

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

In the matter of the application of

**TRI POINTE HOMES IE-SD, INC.,
A CALIFORNIA CORPORATION**

for a Conditional Subdivision Public Report on

COUNTY OF SAN DIEGO TRACT NO. 5354-2

“CASTELLO AT CITRO” PHASE 6

SAN DIEGO COUNTY, CALIFORNIA

CONDITIONAL SUBDIVISION PUBLIC REPORT

PLANNED DEVELOPMENT

FILE No.: 167828LA-F00/C01

ISSUED: AUGUST 17, 2021

AMENDED/

RENEWED: JANUARY 26, 2022

EXPIRES: JULY 25, 2022

DEPARTMENT OF REAL ESTATE

by


Signature

VERONICA CORPIN

Printed Name

CONSUMER INFORMATION

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

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

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

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

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

**COMMON INTEREST DEVELOPMENT
GENERAL INFORMATION**

Common Interest Development

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

Governing Instruments

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

Assessments

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

Common Facilities

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

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

Subdivider Control

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

Cooperative Living

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

Informational Brochure

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

THIS CONDITIONAL SUBDIVISION PUBLIC REPORT COVERS PHASE 6 OF CASTELLO AT CITRO, CONSISTING OF RESIDENTIAL LOTS 64 THROUGH 70, INCLUSIVE, LOCATED WITHIN TRACT NO. 5354-2, FILED IN THE OFFICE OF THE SAN DIEGO COUNTY RECORDER.

SPECIAL INTEREST AREAS IN THIS CONDITIONAL SUBDIVISION PUBLIC REPORT: YOUR ATTENTION IS ESPECIALLY DIRECTED TO THE PARAGRAPHS BELOW ENTITLED: CONDITIONAL SUBDIVISION PUBLIC REPORT, EASEMENTS, FINANCING, MANAGEMENT AND OPERATION, SOILS AND GEOLOGIC CONDITIONS, UTILITIES AND OTHER SERVICES 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 CONDITIONAL SUBDIVISION PUBLIC REPORT PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE.

CONDITIONAL SUBDIVISION PUBLIC REPORT: THIS IS NOT A FINAL SUBDIVISION PUBLIC REPORT ("FINAL PUBLIC REPORT"), THIS IS WHAT IS KNOWN AS A CONDITIONAL SUBDIVISION PUBLIC REPORT ("CONDITIONAL PUBLIC REPORT"). IT IS A CONDITIONAL PUBLIC REPORT SINCE THE SUBDIVIDER HAS NOT YET SATISFIED ALL OF THE CONDITIONS NECESSARY FOR THE ISSUANCE OF A FINAL PUBLIC REPORT. UNTIL ISSUANCE OF THE FINAL PUBLIC REPORT NO ESCROW SHALL CLOSE, NO FUNDS SHALL BE RELEASED FROM ESCROW TO THE SUBDIVIDER, AND NO TITLE SHALL BE CONVEYED FOR ANY PORTION OF THE SUBDIVISION COVERED BY THIS "CONDITIONAL PUBLIC REPORT". HOWEVER, THE SUBDIVIDER MAY ENTER INTO A BINDING AGREEMENT WITH YOU FOR THE PURCHASE OR LEASE OF A RESIDENTIAL LOT IN THIS SUBDIVISION IF:

- (A) THE SUBDIVIDER FIRST PROVIDES YOU WITH A COPY OF THIS CONDITIONAL PUBLIC REPORT AND A WRITTEN STATEMENT CONTAINING CERTAIN DISCLOSURES REQUIRED BY BUSINESS & PROFESSIONS CODE SECTION 11018.12(F);
- (B) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT AND ESCROW INSTRUCTIONS FOR THE RETURN OF THE ENTIRE SUM OF MONEY PAID OR ADVANCED ("PURCHASE MONEY") BY YOU IF A FINAL PUBLIC REPORT HAS NOT BEEN ISSUED DURING THE TERM OF THIS "CONDITIONAL PUBLIC REPORT";
- (C) PROVISION IS MADE IN THE PURCHASE AGREEMENT/CONTRACT 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 IN THE SETUP OF THE OFFERING. (REFER TO BUSINESS & PROFESSIONS CODE SECTION 11012.);
- (D) AS A CONDITION OF THE PURCHASE, DELIVERY OF LEGAL TITLE OR OTHER INTEREST CONTRACTED FOR WILL NOT TAKE PLACE UNTIL ISSUANCE OF A FINAL PUBLIC REPORT.

BEFORE ENTERING INTO A CONTRACT UNDER THE AUTHORITY OF THIS CONDITIONAL PUBLIC REPORT, YOU SHOULD REVIEW THE PURCHASE AGREEMENT/CONTRACT CAREFULLY TO MAKE SURE THAT YOU WILL BE ABLE TO HONOR YOUR OBLIGATIONS WHEN IT IS TIME TO CLOSE ESCROW. FOR EXAMPLE, IF YOU DO NOT HAVE FUNDS TO COMPLETE THE PURCHASE MONEY LOAN, YOU MAY BE OBLIGATED UNDER THE PURCHASE AGREEMENT/CONTRACT TO KEEP AN ADEQUATE LOAN COMMITMENT IN EFFECT UNTIL THE FINAL PUBLIC REPORT IS ISSUED AND IT IS TIME TO COMPLETE THE PURCHASE. YOU SHOULD CAREFULLY CONSIDER WHETHER THERE WILL BE CHANGES IN YOUR INCOME, ASSETS OR LIABILITIES THAT COULD MAKE YOUR LENDER UNABLE TO FUND THE LOAN. YOU SHOULD ALSO CONSIDER YOUR PERSONAL SITUATION BEFORE ENTERING INTO A CONTRACT AS YOUR DESIRE AND ABILITY TO COMPLETE THE PURCHASE MAY CHANGE. THE DEPARTMENT OF REAL ESTATE ("DRE") HAS REVIEWED THE PURCHASE AGREEMENT/CONTRACT FORM BUT HAS NOT REVIEWED ANY ARRANGEMENTS YOU MAY ENTER

INTO WITH YOUR PURCHASE MONEY LENDER. YOU SHOULD CAREFULLY REVIEW YOUR ARRANGEMENTS WITH THE LENDER.

BEFORE SIGNING, 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.

THE INITIAL TERM OF THIS CONDITIONAL PUBLIC REPORT WAS SIX MONTHS AND HAS BEEN RENEWED FOR ONE ADDITIONAL SIX MONTH TERM. WHEN THIS CONDITIONAL PUBLIC REPORT EXPIRES, YOU MAY WISH TO CONSIDER CONTACTING SUBDIVIDER TO DISCUSS THE STATUS OF YOUR CONTRACT.

THIS CONDITIONAL PUBLIC REPORT ALLOWS THE SUBDIVIDER TO ENTER INTO A BINDING CONTRACT WITH YOU, SUBJECT TO YOUR RECEIPT, EXAMINATION, AND ACCEPTANCE OF A FINAL PUBLIC REPORT WITHIN THE TIME PERIOD INDICATED IN YOUR PURCHASE AGREEMENT/CONTRACT.

THE FOLLOWING CONDITIONS MUST BE SATISFIED BY THE SUBDIVIDER BEFORE A FINAL PUBLIC REPORT CAN BE ISSUED:

1. EVIDENCE THAT THE MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND ESTABLISHMENT OF EASEMENTS OF CITRO HAS BEEN RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY;
2. EVIDENCE THAT THE MASTER SUPPLEMENTARY DECLARATION OF CITRO FOR THE PHASE HAS BEEN RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY;
3. EVIDENCE THAT THE MASTER DISPUTE RESOLUTION DECLARATION FOR CITRO HAS BEEN RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY;
4. EVIDENCE THAT THE DECLARATION ESTABLISHING ACCESS EASEMENTS FOR CITRO (CASTELLO AT CITRO PRIVATE STREETS) HAS BEEN RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY;
5. EVIDENCE THAT THE DECLARATION ESTABLISHING ACCESS EASEMENTS FOR CITRO (MEYER AT CITRO AND ZUTANO AT CITRO PRIVATE STREETS) HAS BEEN RECORDED IN THE OFFICIAL RECORDS OF THE COUNTY;
6. A CURRENT PRELIMINARY TITLE REPORT OF A LICENSED TITLE INSURANCE COMPANY FOR ALL SUBDIVISION INTERESTS TO BE INCLUDED IN THE FINAL SUBDIVISION PUBLIC REPORT MUST BE ISSUED AND PROVIDED TO THE DRE AFTER RECORDING OF THE ABOVE REFERENCED DOCUMENTS;
7. EVIDENCE THAT THE ARTICLES OF INCORPORATION OF THE CITRO OWNERS ASSOCIATION ("MASTER ASSOCIATION") HAVE BEEN FILED WITH THE CALIFORNIA SECRETARY OF STATE;
8. EVIDENCE THAT THE GRANT DEED TO THE MASTER ASSOCIATION FOR THE PHASE, IF ANY, HAS BEEN REVIEWED AND ACCEPTED BY THE DRE AND SIGNED, ACKNOWLEDGED AND DEPOSITED IN ESCROW FOR RECORDATION IN ACCORDANCE WITH ESCROW INSTRUCTIONS;

9. EVIDENCE THAT THE DRE HAS REVIEWED THE BUDGET FOR THE MASTER ASSOCIATION;
10. EVIDENCE THAT FINANCIAL ARRANGEMENTS ACCEPTABLE TO THE DRE HAVE BEEN MADE TO SECURE THE SUBDIVIDER'S OBLIGATION TO PAY THE MASTER ASSOCIATION'S REGULAR ASSESSMENTS;
11. EVIDENCE THAT THE DRE HAS REVIEWED THE CITRO MAINTENANCE AND RESERVE AGREEMENT FOR PRIVATE STREETS BETWEEN SUBDIVIDER AND THE MASTER ASSOCIATION, HAS BEEN FULLY EXECUTED AND THAT FINANCIAL ARRANGEMENTS ACCEPTABLE TO THE DRE HAVE BEEN MADE TO SECURE THE SUBDIVIDER'S OBLIGATION TO MAKE RESERVE PAYMENTS PURSUANT TO THE CITRO MAINTENANCE AND RESERVE AGREEMENT FOR PRIVATE STREETS BETWEEN SUBDIVIDER AND THE MASTER ASSOCIATION; AND
12. EVIDENCE THAT THE DRE HAS REVIEWED THE MASTER SUBSIDY AGREEMENT FOR CITRO AND THE MASTER SUBSIDY AGREEMENT FOR PRIVATE STREETS COST CENTER BETWEEN SUBDIVIDER AND THE MASTER ASSOCIATION, IF APPLICABLE, HAS BEEN FULLY EXECUTED AND THAT FINANCIAL ARRANGEMENTS ACCEPTABLE TO THE DRE HAVE BEEN MADE TO SECURE THE SUBDIVIDER'S OBLIGATION TO MAKE SUBSIDY PAYMENTS PURSUANT TO THE MASTER SUBSIDY AGREEMENT FOR CITRO AND THE MASTER SUBSIDY AGREEMENT FOR PRIVATE STREETS COST CENTER BETWEEN SUBDIVIDER AND THE MASTER ASSOCIATION.

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

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

REQUIRED SOLAR ENERGY SYSTEM. HOMES COVERED BY THIS PUBLIC REPORT HAVE A ROOF-TOP SOLAR ARRAY AND OTHER EQUIPMENT THAT CONVERTS SOLAR ENERGY TO HOUSEHOLD ELECTRICITY (EACH A "**SYSTEM**"). YOU MUST EITHER (1) PURCHASE THE SYSTEM FOR A COST THAT IS ADDED TO THE PRICE OF THE HOME, OR (2) YOU MAY BE ABLE TO LEASE THE SYSTEM UNDER A LONG TERM LEASE WITH MONTHLY PAYMENTS.

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

EXAMPLES OF SOME KEY SOLAR PROGRAM TERMS THAT YOU SHOULD KNOW AND UNDERSTAND ARE: (1) IF THERE ARE ANY UP-FRONT AND RECURRING SYSTEM COSTS; (2) IF YOU HAVE SYSTEM MAINTENANCE RESPONSIBILITIES; (3) IF THERE IS A WARRANTY AND WHAT IT COVERS; (4) IF THERE ARE REQUIREMENTS AND IMPACTS OF RE-SELLING YOUR HOME WITH THE SYSTEM; (5) IF YOU ARE RESPONSIBLE FOR REMOVING THE SYSTEM FOR ROOF REPAIRS AND (IF APPLICABLE) AT THE END OF YOUR SOLAR LEASE; AND (6) IF YOU DON'T OWN THE SYSTEM, CAN YOU LATER PURCHASE THE SYSTEM AND AT WHAT COST?

RESTRICTIONS ON CERTAIN IMPROVEMENTS THAT MAY SHADE THE SOLAR ENERGY SYSTEM ARE INCLUDED IN THE MASTER DECLARATION.

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

OVERVIEW OF CASTELLO AND CITRO COMMUNITY

Castello at Citro ("**Castello**" or "**Neighborhood**") is situated within the master planned residential community known as "Citro" ("**Master Community**" or "**Citro Master Community**"). The Citro Master Community is a common interest subdivision which is being developed as a master planned community as defined in Section 2792.32 of Title 10 of the California Code of Regulations.

Overview of Community: Citro is a master planned community located in the unincorporated portion of San Diego County commonly known as Fallbrook. Citro includes a variety of housing types, open space areas portions of which are owned and managed by the Fallbrook Land Conservancy, approximately forty-nine (49) acres of active citrus and avocado agricultural grove operations owned and managed by the Master Association, public trails, protected biological and cultural resource areas and other areas and facilities. If developed as proposed the Community would include a variety of housing types including attached townhome condominiums, duet condominiums and single family homes.

Active Citrus and Avocado Groves: The Community includes avocado and citrus groves that are subject to County requirements and an Agricultural Preserve Easement. The Master Association will own the groves and it is anticipated the Master Association will hire a grove manager who will manage and operate the groves. As a portion of the compensation paid to the grove manager for the operation and maintenance services, the grove manager may potentially be entitled to harvest and sell crops produced from the groves.

Farming Operations. Residents living in the vicinity of the groves will be affected by grove operations. Residents should anticipate that harvesting and/or maintenance activities will take place on a year-round basis. Residents may experience noise from work crews, repairs, irrigation and other equipment, as well as dust from harvesting, pruning or maintenance activities. During harvesting, activity within the groves will increase. Irrigation runoff from the orchards into the adjacent residential areas may occur.

Crews and Working Hours. Crews performing harvest and maintenance activities typically vary in size. The size of the work crew may be substantially larger from time to time. Crews may work from sunrise to sunset or longer, as dictated by crop requirements. For example, work outside of these hours may occur during harvesting or during unusual conditions such as danger from frost or fire, or the need to perform emergency harvests of fallen fruit following high wind conditions.

Use of Chemicals. Chemicals contained in pesticides, insecticides, fertilizers and other products may be used in the cultivation and maintenance of the orchards. The chemicals may be applied by spraying the trees or weeds from the ground or by injection into irrigation systems. Aerial spraying of trees may also occur from time to time.

Visual Changes. Normal grove management practices (for example, pruning, topping or thinning of trees) will impact the visual appearance of the groves from time to time. Trees that are removed altogether may or may not be replaced. The appearance of the orchard areas would also change in the event that other crops are substituted in place of all or any portion of the groves.

Wildlife. The orchards attract animals and insects. Animals (such as coyotes, mountain lions, bobcats, deer, raccoons, rodents and crows) and insects (such as bees) may roam from the orchards into adjacent residential areas, including your yard. Because coyotes and other wildlife are known to prey

on household pets, residents in Citro are advised to keep domestic pets within their dwellings and use caution when leaving their pets outdoors. This will also assist in preventing domestic pets from preying on endangered species in the orchards and open space areas.

NO Entry Into Grove Areas Other Than Within Marked Trail Areas. Residents may not enter the grove areas other than within specifically marked trails. Entry into the grove areas may damage the trees and spread disease. The groves are agricultural groves and are anticipated to be operated as a working agricultural operation.

Fire Related Disclosures:

Fire Risks Property Insurance/More Difficult and Costly to Obtain. According to the Natural Hazard Report that Subdivider will provide to Buyer, the Community is located in a Wildland Fire Area State Responsibility Area. AS A RESULT OF THE FIRE RISK, BUYER IS ADVISED TO CONSULT WITH A LICENSED INSURANCE AGENT REGARDING AVAILABILITY AND COST OF PROPERTY INSURANCE FOR THE HOME BUYER IS PURCHASING.

Fire Protection Plan and Fuel Modification Zones. The County required implementation of a Fire Protection Plan ("**Fire Protection Plan**"), a copy of which is being provided to Buyer and is also on file with the Master Association. Residents within the Community are required to comply with the requirements of the Fire Protection Plan. Fuel Modification Zones are located within the Community and residents will also be required to comply with all Fuel Modification Zone requirements. Buyer should review the Master Declaration and the Fire Protection Plan for additional information. The existence of Fuel Modification Zones and the obligation to comply with the requirements of the Fire Protection Plan will restrict improvements and uses within Buyer's Residential Interest. Buyers acknowledge that the Fire Protection Plan does not guarantee that a fire will not occur or will not result in injury, loss of life or loss of property. No guarantees are made, expressed or implied, by Subdivider regarding the adequacy or effectiveness of the Fire Protection Plan. Buyer should carefully review and understand the requirements set forth in the Fire Protection Plan and the restrictions and requirements associated with the Fuel Modification Zones.

Master Association Enforcement and Funding Obligations. The Master Association has a duty to comply with the Fire Protection Plan and to enforce all vegetation management requirements. Under the Fuel Modification Plan and as provided in the Master Declaration, the Master Association has obligations to inspect and perform certain maintenance within the Community. The Master Association may provide warning notices of assess fines against homeowners who are not in compliance with the Fire Protection Plan.

Ephemeral Drainage Areas: Natural drainage easements have been installed throughout the Community within Master Association common lots. These drainage areas are protected or will be protected through an easement to ensure no development or encroachment occurs ("**Ephemeral Drainage Easements**"). The drainage areas include native vegetation, rock boulders and are intended to convey water during rain events. These ephemeral drainage areas may not be altered or disturbed and are required to be maintained by the Master Association to ensure compliance with the Regional Board permit for the Community. A map showing the approximate locations of the ephemeral drainage areas is available for review at the sales office.

Conserved Areas: As required under the Community Entitlements, portions of the Community will be subject to Conservation Easements and/or or a Restrictive Covenant. Additional requirements related to the Conservation Easement Areas and Restrictive Covenant Areas may be set forth in a Supplementary Master Declaration. Owners within the Community will not have rights to access such areas.

Trail Easements: Pedestrian and equestrian trail easements have been granted to the County on the Final Maps for the purposes of using and maintaining the non-vehicular and equestrian trails which are located on certain common area lots in the Community ("**Trail Easements**"). Certain residential lots are located adjacent

to the Master Association Property in which the Trail Easements are located. Portions of the trails are anticipated to be maintained by the County. Owners may experience noise, dust, odors, or other disturbances associated with use and maintenance of the Trail Easements. Use by horses will generate odors and flies. The location of public trail easements within the Community are shown on the Final Maps.

Location: This Citro Master Community is located in San Diego County at Meadowood Street & Orange Trails. This phase of Castello is located at Horse Ranch Creek Road & Hass Lane.

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

Interests to Be Conveyed: You will receive fee title to a specified Residential Lot together with a membership in the Citro Owners Association ("**Master Association**") with rights to use certain portions of the Master Association Property, Master Association Use Areas, and other portions of the Community as described in the Master Declaration, subject to terms and limitations set forth in the Master Association Governing Documents.

About This Phase: This is the 6th phase which consists of approximately 0.46 acres on which 7 residences, each with a 2-car garage will be constructed, in addition to Master Association Property Lot X.

Common amenities and/or facilities consisting of landscaping and mailboxes also will be constructed in this phase. The estimated completion date is September 2022. This phase is part of the larger Castello Neighborhood which, if developed as proposed, will consist of a total of sixteen (16) phases containing one hundred one (101) Residential Lots. The overall Master Community may potentially ultimately include approximately nine hundred twenty-five residences.

There is no assurance that the total Neighborhood or the Master Community will be completed as proposed.

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

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

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

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

NOTE: WHEN YOU SELL YOUR RESIDENTIAL LOT TO SOMEONE ELSE, YOU MUST GIVE THAT PERSON A COPY OF THE DECLARATION 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 RESIDENTIAL LOT THE DATE THE STATEMENT WAS ISSUED.

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

Completion of Master Association Property (Recreation Facility): The Subdivider will post a bond acceptable to the DRE in the amount of **\$2,290,380.00** to assure completion of Master Association Property improvements located on **Lot 290** of the Citro Community, described in the Planned Construction Statement attached to the bond. The estimated completion date for these improvements is **September 2023**.

Completion of Master Association Property in this Phase: The Subdivider estimates all common facilities including residential structures in this phase will be completed by approximately **September 2022**.

No escrows will close in this phase until completion of all common area improvements, amenities, and facilities or, as an alternative, the Subdivider 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 common areas, common amenities, common facilities, and residential lots in this phase of this subdivision.

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

MANAGEMENT AND OPERATION

Master Association Obligations and Master Association Governing Documents: The Citro Owners Association, of which you become a member at the time of purchase, is governed by and manages, maintains, and operates the Community in accordance with: the Master Declaration of Covenants, Conditions, Restrictions and Establishment of Easements of Citro ("**Master Declaration**"), the Articles of Incorporation (the "**Articles**"), and the Bylaws (the "**Bylaws**"). In addition, the Master Association will adopt Rules and Regulations ("**Rules**") and Design Guidelines ("**Design Guidelines**") that will set forth the rules for uses within the Community and the guidelines and procedures for design/architectural review within the Community. There will also be Supplementary Master Declarations recorded against other portions of the Community that may set forth additional restrictions and easements for the areas covered by such declarations. (These documents are collectively referred to as the "**Master Association Governing Documents**"). You should review each of these Master Association Governing Documents carefully.

Master Declaration and Other Documents: Castello will be subject to the **Master Declaration of Covenants, Conditions and Restrictions and Establishment of Easements of Citro**, the **Supplementary Master Declaration of Citro** for this Phase and other Master Association Governing Documents. Amendments, restatements of, or supplements to, the above referenced documents, may also be recorded under the terms of such documents, without modification of this Public Report. These documents contain numerous provisions relating to your use and occupancy of your Residential Lot, including without limitation, provisions which require review and approval of all improvements constructed by an owner (other than improvements constructed by the Subdivider) and use restrictions. You should carefully review all the terms and provisions of the Master Association Governing Documents, which will be recorded in the Office of the San Diego County Recorder.

Note Regarding Class C Voting Provisions in Community Governing Documents: The Master CC&Rs

provide for Class C Membership. Pursuant to the Master CC&Rs, the Class C Member is the Master Developer, without regard to whether the Master Developer is the owner of a lot or unit in the Citro Master Community. The Class C Member is not considered part of the voting power of the Master Association and the Master Developer is not entitled to exercise any Class C vote except for the purpose of electing or appointing those members of the Board of Directors of the Master Association (the "**Master Association Board**") which the Class C Member is entitled to elect pursuant to the Master CC&Rs. Class C Membership allows the Master Developer to control the Master Association Board for an extended period of time. Purchasers should review the provisions in the Master CC&Rs relating to Class C voting to determine when Class C voting terminates.

Initial Meeting: THE MASTER ASSOCIATION WILL BE FORMED PURSUANT TO THE TERMS AND PROVISIONS OF THE MASTER ASSOCIATION GOVERNING DOCUMENTS. SINCE THE MASTER ASSOCIATION PROPERTY WILL BE MAINTAINED BY THE MASTER ASSOCIATION, IT IS ESSENTIAL THAT THIS MASTER ASSOCIATION BE FORMED EARLY AND PROPERLY. THE MASTER ASSOCIATION MUST HOLD THE FIRST MEMBERSHIP MEETING AND ELECTION OF THE MASTER ASSOCIATION'S GOVERNING BODY WITHIN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST RESIDENTIAL SEPARATE INTEREST UNDER THE FIRST FINAL PUBLIC REPORT FOR THE COMMUNITY. HOWEVER, IN NO EVENT SHALL THE MEETING BE HELD LATER THAN SIX MONTHS AFTER THE CLOSING OF THE SALE OF THE FIRST RESIDENTIAL SEPARATE INTEREST WITHIN THE OVERALL COMMUNITY (REGULATIONS 2792.17 AND 2792.19).

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

BY SETTING FORTH THESE PROVISIONS, NO REPRESENTATIONS ARE MADE THAT THESE PROVISIONS ARE MORE SIGNIFICANT OR IMPORTANT THAN ANY OF THE OTHER PROVISIONS SET FORTH IN THE MASTER DECLARATION OR OTHER MASTER ASSOCIATION GOVERNING DOCUMENTS. EACH OWNER SHOULD REVIEW THE MASTER ASSOCIATION GOVERNING DOCUMENTS, AND THE NOTICE OF PROCEDURES CAREFULLY.

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

Master Dispute Declaration: The Subdivider will record a Master Dispute Declaration for Citro ("**Master Dispute Declaration**") against the Subdivision, in the Office of the San Diego County Recorder, as may be amended or supplemented. The Master Dispute Declaration sets forth an alternative dispute resolution procedure for resolution of disputes that may arise involving Subdivider and an Owner. The alternative dispute resolution procedures involve mandatory binding arbitration. The Master Dispute Resolution Declaration also includes a class action waiver. You are advised to review the Supplemental Dispute Resolution Declaration carefully.

Stormwater Agreement(s): County required Storm Water Control Facility Maintenance Agreement(s) have been or will be recorded against the Community, which establishes a method for the maintenance and repair of the Storm Water Control Facilities. The Master Association will be obligated to perform maintenance under the Storm Water Control Facility Maintenance Agreement(s) and costs associated with such maintenance will be charged to owners within the Master Community.

Private Road Agreement(s): County requirement Private Road Agreement(s) have been or will be recorded against the Community. These Private Road Agreement(s) impose obligations relating to maintenance and repair of private streets in the Master Community. The Master Association will be obligated to perform

maintenance under the Private Road Agreement(s) and costs associated with such maintenance will be charged to owners within the Private Road Special Benefit Area.

FOR INFORMATION AS TO YOUR OBLIGATIONS AND RIGHTS, YOU SHOULD READ THE MASTER DECLARATION AND MASTER ASSOCIATION GOVERNING DOCUMENTS.

TO SECURE FINANCING FOR THIS COMMUNITY ACCEPTABLE FOR ACQUISITION BY FEDERAL NATIONAL MORTGAGE ASSOCIATION ("**FNMA**"), FEDERAL HOME LOAN MORTGAGE CORPORATION ("**FHLMC**"), FEDERAL HOUSING ADMINISTRATION ("**FHA**") AND/OR UNITED STATES DEPARTMENT OF VETERANS AFFAIRS ("**VA**") IT HAS BEEN NECESSARY FOR THE SUBDIVIDER TO INCORPORATE INTO THE MASTER DECLARATION, OTHER MASTER ASSOCIATION GOVERNING DOCUMENTS AND PROVISIONS WHICH GIVE THE MORTGAGE LENDER APPROVAL RIGHTS OVER CERTAIN ACTIONS WHICH A LENDER DOES NOT ORDINARILY HAVE.

Documents to be Furnished:

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

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

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

MAINTENANCE AND OPERATIONAL EXPENSES FOR THE MASTER ASSOCIATION

MASTER ASSOCIATION TO LEVY ASSESSMENTS: THE MASTER ASSOCIATION HAS THE RIGHT TO LEVY ASSESSMENTS AGAINST YOU FOR MAINTENANCE OF THE MASTER ASSOCIATION PROPERTY, MASTER ASSOCIATION MAINTENANCE AREAS AND OFFSITE MAINTENANCE AREAS, 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 MASTER ASSOCIATION MEETINGS.

Proposed Master Association Budgets: The Subdivider has submitted proposed budgets for the management, maintenance and operation of the Master Association's obligations and for long term reserves when the Community is substantially completed (built-out budget) and interim budgets applicable to these phases. The proposed budgets are currently being reviewed by the Department of Real Estate and may change prior to issuance of the Final Public Report. Once reviewed you should obtain copies of these budgets from the Subdivider.

Range of Assessment Budgets, (Phases 2 through built-out)

Due to uncertainty of the sequence in which phases will close escrow in individual housing-types within the Community, it is difficult to predict, at this time, the amount of the monthly regular assessment to be assessed against each home in the Community.

As the overall Community is developed and additional phases of the Community become subject to regular assessment, the level of monthly assessments in existing phases of the Community may increase or decrease, subject to limitations in the Master Declaration or Bylaws. Under the **range of assessment budget** being reviewed by the Department of Real Estate, beginning with overall Phase 2, the range of monthly assessments during the development period is estimated to range between **\$86.00 and \$313.00**. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current management, maintenance and operating expenses, are estimated to be between **\$6.17 and \$8.31**, respectively.

Under the **built-out budget** on file with the Department of Real Estate, the monthly assessment is estimated to be **\$212.96**; if the school site is not developed as a school site and additional units are annexed to the Master Community, the built-out budget is estimated to be **\$201.00**, although the build-out amount may ultimately fall anywhere within the range of assessment. Of these amounts, the monthly contribution toward long term reserves, which is not to be used to pay for current management, maintenance and operating expenses are estimated to be **\$27.14 and \$28.37**, respectively.

Potential Budget Amount. Certain water rights have been reserved to Pankey Ranch, LP. As of the date of this Community Disclosure, Seller is retaining ownership of all remaining water rights, as reflected in the grant deeds for the Community. Subdivider is proposing to enter into a Water Well Use Facilities and Maintenance Agreement ("**Water Agreement**") whereby groundwater would be provided to the Master Association for a limited period of time for the cost set forth in the Water Agreement. No representation or warranty is made as to whether the Water Agreement will be renewed after expiration of the initial term of the Water Agreement. Groundwater use may not be permitted by the regulating agencies and/or Seller may elect, in its sole and absolute discretion as the owner of the water rights, to retain all rights to use the groundwater, sell rights to use the groundwater, or otherwise use the groundwater for any other purpose as determined by Seller in its sole and absolute discretion. Seller has submitted two budgets to the California Department of Real Estate. One budget anticipates certain irrigation being provided via groundwater, and the other budget contemplates non-groundwater irrigation being utilized within the Community. With irrigation for certain landscaping being provided under the terms of the initial Water Agreement, the monthly assessment is estimated to range between **\$81.00 and \$308.00** with an estimated build-out budget of be **\$176.00**, although the build-out amount may ultimately fall anywhere within the range of assessment. COSTS OF MASTER ASSOCIATION OPERATION WILL BE HIGHER IF GROUNDWATER IS NOT MADE AVAILABLE IN THE FUTURE OR CANNOT BE USED. BY INITIALING BELOW, BUYER ACKNOWLEDGES THAT BUYER UNDERSTANDS THAT WATER RIGHTS HAVE BEEN RESERVED, THAT GROUNDWATER IS NOT AVAILABLE FOR USE BY INDIVIDUAL OWNERS AND MAY NOT BE MADE AVAILABLE FOR USE BY THE MASTER ASSOCIATION IN THE FUTURE.

Private Streets and Sub-Metering Special Benefit Area (SBA)

In addition to the budget discussed above, Condominiums and Lots within Castello, Meyer and Zutano will be subject to an additional assessment for private street maintenance and submeter administration costs. The Private Street SBA Budgets itemize costs associated with specific services and maintenance for these Condominiums and Lots including without limitation street maintenance and submeter administration costs. The Subdivider has submitted Private Street SBA Budgets for the management, maintenance and operation of certain Master Association Property and for long-term reserves, when Castello is substantially completed and interim budgets for these phases. The budgets are currently being reviewed by DRE. Once reviewed, you should obtain copies from the Subdivider.

Range of Assessment Private Street SBA Budgets (Phases 2 through Built-out): Due to uncertainty in the sequence in which phases will close escrow, the Private Street SBA budgets have been set up with a range of assessment budget procedure, which provides flexibility in assessment amounts. Castello will utilize the

range of assessment budget procedure beginning with Phase 2. As Castello is developed and additional phases become subject to the Private Street SBA assessment, the level of monthly assessments in existing phases may increase or decrease, subject to limitations set forth in the Master Declaration or Bylaws.

Under the **interim** Private Street SBA budgets on file with the Department of Real Estate, beginning with Phase 2, the range of monthly Private Street SBA assessments, during the development period, is estimated to range between **\$41.00 and \$84.00**. Of these amounts, the monthly contributions toward long-term reserves, which are not to be used to pay for current management, maintenance and operating expenses, are estimated to range between **\$3.16 and \$1.41**. Under the **built-out** Private Street SBA Budget, on file with the Department of Real Estate, the monthly assessment is estimated to be **\$49.00**. Of this amount the monthly contribution toward long term reserves, which is not to be used to pay for current management, maintenance and operating expenses is estimated to be **\$11.42**.

Master Association to Levy Assessments: THE MASTER 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 MASTER ASSOCIATION MEETINGS.

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

YOU SHOULD BE AWARE THAT IF AND WHEN ADDITIONAL PHASES ARE ANNEXED INTO THE NEIGHBORHOOD, MONTHLY DUES ASSESSED AGAINST YOUR RESIDENTIAL LOT MAY INCREASE OR DECREASE, DEPENDING UPON, AMONG OTHER THINGS, THE NUMBER OF RESIDENTIAL LOTS BEING ANNEXED IN SUCH SUBSEQUENT PHASE(S) AND WHETHER ANY ADDITIONAL ASSOCIATION PROPERTY, ASSOCIATION MAINTENANCE AREAS AND/OR COMMON AREAS, AMENITIES AND FACILITIES ARE ALSO BEING ANNEXED AS PART OF ANY SUCH PHASES.

According to the Subdivider, assessments under the interim budget assessments should be sufficient for proper management, maintenance and operation of the 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 home, the Subdivider will provide you with a copy of the best case budgets, worst case budgets and budget for your phase, reflecting the amount of the initial assessment you will actually pay to the Association.

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

SUBDIVIDER MUST MAKE AVAILABLE TO YOU A STATEMENT CONCERNING ANY DELINQUENT ASSESSMENTS AND RELATED CHARGES AS PROVIDED BY THE MASTER ASSOCIATION

GOVERNING DOCUMENTS AND, IF AVAILABLE, CURRENT FINANCIAL INFORMATION AND RELATED STATEMENTS (BUSINESS AND PROFESSIONS CODE SECTION 11018.6).

In addition to other documentation provided to each prospective Buyer, a copy of the current financial information, and related statements, to the extent available, as specified by Section (b) of Civil Code Section 5300 must be made available for examination by a prospective Buyer before the execution of an offer to purchase residential separate interest. A copy of this financial information must also be given to each Buyer as soon as practicable before close of escrow. YOU SHOULD PAY SPECIAL ATTENTION TO THIS FINANCIAL INFORMATION, AS IT PERTAINS TO CURRENT AND POSSIBLE FUTURE FINANCIAL OBLIGATIONS AFFECTING ALL HOMEOWNERS WITHIN THE COMMUNITY. If you do not understand the contents of these financial documents, you may wish to consult with your own professional advisors. Should the amounts collected by the Master Association prove insufficient to properly maintain, operate, repair or replace the common facilities, the Master Association may increase Regular Assessments or levy one or more Special Assessments in accordance with the Master Association Governing Documents in order to provide such funding, which may affect your ability to purchase, or, as an alternative, the Master Association may decide to defer maintenance or eliminate services.

Utility Rates: 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 Master Association may increase or decrease assessments at any time in accordance with the procedure prescribed in the Master Association 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: Regular assessments for the Master Association will commence on all Residential Lots in this Phase on the first day of the month following the conveyance of the first Residential Lot in this Phase. Subdivider must pay assessments to the Master Association for all unsold Residential Lot s in this Phase (Regulations 2792.9 and 2792.16).

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

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

Subsidy Agreement for Citro (Master Association Regular Assessments - General Budget)

The Subdivider and the Master Association **will enter** into a Subsidy Agreement to provide for a potential subsidy by Subdivider of certain regular assessments of the Master Association under the general budget, as further defined in the agreement ("**General Budget Subsidy Agreement**").

Each month during the Term of the General Budget Subsidy Agreement (as defined below), each Owner of a Residential Interest, shall pay to the Master Association no more than the subsidized amount as set forth in the General Budget Subsidy Agreement or any amendments or extensions thereto as the Owner's share of the monthly regular assessments under the general budget ("**General Budget Subsidized Payment**"). Each month during the Term, Subdivider shall pay to the Master Association, for each Covered Separate Interest,

the difference between the General Budget Subsidized Payment and the amount of the monthly Regular Assessments payable under the Master Association general budget ("**Subdivider Subsidy**").

The term of the Agreement ("**Term**") begins on the first day of the month following the first close of escrow for a Residential Interest, and shall terminate on the date which is the **earlier to occur of:** (a) the close of escrow of the first Residential Interest in Phase 109 of Citro or (b) six (6) months after the commencement date; provided that the term may be extended by Subdivider, in six (6) month increments, as further set forth in the General Budget Subsidy Agreement. Due to the fact that the budget is a range of assessment procedure, it is possible that the Regular Assessment amount may be less than the Subsidized Payment amount during the Term of the Agreement. In such event, Subdivider's subsidy obligation would be \$0.00.

Subdivider is under no obligation whatsoever to extend the Term of the General Budget Subsidy Agreement. Upon termination of the General Budget Subsidy Agreement, regular assessments will increase to the full then levied amount under the Master Association budget, which could be substantially higher than the amounts Buyer pays under the General Budget Subsidy Agreement. Buyer is advised to carefully review the terms of the General Budget Subsidy Agreement. Buyer is advised that the Subsidy Agreement may have expired by the time Buyer closes escrow. It is Buyer's obligation to review and confirm Buyer understands the terms of the General Budget Subsidy Agreement.

Subsidy Agreement for Private Street SBA Budget (Private Streets)

The Subdivider and the Master Association **will enter** into a Private Street SBA Subsidy Agreement ("**Private Street SBA Subsidy Agreement**") to provide for a potential subsidy by Subdivider of certain expenses of the Master Association, as further defined in the agreement.

Each month during the Term, each Owner of a Residential Interest, shall pay to the Master Association no more than the subsidized amount as set forth in the Private Street SBA Subsidy Agreement or any amendments or extensions thereto ("**Private Street SBA Subsidized Payment**"). Each month during the Term, Subdivider shall pay to the Master Association, for each Covered Separate Interest, the difference between the Private Street SBA Subsidized Payment and the amount of the monthly special benefit area assessment payable under the private street special benefit area budget ("**Subdivider Subsidy**").

The term of the Private Street SBA Subsidy Agreement ("**Term**") shall commence on the first day of the month following the first close of escrow for a Residential Interest, and shall terminate on the date which is the **earlier to occur of:** (a) the close of escrow of the first Residential Interest in the last phase of the Private Street SBA or (b) six (6) months after the commencement date; provided that the term may be extended by Subdivider, in six (6) month increments, as further set forth in the Private Street SBA Subsidy Agreement. Due to the fact that the budget is a range of assessment procedure, it is possible that the Regular Assessment amount may be less than the Subsidized Payment amount during the Term of the Private Street SBA Subsidy Agreement. In such event, Subdivider's subsidy obligation would be \$0.00.

Subdivider is under no obligation whatsoever to extend the Term of the Private Street SBA Subsidy Agreement. Upon termination of the Private Street SBA Subsidy Agreement, special benefit area assessments will increase to the full then levied amount under the Master Association budget, which could be substantially higher than the amounts Buyer pays under the Private Street SBA Subsidy Agreement. Buyer is advised to carefully review the terms of the Private Street SBA Subsidy Agreement. Buyer is advised that the Private Street SBA Subsidy Agreement may have expired by the time Buyer closes escrow. It is Buyer's obligation to review and confirm Buyer understands the terms of the Private Street SBA Subsidy Agreement.

Upon termination of the Private Street SBA Subsidy, regular assessments will increase to the full then levied amount under the Private Street SBA Budget, which could be substantially higher than the amounts Buyer pays under the Private Street SBA Subsidy Agreement. Buyer is advised to carefully review the terms of the Private Street SBA Subsidy. Buyer is advised that the Private Street SBA Subsidy may have expired by the

time Buyer closes escrow. It is Buyer's obligation to review and confirm Buyer understands the terms of the Private Street SBA Subsidy.

Citro Maintenance and Reserve Agreement For Private Streets

Some Residential Separate Interests are anticipated to close escrow before the conveyance of Private Drives (Roadway Modules A through G as shown on the Condominium Plans for Meyer and Zutano, Lot H of Tract 5354-1 and Lot V of Tract 5354-2) to the Master Association and prior to the maintenance obligations commence by the Master Association.

Therefore, the Subdivider and the Master Association **will enter** into the Maintenance and Reserve Agreement to provide: (1) interim access easements over private drives are provided; (2) the Subdivider fulfills its obligation to maintain the private drives before maintenance obligations are transferred to the Master Association; (3) the Subdivider fulfills the obligation to convey the private drives in fee to the Master Association; (4) conditions are established to exercise the Master Association's right to perform certain maintenance for the private drives, while subject to the Access Easements (defined in the agreement); and (5) if applicable, Subdivider contributes to accrued reserves for the private drives upon the transfer for maintenance purposes to the Master Association.

Utility Assessments. Water in the Castello Neighborhood is sub-metered. Owners in the Neighborhood will be required to pay a utility assessment based upon water usage in addition to all other assessment amounts.

USES/ZONING/HAZARD DISCLOSURES

The Subdivider has set forth below references to various uses, zoning, hazards and other matters based on information from a variety of sources. You should independently verify the information regarding these matters, as well as all other matters, that may be of concern to you regarding the subdivision and 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

- North: Open Space and Residential
- East: Open Space and Residential
- South: Open Space and Residential
- West: Commercial, Open Space and Residential

Surrounding Uses

- Community is located within 1 mile of property zoned for commercial/industrial use:
- Community is located within a 1 mile radius of a mapped mining operation;
- Community is located within 1 mile of State Route-76, Interstate 15.

IN ADDITION TO THE INFORMATION SET FORTH BELOW, SUBDIVIDER WILL PROVIDE BUYER WITH A DISCLOSURE STATEMENT WITH ADDITIONAL INFORMATION ABOUT THE MASTER COMMUNITY AND SURROUNDING AREAS.

Surrounding Uses. There are many different land uses currently occurring in the vicinity of the Community, including, but not limited to, agriculture groves, the Meadowood Specific Plan Area (planned residential community with single and multi-family residences), and aggregate quarry known as Rosemary's Quarry, to the south and east; the Campus Park West Specific Plan Area (planned multi-family residential, commercial, and light industrial), and open space preserve to the southwest and planned Palomar Community College, Interstate 15, gas station, fire station, commercial and restaurants to the west; residential properties, vacant land, agriculture groves and open space to the north and east; and Highway 76 also known as Pala Road, the San Luis Rey River, residential properties, and agricultural uses to the south. Some of these uses generate

pedestrian and automobile traffic and may generate noise, odors, or pests in the vicinity of the Community.

Agricultural Use. Areas within and in the vicinity of the Community will be used for agricultural purposes such as groves. Such agricultural uses will result in noise, odors, dirt, manure, livestock, pesticides, chemicals, dust and other nuisances that are associated with agricultural operations. Areas zoned for agricultural use in the County, may include, without limitation, the use of all-terrain vehicles, tractors, storage areas, and other machinery. Subdivider encourages Buyer to spend time in the Community and in the vicinity of the Community to experience the agricultural environment and consider whether living in an area with a rural character and an agricultural sector will suit Buyer's use of the Home. Buyer is advised to carefully consider all adverse impacts of living within an area zoned for agricultural use and all other nuisances that may result from the proximity of agricultural lands to the Home. It is possible that in the future the agricultural areas may be developed into residential areas or other uses. For information regarding the agricultural use within the area, Buyer should contact San Diego County Planning and Development Services.

Blasting at Citro. During construction of Citro, it is expected that explosives will be used and blasting will take place, which will impact residents. Such blasting and the removal of the blasted materials will cause significant noise, disturbance, dust, debris, odors and other nuisances. Individual tolerance to blasting noise, vibrations, dust and other impacts caused by blasting will vary by individual and may be considerably less tolerable if the blasting continues over a long period of time.

Community College. The Community is located southeast of Palomar College property ("**College Property**"). The College Property may be developed as a college campus or extension site. If the College Property is developed, during grading and construction there will be noise, dust, dirt, debris, unsightly conditions, construction traffic, odors and other nuisances and inconveniences to the residents in the Community, particularly those residences in close proximity to the College Property. Due to the proximity of College Property to the Community, Buyer may be exposed to these nuisances and inconveniences and should consider such impacts prior to signing the Purchase Agreement. Plans to develop for the College Property could change in the future. Subdivider has no control over if or when Palomar College or a subsequent owner will develop the College Property or the development of such property. If developed as a college campus or extension site, the Community may be subject to increased traffic, lights and noise in this area due to the number of people traveling to and from the campus during hours of operation. There may be fields and/or game courts constructed on the College Property which may be used for sports activities and other school events. The college may host planned events. The fields may be lighted at night. Buyer is urged to investigate this matter on his/her own. Buyer may contact the San Diego County Planning and Development Services for further information. If the College Property is developed into a college campus or extension site, the Community may be subject to an increased population of college students residing and traveling in the area and an increased amount of rental properties in the vicinity of the Community. Subdivider has no control over when, if ever, the College Property will be developed. Buyer may contact the San Diego County Planning and Development Services for further information or the Palomar Community College District at (760) 744-1150.

Campus Park Property. The Campus Park property is located to the north and northwest of the Community. As of the date of this Disclosure Statement, a portion of the Campus Park property has been developed as the Horse Creek Ranch residential community. Future portions of Campus Park may be developed for commercial, residential or any other purposes permitted by the County. For additional information on development updates visit the County website as www.sandiegocounty.gov.

Campus Park West Property. The Campus Park West property is located to the west of the Community situated on approximately 107 acres and if developed as currently proposed, it may include multi-family homes, a central mixed-use core, general commercial, industrial/business professional uses, and open space. Development of Campus Park West property may take a long time and the development plan may change. During the period of development, owners of nearby properties are exposed to grading and construction that will likely result in noise, dust, dirt, debris, unsightly conditions, construction traffic, odors and other nuisances and inconveniences to the residents in the Community. If developed, Campus Park West would result in increased traffic, noise and other nuisances associated with a mixed use development. Due to the proximity

of Campus Park West to the Community, Buyer may be exposed to these nuisances and inconveniences and should consider such impacts prior to signing the Purchase Agreement. Plans to develop Campus Park West could change in the future. Subdivider has no control over if or when it will be developed and what will be developed on this property. For additional information on development updates visit the County website as www.sandiegocounty.gov.

Electric Lines and Pad-mount Transformers. San Diego Gas & Electric ("**SDG&E**") operates high voltage transmission lines overhead and underground within the Community and in the immediate vicinity of the Community. Pad-mount transformers are also anticipated to be located within the Community. The transmission lines and the pad-mount transformers may emit periodic buzzing and/or other sounds that may be audible from areas within the Community. Buyer is encouraged to visit the Community and to understand how the transmission lines may impact Buyer's Home.

Power lines and transformers produce extremely low-frequency electromagnetic fields ("**ELF-EMF**") when operating. Please note that the size, nature, voltage and location of such facilities are not within Subdivider's control and are subject to change. For some time, there has been speculation in the scientific community about health risks associated with living near ELF-EMF sources. Please note that the size, nature, voltage and location of such transmission lines are not within Subdivider's control and are subject to change. In the event the power poles were to fall, power poles and/or high voltage wires could cause substantial property damage due to, among other things fire, and injury or death.

There is a risk that certain pacemaker heart implant devices may not operate properly when in close proximity to certain electric power lines. According to the U.S. Food and Drug Administration (FDA), interference from EMF can affect various medical devices including cardiac pacemakers and implantable defibrillators. Most current research in this area focuses on higher frequency sources such as cellular phones, citizens band radios, wireless computer links, microwave signals, radio and television transmitters, and paging transmitters. The susceptibility of different types of pacemaker devices to electro-magnetic interference should be discussed with a physician.

For further information please contact the Customer Service Division of SDG&E at (800) 411-7343 or visit their related webpage at <https://www.sdge.com/safety/electric-and-magnetic-fields/emf-issue>.

Freeways/Highways/Busy Streets. Portions of the Community are located adjacent to and east of the Interstate 15 and north of Highway 76. In addition, there are other regional, local arterial and interior roads, such as Horse Ranch Creek Road, in the vicinity of the Community that may cause exhaust fumes, noise within the Community or traffic congestion on the roadways near the Community, especially as surrounding properties are developed. These road system improvements are subject to modifications, approvals, and improvements made by the County or State. For example, alignments may be changed, proposed extensions may be deleted or changed and roadway improvements within the vicinity of the Community may be added. Buyer may experience noise and air pollution from use of these roads as well as other problems associated with traffic congestion in the area of the Community. Buyer is responsible for investigating noise levels in and around the Community. Living in close proximity to heavily traveled roads and highways will increase exposure to vehicle exhaust including without limitation, diesel exhaust. Information regarding the effects of diesel exhaust can be found at <https://oehha.ca.gov/media/downloads/calenviroscreen/indicators/diesel4-02.pdf>.

Habitat Area. A Conservation Easement was granted over an area of approximately one hundred twenty two acres located directly adjacent to the Community. The Conservation Easement was granted to the San Diego Habitat Conservancy with California Department of Fish and Wildlife and the United States Fish and Wildlife Service as third party beneficiaries ("**Conservation Easement**"). The Habitat Area is anticipated to be owned and maintained by the Fallbrook Land Conservancy in accordance with the standards set forth in the Final Biological and Cultural Resources Management Plan for On-Site Biological Open Space Meadowood Specific Plan Project ("**Resource Management Plan**"). As required by the Resource Management Plan, Fallbrook Land Conservancy will provide a public outreach and education program to educate residents about the conservation goals of the open space and to ensure activities are consistent with conservation goals. The

public will have access to trails through the biological open space and those trails will be maintained by Fallbrook Land Conservancy. Neither Subdivider nor the Master Association has any control over the maintenance of the Habitat Area. The San Diego Habitat Conservancy provides oversight of the habitat management and reporting to CDFW and USFWS. Each resident is obligated to observe and comply with the applicable Habitat Area restrictions. The proximity of the Habitat Area to the Community may result in an increase in property insurance premiums and/or may make property insurance more difficult to obtain due to increased fire hazard risk. In addition, proximity of Habitat Area to the Community will result in increased levels of wildlife activity.

Public Park. A potential public park may be located within Lot 53 of Map 5354-1, south of Pankey Place across from Castello Planning Area 1. If developed, the public park may include ball fields, public concession stand, restroom facility, play areas, trails parking and associated facilities. Subdivider makes no representation or warranty as to whether the public park will be developed or if developed, what facilities would be in the public park. Buyer should not purchase a Home in the Community on the basis that a public park will be constructed. If developed, the public park would create *nuisances* such as increased traffic, glare from lights, noise, smells and other nuisances associated with public park activity. It is anticipated that if developed, the public park would be maintained by the County.

Quarry and Asphalt Plant. Rosemary's Mountain Mining and Processing Facility, which is a rock quarry, crushing and screening plant and also permitted for an asphalt plant is located directly east of the Community; the existing Rosemary Mountain Mining and Processing Facility may be expanded in the future. Hours of operation of the Rosemary Mountain Mining and Processing Facility vary, but typical hours begin as early as 6:00 A.M. and last until 10 P.M. Blasting occurs at the Mining and Processing Facility. The Mining and Processing Facility will generate noise, dust, truck traffic and other disturbances. According to the Meadowood Noise Re-evaluation Report prepared by Recon and dated July 29, 2019 ("**Noise Study**"), the Community will be impacted by quarry noises, such as blasting noises.

According to the Noise Study, certain homes are located in an area where the noise levels due to operations in the Quarry are projected to exceed 50 decibels. It is not anticipated that noise levels will exceed 60 decibels, although no representation or warranty is made as the ultimate noise levels generated by the Quarry.

School: Potential Site. A potential elementary school site has been designated in Lot 54 of Tract 5354-1, directly adjacent to Castello homes in Planning Area 3. If the Bonsall Elementary School District elects not to construct the school, then the land allocated for school district purposes may be converted to other uses including without limitation residential and/or commercial use. Subdivider has reserved the right to annex Lot 54 (including any homes constructed therein) to the Community. Buyers within the Community may experience, among other things, noise and increased traffic in connection with the public's use of the school. Subdivider makes no assurances whatsoever if or when the proposed school will be completed, the type of facilities that may be included as part of the school or whether this potential school will serve the Community. Such decisions are determined by the School District and are out of Subdivider's control. **NO REPRESENTATION OR WARRANTY IS MADE AS TO WHETHER A PUBLIC SCHOOL WILL BE CONSTRUCTED WITHIN THE COMMUNITY. BUYER SHOULD NOT PURCHASE A HOME IN THE COMMUNITY ON THE ASSUMPTION THAT A SCHOOL WILL BE BUILT AND/OR THAT BUYER'S STUDENTS WOULD BE ASSIGNED TO SUCH SCHOOL. IF THE SCHOOL SITE IS NOT DEVELOPED, THE SCHOOL SITE MAY BE DEVELOPED FOR RESIDENTIAL, COMMERCIAL OR OTHER PURPOSES APPROVED BY THE COUNTY. IF DEVELOPED FOR RESIDENTIAL PURPOSES, THE RESIDENCES WITHIN THE FORMER SCHOOL SITE MAY BE ANNEXED INTO THE MASTER ASSOCIATION.**

Hazards

Former Agricultural Use. The real property within which the Community is located was formerly used for agricultural purposes. Converse Consultants ("**Converse**") performed site investigations and limited sampling to address hazardous mitigation measures identified in the Final Environmental Impact Report and results were submitted to the County of San Diego Department of Environmental Health ("**DEH**"). The first measure

addressed by Converse was chemical residues in two on-site irrigation ponds. On January 15, 2018, following the removal of water from the ponds, Converse collected four (4) sediment samples from each pond. The herbicide chloramben was detected in the lower pond, however, the amounts detected were below residential screening levels. Converse recommended no further action and in a March 17, 2018 letter, DEH concurred with this recommendation.

The second measure addressed by Converse was Total Petroleum Hydrocarbons ("**TPH**") noted in various locations onsite. On December 12, 2019 and January 13, 2020, Converse removed TPH impacted soils. Confirmation samples revealed the impacted soil had been removed and was disposed of at an appropriate facility. According to Converse, remaining TPH concentrations were below screening levels.

On March 13, 2020, a request for closure was submitted to DEH. In the request for closure, Converse concluded that the required mitigation measures have been conducted with regards to the conditions and no further action is necessary. DEH concurred with this conclusion and recommendation. A copy of the Converse Reports and DEH Case Closure Summary are available for review upon request.

The conclusions reached by DEH and Converse have been based on limited sampling and analyses of near-surface soils; because of such limitations, residual chemicals and contaminants not previously detected may still be present in the soils. Subdivider makes no representations or warranties concerning environmental condition of the property or the impact that any residual pesticide concentrations still present in the soils may have.

Area of Potential Flooding. The Subdivider has advised that all or portions of the subdivision subject to this Public Report are located within an *Area of Potential Flooding* as shown on a dam inundation map. Additionally, the Subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Government Code Section 8589.4.

If any disclosure, or any material amendment to any disclosure, required to be made by the Subdivider regarding this natural hazard 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.

State Responsibility Area. The Subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area* (wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the Subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136.

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.

Energy Efficiency Standards and Duct Sealing Requirements. The Natural Hazards Disclosure Statement indicates that the Community is located in a designated climate zone in which properties are subject to duct

sealing and testing requirements set forth by the California Energy Commission. Please refer to the Natural Hazard Disclosure Statement for more information.

NOTICE OF MINING OPERATIONS. This property is located within one mile of a mine operation for which the mine owner or operator has reported mine location data to the Department of Conservation pursuant to Section 2207 of the Public Resources Code. Accordingly, the property may be subject to inconveniences resulting from mining operations. You may wish to consider the impacts of these practices before you complete your transaction.

If any disclosure, or any material amendment to any disclosure, required to be made by the Subdivider regarding this natural hazard 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.

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

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

At the time this public report was issued, information regarding whether all or portions of this subdivision are located within certain natural hazard areas was not yet available to the Subdivider. You should ask the Subdivider for updated information before obligating yourself to purchase.

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

TITLE

Preliminary Report: A preliminary report will be issued by the title insurer to reflect those items that affect the condition of title. You are encouraged to request a copy of this preliminary report for review of those items that affect the lot you are purchasing. Those items typically shown on 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, drainage, access, and other purposes are shown on the title report and Subdivision Map recorded in the Office of the San Diego County Recorder on April 9, 2021 as Map No. 16444. Easements are also established in the Master Declaration.

Adjustments to the original subdivision map(s) 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.

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

The right to surface entry has been waived.

You will not own the water rights under your land. These have been reserved per your grant deed.

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

Notice of Your 'Supplemental' Property Tax Bill

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

Special Taxes & Assessments: This subdivision lies within the boundaries of County of San Diego - Street Lighting District (Zone B) and is subject to any taxes, assessments and obligations thereof. This district was formed to provide for street light maintenance.

The district budget for each fiscal year will be based upon the actual costs provided for in the awarded contract for these services. This means assessments can fluctuate from year to year as contracts expire. As of the date of this Public Report, the 2020–2021 assessment for each residential lot within this development is \$25.00. The administration of this district will be provided by the County of San Diego Special Districts Administration – (858) 694-2198.

Special Taxes & Assessments: This subdivision lies within the County of San Diego Community Facilities District Nos. 2019-01 (Meadowood Maintenance – Special Tax A – County Services, 2019-01 (Meadowood Maintenance – Special Tax B – Flood Control Services), 2019-01 (Meadowood Maintenance – Special Tax C – North County Fire Protection District) and the Proposed California Statewide Communities Development Authority CFD and is subject to any taxes, assessments and obligations thereof. The Subdivider must provide purchasers with disclosures entitled, "Notice of Special Tax" prior to a purchaser entering into a contract to purchase. These Notices contain important information about district functions, purchaser's obligations, right of the districts, and information on how to contact the districts for additional materials. Purchasers should thoroughly understand the information contained in the Notices prior to entering into a contract to purchase. These special taxes appear on the yearly property tax bill and are in addition to the tax rate affecting the property described above in the section entitled "Regular Taxes."

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

Special Taxes & Assessments: This subdivision lies within the boundaries of the Special Districts listed below and is subject to any taxes, assessments and obligations thereof:

- San Diego County Water Authority – Water Availability - \$10.00 per parcel;
- Metropolitan Water District – Water Standby Charge - \$11.50 per parcel;
- Rainbow Municipal Water District – Water Availability - \$10.54 per parcel;
- County of San Diego – Vector Control - \$8.36 per parcel;
- County of San Diego – Mosquito Surveillance - \$2.28 per parcel

FINANCING

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 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 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 that you make to the lender. The lender will provide you with a disclosure form about the financing to assist you in the evaluation of your ability to make increased payments during the term of the loan. This disclosure form will be furnished to you at the time you receive your loan application and before you pay a nonrefundable fee.

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

PURCHASE MONEY HANDLING

The Subdivider must impound all funds (purchase money) received from you in an escrow depository until legal title is delivered to you. [Refer to Business and Professions Code Sections 11013, 11013.1, and 11013.4(a).]

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

IF THE FINAL PUBLIC REPORT HAS NOT BEEN ISSUED WITHIN SIX (6) MONTHS FROM THE DATE OF THE ISSUANCE OF THIS CONDITIONAL PUBLIC REPORT, YOU MAY REQUEST THE RETURN OF YOUR 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 a financial interest of 5% or more.

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

SOILS AND GEOLOGIC CONDITIONS

Some lots will contain filled ground. Information concerning filled ground, soil conditions and geologic conditions is available at:

County of San Diego, Planning & Development Services
5510 Overland Avenue, Suite 110
San Diego, California 92123

CALIFORNIA IS SUBJECT TO GEOLOGIC HAZARDS SUCH AS LANDSLIDES, FAULT MOVEMENTS, EARTHQUAKE SHAKING, RAPID EROSION, OR SUBSIDENCE. THE UNIFORM BUILDING CODE, APPENDIX CHAPTER 33, PROVIDES FOR LOCAL BUILDING OFFICIALS TO EXERCISE PREVENTIVE MEASURES DURING GRADING TO ELIMINATE OR MINIMIZE DAMAGE FROM SUCH GEOLOGIC HAZARDS. THIS 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.

UTILITIES AND OTHER SERVICES

Schools: Depending on where your residence is located within the Citro community, it may lie within the boundaries of Fallbrook Elementary School District, the Fallbrook High School District and/or the Bonsall Unified School District. For the most current information regarding school assignments, facilities and bus service, purchasers are encouraged to contact the school districts directly.

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