIVIDUAL PURCHASER WITH THE DEPARTMENT OF REAL ESTATE REVIEWED ASSOCIATE BUDGET.

THE SUBDIVIDER STATED HE WILL FURNISH EACH INDIVIDUAL PURCHASER WITH THE CONDOMINIUM PLAN.

THE SUBDIVIDER MUST MAINTAIN AND DELIVER TO THE ASSOCIATION THE SPECIFIC RECORDS AND MATERIALS LISTED IN REAL ESTATE COMMISSIONER'S REGULATION 2792.23 WITHIN THE STATED TIME PERIOD. THESE RECORDS AND MATERIALS DIRECTLY AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ITS DUTIES AND RESPONSIBILITIES. (SECTION 11018.5 OF THE BUSINESS AND PROFESSIONS CODE AND SECTION 1363 OF THE CIVIL CODE.)

THE SUBDIVIDER SHALL MAKE A COPY OF THE ARTICLES, THE BYLAWS, AND THE CC&RS AVAILABLE FOR EXAMINATION BY A PROSPECTIVE BUYER BEFORE EXECUTION OF AN OFFER TO PURCHASE A CONDOMINIUM. A COPY OF EACH MUST ALSO BE GIVEN TO EACH BUYER AS SOON AS PRACTICABLE BEFORE CLOSE OF ESCROW. THESE DOCUMENTS CONTAIN NUMEROUS MATERIAL

PROVISIONS THAT SUBSTANTIALLY AFFECT AND CONTROL YOUR RIGHTS, PRIVILEGES, USE, OBLIGATIONS, AND COSTS OF MAINTENANCE AND OPERATION. YOU SHOULD READ AND UNDERSTAND THESE DOCUMENTS BEFORE YOU OBLIGATE YOURSELF TO PURCHASE A CONDOMINIUM UNIT. (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

MAINTENANCE AND OPERATIONAL EXPENSES

Association to Levy Assessments: THE ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR 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.

Proposed Budget: The Subdivider has submitted current budget documentation pertaining to the management, maintenance and operation of the Association obligations and for long-term reserves. This budget documentation was reviewed by the Department of Real Estate in February, 2020. You should obtain a copy of this budget documentation from the Subdivider and/or the Homeowner's Association. Under the current adopted budget, the monthly assessment against each condominium unit ranges from \$300.00 to \$410.00 of which \$75.80 is a monthly contribution to long-term reserves and is not pay to pay for current management, maintenance and operating expenses.

Per the Budget Review dated February 11, 2020, the following was noted:

“SPECIAL NOTE: THE HOA’S RESERVES ARE UNDERFUNDED AT 34%. THEREFORE, PERSPECTIVE PURCHASERS SHOULD BE AWARE THAT IT IS HIGHLY LIKELY THAT AN ASSESSMENT INCREASE OR SPECIAL ASSESSMENT WILL BE IMPLEMENTED IN THE NEAR FUTURE.”

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

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

Budget Information Provided by Subdivider: DELINQUENCIES IN THE PAYMENT OF ASSOCIATION ASSESSMENTS AFFECT THE ABILITY OF THE ASSOCIATION TO PERFORM ANY AND ALL OF ITS RESPONSIBILITIES AND COULD ALSO RESULT IN UNFORESEEN SPECIAL ASSESSMENTS LEVIED AGAINST ALL HOMES OR A SIGNIFICANT REDUCTION IN BUDGETED ASSOCIATION SERVICES. THE SUBDIVIDER MUST IMMEDIATELY NOTIFY THE DEPARTMENT OF REAL ESTATE IN

WRITING, IF DELINQUENT ASSESSMENTS HAVE CAUSED THE ASSOCIATION TO RECEIVE TEN PERCENT (10%) LESS INCOME THAN REFLECTED IN THE THEN CURRENT ASSOCIATION BUDGET (REGULATION 2800K).

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

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (a) of Civil Code Section 1365, must be made available for examination by a prospective Buyer before the execution of an offer to purchase a Condominium. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AT IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE SUBDIVISION ASSOCIATION. If you do not understand the contents of these financial documents, you may wish to consult with your own professional advisors. Should the amounts collected by the Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as alternative, the Association may decide to defer maintenance or eliminate services.

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

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

Commencement of Assessments: Regular assessments for the Association will commence on all condominium units on the first day of the month following the conveyance of the first subdivision condominium unit. The subdivider must pay assessments to the Association for all unsold condominium units (Regulations 2792.9 and 2792.16).

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

USES/ZONING/HAZARD DISCLOSURES

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

Zoning: Property to the north is zoned for multi-family and commercial uses. Property to the south is zoned for multi-family residential use. Property to the east and west is zoned for single-family residential use.

Uses: The Santa Monica Municipal Airport is approximately 1 mile southeast.

Hazards: The following hazards exist within or near this development: The Santa Monica Freeway is ½ mile northwest. The Pacific Ocean is 1 mile southwest.

Civil Code Section 1103, et seq: California Civil Code Section 1103 3t seq. contains various disclosures addressing certain Natural and Environmental Hazards, Right-to-Farm, and other disclosures that must be made to purchasers upon transfer of residential property. In that regard, the Subdivider has provided the following information:

Natural Hazards: The Subdivider has contracted with an outside consulting firm to provide a "Natural Hazard Disclosure Statement" as set forth in Civil Code Section 1103.2, a copy of which will be provided to each Buyer for the unit being purchased.

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

Lead-Based Paint: Pursuant to Federal Real Estate Disclosure and Notification Rule (24 CFR Part 35 and 40 CFR Part 745), the seller is required to disclose to prospective purchasers that this property may contain lead-based paint and/or lead-based paint hazards as well as provide certain written materials as mandated by current law. The seller is required to offer all prospective purchasers an opportunity to conduct a risk assessment for lead-based paint and lead-based hazards prior to being obligated under a purchase contract. This risk assessment may be waived by written agreement between purchaser and seller. For more information, you should contact the local office of the Environmental Protection Agency.

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

TITLE

Ownership: A preliminary report shows title to said estate or interest, as of the date of this Public Report, to be vested in Glenn P. Cramer and Peggy McDowell Cramer, Husband and Wife, and as Trustees of the Cramer Family Trust, and Paul A. Hinshaw.

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

Easements: Easements for utilities and other purposes are shown on the title report and Subdivision Map recorded in the Office of the Los Angeles County Recorder, Book 1192 of Maps, Pages 52 through 54 inclusive, and on the Condominium Plan recorded October 15, 1992, as Instrument Number 92-1913208.

Amendments to the original Condominium Plan may also be recorded. You may ask the Subdivider about such changes. If you purchase a condominium unit, this information will be included in your title policy.

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

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 this subdivision, the full cash value of the 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 lot if that occurs after the date of purchase.

NOTICE OF YOUR 'SUPPLEMENTAL' PROPERTY TAX BILL

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes. The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your

lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your local Tax Collector's Office.

FINANCING

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

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

Acceleration Clause: This is a clause in a mortgage or deed of trust which provided that if the borrower (trustor) defaults in 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 this Subdivision includes a due-on-sale clause, the clause will be automatically enforceable by the lender when you sell the property. This means that the loan will not be assumable by a purchaser without the approval of the lender. If the lender does not declare the loan to be all due and payable on transfer of the property by you, the lender is nevertheless likely to insist upon modification of the terms of the instrument as a condition to permitting assumption by the purchaser. The lender will almost certainly insist upon an increase in the interest rate if the prevailing interest rate at the time of the proposed sale of the property is higher than the interest rate of your promissory note.

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 period, you must pay the entire remaining balance in one payment. If you are unable to pay the balance and the remaining balance is a sizable one, you should be concerned with the possible difficulty in refinancing the balance. If you cannot refinance or sell your property, or pay off the balloon payment, you will lose your property.

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

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

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

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

PURCHASE MONEY HANDLING

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

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

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

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

SOILS AND GEOLOGICAL CONDITIONS

This is a condominium conversion and soils and geologic reports were not required.

CALIFORNIA IS SUBJECT TO GEOLOGICAL 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 PREVENTATIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM SUCH GEOLOGICAL HAZARDS. THIS SUBDIVISION IS LOCATED IN AN AREA WHERE SOME OF THESE HAZARDS MAY EXIST. SOME CALIFORNIA COUNTIES AND CITIES HAVE ADOPTED ORDINANCES THAT MAY OR MAY NOT BE AS EFFECTIVE IN THE CONTROL OF GRADING AND SITE PREPARATION.

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

CITY SERVICES

Streets and Roads: The private driveway within this subdivision will be maintained by the Association. The costs of repair and maintenance of this private driveway are included in the budget and are part of your regular assessment.

Schools: This subdivision lies within the Santa Monica-Malibu Unified School District. This District advises the schools initially available to this subdivision are:

Grant Elementary School (K-5)
2368 Pearl Street
Santa Monica, California 90405
310-452-2364;

John Adams Middle School (6-8)
2425 Sixteenth Street
Santa Monica, California 90405
310-452-2326; and

Santa Monica High School (9-12)
601 Pico Blvd.
Santa Monica, California 90405
310-395-3204.

This school information was provided prior to the date of issuance of this Public Report and is subject to change. For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the School District at 310-450-8338.

CONTACTING THE DEPARTMENT OF REAL ESTATE

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

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